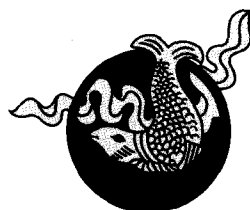


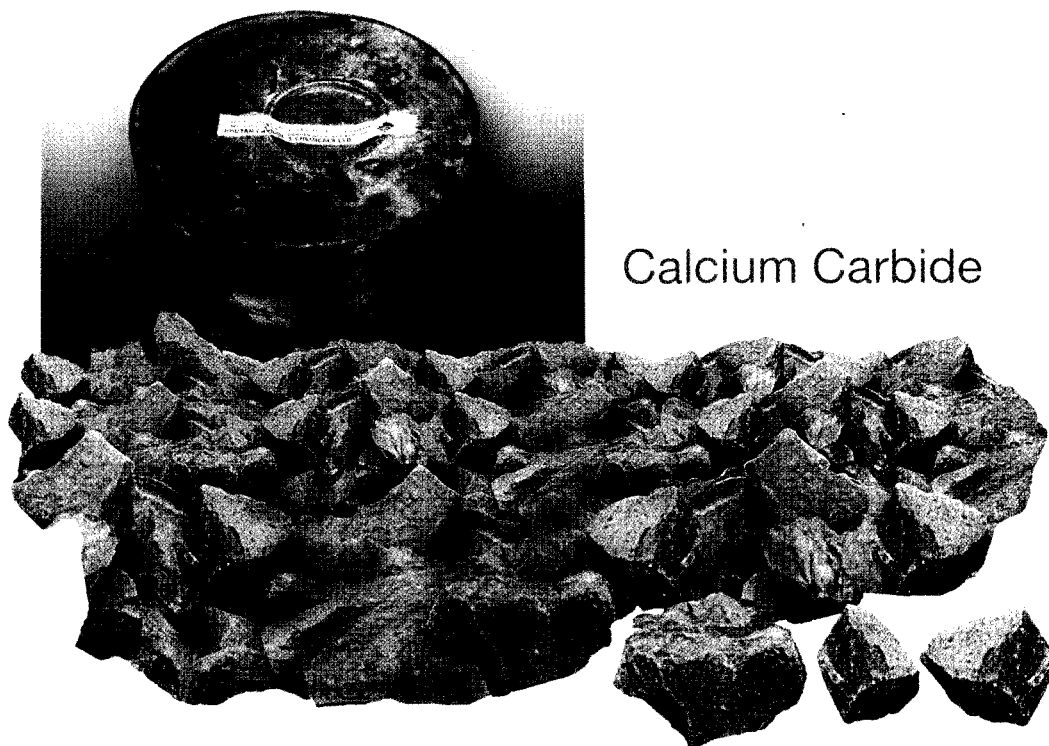
23rd ANNUAL REPORT 2005-2006



TAI INDUSTRIES LIMITED



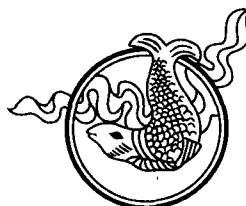
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Calcium Carbide

Calcium Carbide is used in the manufacture of Acetylene Gas for welding metals, De-sulphurizing Compound Acetylene Black, P.V. Chloride, Calcium Cyanamide, Tri-Chloro-ethylene & Polyvinyl Acetate.

It is packed and sold in 50 Kg and 100 Kg drums after being crushed to size.



TAI INDUSTRIES LTD

Board of Directors	Dasho Wangchuk Dorji Dasho Topgyal Dorji Prem Sagar Hardyal Doegar K N Malhotra Vinay Killa	Chairman & Managing Director Director Director Director Director Director
Audit Committee	Hardyal Doegar K N Malhotra Vinay Killa	Chairman
Sr General Manager	Rohan Ghosh	
Company Secretary	Shampa Ghosh Ray	
Bankers	State Bank of India HDFC Bank Limited Canara Bank United Bank of India Vijaya Bank	
Statutory Auditors	Ray & Ray, Chartered Accountants, Kolkata	
Internal Auditors	R K Chandak & Co, Chartered Accountants, Kolkata Soumya Dutta & Associates, Chartered Accountants, Kolkata	
Solicitors	H K Mitter, Kolkata Kaushik Chowdhury Associates, Kolkata	
Registered Office	53A, Mirza Ghalib Street 3 rd floor, Kolkata 700 016	



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Annual General Meeting on Thursday, 21 September 2006 at Kala Kunj, 48 Shakespeare Sarani, Kolkata – 700017 at 10 AM. 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.

23rd ANNUAL REPORT 2005-2006**Notice**

NOTICE is hereby given that the Twenty third Annual General Meeting of the members of Tai Industries Limited will be held at Kala Kunj, 48 Shakespeare Sarani, Kolkata - 700017 on Thursday, 21 September 2006 at 10.00 a.m to transact the following business as **ORDINARY BUSINESS**:

1. To consider and adopt the Profit and Loss Account for the year ended 31st March, 2006 and Balance Sheet as on that date together with the reports of the Directors' and the Auditors' thereon.
2. a) To elect a Director in place of Mr Hardyal Doegar, who retires by rotation and, being eligible, offers himself for re-election.
b) To elect a Director in place of Mr. Vinay Killa, who retires by rotation and, being eligible, offers himself for re-election.
3. To appoint Auditors and to fix their remuneration. Messrs Ray & Ray, the retiring Auditors are eligible for appointment.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification the following Resolution as a Special Resolution :-
"RESOLVED that pursuant to Section 17(1)(b) of the Companies Act, 1956 the Memorandum of Association of the Company be altered in the manner following namely :
In Clause III(A)7 of the Memorandum of Association the following words shall be inserted after the word "milk and milk products"
"baby food products, grains, cereals, pulses, spices, wine, alcoholic beverages"
5. To consider and if thought fit, to pass with or without modification the following Resolution as an Ordinary Resolution :-
"RESOLVED that pursuant to Section 310 of the Companies Act, 1956 read with Rule 10B of the Companies (Central Government's) General Rules & Forms, 1956 and Clause 49 of the Listing Agreement, the consent of the Company be and is hereby accorded to pay sitting fees to the non-executive Directors of the Company, a sum not exceeding Rs 10,000/- for attending each Board Meeting of the Company and each Audit Committee Meeting respectively."

Registered Office :

3rd Floor, 53A, Mirza Ghalib Street
Kolkata – 700 016
27 July 2006

By Order of the Board
For Tai Industries Limited
Shampa Ghosh Ray
Company Secretary

NOTES :

- a) A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company. The proxies to be effective should be deposited at the Registered Office of the Company not later than forty-eight hours before the time fixed for holding the meeting.
- b) The Register of Members and the Share Transfer Register of the Company will remain closed from Friday, 8 September 2006 to Thursday, 21 September 2006, both days inclusive.
- c) Members are requested to bring admission slips along with their copy of the Annual Report and Accounts to the meeting. No copies will be distributed again in the meeting.
- d) Dividend for the financial year ended 31st March 2000, which remains unpaid or unclaimed will be due for transfer to the Investor Education and Protection Fund of the Central Government on 27 May 2007 pursuant to the provisions of Section 205C of the Companies Act, 1956. Members who have not encashed their dividend warrant(s) for the financial year ended 31 March 2000 are requested to lodge their claims for the unpaid dividend, if any, with the Company
- e) Members who hold shares in dematerialised forms are requested to bring their Client ID and DP ID numbers and those holding physical shares are requested to bring their Folio Numbers for easy identification of attendance at the meeting.
- f) Members holding shares in physical form may nominate a person to whom the shares in the Company shall vest in the event of their death. Nomination form is available at the end of the Annual Report.

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

ITEM NO: 4

As the company is expanding its retail business and establishing more retail supermarkets, it has become necessary for the Company to be able to make more products available at its supermarkets after getting necessary approvals from various statutory bodies for the same. Certain statutory authorities like food licence department have recommended that the Company should have certain products mentioned specifically in the Objects Clause in the Memorandum of Association of the Company to be able to deal in such products including baby food products.

The Board recommends the Resolution for your adoption

Apart from Mr Hardyal Doegar and Mr Vinay Killa who are deemed to be interested to the extent of their shareholding, no other Directors are interested in the Resolution.

ITEM NO: 5

Section 310 of the Companies Act, 1956 read with Rule 10B of the Companies (Central Government's) General Rules & Forms, 1956 prescribes that sitting fees can be paid to Directors for attending Board Meetings and Audit Committee Meetings of the Company up to a certain limit without Central Government approval. At present, the sitting fees paid to the non-executive directors of the Company is within the prescribed limits and does not require Central Government approval. To be in line with good corporate governance as stated in Clause 49 of the Listing Agreement with Stock Exchanges, it is felt that the maximum limit of sitting fees of Rs 10000/- per Board Meeting and per Audit Committee Meeting payable to non-executive directors of the Company, not requiring Central Government approval, should be approved by the members of the Company.

The Board recommends the Resolution for your adoption

All the non executive Directors are deemed to be interested in the Resolution.

Registered Office:

3rd Floor, 53A, Mirza Ghalib Street
Kolkata – 700 016
27 July 2006

By Order of the Board
For Tai Industries Limited
Shampa Ghosh Ray
Company Secretary

Certificate of Compliance as per Clause 49(V) of Listing Agreement

We, Wangchuk Dorji, Managing Director and Sumanta Gupta, Sr Manager-Accounts of Tai Industries Limited, to the best of our knowledge and belief, certify on behalf of the Company, that :

- a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit committee
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting."

Wangchuk Dorji
Managing Director

Place : Kolkata
Date : 27 July 2006

Sumanta Gupta
Sr Manager - Accounts



Directors' Report

TO THE MEMBERS

Your Directors have pleasure in presenting their 23rd Annual Report on the business and operations of your Company for the year ended 31st March, 2006.

FINANCIAL PERFORMANCE

(Rupees in Lakhs)

Particulars	Year ended 31 March 2006	Year ended 31 March 2005
Turnover	4185.84	4038.09
Profit/(Loss) before Interest, Depreciation & Taxation (PBIDT)	314.72	288.81
Interest	112.76	89.06
Profit/(Loss) before Depreciation & Taxation (PBDT)	201.96	199.75
Depreciation	88.77	88.30
Profit/(Loss) Before Tax (PBT)	113.18	111.44
Provision for Taxation	10.08	23.74
Profit/(Loss) After Tax (PAT)	103.10	87.70
Balance brought forward from previous year	445.87	358.17
Profit available for appropriation	548.96	445.87
Proposed Dividend	-	-
Profit carried to Balance Sheet	548.96	445.87

WORKINGS

Working of the Company reflects 3.66% rise in total sales of the Company compared to the previous year. The details of Sales / Income from operations are as follows:

PRODUCTS	Sale in 2005-2006	Sale in 2004-2005	Increase/ (Decrease) In Sales	Percentage Increase/ (decrease)
	(Rs. In lakhs)	(Rs. In lakhs)	(Rs. In lakhs)	%
Fruit Products	1592.14	1885.93	(293.79)	(15.58)
Calcium Carbide	334.21	274.44	59.77	21.78
Charcoal	405.40	448.35	(42.95)	9.58
Yarn*	-	294.05	-	-
Retail	1721.56	968.10	753.46	(77.83)
Commission on Sale	132.54	167.21	(34.68)	(20.74)
Total Turnover	4185.84	4038.09		

*Trading in yarn has been discontinued.

PLANS AND PROSPECTS

Fruit Product Division

The Company has plans to consolidate its operations in the fruit product business. Having successfully operated in the fruit products business with 'DRUK' brand in India for nearly over 20 years, the Company will now focus on branding. Packaging will be modernized and the existing product mix will be expanded. Your Company is also exploring the possibility of procuring fruit products from abroad and marketing it in India through our existing distributor network and buyer base in the north, east and north-eastern states of India as the demand for such products have increased over the years.

Industrial Division

A marked increase in sale of Calcium Carbide has taken place in 2005-06 by 21.78% as the demand for Calcium Carbide was high during the harvesting season. There is tremendous competition in the Calcium Carbide segment and to sustain our market we are now procuring the same at discounted rates to counter competitive prices. We will continue to increase our buyer base in the eastern states of Orissa, Bihar, Jharkhand, Assam and the eastern parts of Uttar Pradesh.

Retail Division

The retail boom in India is the most talked about event now. Our Company has added one more big store during 2005-06 and is currently operating three stores under the brand name "C3 The Marketplace" at Elgin Road, Salt Lake and at Gariahat. The turnover from this division has seen an increase of 77% in 2005-06 over that of 2004-05. We are now gearing to open smaller express stores in Kolkata as well as in the neighbouring towns to increase our customer base and increase the volume of sales. Your Company has the first mover advantage in this sector of business and the brand recall is very high. The Company is targeting a higher growth with better margins in the coming year through the broad actions :

- More focused operations in express stores
- Opening of new express stores in and around Kolkata
- Manpower rationalization
- Training program for employees to improve customer satisfaction
- Upgrade product mix at stores

The Directors believe that there are tremendous growth opportunities in the retail industry and the Company will capitalize on these to the maximum extent.

DIVIDEND

The Directors express their inability to recommend dividend for the year to plough back profits to conserve funds for expansion of the chain of super markets.

CORPORATE GOVERNANCE

Certificate of the Auditors of your Company regarding compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement with Stock Exchanges is enclosed. A Certificate issued by the Managing Director of the Company as stipulated in Clause 49 (V) of the listing agreement with Stock Exchanges is enclosed.

This report also includes elsewhere a text of the Management Discussion and Analysis Reports.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with the proper explanations relating to material departures;
2. They had selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
3. They had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. They had prepared the Annual Accounts on a going concern basis.



DEMATERIALIZATION OF SECURITIES

As directed by the Stock Exchange, Mumbai, the Company's shares have been dematerialized from July, 2001. About 55.89 % of the shares have been dematerialized as on 31 March 2006.

DIRECTORS

In accordance with Article 56 of the Articles of Association of the Company, Mr. Hardyal Doegar and Mr. Vinay Killa, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

Mr. Hardyal Doegar (80) a Chartered Accountant and Company Secretary is on the Board of several companies. His HUF of which he is the Karta holds 3000 shares of our Company. He is a member of various national and international institutes and has vast experience of the food and beverages industry. He is a Director of Mohan Zupack (P) Ltd, Mohan Closures Pvt Ltd, and Nupack Cartons & Closures Pvt Ltd. He is associated with various charitable trusts.

Mr. Vinay Killa (36) is a commerce graduate and holds a post graduate diploma in business management. He holds 200 shares of our Company. He is associated with several companies as a financial consultant and advisor. He joined the Board on 30th April 2001.

PARTICULARS OF EMPLOYEES

None of the employees of the Company receives remuneration attracting provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

- | | |
|--|---|
| a) Conservation of energy | - Not applicable |
| b) Technology absorption | - Not applicable |
| c) Foreign Exchange earnings and outgo | - There was no foreign exchange earnings and there was no foreign exchange outgo during the year. |

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

By Order of the Board

Place : Kolkata

Date : 27 July 2006

Wangchuk Dorji
Managing Director

Vinay Killa
Director