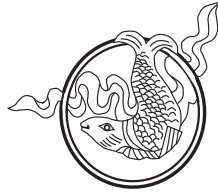


*Tai Industries Limited*

*28th Annual Report*

*2010-11*



# Tai Industries Limited

|  |  |   |
|--|--|---|
| <b>Board of Directors</b>                                      | Dasho Wangchuk Dorji<br>Dasho Topgyal Dorji<br>Mr. Prem Sagar<br>Mr. K. N. Malhotra<br>Mr. Vinay Killa | <i>Chairman &amp; Managing Director</i><br><i>Director</i><br><i>Director</i><br><i>Director</i><br><i>Director</i> |
| <b>Audit Committee</b>   | Mr. Prem Sagar<br>Mr. K. N. Malhotra<br>Mr. Vinay Killa  | <i>Chairman</i>   |
| <b>President</b>   | Mr. Rohan Ghosh  |   |
| <b>General Manager - Corporate<br/>&amp; Company Secretary</b> | Ms. Indira Biswas  |   |
| <b>Bankers</b>   | State Bank of India<br>HDFC Bank Limited<br>Canara Bank<br>United Bank of India<br>Axis Bank           |   |
| <b>Statutory Auditors</b>                                      | Ray & Ray, Chartered Accountants, Kolkata  |   |
| <b>Registered Office</b>                                       | 53A, Mirza Ghalib Street<br>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<br>31st March 2011 | Year ended<br>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 (PBBDT)           | 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<br>2010-2011<br>(Rs. in lakhs) | Sale in<br>2009-2010<br>(Rs. in lakhs) | Increase/<br>(Decrease)<br>in Sales<br>(Rs. in lakhs) | Percentage<br>increase/<br>(decrease)<br>% |
|--------------------|--|--|---|--|
| 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.



**(d) Outlook**

Your company will continue to focus on both development and expansion of markets and share gains as appropriate to secure competitive growth. Managing margins through judicious pricing and sustained efficiencies and cost saving will receive constant attention.

**(e) Risks & Concerns**

Despite the prospects being good, the severe competition and weather conditions continue to govern demand and therefore results.

A vital area of concern is the dependence on IT sector for solutions that help automate and integrate the transactional and control system.

**(f) Internal Control Systems & their Adequacy**

The statutory requirements of the Audit Committee are being met. In meetings of the Audit Committee, the Statutory Auditors and Partners of Internal Audit Firms participate. Such Internal Auditors also periodically visit various divisions of the Company.

Activities of each sector are being programmed on a quarterly basis, which get translated into an Annual Activity Plan. Each department head is involved in the preparation of the activity plans and identifying and categorising the areas of risks, which are closely monitored. Such documentations thereafter undergo a further layer of scrutiny and implementation under direct superintendence of the President of the Company.

**(g) Financial & Operational Performances**

This has been adequately stated in the Directors' Report.

**(h) Material Developments in Human Resources / Industrial Relations Front**

Industrial Relations remained cordial throughout the year. Your Company strongly believes that its intrinsic strength lies in the quality of its pool of dedicated and motivated employees.

**Annexure 'B' to the Directors' Report**
**Report On Corporate Governance**
**1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

Corporate Governance is the means to maximise the long term shareholder value in a legal and ethical manner ensuring fairness, courtesy and dignity in all transactions of the Company. Your Company is committed to the concept and philosophy of Corporate Governance as a means of effective internal control, highest level of accountability, transparency and professionalism in all areas of its operations for enhancing customer satisfaction and shareholder value.

**2. BOARD OF DIRECTORS**

The Board of Directors at present comprises a Chairman & Managing Director (being Executive Director) and four Non-executive Directors. The particulars of the Directors for the year ended on 31st March, 2011 are given hereunder:

| Name                     | Category                           | Attendance        |             | Directorships in other companies | Committee Positions in other companies |           |
|--------------------------|------------------------------------|-------------------|-------------|----------------------------------|--|-----------|
|                          |                                    | At Board Meetings | At last AGM |                                  | As Chairman                            | As Member |
| Dasho Wangchuk Dorji     | Chairman and Managing Director     | 3                 | Yes         | 13                               | —                                      | —         |
| Dasho Topgyal Dorji      | Non-Executive Director             | 3                 | No          | 13                               | —                                      | —         |
| Mr. Prem Sagar           | Non-Executive Independent Director | 4                 | Yes         | 1                                | —                                      | —         |
| Mr. Kanwal Nain Malhotra | Non-Executive Independent Director | 4                 | Yes         | 1                                | —                                      | —         |
| Mr. Vinay Killa          | Non-Executive Independent Director | 3                 | Yes         | 3                                | —                                      | —         |

**Note:**

Committee Positions in other companies relate to Chairmanship/Membership of Audit and Investors'/ Shareholders' Grievance Committees only.

During the year under review, four Board meetings were held on 28th May, 2010, 28th July, 2010, 8th November, 2010 and 25th January, 2011.

**3. AUDIT COMMITTEE**

The Audit Committee consists of three Non-executive Independent Directors who are persons of high standing in the industry, possessing the requisite experience and expertise.

The terms of reference of the Audit Committee include:-

- reviewing internal control systems, nature and scope of audit as well as post audit discussions;
- reviewing quarterly, half-yearly and annual financial statements with particular reference to matters to be included in the Directors' Responsibility Statement to be included in the Board's Report;
- ensuring compliance with internal control systems;
- recommending to the Board on any matter relating to financial management, including audit report;
- overseeing Company's financial reporting process and disclosure of financial information;

- f) reviewing performance of statutory and internal auditors.
- g) any other matter which may be referred to the Committee by the Board.

During 2010 - 2011 the Audit Committee met on 28th May, 2010, 28th July, 2010, 8th November, 2010 and 25th January, 2011.

Composition of the Audit Committee during the year 2010 - 2011:

| Name                     | Position held | No. of Meetings |          |
|--------------------------|---------------|-----------------|----------|
|                          |               | Held            | Attended |
| Mr. Prem Sagar           | Chairman      | 4               | 4        |
| Mr. Kanwal Nain Malhotra | Member        | 4               | 4        |
| Mr. Vinay Killa          | Member        | 4               | 3        |

Invitees: The General Manager – Finance and representatives of the Statutory and Internal Auditors are invited and generally remain present at the meetings of the Audit Committee.

The Company Secretary acts as the Secretary to the Committee.

#### 4. REMUNERATION COMMITTEE

No Remuneration Committee has been formed pursuant to Clause 49 of the Listing Agreement. However, a Remuneration Committee is in place in accordance with Schedule XIII to the Companies Act, 1956, to consider and approve the Managerial Remuneration (subject to approval of the shareholders) consisting of the salary and perquisites to be paid to the Managing Director without commission in the situation of inadequate profits. The Remuneration Committee comprises –

|                          |          |
|--------------------------|----------|
| Mr. Prem Sagar           | Chairman |
| Mr. Kanwal Nain Malhotra | Member   |
| Mr. Vinay Killa          | Member   |

The Committee met once on 28th May, 2010 and all the members attended the same.

Details of remuneration paid to the Managing Director during the year under review are given below:

(Rupees)

|                  |           |
|------------------|-----------|
| Salary           | 15,35,500 |
| Commission       | —         |
| Other benefits   | —         |
| Retiral Benefits | 1,84,260  |
| Total            | 17,19,760 |

The Service Agreement between the Company and Dasho Wangchuk Dorji as Chairman and Managing Director for the period of 5 years effective 20th May, 2005 (approved by the Central Government, vide its Order No. 1/232/2005-CL.VII dated 2nd September, 2005) expired on 19th May, 2010. A new Service Agreement, with Dasho Wangchuk Dorji as Chairman and Managing Director of the Company, for a period of 3 (three) years with effect from 20th May, 2010, has been entered into by the Company for which requisite approvals have been obtained from the shareholders by way of a Special Resolution at the last Annual General Meeting held on 30th August, 2010 and from the Central Government vide letter no. A91571943/ 2 / 2010 – CL VII dated 22nd December, 2010.

Only sitting fees for attending the meetings of the Board and Committees thereof are paid to the Non-Executive Directors.

Particulars of sitting fees paid to the Non-Executive Directors and their shareholding during the year under review are given below:

| Name                     | Board Meetings (Rs.) | Committee Meetings (Rs.) | Total (Rs.) | No. of Shares held in the Company |
|--------------------------|----------------------|--------------------------|-------------|-----------------------------------|
| Dasho Topgyal Dorji      | 24,000               | —                        | 24,000      | —                                 |
| Mr. Prem Sagar           | 32,000               | 32,000                   | 64,000      | —                                 |
| Mr. Kanwal Nain Malhotra | 32,000               | 32,000                   | 64,000      | —                                 |
| Mr. Vinay Killa          | 24,000               | 24,000                   | 48,000      | 200                               |

The Company has not issued any convertible instruments.

#### 5. SHARE TRANSFER COMMITTEE:

The Share Transfer Committee comprises Mr. Vinay Killa and Mr. Kanwal Nain Malhotra as Members. The Company Secretary acts as the Secretary to the Committee.

Share Transfer formalities are complied with once a fortnight, the power to approve the same being delegated jointly and severally to Mr. Rohan Ghosh and the Company Secretary.

The Company's Registrar and Share Transfer Agent, Link Intime India Private Limited, carry out the entire share transfer activities both under physical and demat segment.

#### 6. SHAREHOLDERS' GRIEVANCE COMMITTEE

The Shareholders' Grievance Committee comprises Mr. Prem Sagar, as the Chairman and Mr. Kanwal Nain Malhotra and Mr. Vinay Killa as Members.

The Company Secretary is the Compliance Officer.

E-mail ID pursuant to Clause 47(f) of the Listing Agreement with the Stock Exchanges: [ibiswas@taiind.com](mailto:ibiswas@taiind.com)

Status of Investors' Complaints as on 31st March, 2011:

|   |     |
|---|-----|
| Number of complaints received during the year and entirely dealt with | Nil |
| Number of complaints pending  | Nil |

#### 7. GENERAL BODY MEETINGS

Location and time where last three Annual General Meetings were held:

| Date                 | Location   | Time      |
|----------------------|--|-----------|
| 22nd September, 2008 | Kalakunj,<br>48, Shakespeare Sarani, Kolkata - 700 017 | 10.00 A M |
| 31st August, 2009    | Same as above  | 10.00 A M |
| 30th August, 2010    | Same as above  | 10.00 A M |

A Special Resolution for commencement of new business provided in the 'Other Objects' clauses of the Memorandum of Association was passed at the Annual General Meeting held on 22nd September, 2008. No Special Resolution was passed at the Annual General Meeting held on 31st August, 2009. A Special Resolution pursuant to Section II (1) (b) (iv) of part II of Schedule XIII of the Companies Act, 1956 for Reappointment of Managing Director was passed at the Annual General Meeting held on 30th August, 2010.

A Special Resolution for making an investment of an amount not exceeding Rs 2 crores, in excess of the limits as specified in Section 372A of the Companies Act, 1956, in C3 Retail Private Limited and an Ordinary Resolution for transferring the Company's retail division by way of sale, pursuant to the provisions of Section 293(1)(a) of the Act, to C3 Retail Private Limited were passed on 13th October, 2010 through postal ballot. The details of the voting patterns for the resolutions are as follows, respectively:

**Special Resolution** pursuant to Section 372A of the Companies Act, 1956.

| Particulars          | Number of shares | %      |
|----------------------|------------------|--------|
| Total Votes Cast     | 726685           | 100.00 |
| Invalid Votes        | 903              | 0.12   |
| Valid Votes Cast     | 725782           | 99.88  |
| Votes Cast in favour | 723993           | 99.63  |
| Votes cast against   | 1789             | 0.25   |

**Ordinary Resolution** pursuant to Section 293(1)(a) of the Companies Act, 1956.

| Particulars          | Number of shares | %      |
|----------------------|------------------|--------|
| Total Votes Cast     | 726685           | 100.00 |
| Invalid Votes        | 1103             | 0.15   |
| Valid Votes Cast     | 725582           | 99.85  |
| Votes Cast in favour | 723793           | 99.60  |
| Votes cast against   | 1789             | 0.25   |

Mr. Salil Kumar Sarkar, Practising Company Secretary, was appointed as Scrutinizer for the purpose and the entire exercise was conducted by Mr. Vinay Killa, Director and Mrs. Indira Biswas, General Manager – Corporate and Company Secretary. The Postal Ballot forms containing the Resolutions as referred to above, were despatched to the shareholders on 27th August, 2010 and the last date for the receipt of their assent or dissent was fixed for the close of business hours of 27th September, 2010. The scrutinizer's Report was received on 11th October, 2010 and the results were declared on 13th October, 2010.

Resumé and other information of the Director re-appointed as required under Clause 49 IV(G)(i) of the Listing Agreement is given in the Notice of the Annual General Meeting annexed to the Annual Report for the year under review.

## 8. DISCLOSURES

- Materially significant related party transactions: The Company has not entered into any transactions of material nature with its Promoters, Directors, the management, subsidiary companies or relatives, etc. that may have potential conflict with its interest during the year under review. However, the list of related party relationships or transactions as required to be disclosed in accordance with Accounting Standard 18 of the Companies (Accounting Standards) Rules, 2006 has been given in Notes on Accounts for the year ended 31st March, 2011.
- No penalties/strictures were imposed on the Company by any regulatory authority for non-compliance of any laws or any matter relating to capital markets during the last three years.
- The Company has complied with all the mandatory requirements of Sub-clauses I to VII of this Clause. The Company continues in its efforts on improvement, consolidation and documentation of methods of internal control for financial reporting and its effectiveness.

## 9. MEANS OF COMMUNICATION

- In compliance with Clause 41 of the Listing Agreement the Company regularly intimates unaudited half yearly and quarterly results as well as the audited annual results to the Stock Exchanges after they are taken on record by the Board of Directors. In addition, the same are also filed on Corporate Filing and Dissemination System (CFDS) pursuant to the requirements of Clause 52 (1)(a) of the Listing Agreement.
- Such results are also published in newspapers namely, Financial Express and Arthik Lipi/ Dainick Lipi.
- Such results are also displayed on the Company's website at [www.taiind.com](http://www.taiind.com).
- No presentations have been made to institutional investors or to the analysts.
- The document on Management Discussion and Analysis Report forms a part of this Annual Report.

**10. GENERAL SHAREHOLDER INFORMATION**

- a) AGM date, time and venue :  
Monday, the 29th day of August, 2011 at Kalakunj, 48, Shakespeare Sarani, Kolkata – 700017 at 10.00 a.m.
- b) Financial Year : 1st April to 31st March.
- c) Book closure Period : 22nd August, 2011 to 29th August, 2011, both days inclusive.
- d) Dividend payment date : No dividend has been recommended for the year ended 31st March, 2011.
- e) Listing on Stock Exchanges and Stock Codes: The shares of the Company are listed with the Stock Codes at the Stock Exchanges given hereinbelow:

|      | Stock Exchange   | Stock Code |
|------|--|------------|
| (i)  | The Calcutta Stock Exchange Association Limited<br>7, Lyons Range, Kolkata – 700 001       | 30055      |
| (ii) | Bombay Stock Exchange Limited<br>Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 | 519483     |

Listing Fees as prescribed have been paid to all the aforesaid Stock Exchanges upto 31st March, 2012.

Demat Code No. allotted by NSDL & CDSL : INE358D01018

- f) Stock Price Data and Share Price Performance in comparison to BSE SENSEX:

| Year 2010-2011  | Stock Price (Rupees)<br>Bombay Stock Exchange Limited |       | Sensex   |          |
|-----------------|---|-------|----------|----------|
|                 | High  | Low   | High     | Low      |
| April, 2010     | 18.99   | 12.35 | 18047.86 | 17276.80 |
| May, 2010       | 17.30   | 13.50 | 17536.86 | 15960.15 |
| June, 2010      | 16.40   | 13.04 | 17919.62 | 16318.39 |
| July, 2010      | 16.50   | 13.00 | 18237.56 | 17395.58 |
| August, 2010    | 16.90   | 13.77 | 18475.27 | 17819.99 |
| September, 2010 | 16.50   | 14.00 | 20267.98 | 18027.12 |
| October, 2010   | 16.00   | 14.15 | 20854.55 | 19768.96 |
| November, 2010  | 17.50   | 12.80 | 21108.64 | 18954.82 |
| December, 2010  | 14.99   | 10.40 | 20552.03 | 19074.57 |
| January, 2011   | 12.95   | 10.25 | 20664.80 | 18038.48 |
| February, 2011  | 13.29   | 8.41  | 18690.97 | 17295.62 |
| March, 2011     | 13.15   | 10.12 | 19575.16 | 17792.17 |

- g) Share Transfer System:  
Share transfers are registered within a maximum period of 30 days from the date of receipt, provided, the documents are complete in all respects.
- h) Registrar and Share Transfer Agent:  
Link Intime India Private Limited at 59C Chowringhee Road, Kolkata - 700 020 acts as the Registrar for Physical as well as Demat segment.
- i) Dematerialisation of shares & liquidity:  
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.



j) Outstanding GDR/ADR/Warrants or any convertible instruments: Not Applicable.

k) **(A) Distribution of Shareholding as on 31st March, 2011:**

| Equity Shares held | No. of Shareholders | Percentage to Total | No. of Equity shares held | Percentage to Total |
|--------------------|---------------------|---------------------|---------------------------|---------------------|
| 1 – 500            | 9183                | 95.23               | 935647                    | 15.59               |
| 501 – 1000         | 224                 | 2.32                | 186645                    | 3.11                |
| 1001 – 2000        | 102                 | 1.06                | 158570                    | 2.64                |
| 2001 – 3000        | 47                  | 0.49                | 115228                    | 1.92                |
| 3001 – 4000        | 14                  | 0.14                | 50720                     | 0.85                |
| 4001 – 5000        | 20                  | 0.21                | 94670                     | 1.58                |
| 5001 – 10000       | 20                  | 0.21                | 146354                    | 2.44                |
| 10000 and above    | 33                  | 0.34                | 4312166                   | 71.87               |
| <b>Total</b>       | <b>9643</b>         | <b>100.00</b>       | <b>6000000</b>            | <b>100.00</b>       |

**(B) Shareholding Pattern as on 31st March, 2011:**

|    | Category   | No. of Shares held | Percentage of Shareholding |
|----|--|--------------------|----------------------------|
| A. | Promoters Holding  |                    |                            |
|    | 1. Promoters   |                    |                            |
|    | – Indian Promoters   |                    |                            |
|    | – Foreign Promoters  | 1216000            | 20.267                     |
|    | 2. Persons acting in concert   |                    |                            |
|    | <b>Total (A)</b>   | <b>1216000</b>     | <b>20.267</b>              |
| B. | Public Shareholding  |                    |                            |
|    | 1. Institutional Investors   |                    |                            |
|    | a) Mutual Funds and UTI  | –                  | –                          |
|    | b) Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions/ Non-Government Institutions) | 200                | 0.003                      |
|    | c) FIs   | 1200000            | 20.000                     |
|    | <b>Sub-Total</b>   | <b>1200200</b>     | <b>20.003</b>              |
|    | 2. Others  |                    |                            |
|    | a) Private Corporate Bodies  | 942955             | 15.716                     |
|    | b) Individuals   | 2036844            | 33.947                     |
|    | c) NRIs/OCBs   | 604001             | 10.067                     |
|    | <b>Sub-Total</b>   | <b>3583800</b>     | <b>59.730</b>              |
|    | <b>Total (B)</b>   | <b>4784000</b>     | <b>79.733</b>              |
|    | <b>Grand Total (A+B)</b>   | <b>6000000</b>     | <b>100.000</b>             |



I) Address for Correspondence :

Registrar and  
Share Transfer Agent :

Link Intime India Private Limited  
59C, Chowringhee Road, Kolkata - 700020  
Phone: (033) 22890539 / (033) 22890540  
Fax: (033) 22890539

Corporate Office :

Ms. Indira Biswas  
General Manager – Corporate  
& Company Secretary - cum - Compliance Officer  
Tai Industries Limited  
53A, Mirza Ghalib Street, Kolkata - 700016.  
Phone: (033) 2229 2292/ (033) 2229 8489  
Fax: (033) 2249 7319

Signatures to Annexures A & B

For and on behalf of the Board

Place: Kolkata  
Date: 23rd May, 2011

**Vinay Killa**  
Director

**Wangchuk Dorji**  
Managing Director



**DECLARATION BY THE CEO ON AFFIRMATION OF COMPLIANCE WITH  
THE CODE OF CONDUCT OF THE COMPANY**

To the Members of  
Tai Industries Limited

Pursuant to Clause 49(I)(D)(ii) of the Listing Agreement with the Stock Exchanges, I hereby declare that all Directors of the Company and Members of Senior Management have affirmed compliance with the Code of Conduct of the Company for the year ended 31st March, 2011.

Date: 23rd May, 2011

**Wangchuk Dorji**  
*Chief Executive Officer*



## Auditors' Certificate on compliance of Corporate Governance under Clause 49 of the Listing Agreements

To  
The Members of  
**Tai Industries Limited**

We have examined the compliance of conditions of Corporate Governance by TAI INDUSTRIES LIMITED ("Company") for the year ended on 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in Republic of India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance [as stipulated in Clause 49 of the Listing Agreement] issued by The Institute of Chartered Accountants of India and limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and representations made by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements in all material aspects.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of  
**RAY & RAY**  
Chartered Accountants  
Firm's Registration No: 301072E

Place: Kolkata  
Dated: 23rd May, 2011

**Amitava Chowdhury**  
Partner  
Membership No. 056060

## Auditors' Report

### TO THE MEMBERS OF TAI INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of TAI INDUSTRIES LIMITED as on 31st March, 2011 the related Profit & Loss Account and the Cash Flow Statement for the year ended on that date (hereinafter referred to as "financial statements"), all of which we have signed under the reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order 2003, as amended by the Companies (Auditors' Report) (Amendment) Order 2004 ("Order") issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of The Companies Act, 1956, (the 'Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Attention is drawn to note number (n), (o) and (p) of Notes on Accounts. We can not offer any comment as to the adequacy of provision in respect of damaged stock included in the closing inventory of the Company as the same could not be verified by us and the value of which is taken as per management certification. We can not also offer comment on recoverability of certain old debts amounting to Rs. 40,34,841.44 for which necessary steps are stated to be taken by the management for recovery.
5. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - 5.1 Subject to our comment in paragraph 4 above, we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - 5.2 In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - 5.3 The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - 5.4 In our opinion, the financial statements dealt with by this report comply with the applicable Accounting Standard referred to in Sub-section (3C) of Section 211 of the 'Act'.
  - 5.5 On the basis of written representations received from the directors, as on 31 March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March, 2011 from being appointed as a director in terms of clause (g) of Sub-section (1) of Section 274 of the 'Act';
  - 5.6 Subject to our comment in paragraph 4 above the effect of which is not readily ascertainable, in our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the 'Act' and also give a true and fair view in conformity with the accounting principles generally accepted in India:
    - a) In the case of Balance Sheet, of the state of affairs of the Company as at 31 March, 2011;
    - b) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of

**RAY & RAY**

Chartered Accountants

Firm's Registration No: 301072E

**Amitava Chowdhury**

Partner

Membership No. 056060

Place: Kolkata

Dated: 23rd May, 2011

## **Annexure To Auditors' Report**

**[Referred to in paragraph 3 of the Auditors' Report of even date to the Members of TAI INDUSTRIES LIMITED on the financial statements for the year ended 31 March, 2011]**

1. (a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.  
  
(b) The fixed assets of the Company have been physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to such programme, a portion of the fixed assets has been stated to be physically verified by the management during the year and no material discrepancies between the book records and the physical assets have been noticed.  
  
(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
2. (a) The inventory of the Company has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.  
  
(b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
  
(c) The Company is maintaining proper record of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the 'Act'. Accordingly, the clauses (iii) (b) to (iii) (d) of the paragraph 4 of the Order are not applicable.  
  
(b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the 'Act'. Accordingly, the clauses (iii)(e) to (iii) (g) of the paragraph 4 of the Order are not applicable.
4. There are generally adequate internal control procedures commensurate with the size and nature of Company's business for the purchase of inventory and fixed assets and for the sale of goods and services except in respect of timely reconciliation of debtors' balance, which are being strengthened by the Company. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the 'Act' have been entered in the Register required to be maintained under that Section.  
  
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lakhs in respect of a party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA or any other relevant provisions of the 'Act' and the rules framed there under.
7. The Company has appointed outside firm of Chartered Accountants as its Internal Auditors whose coverage requires to be further widened through inclusion of certain additional areas based on process risk assessment so as to be commensurate with the size and nature of business.
8. The Central Government of India has not prescribed maintenance of cost records under section 209(1 )(d) of the 'Act' for any of the activities of the Company.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has been regular in depositing, during the year, the undisputed statutory dues including provident fund, income tax, sales tax, agricultural tax, service tax, education cess and other material statutory dues, as applicable, with appropriate authorities.



- (b) According to the information and explanations given to us and on the basis of records of the Company examined by us, there are no dues of Income Tax, Sales Tax, Service Tax, Custom Duty, Excise duty and cess which have not been deposited as at 31st March, 2011 on account of dispute.
10. The Company has no accumulated loss as at 31st March, 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
  11. According to the records of the Company, examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to a bank or financial institutions. The Company has not issued any debenture.
  12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debenture and other securities.
  13. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
  14. In our opinion, the Company is not dealer or trader in shares, securities, debentures and other investments.
  15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions during the year.
  16. There was no term loan outstanding during the year. Hence clause 4(XVI) of paragraph IV of the aforesaid order is not applicable.
  17. On the basis of an overall examination of the Balance Sheet and Cash Flow Statement of the Company, in our opinion and according to the information and explanations given to us, there were no funds raised on short-term basis, which have been used for long-term investments.
  18. The Company has not made any preferential allotment of shares to any parties and companies covered in the register maintained under Section 301 of the 'Act' during the year.
  19. The Company has not issued any debenture.
  20. The Company has not raised any money by way of public issue during the year.
  21. During the course of our examination of books and records of the Company carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company nor have we been informed of such case by the management.

For and on behalf of

**RAY & RAY**

Chartered Accountants

Firm's Registration No: 301072E

**Amitava Chowdhury**

Partner

Membership No. 056060

Place: Kolkata

Dated: 23rd May, 2011

**Balance Sheet as at 31st March, 2011**

|  | Schedules | As at 31st<br>March, 2011<br>Rs. | As at 31st<br>March, 2010<br>Rs. |
|--|-----------|----------------------------------|----------------------------------|
| <b>I. SOURCES OF FUNDS</b>                               |           |                                  |                                  |
| <b>SHAREHOLDERS' FUND:</b>                               |           |                                  |                                  |
| Capital  | 1         | 60,000,000                       | 60,000,000                       |
| Reserves and Surplus                                     | 2         | 97,054,065                       | 88,336,432                       |
| <b>TOTAL</b>   |           | <b>157,054,065</b>               | <b>148,336,432</b>               |
| <b>II. APPLICATIONS OF FUNDS</b>                         |           |                                  |                                  |
| <b>FIXED ASSETS</b>                                      |           |                                  |                                  |
| Gross Block  | 3         | 74,428,981                       | 74,233,189                       |
| Less : Accumulated Depreciation and Amortisation         |           | 57,865,610                       | 55,773,438                       |
| Net Block  |           | <b>16,563,371</b>                | <b>18,459,751</b>                |
| <b>INVESTMENTS</b>                                       | 4         | <b>8,678,873</b>                 | <b>8,678,873</b>                 |
| <b>DEFERRED TAX ASSET</b><br>(Note 2 (c) on Schedule 19) |           | <b>1,133,928</b>                 | <b>937,612</b>                   |
| <b>CURRENT ASSETS, LOANS AND ADVANCES</b>                |           |                                  |                                  |
| Inventories  | 5         | 36,761,298                       | 16,728,271                       |
| Sundry Debtors   | 6         | 267,353,953                      | 245,277,140                      |
| Cash and Bank Balances                                   | 7         | 38,492,905                       | 31,100,651                       |
| Other Current Assets                                     | 8         | 582,486                          | 245,107                          |
| Loans and Advances                                       | 9         | 117,043,697                      | 110,967,166                      |
|  |           | <u>460,234,339</u>               | <u>404,318,335</u>               |
| <b>Less : CURRENT LIABILITIES AND PROVISIONS</b>         |           |                                  |                                  |
| Current Liabilities                                      | 10        | 313,641,216                      | 270,303,849                      |
| Provisions   | 11        | 15,915,230                       | 13,754,290                       |
|  |           | <u>329,556,446</u>               | <u>284,058,139</u>               |
| <b>NET CURRENT ASSETS</b>                                |           | <b>130,677,893</b>               | <b>120,260,196</b>               |
| <b>TOTAL</b>   |           | <b>157,054,065</b>               | <b>148,336,432</b>               |
| <b>Notes on Accounts</b>                                 | 19        |                                  |                                  |

The schedules referred to above and attached thereto form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

For **RAY & RAY**  
Chartered Accountants

Firm's Registration No. 301072E

**AMITAVA CHOWDHURY**  
Partner

Membership No. 056060

Place : Kolkata  
Date : 23rd May, 2011

**INDIRA BISWAS**  
Company Secretary

For and on behalf of the Board

**WANGCHUK DORJI**  
Managing Director

**VINAY KILLA**  
Director





## Profit and Loss Account for the year ended 31st March, 2011

|   | Schedule | For the year ended<br>31st March, 2011<br>Rs. | For the year ended<br>31st March, 2010<br>Rs. |
|---|----------|---|---|
| <b>INCOME</b>   |          |   |   |
| Turnover  | 12       | 813,990,228                                   | 605,424,803                                   |
| Profit on Sale of Investments                         |          | 260   | —   |
| Other Income  | 13       | 23,469,335                                    | 16,606,599                                    |
| Increase/(Decrease) in Inventories                    | 14       | 20,033,027                                    | (2,313,875)                                   |
| <b>TOTAL</b>  |          | <b>857,492,850</b>                            | <b>619,717,527</b>                            |
| <b>EXPENDITURE</b>                                    |          |   |   |
| Purchases   | 15       | 697,584,955                                   | 508,136,642                                   |
| Employee's remuneration and welfare expenses          | 16       | 24,217,110                                    | 18,819,516                                    |
| Interest  | 17       | 131,250                                       | 345,404                                       |
| Administrative, Selling and Other Expenses            | 18       | 124,024,675                                   | 86,268,098                                    |
| Depreciation/Amortisation                             |          | 3,009,224                                     | 3,852,220                                     |
| <b>TOTAL</b>  |          | <b>848,967,214</b>                            | <b>617,421,880</b>                            |
| <b>Profit/(Loss) before taxation</b>                  |          | <b>8,525,636</b>                              | <b>2,295,647</b>                              |
| Taxation  |          |   |   |
| Deferred Tax  |          | (196,316)                                     | (140,199)                                     |
| Income Tax paid for earlier years                     |          | 4,320   | —   |
| <b>Profit after Taxation</b>                          |          | <b>8,717,632</b>                              | <b>2,435,846</b>                              |
| Balance brought forward from previous year            |          | 83,862,544                                    | 81,426,698                                    |
| <b>Balance carried to Balance Sheet</b>               |          | <b>92,580,176</b>                             | <b>83,862,544</b>                             |
| <b>Notes on Accounts</b>                              | 19       |   |   |
| Earning Per Share (Rs.) (Note 2 ( I ) on Schedule 19) |          | 1.45  | 0.41  |

The schedules referred to above and attached thereto form an integral part of the Profit and Loss Account

This is the Profit and Loss Account referred to in our report of even date.

For **RAY & RAY**

Chartered Accountants

Firm's Registration No. 301072E

**AMITAVA CHOWDHURY**

Partner

Membership No. 056060

Place : Kolkata

Date : 23rd May, 2011

For and on behalf of the Board

**WANGCHUK DORJI**

Managing Director

**INDIRA BISWAS**

Company Secretary

**VINAY KILLA**

Director

**Cash Flow Statement for the year ended 31st March, 2011**

|  | For the year ended<br>31st March, 2011<br>Rs. | For the year ended<br>31st March, 2010<br>Rs. |
|--|---|---|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>             |   |   |
| Net Profit before Tax                                  | 8,525,636                                     | 2,295,647                                     |
| Adjustments for :                                      |   |   |
| Depreciation   | 3,009,224                                     | 3,852,220                                     |
| Interest Received                                      | (1,586,660)                                   | (602,814)                                     |
| Dividend Received                                      | (13,308,802)                                  | (6,105,571)                                   |
| Provision for Gratuity                                 | 1,264,071                                     | (374,104)                                     |
| Provision For Leave Encashment                         | 1,648,000                                     | 1,369,826                                     |
| Loss / adjustment on Sale of Fixed Assets              | 44,009  | 9,567   |
| Interest paid  | —   | 214,154                                       |
| Profit on sale of Investment                           | (260)   | —   |
| Commission Received                                    | (14,169,322)                                  | (14,125,174)                                  |
| <b>Operating Profit before Working Capital changes</b> | <b>(14,574,104)</b>                           | <b>(13,466,250)</b>                           |
| Adjustment for changes in Working Capital :            |   |   |
| (Increase)\Decrease in Trade and other Receivables     | (28,490,722)                                  | (5,740,613)                                   |
| (Increase)\Decrease in Inventories                     | (20,033,027)                                  | 2,313,875                                     |
| Increase\Decrease) in Trade payables                   | 43,337,367                                    | 15,464,899                                    |
| Commission Received                                    | 14,169,322                                    | 14,125,174                                    |
| <b>Cash Generated from Operations</b>                  | <b>(5,591,164)</b>                            | <b>12,697,086</b>                             |
| Interest paid  | —   | (214,154)                                     |
| Taxes paid   | (4,320)                                       | (986,399)                                     |
| Leave Encashment Paid                                  | (731,573)                                     | (622,343)                                     |
| Gratuity Paid  | (19,558)                                      | (78,260)                                      |
| <b>Net Cash from Operating Activities ( A )</b>        | <b>(6,346,615)</b>                            | <b>10,795,930</b>                             |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>             |   |   |
| Purchase of Fixed Assets                               | (1,322,151)                                   | (639,277)                                     |
| Sale of Investments                                    | 260   | —   |
| Sale of Fixed Assets                                   | 165,300                                       | —   |
| Interest Received                                      | 1,586,660                                     | 602,814                                       |
| Dividend Received                                      | 13,308,802                                    | 6,105,571                                     |
| <b>Net Cash from Investing Activities ( B )</b>        | <b>13,738,871</b>                             | <b>6,069,108</b>                              |

|  | For the year ended<br>31st March, 2011<br>Rs. | For the year ended<br>31st March, 2010<br>Rs. |
|--|---|---|
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                         |   |   |
| <b>Proceeding from Borrowings :</b>                                |   |   |
| Secured Loans  | –   | (4,750,442)                                   |
| Dividend Paid [Deposited to Central Government]                    | –   | (340,938)                                     |
| <b>Net Cash used in Financing Activities (C)</b>                   | <b>–</b>                                      | <b>(5,091,380)</b>                            |
| Net Increase/(Decrease)in Cash and Cash Equivalents <b>(A+B+C)</b> | 7,392,254                                     | 11,773,658                                    |
| Opening Balance of Cash and Cash Equivalents                       | 31,100,651                                    | 19,326,993                                    |
| Closing Balance of Cash and Cash Equivalents                       | <b>38,492,905</b>                             | <b>31,100,651</b>                             |

**Notes :**

1. The above Cash Flow Statement has been compiled from and is based on the Balance Sheet as at 31 March, 2011 and the related Profit and Loss Account for the year ended on that date.
2. The above Cash Flow Statement has been prepared under "Indirect Method" as set out in the Accounting Standard (AS) on "Cash Flow Statement", AS -3, issued by The Institute of Chartered Accountants of India and reallocations required for this purpose are as made by the Company.
3. Cash and Cash equivalents represent Cash and Bank balances.
4. Additions to Fixed Assets are stated inclusive of movements of Capital Work-in-Progress between the beginning and the end of the year and are treated as part of Investing Activities.
5. Figures in parenthesis represent outflows.
6. Previous year's figures have been regrouped, wherever necessary, to conform current year's presentation.

This is the Cash Flow referred to in our report of even date.

For **RAY & RAY**  
Chartered Accountants

Firm's Registration No. 301072E

**AMITAVA CHOWDHURY**  
Partner

Membership No. 056060

Place : Kolkata  
Date : 23rd May, 2011

**INDIRA BISWAS**  
Company Secretary

For and on behalf of the Board

**WANGCHUK DORJI**  
Managing Director

**VINAY KILLA**  
Director

**Schedules to Balance Sheet**

|   | As at 31st<br>March, 2011<br>Rs. | As at 31st<br>March, 2010<br>Rs. |
|---|----------------------------------|----------------------------------|
| <b>SCHEDULE : 1</b>   |                                  |                                  |
| <b>SHARE CAPITAL</b>  |                                  |                                  |
| <b>AUTHORISED</b>   |                                  |                                  |
| 7,500,000 (2010 - 7,500,000) Equity Shares of Rs.10/- each  | 75,000,000                       | 75,000,000                       |
| <b>ISSUED, SUBSCRIBED, CALLED AND PAID UP</b>   |                                  |                                  |
| 6,000,000 (2010 - 6,000,000) Equity Shares of Rs. 10/- each fully paid up<br>[Out of the above 20,000 (2010 - 20,000) Equity Shares were allotted<br>as fully paid bonus shares by capitalisation of General Reserve] | 60,000,000                       | 60,000,000                       |
|   | <b>60,000,000</b>                | <b>60,000,000</b>                |
| <b>SCHEDULE : 2</b>   |                                  |                                  |
| <b>RESERVES &amp; SURPLUS</b>   |                                  |                                  |
| General Reserve   |                                  |                                  |
| Balance as per last Account   | 3,878,789                        | 3,878,788                        |
| Capital Reserve   | 595,100                          | 595,100                          |
| Profit and Loss Account (As per annexed account)  | 92,580,176                       | 83,862,544                       |
|   | <b>97,054,065</b>                | <b>88,336,432</b>                |



## Schedule Forming Part of Balance Sheet as at 31st March, 2011

### SCHEDULE : 3

### FIXED ASSETS

| Particulars                    | GROSS BLOCK               |                               |                           |                            | DEPRECIATION         |                               |                         |                            | NET BLOCK            |                      |
|--------------------------------|---------------------------|-------------------------------|---------------------------|----------------------------|----------------------|-------------------------------|-------------------------|----------------------------|----------------------|----------------------|
|                                | Cost as on 01.04.2010 Rs. | Additions during the year Rs. | Sales during the year Rs. | Total as on 31.03.2011 Rs. | As on 01.04.2010 Rs. | Additions during the year Rs. | Adjustment on sales Rs. | Total as on 31.03.2011 Rs. | As at 31.03.2011 Rs. | As at 31.03.2010 Rs. |
| <b>Building</b>                | 2,896,312                 | -                             | -                         | 2,896,312                  | 1,593,362            | 79,808                        | -                       | 1,673,170                  | 1,223,142            | 1,302,950            |
| <b>Furniture</b>               | 18,899,728                | 13,280                        | 566,770                   | 18,346,238                 | 13,261,047           | 997,438                       | 414,862                 | 13,843,623                 | 4,502,615            | 5,638,681            |
| <b>Office Equipments</b>       | 5,200,916                 | 187,303                       | 105,000                   | 5,283,219                  | 3,160,226            | 299,236                       | 77,023                  | 3,382,439                  | 1,900,780            | 2,040,690            |
| <b>Electrical Equipments</b>   | 2,578,303                 | -                             | -                         | 2,578,303                  | 1,565,214            | 139,510                       | -                       | 1,704,724                  | 873,579              | 1,013,089            |
| <b>Motor Vehicles</b>          | 1,220,345                 | 714,500                       | 373,696                   | 1,561,149                  | 1,112,908            | 121,445                       | 349,299                 | 885,054                    | 676,095              | 107,437              |
| <b>Computers</b>               | 24,103,198                | 407,068                       | 80,893                    | 24,429,373                 | 22,824,919           | 249,538                       | 75,867                  | 22,998,590                 | 1,430,783            | 1,278,279            |
| <b>Plant &amp; Machineries</b> | 15,340,706                | -                             | -                         | 15,340,706                 | 8,633,550            | 932,965                       | -                       | 9,566,515                  | 5,774,191            | 6,707,156            |
| <b>Total</b>                   | <b>70,239,508</b>         | <b>1,322,151</b>              | <b>1,126,359</b>          | <b>70,435,300</b>          | <b>52,151,226</b>    | <b>2,819,940</b>              | <b>917,051</b>          | <b>54,054,115</b>          | <b>16,381,185</b>    | <b>18,088,282</b>    |
| <b>Software Charges</b>        | 3,993,681                 | -                             | -                         | 3,993,681                  | 3,622,212            | 189,284                       | -                       | 3,811,496                  | 182,186              | 371,469              |
| <b>Total</b>                   | <b>74,233,189</b>         | <b>1,322,151</b>              | <b>1,126,359</b>          | <b>74,428,981</b>          | <b>55,773,438</b>    | <b>3,009,224</b>              | <b>917,051</b>          | <b>57,865,610</b>          | <b>16,563,371</b>    | <b>18,459,751</b>    |
| <b>PREVIOUS YEAR</b>           | 73,640,961                | 639,276                       | 47,048                    | 74,233,189                 | 51,958,699           | 3,852,220                     | 37,481                  | 55,773,438                 | 18,459,751           | 21,682,262           |

#### Notes :

1. Building includes Rs. 20,48,838 (2009-10 - Rs. 20,48,838) purchased on 97 years lease basis.
2. The Software has been acquired for internal use, the same has been amortised as on the basis stated in Note 1 (h) on Schedule 19.

| Particulars                                 | No. of Shares | Face Value Rs. | As at 31st March, 2011 Cost Rs. | As at 31st March, 2010 Cost Rs. |
|---|---------------|----------------|---------------------------------|---------------------------------|
| <b>SCHEDULE : 4</b>                         |               |                |                                 |                                 |
| <b>INVESTMENT - LONG TERM</b>               |               |                |                                 |                                 |
| <b>Other Investments:</b>                   |               |                |                                 |                                 |
| <b>Equity Shares fully paid (Quoted)</b>    |               |                |                                 |                                 |
| Usha Ispat Limited                          | 300           | 10             | 3,000                           | 3,000                           |
| Core Health Care Limited                    | 100           | 10             | 15,000                          | 15,000                          |
| Industrial Finance Corporation of India     | 100           | 10             | 3,500                           | 3,500                           |
| State Bank of India                         | 150           | 10             | 15,000                          | 15,000                          |
| State Bank of India ( Right Issue )         | 30            | 10             | 47,700                          | 47,700                          |
| Bata India Limited                          | 4,375         | 10             | 152,250                         | 152,250                         |
| Infosys Technologies Limited                | 104           | 5              | 3,448                           | 3,448                           |
| Reliance Industries Limited                 | 2,060         | 10             | 102,167                         | 102,167                         |
| India Steel Works Limited                   | 250           | 10             | 2,500                           | 2,500                           |
| Reliance Capital Limited                    | 51            | 10             | 2,554                           | 2,554                           |
| Reliance Communication Limited              | 1,030         | 5              | 76,036                          | 76,036                          |
| Reliance Infrastructure Limited             | 77            | 10             | 14,343                          | 14,343                          |
| Reliance Power Limited [Note 5 below]       | 257           | 5              | 1,375                           | 1,375                           |
| <b>TOTAL (A)</b>                            |               |                | <b>438,873</b>                  | <b>438,873</b>                  |
| <b>Equity shares fully paid (Unquoted )</b> |               |                |                                 |                                 |
| Jamshedpur Injection Powder Limited         | 800,000       | 10             | <b>8,000,000</b>                | <b>8,000,000</b>                |
| <b>TOTAL (B)</b>                            |               |                | <b>8,000,000</b>                | <b>8,000,000</b>                |
| <b>Others Fully Paid (Quoted)</b>           |               |                |                                 |                                 |
| UTI Master Gain 92 (Note-1)                 | 10,000        | 10             | 100,000                         | 100,000                         |
| SBI Magnum Multiplier Plus 1993             | 10,000        | 10             | 100,000                         | 100,000                         |
| Morgan Stanley Mutual Fund                  | 4,000         | 10             | 40,000                          | 40,000                          |
| <b>TOTAL (C)</b>                            |               |                | <b>240,000</b>                  | <b>240,000</b>                  |
| <b>GRAND TOTAL[(A)+(B)+( C)]</b>            |               |                | <b>8,678,873</b>                | <b>8,678,873</b>                |

**Notes:**

1. UTI Master gain 92 is in the name of Tashi Agro Industries Ltd., Company is taking steps to change the name.

|                                | As at 31st March, 2011 Rs. | As at 31st March, 2010 Rs. |
|--------------------------------|----------------------------|----------------------------|
| <b>2. Aggregate Book Value</b> |                            |                            |
| Quoted Investments             | 678,873                    | 678,873                    |
| Unquoted Investments           | 8,000,000                  | 8,000,000                  |
| <b>TOTAL</b>                   | <b>8,678,873</b>           | <b>8,678,873</b>           |

|   | As at<br>31st March, 2011<br>Rs. | As at<br>31st March, 2010<br>Rs. |
|---|----------------------------------|----------------------------------|
| 3. Market value/Net Asset Value ( NAV ) of quoted investment  |                                  |                                  |
| a) Shares   | 4,934,307                        | 4,222,327                        |
| b) Others   |                                  |                                  |
| I) UTI Equity Fund (Master Gain 92) (NAV)   | 555,400                          | 483,500                          |
| II) SBI Magnam Multiplier Plus 1993 (NAV)   | 497,300                          | 752,100                          |
| III) Morgan Stanly Mutual Fund (NAV)  | 251,040                          | 236,120                          |
| <b>TOTAL</b>  | <b><u>6,238,047</u></b>          | <b><u>5,694,047</u></b>          |
| 4. During 2009-10, 1030 Bonus Shares received from Reliance Industries Ltd  |                                  |                                  |
| 5. During 2010-11, Reliance Natural Resources Ltd. merged with Reliance Power Ltd. and Reliance Power Ltd. issued 257 shares against 1030 shares of Reliance Natural Resources Ltd. |                                  |                                  |

**SCHEDULE : 5**
**INVENTORIES** (As certified by Management)

## Stock of Traded Goods

(Refer Note No 2 (n) of Schedule 19)

|                                   |                          |                          |
|-----------------------------------|--------------------------|--------------------------|
| - Good                            | 36,761,298               | 16,728,271               |
| - Damaged                         | 14,378,087               | 14,378,087               |
|                                   | <b><u>51,139,385</u></b> | <b><u>31,106,358</u></b> |
| Less: Provision for Damaged Stock | 14,378,087               | 14,378,087               |
|                                   | <b><u>36,761,298</u></b> | <b><u>16,728,271</u></b> |

**SCHEDULE : 6**
**SUNDRY DEBTORS**

(Unsecured - Considered Good)

|                            |                           |                           |
|----------------------------|---------------------------|---------------------------|
| Debts exceeding six months | 5,857,042                 | 3,965,041                 |
| Other Debts                | 261,496,911               | 241,312,099               |
|                            | <b><u>267,353,953</u></b> | <b><u>245,277,140</u></b> |

**SCHEDULE : 7**
**CASH AND BANK BALANCES**

|  |                          |                          |
|--|--------------------------|--------------------------|
| Cash in hand   | 2,279,012                | 1,209,298                |
| Balances with Scheduled Banks on :                                     |                          |                          |
| Current Accounts   | 12,812,436               | 11,664,896               |
| Fixed Deposits   | 23,401,457               | 18,226,457               |
| (pledged against Bank Guarantee Rs. 3,65,133/- (2010 - Rs. 3,65,133/-) |                          |                          |
|  | <b><u>38,492,905</u></b> | <b><u>31,100,651</u></b> |

|  | As at 31st<br>March, 2011<br>Rs. | As at 31st<br>March, 2010<br>Rs. |
|--|----------------------------------|----------------------------------|
|--|----------------------------------|----------------------------------|

**SCHEDULE : 8**
**OTHER CURRENT ASSETS**

(Unsecured - Considered Good)

|                                    |                |                |
|------------------------------------|----------------|----------------|
| Interest accrued on fixed deposits | 582,486        | 245,107        |
|                                    | <b>582,486</b> | <b>245,107</b> |

**SCHEDULE : 9**
**LOANS AND ADVANCES**

(Unsecured)

|   |                    |                    |
|---|--------------------|--------------------|
| Advances recoverable in cash or kind or for value to be received (Note 2(b) of Schedule 19) - Considered good                                   | 98,529,626         | 92,607,092         |
| Prepaid Expenses - Considered good  | 273,154            | 231,179            |
| Deposits<br>[including deposits with Government Authorities of Rs. 1,76,338 (2010 - Rs. 1,76,338)]  |                    |                    |
| Considered good   | 5,799,036          | 5,806,070          |
| Considered doubtful   | 2,394,900          | 2,394,900          |
|   | 8,193,936          | 8,200,970          |
| Less : Considered doubtful  | 2,394,900          | 2,394,900          |
|   | 5,799,036          | 5,806,070          |
| Income Tax [including Tax Deducted at Sources Rs. 25,06,181 (2010 - Rs. 18,43,018) and Fringe Benefit Tax Rs. 17,23,915 (2010 - Rs. 17,16,432)] | 12,441,881         | 12,322,825         |
|   | <b>117,043,697</b> | <b>110,967,166</b> |

**SCHEDULE : 10**
**CURRENT LIABILITIES**

|  |                    |                    |
|--|--------------------|--------------------|
| Sundry Creditors   |                    |                    |
| Micro and Small Enterprise<br>(Refer Note 2(d) of Schedule 19) | 3,045,393          | 2,455,081          |
| Other than Micro and Small Enterprise                          | 294,815,843        | 238,745,231        |
|  | 297,861,236        | 241,200,312        |
| Advances from Customers  | 8,900,495          | 20,646,547         |
| Other Liabilities  | 6,879,485          | 8,456,990          |
|  | <b>313,641,216</b> | <b>270,303,849</b> |



**SCHEDULE : 11**
**Provisions as at 31st March, 2011**

| Particulars                                     | As at<br>1st April 2010<br>Rs. | Addition<br>Rs.  | Total<br>Rs.      | Payments /<br>Utilization<br>Rs. | As at<br>31st March 2011<br>Rs. |
|---|--------------------------------|------------------|-------------------|----------------------------------|---------------------------------|
| Gratuity<br>[Note 2 (e) of Schedule 19]         | 1,363,659                      | 1,264,071        | 2,627,730         | 19,558                           | <b>2,608,172</b>                |
| Leave Encashment<br>[Note 2 (e) of Schedule 19] | 1,209,674                      | 744,984          | 1,954,658         | 122,715                          | <b>1,831,943</b>                |
| Income Tax                                      | 9,039,410                      | -                | 9,039,410         | -                                | <b>9,039,410</b>                |
| Fringe Benefit Tax                              | 1,532,689                      | -                | 1,532,689         | -                                | <b>1,532,689</b>                |
| Leave Encashment<br>(Short term benefit)        | 608,858                        | 903,016          | 1,511,874         | 608,858                          | <b>903,016</b>                  |
| <b>TOTAL</b>                                    | <b>13,754,290</b>              | <b>2,912,071</b> | <b>16,666,361</b> | <b>751,131</b>                   | <b>15,915,230</b>               |

**Schedules to Profit & Loss Account**

|   | Year ended<br>31st March, 2011<br>Rs. | Year ended<br>31st March, 2010<br>Rs. |
|---|---------------------------------------|---------------------------------------|
| <b>SCHEDULE : 12</b>  |                                       |                                       |
| <b>TURNOVER</b>   |                                       |                                       |
| <b>Sales :</b>  |                                       |                                       |
| Fruit Products  | 168,968,385                           | 133,723,329                           |
| Calcium Carbide   | 45,873,847                            | 40,826,943                            |
| Charcoal  | 174,360,528                           | 116,835,282                           |
| Manganese Ore   | 284,255,949                           | 174,381,150                           |
| LAM Coke  | -                                     | 155,235                               |
| Lays  | -                                     | 1,255,515                             |
| Food Product  | 76,605,000                            | 75,963,500                            |
| Sale of Retail Products   | 49,757,197                            | 48,158,675                            |
| Commission on sale of above related products [Taxes Deducted<br>at Source - Rs.19,29,893 (2010 - Rs.15,87,469)] | 14,169,322                            | 14,125,174                            |
|   | <b>813,990,228</b>                    | <b>605,424,803</b>                    |
| <b>SCHEDULE : 13</b>  |                                       |                                       |
| <b>OTHER INCOME</b>   |                                       |                                       |
| Dividend on Long Term Investments - Others  | 13,308,802                            | 6,105,571                             |
| Interest - Gross [Taxes Deducted at Source<br>Rs. 2,08,114 (2010 - Rs. 54,268)]                                 | 1,586,660                             | 602,814                               |
| Liabilities no longer required, written back  | 136,376                               | 1,121,754                             |
| Miscellaneous Income  | 6,445,175                             | 5,909,003                             |
| Recovery in respect of C3 Division<br>[Refer Note No 2 (Q) of Schedule 19]                                      | 1,992,322                             | 2,867,457                             |
|   | <b>23,469,335</b>                     | <b>16,606,599</b>                     |

|   | Year ended<br>31st March, 2011<br>Rs. | Year ended<br>31st March, 2010<br>Rs. |
|---|---------------------------------------|---------------------------------------|
| <b>SCHEDULE : 14</b>  |                                       |                                       |
| <b>ACCRETION / ( DECCRETION ) OF INVENTORIES</b>            |                                       |                                       |
| Opening Stock   | 31,106,358                            | 33,420,233                            |
| Less : Closing Stock  | 51,139,385                            | 31,106,358                            |
| Accretion / (Deccretion) of Inventories                     | <u>20,033,027</u>                     | <u>(2,313,875)</u>                    |
| <b>SCHEDULE : 15</b>  |                                       |                                       |
| <b>PURCHASE OF TRADED GOODS</b>                             |                                       |                                       |
| Fruit Products  | 116,647,907                           | 98,817,635                            |
| Calcium Carbide   | 40,781,300                            | 36,220,542                            |
| Charcoal  | 158,336,791                           | 87,835,790                            |
| Manganese Ore   | 246,697,190                           | 153,439,388                           |
| Lam Coke  | —                                     | 129,363                               |
| Lays Product  | —                                     | 1,602,098                             |
| Food Products   | 84,993,000                            | 76,751,500                            |
| Retail Products   | 43,549,410                            | 42,161,753                            |
| Carraige Inward, Octroi Expenses and Other related expenses | 6,579,357                             | 11,178,573                            |
|   | <u>697,584,955</u>                    | <u>508,136,642</u>                    |
| <b>SCHEDULE : 16</b>  |                                       |                                       |
| <b>EMPLOYEES REMUNERATION AND WELFARE EXPENSES</b>          |                                       |                                       |
| Salaries, Wages, Bonus etc                                  | 20,076,674                            | 16,951,225                            |
| Contribution to Provident and Other Funds                   | 1,741,217                             | 1,507,148                             |
| Staff Welfare   | 1,135,148                             | 735,247                               |
| Gratuity provision [Note 2 (e) of Schedule - 19]            | 1,244,513                             | (452,364)                             |
| Gratuity Paid   | 19,558                                | 78,260                                |
|   | <u>24,217,110</u>                     | <u>18,819,516</u>                     |
| <b>SCHEDULE : 17</b>  |                                       |                                       |
| <b>INTEREST</b>   |                                       |                                       |
| On Secured Loans  | —                                     | 214,154                               |
| Other Interest  | 131,250                               | 131,250                               |
|   | <u>131,250</u>                        | <u>345,404</u>                        |

|   | Year ended<br>31st March, 2011<br>Rs. | Year ended<br>31st March, 2010<br>Rs. |
|---|---------------------------------------|---------------------------------------|
| <b>SCHEDULE : 18</b>                                |                                       |                                       |
| <b>ADMINISTRATIVE, SELLING &amp; OTHER EXPENSES</b> |                                       |                                       |
| Rent  | 4,516,872                             | 4,123,902                             |
| Repairs to Building                                 | 641,407                               | 597,147                               |
| Repairs to Others                                   | 8,357,421                             | 8,573,641                             |
| Insurance   | 243,680                               | 229,907                               |
| Rates and Taxes                                     | 2,268,076                             | 2,079,906                             |
| Electricity   | 3,623,703                             | 2,967,918                             |
| Travelling and Conveyance                           | 6,486,073                             | 4,856,274                             |
| Communication Expense                               | 2,121,429                             | 1,590,129                             |
| Legal and Professional charges                      | 1,777,693                             | 1,616,534                             |
| Printing and Stationery                             | 883,909                               | 846,074                               |
| Carriage Outward                                    | 44,171,504                            | 21,995,753                            |
| Commission on Depot Sales                           | 833,135                               | 797,621                               |
| Breakage and Damages                                | 1,552,720                             | 1,432,792                             |
| Discount  | 3,126,747                             | 2,190,755                             |
| Advertisement, Publicity and Sales Promotion        | 19,996,396                            | 7,977,996                             |
| Other Selling Expenses                              | 18,503,482                            | 18,245,210                            |
| Debts and other debits written off                  | 799,448                               | 361,077                               |
| Bank & Other Charges                                | 749,377                               | 774,588                               |
| Miscellaneous Expenses (Note 2(h) on Schedule 19)   | 1,725,323                             | 3,431,302                             |
| Security Charges                                    | 616,847                               | 521,948                               |
| Common expenses Stores                              | 785,424                               | 785,424                               |
| Director's sitting fees                             | 200,000                               | 272,200                               |
| Loss on sale of Fixed Assets (Net)                  | 44,009                                | -                                     |
|   | <b><u>124,024,675</u></b>             | <b><u>86,268,098</u></b>              |



**SCHEDULE - 19**

**ACCOUNTING POLICIES AND NOTES ON THE FINANCIAL STATEMENTS**

**1. Significant Accounting Policies**

**(a) Basis of preparation of Financial Statements**

The Financial Statements have been prepared on the accrual basis of accounting, under the historical cost convention, in accordance with the accounting principles generally accepted in India and comply with the requirements of Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

**(b) Use of Estimates**

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of the Financial Statement and the reported amount of revenue and expenses during the reporting period. Actual results could differ from these estimates. Any revision to accounting estimates is recognised in the period in which the results are known / materialised.

**(c) Fixed Assets**

Fixed Assets are stated at cost. Cost includes taxes, duties, freight and other incidental expenses related to acquisition, improvements and installation of the assets.

**(d) Depreciation**

- (i) Depreciation is provided on "Written Down Value Method", at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.
- (ii) Assets costing Rs.5,000 or less are depreciated in full in the year of purchase.

**(e) Impairment**

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

**(f) Investments**

Long term Investments are stated at cost less provision for permanent diminution, if any, in value of such investments. Current investments are stated at lower of cost and fair value.

**(g) Inventories**

Inventories are valued at lower of cost or net realizable value. Cost is computed on the basis of cost of purchase inclusive of freight etc, on "weighted average" basis.

**(h) Intangible Assets**

Software which is not an integral part of related hardware, is treated as intangible asset and are capitalized in accordance with the relevant Accounting Standard. The cost of such assets is amortized on straight-line method over a period of five years or the estimated economic life of the asset whichever is lower. The carrying value of the capitalized software costs is reviewed at each Balance Sheet date.

**(i) Revenue Recognition**

- (i) Sales, net of taxes, are accounted for when property in the goods is transferred to the customers.
- (ii) Commission is accounted for as and when the Company's right to receive the same is established.
- (iii) Dividend is recognised, when the right to receive the dividend arises.
- (iv) Interest income is recognised on a time proportion basis.
- (v) Items of Income /Expenditure are recognized on accrual basis, unless otherwise stated.

**(j) Employee Benefits**

- (i) Defined Contribution Schemes

Provident Funds and Employees State Insurance Fund are administered by the Central Government of India and contribution to the said funds are charged to Profit and Loss Account on actual basis.

(ii) **Defined Benefit Schemes**

Provision for leave encashment (Retirement Benefit) and gratuity liability are made on the basis of actuarial valuation.

(iii) Provision for leave encashment (short term benefit) is made on accrual basis.

**(k) Borrowing Cost**

Borrowing costs attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of such asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Other borrowing costs are recognized as expense in the period in which these are incurred.

**(l) Foreign Currency Transactions**

Transactions denominated in foreign currencies are recorded at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currency are converted at the rate of exchange prevailing on the date of Balance Sheet. Any exchange loss or gain, on such conversion is accounted for in the Profit and Loss Account. Exchange gain/ loss relating to acquisition of fixed assets is adjusted in the profit and loss account

**(m) Treatment of Prior Period and Extra Ordinary Items**

(i) Any material items (other than those arising out of over / under estimation in earlier years) arising as a result of error or omission in preparation of earlier years financial statements are separately disclosed.

(ii) Any material gains / losses which arise from the events or transaction which are distinct from ordinary activities of the Company are separately disclosed.

**(n) Income Tax**

Income tax expense comprises of current tax and deferred tax charge or credit. Current Tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred Tax expenses or benefit is recognized on timing differences being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates laws that have been enacted or substantively enacted by the balance sheet date.

In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognized only to the extent that there is virtual certainty that sufficient taxable income will be available in future to realize such assets. In other situations, deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realize these assets.

**(o) Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognized when the company has a legal and constructive obligation as a result of a past event, for which it is probable that a cash outflow will be required and reliable estimate can be made of the amount of the obligation.

Contingent liabilities are disclosed when the Company has a present obligation and it is probable that a cash outflow will not be required to settle the obligation.

Contingent assets are neither recognized nor disclosed in the Financial Statements.

**2. Notes on the Balance Sheet and Profit & Loss Account**

**a. Contingent liabilities**

|      |  | As at 31 March 2011<br>(Rs.) | As at 31 March 2010<br>(Rs.) |
|------|--|------------------------------|------------------------------|
| (i)  | <b>Claim not acknowledged as debts -</b> |                              |                              |
|      | Income Tax under appeal                  | NIL                          | 7,28,206.00                  |
| (ii) | Bank Guarantees                          | 2,25,000.00                  | 2,25,000.00                  |

(iii) A claim of Rs.68,00,000/- towards enhanced municipal taxes over 10% of the previous rate was raised by the landlords of the premises from where the Company, as a subtenant, was operating one of its retail stores, in terms of the Company's sub tenancy agreement with them.

The said claim has been disputed by the Company on the ground that the said enhancement pertained to assessment of Annual Valuation based on the status (residential or commercial) of the property in question, which the landlords had



concealed before the municipal authorities as well as before the Company and the Company has initiated legal proceedings to that effect which are awaiting ex-parte disposal.

- b. Advances recoverable in cash or in kind or for value to be received include Rs.7,42,37,147.63 ( previous year-Rs. 7,42,37,147.63 ) on account of Tai Projects Private Ltd, in which one of the directors of the Company is also a director, incorporated with an object of setting up of a Family Entertainment Complex (FEC) at Nonadanga in Eastern Metropolitan, Kolkata in pursuance of a decision to make investment in the said Company, which was approved by the share holders of the Company in its Annual General Meeting held on 17 September 2002.

**c. Deferred Taxation**

The major components of deferred taxation arising out of timing differences are -

| Particulars   | As at 31st March 2011<br>(Rs.) | As at 31st March 2010<br>(Rs.) |
|---|--------------------------------|--------------------------------|
| <b>Liabilities</b>                                    |                                |                                |
| Depreciation  | NIL                            | NIL                            |
| <b>Total Liabilities – (A)</b>                        | NIL                            | NIL                            |
| <b>Assets</b>   |                                |                                |
| Depreciation  | 2,34,098                       | 1,42,452                       |
| Provision for Gratuity and Leave Encashment           | 8,99,830                       | 7,95,160                       |
| <b>Total Assets – (B)</b>                             | 11,33,928                      | 9,37,612                       |
| <b>Net Deferred Tax Liability / (Asset) [(A)-(B)]</b> | <b>(11,33,928)</b>             | <b>(9,37,612)</b>              |

- d. The amount due to Micro and Small Enterprises as defined in 'The Micro, Small and Medium Enterprises Development Act, 2006 (as disclosed in Schedule- Current Liabilities) has been determined to the extent such parties have been identified on the basis of information available with the company. The disclosures relating to Micro and Small enterprises as at 31st March, 2011 are as under:

| Sl. no. | Description  | Amount outstanding as at 31st March, 2011<br>(Rs.) | Amount outstanding as at 31st March, 2010<br>(Rs.) |
|---------|--|--|--|
| 1.      | The principal amount remaining unpaid to suppliers as at the end of the year   | 30,45,393  | 24,55,081  |
| 2.      | The interest due thereon remaining unpaid to supplier as at the end of the accounting year   | NIL  | NIL  |
| 3.      | The amount of interest paid in terms of section 16, alongwith the amount of the payment made to the supplier beyond the appointed day during the year 2010-11  | NIL  | NIL  |
| 4.      | The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the act.  | NIL  | NIL  |
| 5.      | The amount of interest accrued during the year and remaining unpaid at the end of the accounting year.   | NIL  | NIL  |
| 6.      | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowance as a deductible expenditure under section 23. | NIL  | NIL  |

**e. Employee benefit**

The employee benefits have been determined in accordance with the Accounting Standard-15 issued by the Companies (Accounting Standards) Rules, 2006.

**A. Defined Benefit Plans**

**Gratuity & Leave** – The gratuity liability is determined on the basis of actuarial valuation using the Projected Unit Credit Method. This method recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The leave encashment is recognized in the financial statement in the same manner as gratuity.

|   | Gratuity (Rs.)   |                  |                  | Leave Encashment (Rs.)   |                   |                   |
|---|--|------------------|------------------|--|-------------------|-------------------|
|   | 31st March, 2011   | 31st March, 2010 | 31st March, 2009 | 31st March, 2011   | 31st March, 2010  | 31st March, 2009  |
| <b>a. Reconciliation of opening and closing balances of Defined Benefit Obligations</b> |  |                  |                  |  |                   |                   |
| Defined Benefit Obligation at the beginning of the year                                 | 13,63,659  | 18,04,778        | 13,76,103        | 12,09,674  | 10,66,372         | 9,78,022          |
| Current Service Cost  | 2,41,338   | 3,46,210         | 2,76,349         | 22,633   | 37,199            | 7,69,415          |
| Interest Cost   | 1,11,695   | 1,41,702         | 1,27,235         | 94,736   | 81,840            | 81,776            |
| Past Service Cost   | 7,02,357   | –                | –                | –  | –                 | –                 |
| Actuarial (gain)/ loss  | 2,08,681   | (8,62,016)       | 1,21,068         | 6,27,615   | 1,11,009          | (2,66,138)        |
| Benefit paid  | 19,558   | (67,015)         | (95,977)         | 1,22,715   | (86,746)          | (4,96,703)        |
| Defined Benefit Obligation at the year end  | 26,08,172  | 13,63,659        | 18,04,778        | 18,31,943  | 12,09,674         | 10,66,372         |
| <b>b. Reconciliation of fair value of assets and obligations</b>                        |  |                  |                  |  |                   |                   |
| Fair value of plan assets as at 31st March  | NIL  | NIL              | NIL              | NIL  | NIL               | NIL               |
| Present value of obligation at 31st March   | 26,08,172  | 13,63,659        | 18,04,778        | 18,31,943  | 12,09,674         | 10,66,372         |
| Net Assets/(Liability) recognized in Balance Sheet                                      | (26,98,172)  | (13,63,659)      | (18,16,023)      | (18,31,943)  | (12,09,674)       | 10,71,049         |
| <b>c. Expenses recognised during the year</b>   |  |                  |                  |  |                   |                   |
| Current service cost  | 2,41,338   | 3,46,210         | 2,76,349         | 22,633   | 37,199            | 7,69,415          |
| Interest cost   | 1,11,695   | 1,41,702         | 1,27,235         | 94,736   | 81,840            | 81,776            |
| Past service cost   | 7,02,357   | –                | –                | –  | –                 | –                 |
| Expected return on plan assets  | NIL  | NIL              | NIL              | NIL  | NIL               | NIL               |
| Actuarial (gain)/loss   | 2,08,681   | (8,62,016)       | 1,21,068         | 6,27,615   | 1,11,009          | (2,66,138)        |
| Net cost  | 12,64,071  | (3,74,104)       | 5,24,652         | 7,44,984   | 2,30,048          | 5,85,053          |
| <b>d. Actuarial assumptions</b>   | Gratuity Provision is shown separately schedule 16 and Leave Encashment has been shown under Salary, Wages & Provision |                  |                  |  |                   |                   |
|   |  |                  |                  | <b>31.03.2011</b>  | <b>31.03.2010</b> | <b>31.03.2009</b> |
| Discount rate per annum compound  |  |                  |                  | 8.30%  | 8.25%             | 8.00%             |
| Rate of increase salaries   |  |                  |                  | 5.00%  | 5.00%             | 5.00%             |
| Expected average remaining working lives of employees (years)                           |  |                  |                  | 21.30  | 22.70             | 21.72             |
| Withdrawal Rates  |  |                  |                  | Varying between 2% per annum and 1% per annum depending on duration and age of the employees |                   |                   |
| Mortality Rate  |  |                  |                  | LIC (1994 - 96) table  |                   |                   |

**B. Defined Contribution Plans**

The contributions to Defined Contribution Plans recognized as expenses in the Profit & Loss account, are as follows:

| Nature of contributions                    | 2010-11<br>Rs. | 2009-10<br>Rs. | 2008-09<br>Rs. |
|--|----------------|----------------|----------------|
| Employers' contributions to Provident Fund | 8,55,892       | 7,26,397.00    | 6,96,144.00    |
| Employers' contributions to Pension Fund   | 5,41,406       | 5,13,234.00    | 4,82,257.00    |



- f. Confirmation of year end balances from Sundry Debtors, Loans & Advances, Deposits and Sundry Creditors, including Advances received from Customers are awaited and the account reconciliation of some parties, where confirmations have been received, are in progress. Adjustment for differences, if any, arising out of such confirmation/reconciliation would be made in the accounts on receipt of final agreed balances / reconciliation. The management is of the opinion that the impact of adjustment, if any, is not likely to be significant.

Furthermore, in the opinion of the management, all current assets, loans and advances including advances on capital accounts, would be realized at the values at which these are stated in the accounts in the ordinary course of business.

- g. **Managerial Remuneration (included in Schedule - 17 under Salary, Wages & Bonus) :**

| 1.    | Remuneration paid to Managing Director | 2010-11<br>Rs.   | 2009-10<br>Rs.   |
|-------|--|------------------|------------------|
| (i)   | Salary                                 | 15,35,500        | 13,80,000        |
| (ii)  | Contribution to Provident Fund         | 1,84,260         | 1,65,600         |
| (iii) | Monetary value of perquisites          | —                | —                |
|       | <b>Total</b>                           | <b>17,19,760</b> | <b>15,45,600</b> |

Managing Director's remuneration was approved by Central Government vide their order no. A91571943/2/2010 – CL.VII dated 22nd December, 2010 which is valid for a period of 3 years with effect from 20/05/2010 to 19/05/2013

|    |                                |                 |                 |
|----|--------------------------------|-----------------|-----------------|
| 2. | <b>Directors' Sitting Fees</b> | <b>2,00,000</b> | <b>2,72,000</b> |
|----|--------------------------------|-----------------|-----------------|

- h. **Miscellaneous expenses include -**

|       |  | 2010-11<br>Rs.  | 2009-10<br>Rs.  |
|-------|--|-----------------|-----------------|
| (a)   | Amount paid/payable to Auditors :-   |                 |                 |
| (i)   | Statutory Audit Fee  | 1,25,000        | 1,25,000        |
| (ii)  | Tax Audit Fee  | 20,000          | 20,000          |
| (iii) | Other Certificates   | 55,500          | 55,500          |
| (iv)  | Reimbursement of Expenses<br>[(Including Service-Tax Rs. 23,226) 2009-10 - Rs. 23,226] | 48,226          | 48,226          |
|       | <b>Total</b>   | <b>2,48,726</b> | <b>2,48,726</b> |

- i. The company has entered into an operating lease agreement for occupying premises at Salt Lake, Kolkata for its retail outlet. The future minimum lease payment for the said leased premises are as follows:

| Sl. no. | Duration  | Current Year<br>(Rs.) | Previous Year<br>(Rs.) |
|---------|---|-----------------------|------------------------|
| 1.      | Not later than one year                           | 20,47,230             | 19,99,758              |
| 2.      | Later than one year and not later than five years | 90,55,582             | 87,48,496              |
| 3.      | Later than five years                             | 85,40,931             | 1,08,95,244            |

Lease rent recognized in Profit & Loss A/c Rs.22,05,727/-

- j. The Company is predominantly engaged in trading of fruit products, calcium carbide, charcoal and manganese ore. Accordingly revenues from the above products comprise the primary basis of segmental information in these financial statements.

The company has no export sales and as such there are no reportable geographical segments.

The net expenses, which are not directly attributable to the Business Segment, are shown as unallocated corporate cost. It is not possible to allocate Assets and Liabilities of the Company between the Segments and therefore they are treated entirely as unallocated Corporate Assets and Corporate Liabilities respectively and consequently they are not disclosed separately here.





| Particulars  | Fruit Products<br>(Rs.) | Carbide<br>(Rs.) | Charcoal<br>(Rs.) | Manganese<br>Ore<br>(Rs.) | LAM<br>Coke<br>(Rs.) | Others<br>(Rs.) | C3-Retail<br>(Rs.) | Total<br>(Rs.) |
|--|-------------------------|------------------|-------------------|---------------------------|----------------------|-----------------|--------------------|----------------|
| <b>Revenue</b>   | 25,03,32,890            | 5,52,83,664      | 17,43,60,528      | 28,42,55,949              | -                    | 1,56,66,425     | 5,75,83,667        | 83,74,83,123   |
| (Previous Year)  | (21,57,05,923)          | (5,01,88,537)    | (11,69,90,641)    | (17,43,81,150)            | (1,55,235)           | (84,31,782)     | (5,61,78,134)      | (62,20,31,402) |
| <b>Operating Expenses</b>  | 24,43,58,459            | 5,09,53,951      | 17,23,46,511      | 27,97,48,909              | -                    | 1,56,24,443     | 6,27,84,741        | 82,58,17,014   |
| (Previous Year)  | (21,25,15,028)          | (4,53,94,554)    | (11,33,16,648)    | (17,28,05,154)            | (1,53,739)           | (64,51,878)     | (6,49,01,130)      | (61,55,38,131) |
| <b>Operating Income</b>  | 59,74,431               | 43,29,713        | 20,14,017         | 45,07,040                 | -                    | 41,982          | (52,01,074)        | 1,16,66,109    |
| (Previous Year)  | (31,90,895)             | (47,93,983)      | (36,73,993)       | (15,75,996)               | (1,496)              | (19,79,904)     | 87,22,997          | (64,93,271)    |
| <b>Un-allocable Expenses</b>   |                         |                  |                   |                           |                      |                 |                    | 31,40,474      |
| (Previous Year)  |                         |                  |                   |                           |                      |                 |                    | (41,97,624)    |
| <b>Net Profit Before Tax</b>   |                         |                  |                   |                           |                      |                 |                    | 85,25,635      |
| (Previous Year)  |                         |                  |                   |                           |                      |                 |                    | (22,95,647)    |
| <b>Income Tax (including Deferred Taxation and Fringe Benefit Tax)</b> |                         |                  |                   |                           |                      |                 |                    | (1,91,996)     |
| (Previous Year)  |                         |                  |                   |                           |                      |                 |                    | 1,40,199       |
| <b>Net Profit / (-) Loss After Tax</b>                                 |                         |                  |                   |                           |                      |                 |                    | 87,17,631      |
| (Previous Year)  |                         |                  |                   |                           |                      |                 |                    | (24,35,846)    |

**k. Related Parties Disclosure**

As per Accounting Standard-18 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India, the names of the related parties are given below:

| Nature of relationship   | Names of the related parties   |
|--|--|
| <b>Key management Personnel</b>  | <ul style="list-style-type: none"> <li>n Dasho Topgyal Dorji</li> <li>n Dasho Wangchuk Dorji</li> </ul>  |
| <b>Enterprise in which key Management Personnel have significant influence</b> | <ul style="list-style-type: none"> <li>n Bhutan Fruit Products Private Limited</li> <li>n Bhutan Carbide and Chemicals Limited</li> <li>n Bhutan Ferro Alloys Limited</li> <li>n Tashi Infocom Ltd.</li> <li>n Tashi Commercial Corporation</li> <li>n Tai Projects Private Limited</li> <li>n Bhutan Eco Ventures Pvt. Ltd.</li> <li>n Bhutan Brewery Pvt. Ltd.</li> <li>n Tashi Metals Limited</li> <li>n SKW – Tashi Metals &amp; Alloys Pvt. Ltd.</li> </ul> |

The following table provides the total amount of transactions, which have been entered into with related parties for the relevant financial year :-

|                                  | Enterprise in which Key Management Personnel have significant influence |   | Key Management Personnel                |   |
|----------------------------------|---|---|---|---|
|                                  | For the year ended<br>31.03.2011<br>Rs.                                 | For the year ended<br>31.03.2010<br>Rs. | For the year ended<br>31.03.2011<br>Rs. | For the year ended<br>31.03.2010<br>Rs. |
| Purchase of goods                | 11,21,16,937  | 9,96,72,023                             |   |   |
| Sale of Goods                    | 51,31,82,597  | 29,13,71,666                            |   |   |
| Rendering of Services            | 7,07,650  | 6,25,900                                |   |   |
| Commission Received              | 1,32,60,322   | 1,33,07,174                             |   |   |
| Royalty Paid                     | 2,40,201  | 2,10,844                                |   |   |
| Advance to related Party         | 7,70,91,877   | 7,52,89,472                             |   |   |
| <b>Outstanding Balance</b>       |   |   |   |   |
| Due to Company                   | 8,14,80,718   | 7,67,61,929                             |   |   |
| Payables by Company              | 18,41,06,394  | 18,53,32,190                            |   |   |
| <b>Remunerations -</b>           |   |   |   |   |
| Dasho Topgyal Dorji              |   |   | NIL                                     | NIL                                     |
| Dasho Wangchuk Dorji             |   |   | 17,19,760                               | 15,45,600                               |
| <b>Directors' Sitting Fees -</b> |   |   |   |   |
| Dasho Topgyal Dorji              |   |   | 24,000                                  | 16,000                                  |
| Dasho Wangchuk Dorji             |   |   | NIL                                     | NIL                                     |

#### I. Earnings Per Share (EPS)

| Particulars  | 2010-11<br>Rs. | 2009-10<br>Rs. |
|--|----------------|----------------|
| Profit(Loss) after Tax attributable to Equity Shareholders | 87,17,632      | 24,35,845      |
| Weighted Average number of Equity Share Outstanding        | 60,00,000      | 60,00,000      |
| EPS – Basic & diluted (Rs.).                               | 1.45           | 0.41           |

- m. During the year the Company has made an application to the Central Government, Ministry of Company 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 of the companies Act, 1956 for the financial year ended 31st March, 2011. The approval of the Central Government is awaited.
- n. The Value of closing stock amounting to Rs.5,11,39,385/- (Previous year – Rs.3,11,06,358/-) is certified by the Management of the Company and is included in the closing stock of traded goods.
- o. A provision of Rs.1,43,78,087/- was made in the year 2007-08 in respect of Stock damaged/destroyed by flood but included in stock. The Company had filed a claim with the Insurance Company. As the claim has been pending for a considerable period of time, the Company has notified the office of the insurance ombudsman for disposal of the matter. The claim is yet to be settled.
- p. No provision has been made in the accounts in respect of old outstanding debts amounting to Rs.40,34,641.44 as necessary steps are being taken by the management for recovery of the same.
- q. Loss of Rs.19,92,322/- (Previous year Rs.28,67,457/-) recovered on account of C-3 Division as per Memorandum of Understanding dated 01.12.2009.
- r. a) Previous years figures have been regrouped/rearranged, wherever necessary to conform current year's presentation.  
 (b) Figures in parenthesis represent previous year's figures.

Information pursuant to Part IV of Schedule VI to the Companies Act, 1956.

**Balance Sheet Abstract and Company's General Business Profile:**

**(I) Registration Details**

|                     |           |
|---------------------|-----------|
| Registration Number | 59695     |
| State Code          | 21        |
| Balance Sheet Date  | 31.3.2011 |

**(II) Capital raised during the year**

*(Amount in Rs. thousands)*

|                   |     |
|-------------------|-----|
| Public Issue      | Nil |
| Rights Issue      | Nil |
| Bonus Issue       | Nil |
| Private Placement | Nil |

**(III) Position of mobilization and deployment of funds**

*(Amount in Rs. thousands)*

|                   |        |
|-------------------|--------|
| Total Liabilities | 486610 |
| Total Assets      | 486610 |

**Sources of Funds**

|                      |       |
|----------------------|-------|
| Paid-up capital      | 60000 |
| Reserves and Surplus | 97054 |
| Secured Loans        | Nil   |
| Unsecured Loans      | Nil   |

**Applications of funds**

|                           |        |
|---------------------------|--------|
| Net Fixed Assets          | 16563  |
| Investments               | 8679   |
| Deferred Tax Asset        | 1134   |
| Net Current Assets        | 130678 |
| Miscellaneous expenditure | Nil    |
| Accumulated Losses        | Nil    |

**(IV) Performance of the Company**

*(Amount in Rs. thousands)*

|                                       |        |
|---------------------------------------|--------|
| Turnover (including other income)     | 837483 |
| Total expenditure                     | 848990 |
| Profit (+)/loss (-) before Tax        | 8526   |
| Profit (+)/loss (-) after Tax         | 8718   |
| Earning per share (in Rs.) annualized | 1.45   |
| Dividend rate (%)                     | Nil    |

**(V) Generic names of the principal products and/ services of the company as per monetary terms:**

|                          |                |
|--------------------------|----------------|
| Item code no. (ITC Code) | Not Applicable |
| Product description      | Not Applicable |

For **RAY & RAY**  
Chartered Accountants  
Firms Registration No. 301072E

**AMITAVA CHOWDHURY**  
Partner  
Membership No. 056060

Place : Kolkata, India  
Date : 23rd May 2011

**INDIRA BISWAS**  
Company Secretary

For and on behalf of the Board

**WANGCHUK DORJI**  
Managing Director

**VINAY KILLA**  
Director



# Tai Industries Limited

53A, MIRZA GHALIB STREET, 3RD FLOOR  
KOLKATA 700 016

## PROXY FORM

I/We .....  
of ..... in the district  
of ..... being a member/members of the  
abovenamed Company hereby appoint Shri ..... of  
..... in the district  
of ..... or failing him  
Shri .....  
of ..... in the district  
of ..... as my/our Proxy  
to vote for me/us on my/our behalf at the 28th Annual General Meeting of the Company to be held on Monday, the 29th August, 2011 at 10.00 a.m. and at any adjournment thereof.

Signed this ..... day of ..... 2011

Signature of Member .....

Membership Folio No./Client ID; DPID .....

|  |
|--|
| Affix<br>Re. 1/-<br>Revenue<br>Stamp<br>only |
|--|

**Note :** The Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.



## ATTENDANCE SLIP

I hereby record my presence at the 28th Annual General Meeting of the Company at Kalakunj, 48 Shakespeare Sarani, Kolkata 700 017 on Monday, the 29th August, 2011 at 10.00 a.m.

Full name of the Shareholder (in block letters) .....

Member's Folio No./Client ID; DPID ..... Signature .....

Full name of Proxy (in block letters) .....

Signature .....

Shareholders attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

# BOOK POST

*If undelivered, please return to :*

*Tai Industries Limited*

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