

ANNUAL REPORT & ACCOUNTS

1999 - 2000

REPORT  JUNCTION.COM



TAI INDUSTRIES LTD.


TAI INDUSTRIES LIMITED
Board of Directors

G.C.Bhura	Chairman
Dasho Wangchuk Dorji	Managing Director
Dasho Ugen Dorji	Director
Dasho Topgyal Dorji	Director
Prem Sagar	Director
Hardyal Doegar	Director
K.N.Malhotra	Director
P.S.Rawat	Director (Alternate to Dasho Ugen Dorji)
A.Doegar	Director (Alternate to Hardyal Doegar)

Company Secretary cum Finance Manager

R.Chakravorty

Bankers

Canara Bank
Standard Chartered Bank
State Bank of India
United Bank of India
Vijaya Bank

Auditors

Ray&Ray
Chartered Accountants
Calcutta

Solicitors

H.K.Mitter
Calcutta

Registered Office

53A, Mirza Ghalib Street,
Calcutta - 700 016

TAI INDUSTRIES LIMITED



NOTICE TO THE MEMBERS

NOTICE is hereby given that the Seventeenth Annual General Meeting of the members of Tai Industries Limited will be held at Niranjana Sadan, Bijoygarh, Jadavpur, Calcutta - 700 032 on Monday, the 25th September, 2000 at 10.00 a.m. to transact the following business:-

ORDINARY BUSINESS:

1. To consider and adopt the Balance Sheet as at 31st March, 2000 and the Profit & Loss Account for the year ended on that date together with the reports of the Directors and the Auditors thereon.
2. To declare a dividend
The Directors at their meeting held on 29th April, 2000 had declared an interim dividend of 10% i.e. Re.1/- per share on 60,00,000 fully paid Equity Shares of Rs.10/- each amounting to Rs.60.00 lakhs for the Financial Year ended 31st March, 2000. The interim dividend was paid on 27th May, 2000.
The tax on the dividend amounting to Rs.6.60 lakhs was also paid. The Directors recommended the interim dividend be considered as final dividend for the said financial year. (Previous year Nil)
3. (a) To appoint a Director in place of Mr.G.C. Bhura, who retires by rotation, and being eligible, offers himself for reappointment.
(b) To appoint a Director in place of Mr.Kanwal Nain Malhotra who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration. Messrs. Ray & Ray, the retiring Auditors are eligible for reappointment.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution :-
"RESOLVED that approval of the Company be and is hereby accorded to enhance the aggregate ceiling for the Foreign Institutional Investors (FIIs) portfolio investment in the Company upto 40% of the issued and paid up capital of the Company, subject to the provisions of the Companies Act, 1956 and other applicable laws if any."
6. To consider and if thought fit, to pass, with or without modification the following resolution as an Ordinary Resolution :-
"RESOLVED that pursuant to provisions of Sections 198, 269, 309, 311, 387 & 388 and all other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, the consent of the Company be and is hereby accorded to the reappointment of Dasho Wangchuk Dorji as Managing Director of the Company for a period of 5 (five) years with effect from 20th May, 2000 upon such terms and conditions as set out in the draft agreement entered into between the Company and Dasho Wangchuk Dorji, a copy whereof is submitted to the meeting and initialled by the Chairman for the purpose of identification and is hereby specifically approved and sanctioned with the liberty to the Board of Directors to alter and vary from time to time the terms and conditions of the said appointment and/or Agreement in such manner as may be agreed between the Directors and Dasho Wangchuk Dorji subject to the limitations in that behalf contained in Schedule XIII to the said Act including any statutory modification or reenactment thereof for the time being in force or any amendment and/or modifications that may hereafter be made thereto by the Central Government".

"RESOLVED FURTHER that in the event of loss or inadequacy of profits in any financial year of the Company during the term of Dasho Wangchuk Dorji in the office of the Managing Director, the salary and perquisites set out in the aforesaid Agreement be paid or granted to Dasho Wangchuk Dorji as minimum remuneration."
"RESOLVED FURTHER that the Board of Directors be and is hereby authorised to take such steps and do all other acts, deeds, and things as may be necessary or desirable to give effect to this resolution."



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Dasho Wangchuk Dorji may be regarded as interested in the resolution. Other than him Dasho Ugen Dorji and Dasho Topgyal Dorji, being relatives, may be deemed to be interested in the resolution. None of the other Directors is interested in the resolution.

By Order of the Board
For TAI INDUSTRIES LIMITED

R Chakravorty
Company Secretary cum Finance Manager

Registered Office:
53A, Mirza Ghalib Street
3rd Floor
Calcutta 700 016
July 22, 2000

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on poll instead of himself and such proxy need not be a member of the Company.
2. Proxies in order to be effective must be received at the Registered Office of the Company at least 48 hours before the meeting.
3. Members and proxies should bring the attendance slips duly filled in for attending the Meeting.
4. Members are requested to notify immediately change of address, if any, quoting their folio numbers.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 5th September, 2000 to Monday, 25th September, 2000 (both days inclusive)

ANNEXURE TO THE NOTICE

Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956:

ITEM NO. 5

Presently the Foreign Institutional Investors (FIIs) registered with Securities and Exchange Board of India (SEBI), are permitted to invest upto 24% of the issued and paid up capital of an Indian Company. In 1997, the Indian companies were permitted to enhance the said limit to 30% under certain specified special procedures and thereafter in 1998, certain modifications were made thereto.

By a recent notification dated 1st March, 2000, issued by the Ministry of Finance, Department of Economic Affairs (Investment Division), Indian companies have been permitted a raise aggregate ceiling for FIIs' portfolio investments from the normal level of 24% to 40% of the issued and paid up capital of an Indian company subject to :-

- (a) Approval by the Board of Directors of the Company to the enhanced limit upto 40% and,
- (b) Special resolution passed by the general body of the Company approving the enhanced limit upto 40%.

This is an enabling resolution permitting the Company to raise the ceiling of FIIs' investments in the Company to 40% as stated above. The Company's Board has already adopted a resolution to this effect. The Board recommends the resolution for your adoption.

None of the Directors is interested in the resolution.

ITEM NO.6

Dasho Wangchuk Dorji was appointed Managing Director of the Company for a period of 5(five) years with effect from 20th May, 1995 at the Extra Ordinary General Meeting held on 10th July, 1995 and approved by the Central Government vide their letter no.4/126/95-CL.IX dated 21.11.1995. At a meeting of the Board of Directors of the Company held on 29th April, 2000 he was reappointed Managing Director for a further period of 5 (five)

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years with effect from 20th May, 2000 subject to the approval of the members in the Annual General Meeting and also subject to approval of the Central Government. An application has been submitted to the Central Government seeking approval to the reappointment of Dasho Wangchuk Dorji (who is a Bhutanese national) as Managing Director of the Company on the following terms and conditions :-

1. **Salary**

Rs.30,000/- (Rupees thirty thousand only) per month with annual increment of Rs.4,000/- (Rupees four thousand only) in the scale Rs.30000-4000-46000 per month.

2. **Commission**

Such remuneration by way of commission in addition to salary and perquisites and allowances payable, calculated with reference to the net profits of the Company for each financial year subject to overall ceiling stipulated under Sections 198 and 309 of the Companies Act, 1956 and also such limit as may be decided by the Board of Directors of the Company at the end of each financial year.

3. **Perquisites**

These shall be restricted to an amount equal to Annual Salary. Unless the context otherwise requires the perquisites are classified into three categories "A" "B" and "C" as follows :

CATEGORY "A"

1. **Medical Reimbursement**

Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

2. **Leave Travel Concession**

For self and family once a year incurred in accordance with the rules specified by the Company.

3. **Club Fees**

Fees of clubs, subject to a maximum of two clubs but not including admission and life membership fees.

4. **Personal Accident Insurance**

Premium not to exceed Rs.4,000/- per annum.

5. **Other Allowances**

In addition to the perquisites at 1, 2, 3 and 4 above, Dasho Wangchuk Dorji shall be eligible to the following perquisites which shall not be included in the computation of the ceiling on perquisites :-

(a) Reimbursement of expenses incurred on joining duty and returning to home country after completion of tenure :

Actual expenses incurred on travel and on packing, forwarding, loading and unloading as well as freight, insurance, customs duty, clearing expenses, local transportation and installation expenses in connection with the moving of personal effects for self and family for joining duty in India may be allowed. After completion of the tenure such expenses may also be allowed if the expatriate is finally leaving the employment of the Company.

(b) Leave travel concession :

In case it is proposed that the leave be spent in home country instead of anywhere in India, return passage may be allowed for self and family in accordance with the rules specified by the Company.

Explanation : For the purpose of Category "A" "family" means spouse, the dependent children and dependent parents of Dasho Wangchuk Dorji.

CATEGORY "B"

Contributions to provident fund, superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961. Gratuity payable should not exceed half a month's salary for each completed year of service.

Earned Leave

The unavailed portion of leave shall be encashable on full pay at the end of tenure as per the rules of the Company, but not exceeding one month's leave for every eleven months of service. However, it will not be included in the computation of the ceiling on perquisites.



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CATEGORY "C"

The Company shall provide a car with driver and telephone facility at the residence of the Managing Director. Provision of car for use of Company's business and telephone at the residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.

Minimum remuneration

In the absence or inadequacy of profits in any financial year during the term of his office as Managing Director, Dasho Wangchuk Dorji will be entitled to receive the salary and perquisites as the minimum remuneration.

Sitting Fees

The Managing Director shall not be paid any sitting fees for attending the meeting of the Board of Directors or committee thereof.

The Head Office of the Company is situated at present in Calcutta and the Managing Director will be attending the office as he thinks appropriate.

The Managing Director shall not, while he continues to hold the office of the Managing Director be, subject to retirement by rotation of Directors and he shall not be reckoned as a Director for the purpose of determining the rotation or retirement of Director or in fixing the number of Directors to retire, but he shall ipso facto and immediately cease to be the Managing Director if he ceases to hold office of Director for any cause whatsoever.

The Managing Director shall not during the continuance of his employment or at any time thereafter divulge or disclose to any person whomsoever or make any use whatever for his own or for whatever purpose, of any confidential information or knowledge obtained by him during his employment as to the business or affairs of the Company or as to any trade secrets or secret processes of the Company and the Managing Director shall during the continuance of his employment hereunder also use his best endeavours to prevent any other person from doing so.

Dasho Wangchuk Dorji may be regarded as interested in the resolution. Dasho Ugen Dorji and Dasho Topgyal Dorji, being relatives, may be regarded as interested in the resolution. None of the other Directors is interested in the resolution. A copy of the Agreement between the Company and Dasho Wangchuk Dorji is available for inspection by the members of the Company at its Registered Office between 11.00 a.m. 1.00 p.m. on all working days.

The Board recommends the resolution for your adoption.

The above may be treated as an abstract under Section 302 of the Companies Act, 1956

**By Order of the Board
For TAI INDUSTRIES LIMITED**

**R Chakravorty
Company Secretary Cum Finance Manager**

**Registered Office :
53A, Mirza Ghalib Street
3rd Floor
Calcutta 700 016
July 22, 2000**

TAI INDUSTRIES LIMITED**DIRECTORS' REPORT TO THE MEMBERS**

Your Directors have pleasure in presenting the 17th Annual Report and Audited Accounts for the year ended March 31, 2000.

Financial Results

	31.3.2000	31.3.1999
For the year ended		
Profit before depreciation	107.91	108.26
Less : Depreciation	6.28	6.38
Net Profit after depreciation	101.63	101.88
Less : Provision for taxation including adjustment of earlier years	29.30	38.83
Balance brought forward from previous year	145.91	82.86
	<u>218.24</u>	<u>145.91</u>

Appropriations

Interim Dividend	60.00	--
Tax on Dividend	6.60	--
Carried forward to General Reserve	10.83	--
Balance in Profit & Loss Account		
Carried to Balance Sheet	140.81	145.91
	<u>218.24</u>	<u>145.91</u>

Workings

Working of the Company reflects only a marginal fall in total sales of the Company by 3.93% compared to the previous year. The details of Sales/Income from operation are as follows:-

Products	Sale in 1999-2000	Sale in 1998-1999	Increase in Sales	Percentage Increase
Fruit Products	712.53	885.00	(172.47)	(19.49%)
Calcium Carbide	286.90	224.40	62.50	27.85%
Ferro Silicon	--	36.18	(36.18)	(100.00%)
Charcoal	225.08	232.66	(7.58)	(3.26%)
Soft Drinks	23.17	19.16	4.01	20.92%
Consumer & Cosmetic Products	162.0	77.40	84.62	109.33%
Indenting Commission	111.25	108.42	2.83	2.61%
Total Turnover	<u>1520.95</u>	<u>1583.22</u>	<u>(62.27)</u>	<u>(3.93%)</u>

Consequent upon closure of a number of C&F Depots and appointment of Superstockists instead adversely affected direct sale of fruit products and yielded certain amount of Indenting Commission. Besides stiff competition from multinationals and also competition from low priced products from certain local manufacturers in certain States added to the decrease in fruit product sale.

Non-viability of certain products due to element of freight was also a contributory factor. During the year 2000-2001, we shall restrict our Depot selling from the State of West Bengal, Orissa, Bihar, Uttar Pradesh, Punjab, Delhi and Tamil Nadu.

Calcium Carbide sales reflected a comfortable growth of 27.85%. There was no direct sale of Ferro Silicon during the year under review and only the indenting commission of Rs.64.36 lacs from this item was earned. Sale of Charcoal marginally suffered due to lack of orders. Sale of soft drinks and cosmetic products registered a considerable growth of about 21% and 109% respectively over the previous year.



TAI INDUSTRIES LIMITED

Plans and prospects :- The Company is going in for expansion of its dealer network in select geographies, create more low cost CFA and Superstockists to help penetration. We are also relooking at regional pricing on a priority basis to reschedule the power to spend on positive geographies where we can build volumes.

Although the Company has budgeted an increased sale of traditional fruit and vegetable business, franchise production possibilities are being explored fully with an overall aim to be price competitive and the Company is also on the look out for innovative products introduction and an agreement has already been signed with a franchising unit in Punjab which will supply ten different varieties of Pickles to cater to the Northern Region.

We are also in the process of negotiating with another franchising unit in Orissa, for manufacture of certain range of fruit products for our Orissa market. The Unit has an additional advantage of holding an SSI Certificate. Our products manufactured in Orissa will have additional benefit of Sales Tax incentive apart from absence of freight element from Bhutan.

We have already obtained licence from the local authorities for dealing in such products like edible oil, baby food etc. from Hashimara Depot.

Orders for about 10,000 MT of Charcoal has already been received and a further order of 5,000 MT is expected from Bhutan in the year 2000-2001.

Dividend

The Directors declared on 29th April 2,000 an Interim Dividend of Re.1/- per share (i.e.10%) on 60,00,000 paid up equity shares of Rs.10/- each of the Company amounting to Rs.60.00 lacs in respect of the Company's financial year ended 31st March 2000. Tax on Dividend amounting to Rs.6.60 Lacs was also paid. The Directors recommend that the Interim Dividend be considered as Final Dividend for the said Financial Year (Previous Year Nil).

Auditors

Messrs. Ray & Ray, Chartered Accountants, the Company's Auditors retire at the Annual General Meeting and being eligible, offer themselves for reappointment

Directors

In accordance with the requirements of the Companies Act, 1956 Mr. Gulab Chand Bhura and Mr. Kanwal Nain Malhotra will retire by rotation at this Annual General Meeting and being eligible, offer themselves for reappointment.

Public Deposits

The Company has not accepted any public deposit from the public during the year.

Particulars of Employees Under Section 217(2A) of the Companies Act, 1956

None of the employees of the Company was in receipt or entitled to receive remuneration in aggregate of Rs.50,000/- or more per month or Rs.6,00,000/- or more per annum during the year.

Conservation of energy, technology absorption and foreign exchange earning and outgoings:

In accordance with the requirements of Section 217(i)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 statement showing particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgoings are annexed hereto and form part of this report.

STOCK EXCHANGES WHERE OUR SHARES ARE LISTED

The Company's shares are listed with the following Stock Exchanges :-

- | | |
|--|---|
| 1. The Calcutta Stock Exchange Association Limited
7, Lyons Range,
Calcutta 700 001 | 2. The Stock Exchange
Mumbai, Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400 001 |
| 3. The Stock Exchange
Ahmedabad
Kamdhenu Complex
Opp: Sahajanand College
Panjrapole
Ahmedabad 380 015 | 4. Jaipur Stock Exchange Limited
Indra Palace
J.L.N. Marg
Malviya Nagar
Jaipur - 302017 |