



Tai Industries Limited

*28th Annual Report*  
*2010-11*



# Tai Industries Limited

**Board of Directors**

Dasho Wangchuk Dorji

*Chairman & Managing Director*

Dasho Topgyal Dorji

*Director*

Mr. Prem Sagar

*Director*

Mr. K. N. Malhotra

*Director*

Mr. Vinay Killa

*Director*

**Audit Committee**

Mr. Prem Sagar

*Chairman*

Mr. K. N. Malhotra

Mr. Vinay Killa

**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

Axis Bank

**Statutory Auditors**

Ray & Ray, Chartered Accountants, Kolkata

**Registered Office**

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



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Annual General Meeting on Monday, the 29th August, 2011 at Kalakunj, 48, Shakespeare Sarani, Kolkata-700 017, 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.



## Notice

NOTICE is hereby given that the Twenty-eighth Annual General Meeting of Tai Industries Limited will be held at Kalakunj, 48 Shakespeare Sarani, Kolkata-700 017, on Monday, the 29th August, 2011 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, 2011, 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 Dasho Topgyal Dorji 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.

By Order of the Board

**Indira Biswas**

*General Manager-Corporate  
& Company Secretary*

Kolkata  
23rd May, 2011

### Notes:

1. 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.

2. 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. Link Intime India Private Limited having their office at 59C, Chowringhee Road, Kolkata – 700020 is the Registrar and Share Transfer Agent of the Company.
3. The Register of Members of the Company will remain closed from 22nd August, 2011 to 29th August, 2011, both days inclusive.
4. Members are requested to:
  - a. notify any change in their mailing as well as e-mail addresses registered with the Company.
  - b. communicate on all matters pertaining to their shareholdings with the Company's Registered Office/ Company's Registrar, 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.
  - f. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the meeting.
5.
  - 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 2001–2002 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.



6. Relevant details in respect of Item no. 2 of the Notice, pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges is given hereunder.

DETAILS OF DIRECTOR RETIRING BY ROTATION AND SEEKING RE-APPOINTMENT

(In pursuance of Clause 49 of the Listing Agreement)

Name of Director: Dasho Topgyal Dorji

Brief Resumé:

Dasho Topgyal Dorji, aged about 49 years, graduated from New Hampshire College, USA with specialization in marketing. He had undergone extensive training in Norway on Ferro Alloys. In recognition of his manifold contribution to the economy, Dasho Topgyal Dorji is also the President of the Bhutan Chamber of Commerce and Industries.

Dasho Topgyal Dorji holds the following directorships in other companies.

JAMIPOL Limited	Director
Tai Projects Private Limited	Director
Bhutan Carbide and Chemicals Limited	Chairman
Bhutan Eco Ventures Private Limited	Chairman
Tashi Beverages Limited	Chairman
Bhutan Silicon Metal Private Limited	Chairman
Tashi Group of Companies	Vice Chairman
Bhutan Ferro Alloys Limited	Chairman-cum-Managing Director
SKW – Tashi Metals & Alloys Limited	President
Royal Insurance Corporation of Bhutan Limited	Director
Bhutan Fruit Products Private Limited	Director
Bhutan Brewery Private Limited	Director
Tashi Infocomm Limited	Director
Rijal Tashi Industries Private Limited	Director

Dasho Topgyal Dorji does not hold any share in the Company.

By Order of the Board

Kolkata  
23rd May, 2011

**Indira Biswas**  
General Manager-Corporate  
& Company Secretary

## Directors' Report

### TO THE MEMBERS

Your Directors have pleasure in presenting their 28th Annual Report on the business and operations of your Company for the year ended 31st March, 2011.

### FINANCIAL PERFORMANCE

Particulars	Year ended 31st March 2011	Year ended 31st March 2010
Turnover	8139.90	6054.25
Profit/(Loss) before Interest, Depreciation & Taxation (PBIDT)	116.66	64.93
Interest	1.31	3.45
Profit/(Loss) before Depreciation & Taxation (PBDT)	115.35	61.48
Depreciation	30.09	38.52
<b>Profit/(Loss) Before Tax and extraordinary items (PBTE)</b>	<b>85.26</b>	<b>22.96</b>
Extraordinary items	—	—
<b>Profit/(Loss) Before Tax (PBT)</b>	<b>85.26</b>	<b>22.96</b>
Provision for Taxation / (Deferred Tax)	(1.92)	(1.40)
<b>Profit/(Loss) After Tax (PAT)</b>	<b>87.18</b>	<b>24.36</b>
Balance brought forward from previous year	838.63	814.27
<b>Profit available for appropriation</b>	<b>925.80</b>	<b>838.63</b>
Proposed Dividend	—	—
Profit carried to Balance Sheet	925.80	838.63

### 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.

### 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 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.



## RESUME OF PERFORMANCE

The details of Sales/Income from operations of your Company compared to that of the previous year is given hereunder:

Products	Sale in 2010-2011 (Rs. in lakhs)	Sale in 2009-2010 (Rs. in lakhs)	Increase/ (Decrease) in Sales (Rs. in lakhs)	Percentage increase/ (decrease) %
Fruit Products	2455.70	2109.42	346.28	16.42
Calcium Carbide	458.74	408.27	50.47	12.36
Charcoal	1743.61	1168.35	575.26	49.24
Manganese Ore	2842.55	1743.81	1098.74	63.01
LAM COKE	--	1.55	(1.55)	(100)
Retail	497.59	481.59	16.00	3.32
Commission on Sale	141.71	141.25	0.46	0.33
Others	--	--	--	--
Total Turnover	8139.90	6054.24	2085.66	34.45

## PLANS AND PROSPECTS

### Fruit Product Division

Performance during the year was steady. New products such as Red Cherry and Jeera Concentrate were introduced during the year which found a decent acceptance in the market.

Future plans revolve around introducing new products and products such as canned fruit drinks, juices in 200 ml pet bottles, tomato ketchup in sachets, sweet mango chutneys, to name a few, are on the anvil.

Your Company is seeking to increase the turnover by broad- basing the distribution network and improving the quality of the existing products. The prospects are good and we expect to achieve higher sales volumes.

### Industrial Division

The performance in this segment has been more or less encouraging during the period under review.

Despite price fluctuations and competition faced from imported products and other players in the field, there has been a steady demand for our products. Continuous supply of materials for meeting delivery targets is being ensured by procuring from primary suppliers.

Efforts are on to increase our sales in the Northern and Eastern India through our dealer network and tie ups with Dissolved Acetylene plants.

### Retail Division

The last quarter of 2010-2011 has seen a very significant improvement in all parameters of retailing and this momentum needs to be sustained. Though this upward trend has been strengthening steadily since then, the fact that the first half of the year under review continued on a sluggish note, made the overall improvement for the 12 months of 2010-2011 moderate when compared to 2009-2010.

The format of retailing has also undergone a paradigm shift towards much bigger format outlets and, therefore, our ability to harness economies of purchase, display agreements and other “non sales” revenue opportunities has been acutely impaired.

A decision, therefore, was taken by your Directors and your consent was obtained by means of postal ballot, to hive off the Retail division of C3 into a subsidiary company to enable its growth and development in a focused manner. Steps are being taken towards that end.

## DIVIDEND

Your Directors express their inability to recommend dividend for the year to plough back profits for conserving funds for the operations of the Company.



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

In terms of the Notification No. S. O. 301 (E) dated 8th February, 2011 issued by the Ministry of Corporate Affairs, the Company has been exempted from disclosing the quantitative information as envisaged in paragraph 3(ii) (b) of part II of Schedule VI to the Companies Act, 1956.

#### **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, 2011 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, 2011, so as to exhibit a true and fair view of the state of affairs of the Company and of the profit 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, 2011 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, 2011, 59.59% of total number of shares stand dematerialised.

#### **DIRECTORS**

In accordance with Article 56 of the Articles of Association of the Company, Dasho Topgyal Dorji 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**

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.

Your Company not being engaged in any manufacturing activity, disclosure as per Form A of the Annexure in respect of total energy consumption and energy consumption per unit of production is not applicable.

##### **B. Technology Absorption**

Your Company not being engaged in any manufacturing activity, disclosure as per Form B of the Annexure is not applicable.





**C. Foreign exchange earnings and outgo**

Charcoal, Calcium Carbide and Manganese Ore are exported to Bhutan.

There has been no foreign exchange earnings or outgo during the year as trade between India and Bhutan are being transacted in Indian Rupees.

**AUDITORS**

M/s. 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 of 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, competence and support of the employees at all levels for their contribution towards the performance of your Company.

For and on behalf of the Board

Place: Kolkata

Date: 23rd May, 2011

**Vinay Killa**  
*Director*

**Wangchuk Dorji**  
*Managing Director*



**Annexure 'A' to the Directors' Report**

**Management Discussion and Analysis Report**

Clause 49 of the Listing Agreement stipulates disclosure under specific heads which are given in the following paragraphs and which continue to be followed in the usual course of the Company's business over the years in discussions amongst the Directors and other Senior Management Personnel.

**(a) Industry Structure and Developments**

The Indian economy has emerged with remarkable rapidity from the slowdown caused by the global financial crisis of 2007 to 2009. With growth in 2010 - 2011 estimated at 8.6%, the turnaround has been fast and strong. However, continued high food inflation and a temporary slowdown continue to linger.

Increasing incomes are always accompanied by a change in the food basket and a large part of this shift in consumption is driven by the processed food market which accounts for 32% of the total food market. The food processing sector has seen a positive growth over the last few years in ready to serve beverages, fruit juices and pulps, dehydrated and frozen fruits, processed mushrooms, tomato products etc. and this sector is one of the largest in the country in terms of production, consumption, export and growth prospects. The market scenario is dynamic, with new entrants coming into the fray.

Ferro alloys are one of the most important inputs in the manufacture of alloys and special steel. Established as an ancillary industry to cater to the needs of the domestic steel industry, its growth is linked to the development of the iron and steel industry. The product series consists mainly of ferro-manganese, silico-manganese and ferro-silicon. Calcium Carbide also finds its use in the industry for welding metallic steel.

Indian Retail sector is the fifth largest global retail destination and is largely dominated by the unorganized sector. The global economic slump has had its impact on the Indian retail sector and while some of the players opted for either liquidity injection or corporate debt restructuring (CDR) plans from its lenders, others went slow on expansion plans and even scaled down operations. However, during the last quarter a bit of confidence was restored as the economy showed signs of growth.

**(b) Opportunities and threats**

The growth in the processed food segment affords us an opportunity to increase our presence. Innovation of products, right pricing, expansion of distribution base, penetrating virgin markets, and improved logistics will get us there. With a wide array of products at our disposal, your Company is also seeking to develop and expand markets to secure competitive growth. However, the growing competition, increasing costs of raw materials and logistics are putting stress on the margins.

Despite the high demand for our own brand of Calcium Carbide on account of its quality, the industrial division faces severe competition from other suppliers in terms of its price. The market response to our Manganese Ore also remained good during the year. Despite competition affecting the supply of our Charcoal, the demand for the product witnessed an increase with local captive power plants entering the market.

Although the total number of shopping malls is expected to expand at a compound annual growth rate of over 18.9 per cent by 2015, the format of retailing has undergone a paradigm shift towards much bigger format outlets and as such our standalone outlet size is no longer contemporary or relevant in this age of hypermarkets.

**(c) Segment-wise or Product-wise Performance**

'Druk' is a prominent Brand and, in Eastern India, it is a brand to reckon with having a strong customer loyalty base. Its Squash segment stands out, followed by a steady and loyal patronage for products like Orange Marmalade, Baked Beans etc. The demand curve is steadily rising and the performance during the year was steady.

The performance in the industrial product segment has witnessed an improvement over that of the previous year despite increase in the prices of materials. There is a good demand for our products and we have been able to meet the delivery stipulations.

The Retail division of C3 showed some improvement, but this began only in the last two quarters of 2010 – 2011. Though this upward trend has been strengthening steadily since then, the fact that the first half of the year under review continued on a sluggish note, made the overall improvement for the 12 months of 2010 – 2011 moderate when compared to the previous year.