

Tai Industries Limited

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25th ANNUAL REPORT

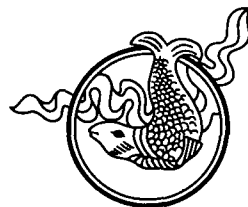
2007 - 2008



Years of dedicated service



Procurement of Charcoal for industrial use.



Tai Industries Limited

Board of Directors

Dasho Wangchuk Dorji
Dasho Topgyal Dorji
Mr. Prem Sagar
Mr. K N Malhotra
Mr. Vinay Killa

Chairman & Managing Director
Director
Director
Director
Director

Audit Committee

Mr. Prem Sagar
Mr. K N Malhotra
Mr. Vinay Killa

Chairman

President

Mr. Rohan Ghosh

General Manager-Corporate & Company Secretary

Ms. Indira Biswas

Bankers

State Bank of India
HDFC Bank Limited
Canara Bank
United Bank of India
Vijaya Bank

Statutory Auditors

Ray & Ray, Chartered Accountants, Kolkata

Registered Office

53A, Mirza Ghalib Street
3rd floor, Kolkata 700 016



Tai Industries Limited

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Annual General Meeting on Monday, 22nd September 2008 at Kalakunj, 48, Shakespeare Sarani, Kolkata-700017 at 10.00 A.M. As a measure of economy, copies of the Annual Report will not be distributed at the General Meeting. Shareholders are requested to kindly bring their copies to the Meeting.



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Notice

NOTICE is hereby given that the Twenty-fifth Annual General Meeting of Tai Industries Limited will be held at Kalakunj, 48 Shakespeare Sarani, Kolkata – 700017, on Monday, the 22nd September, 2008 at 10.00 a.m. to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March 2008, the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Prem Sagar retiring by rotation and eligible for reappointment.
3. To appoint Auditors and to fix their remuneration. Messrs. Ray & Ray, the retiring Auditors are eligible for reappointment.

Special Business

4. To consider and if thought fit to pass the following resolution as Special Resolution.

“RESOLVED that pursuant to Section 149 (2A) and other applicable provisions, if any, of the Companies Act, 1956 consent be and is hereby accorded for the commencement of business of purchase and sale, including import and export of machinery as provided in sub-clause 6 and 9 of the Other Objects Clause of the Memorandum of Association of the Company.”

“RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds or things which may be required to give effect to this resolution.”

Thimpu, Bhutan
25th June, 2008

By Order of the Board

Indira Biswas

General Manager-Corporate
& Company Secretary

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Notes:

1. The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956, is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
A Proxy, in order to be effective, must be received at the Company's Registered Office at 53A, Mirza Ghalib Street, Kolkata - 700016 not less than forty-eight hours before the Meeting.
3. The Company is registered with National Securities Depository Ltd. ('NSDL'), and Central Depository Services (India) Ltd. ('CDSL'), for dematerialization of its Equity Shares which has been allotted the ISIN INE358D01018. Intime Spectrum Registry Limited having their office at 59C Chowringhee Road, Kolkata 700020 are the Registrar and Share Transfer Agents of the Company.
4. The Register of Members of the Company will remain closed from 15th September, 2008 to 22nd September, 2008, both days inclusive.
5. Members who are holding shares in physical form are requested to:
 - a. notify any change in their addresses ;
 - b. communicate on all matters pertaining to their shareholdings with the Company's Registered Office, quoting their respective Ledger Folio Numbers, Client ID and DP ID ;
 - c. note that as per provisions of the Companies Act, 1956, facility for making nominations is available for shareholders in respect of Equity Shares held by them;
 - d. bring their copies of the Annual Report to the Meeting;
 - e. bring their respective Ledger Folio Numbers, Client ID and DP ID for easy identification of attendance at the Annual General Meeting.

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6. i. Pursuant to Section 205A of the Companies Act, 1956 ('the Act') all dividends declared and relative dividend warrants posted upto and including the Dividend for the year 1993-94 and remaining unclaimed by members have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed their dividend warrants in respect of the said period are requested to prefer their claims to the Registrar of Companies, West Bengal. In case any assistance is required, shareholders are requested to write to the Company's Registered Office.
 - ii. Pursuant to Section 205A of the Companies Act, 1956 dividends declared from the year 1994-95 upto 1999-2000 (Interim Dividend) and remaining unclaimed by the members at the end of the statutory period of seven years have been transferred to the Investor Education & Protection Fund constituted by the Central Government under Section 205C of the Act on which no claim for Unpaid Dividend can be preferred. The Statutory period of seven years pertaining to dividend for the year 2000-2001 expires on 9th September, 2008, following which the unpaid/unclaimed dividend for the said year shall be transferred to the Investor Education and Protection Fund.
 - iii. Those members who have not so far encashed their warrants pertaining to the dividend paid for the year 2001 - 2002 are requested to send the same to the Company's Registered Office for revalidation immediately in view of the fact that dividend remaining unpaid/unclaimed over a period of seven years are required to be transferred to the aforesaid Fund on which no claim for Unpaid Dividend can be preferred.
7. Relevant details in respect of Item no. 2 of the Notice, pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, are given hereunder.

DETAILS OF DIRECTOR RETIRING BY ROTATION AND SEEKING RE-APPOINTMENT

(In pursuance of Clause 49 of the Listing Agreement)

Name of Director: Mr. Prem Sagar

Brief Resumé:

Mr. Prem Sagar started his career with TISCO and has assumed several responsible positions in the Tata Group of Companies. He has an experience of over four decades in the industry and is a widely travelled technocrat. Mr. Sagar is connected with several trade, social and sports associations in India.

Directorships & Committee Memberships of Other Companies:

Mr. Prem Sagar is also a Director of Frontier Springs Limited

Mr. Prem Sagar does not hold any share in the Company.

By Order of the Board

Indira Biswas

General Manager-Corporate
& Company Secretary

Thimpu, Bhutan
25th June, 2008

Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956.

Item No. 4

As a diversification programme, your Company proposes to enter into the business of purchase and sale, including export and import of machinery which has vast potentials of growth.

The Company is permitted to enter into this activity vide clauses 6 and 9 in the Other Objects Clause of the Memorandum of Association of the Company.

As per section 149 (2A) of the Companies Act, 1956, approval of members by way of special resolution is necessary for commencement of new business provided in the 'Other Objects' clauses of the Memorandum of Association. Accordingly this resolution is placed before the shareholders for their approval.

No Director is interested or concerned in this resolution.

By Order of the Board

Indira Biswas

General Manager-Corporate
& Company Secretary

Thimpu, Bhutan
25th June, 2008

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Directors' Report

TO THE MEMBERS

Your Directors have pleasure in presenting their 25th Annual Report on the business and operations of your Company for the year ended 31st March, 2008.

FINANCIAL PERFORMANCE

(Rupees in Lakhs)

Particulars	Year ended 31st March 2008	Year ended 31st March 2007
Turnover	4463.53	4414.93
Profit before Interest, Depreciation & Taxation (PBITD)	113.77	600.54
Interest	5.07	56.54
Profit before Depreciation & Taxation (PBDT)	108.70	544.00
Depreciation	62.88	79.63
Profit Before Tax and Extraordinary Items (PBTE)	45.82	464.37
Extraordinary Items	151.98	-
Profit/(Loss) Before Tax (PBT)	(106.16)	464.37
Provision for Taxation	13.41	52.07
Profit/(Loss) After Tax (PAT)	(119.57)	412.30
Balance brought forward from previous year	961.27	548.97
Profit available for appropriation	841.71	961.27
Proposed Dividend	-	-
Profit carried to Balance Sheet	841.71	961.27

AUDITOR'S REPORT

Messrs. Ray and Ray, Statutory Auditors, have submitted their Report under Section 227 of the Companies Act, 1956 and the comments made by the Auditors in their Report have been adequately dealt with in the relative Notes on Accounts which are self explanatory.

Referring to Item No. 4 of the Auditor's Report, your Directors clarify that during the year stocks worth Rs.1,43,78,087 were damaged by inundation in the month of September. The amount of damage has been duly surveyed by the Insurance Company and a claim for the aforesaid amount has been lodged. The settlement of the claim is awaited.

ACCOUNTING POLICIES AND PROCEDURES

The major accounting policies in conformity with the Accounting Standards and Guidelines issued by The Institute of Chartered Accountants of India from time to time which have been specified in the Companies Act, 1956 have been followed as usual in the course of preparing and presenting these Accounts. Such accounting policies have been suitably incorporated in the Notes on Accounts.

Your Company continues to have an adequate internal audit system carried out by external firms of Chartered Accountants who submit their Reports upon completion of audit for consideration by the Directors.



RESUMÉ OF PERFORMANCE

Your Company's financial performance reflects 1.10 % rise in total sales of the Company from the previous year. The details of Sales/Income from operations are as follows:

PRODUCTS	Sales in 2007-2008 (Rs. in lakhs)	Sales in 2006-2007 (Rs. in lakhs)	Increase/ (Decrease) in Sales (Rs. in lakhs)	Percentage increase/ (decrease) %
Fruit Products	2073.27	1768.36	304.91	17.24
Calcium Carbide	282.85	301.70	(18.85)	(6.25)
Charcoal	445.04	431.49	13.55	3.14
Retail	1520.83	1775.86	(255.03)	(14.36)
Commission on Sale	141.54	137.52	4.02	2.92
Total Turnover	4463.53	4414.93	48.60	1.10

The Loss of Rs. 119.57 lakhs is attributable to stocks damaged during the year due to inundation owing to heavy rainfall.

PLANS AND PROSPECTS

Fruit Product Division

The 'DRUK' brand in India continues to enjoy customer confidence for over two decades in terms of the quality of its products and your Company continues in its endeavour for consolidation and expansion of this division.

Presently the focus has been on squashes and, during the year, your Company has test launched the Litchi Squash and has received a very favourable response. Your Company is thus also contemplating introducing new variants in this category.

Your Company is also contemplating entering into agreements with reputed FMCG companies for distributorship of their food products throughout India. This would not only be beneficial from the operations point of view but would also augment the Company's revenue.

Your Company also continues in its focus on branding and modernization of packaging and expansion of existing product mix.

Industrial Division

1. Charcoal

- There has been encouraging performance on the Charcoal procurement front during the year.
- Your Directors are contemplating shifting of base from Trichy to Manamadurai and the Logistics and costs involved in the move are being considered.
- There is a very good demand for Charcoal from Bhutan and other parties. We are looking at an increased procurement and have revised our targets upward to meet the demand in the coming financial year.

2. Manganese Ore

- We have been able to locate good resources of supply and have good business prospects in the coming financial year.

3. Low Ash Metallurgical Coke

We are looking at tie ups with Coking Coal companies as there are regular requirements for the same. We are also looking at opening of new opportunities.

4. Silico-Manganese

We are looking at marketing of the above product in India.

5. Calcium Carbide

- Our performance on the Calcium Carbide front has been satisfactory.
- We have revised our sales target for the Quarter April – June 2008, as we are looking at very good demands because of the rise in production capacities of end users.
- The traders are also signaling a good season ahead.
- We are working aggressively on the dealer network across Eastern India and are able to see the demands growing.

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Retail Division

The Retail sector has been witnessing a tremendous growth with an explosion of all formats of retail stores by big groups on a national level. The competition for customer patronage is also very keen and the overall base of customers visiting Modern Trade retail outlets has increased exponentially. Equally, your Company has been pursuing a strategy of aggressive growth in this segment.

The first store under the brand name "C3 the Marketplace" was opened in Lee Road, way back in January, 2004. Thereafter your Company has since been on the expansion mode.

During the year your Company has entered into an arrangement with oil mammoth HPCL for a tie up with their suitable retail outlets for opening of Express stores. Accordingly, the first store was opened at Narendrapur in February '08. Further outlets are being readied in terms of infrastructure by HPCL for C3 to commission.

In accordance with the focus on building and monitoring a customer-centric culture your Company is implementing:

1. An ongoing and continuous programme of delivering increased customer satisfaction by way of a range of offers which will make C3 the preferred shopping destination.
2. Upgradation of Stores infrastructure and renovation, of which the exercise in Lee Road has been completed and City Centre is impending.
3. Upgradation of product mix for competitive advantage and higher margins.
4. Manpower rationalization and optimal efficiency in logistics and stocking to ensure faster rotation with lower inventory levels.
5. A focused promotional programme targeted at niche customers such as senior citizens and other such clientele.

The proposal to spin off the retail business continues to be under the Board's consideration.

DIVIDEND

Your Directors express their inability to recommend dividend for the year to plough back profits to conserve funds for expansion.

APPROVAL UNDER SECTION 211(4) OF THE COMPANIES ACT, 1956

During the year the Company has made an application to the Central Government, Ministry of Corporate Affairs for obtaining an exemption from disclosing the quantitative information as required to be stated in terms of paragraph 3(ii) (b) of Part II of Schedule VI to the Companies Act, 1956 for the financial year ended 31st March, 2008. The approval of the Central Government is awaited.

CORPORATE GOVERNANCE

In compliance with the disclosures required under the said Clause 49 of the Listing Agreement, a Management Discussion and Analysis Report is provided in Annexure 'A'.

The Report on Corporate Governance as required under the aforesaid Clause is also provided in Annexure 'B' to this Report, together with the Declaration affirming compliance with the Code of Conduct of the Company and Auditor's Certificate on Compliance with the conditions of Corporate Governance.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions Section 217 (2AA) of the Companies Act, 1956 the Directors hereby confirm that:

- (i) The Accounting Standards as applicable to your Company and corroborated by the Companies Act, 1956 have been followed in course of preparation of the Annual Accounts for the year ended 31st March, 2008 and there has been no material departures to warrant further explanation.
- (ii) The accounting policies as have been followed are being continued in course of preparation of the Annual Accounts for the year ended 31st March, 2008, so as to exhibit a true and fair view of the state of affairs of the Company and of the loss for that period.
- (iii) Adequate controls and internal audit systems are being followed by the Company in course of running its affairs as also for maintenance and safeguarding of its assets. Every caution has been taken to relate such control measures to the benefit of the Company and to prevent any fraud or irregularities to creep in.
- (iv) The Annual Accounts of the Company for the year ended 31st March, 2008 have been prepared on a going concern basis as hitherto.

DEMATERIALISATION OF SECURITIES

The shares of the Company are compulsorily traded in dematerialised form for all shareholders. As on 31st March, 2008, 58.62% of total number of shares stand dematerialised.



DIRECTORS

In accordance with Article 56 of the Articles of Association of the Company, Mr. Prem Sagar retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for reappointment.

PARTICULARS OF EMPLOYEES

There were no employees during the year under review in respect of whom details as required under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, are required to be disclosed.

COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

A. Conservation of Energy

(a) Energy conservation measures taken :

Your Company's activities being trading in nature, energy consumed is only in the nature of electrical consumption for use and maintenance of office appliances. However, the efforts of your Company are aimed at keeping the consumption levels to as low as practicable.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy :

As already mentioned above, the electrical consumption required for the use and maintenance of office appliances is kept as low as is practicable.

(c) Impact of the measures at (a) and (b) above for reduction of consumption and consequent impact on the cost of production of goods :

Your Company is not engaged in any manufacturing activity and hence disclosure under this head is not required.

(d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure in respect of industries specified in the Schedule thereto:

Your Company is not engaged in any manufacturing activity and hence disclosure under this head is not required

B. Technology Absorption

(e) Efforts made in technology absorption as per Form B of the Annexure:

Your Company is not engaged in any manufacturing activity and hence disclosure under this head is not required.

C. Foreign exchange earnings and outgo

(f) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; export plans;

Your Company is not engaged in any export activity and hence disclosure under this head is not required.

(g) Total foreign exchange used and earned

There has been no foreign exchange earnings or outgo during the year.

AUDITORS

Messrs. Ray & Ray., Chartered Accountants, Auditors of the Company, retire at the conclusion of the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their grateful appreciation for the excellent support and co-operation received from the Shareholders, Banks, Financial Institutions and Investors, Government Authorities, Stock Exchanges, Reserve Bank of India, Central and State Governments. Your Directors also wish to place on record their deep appreciation of the dedication and contributions made by employees at all levels who through their competence, hard work and support have enabled your Company to achieve better performance and look forward to their continued support in the future as well.

For and on behalf of the Board

Place : Thimpu, Bhutan
Date : 25th June, 2008

Vinay Killa
Director

Wangchuk Dorji
Managing Director