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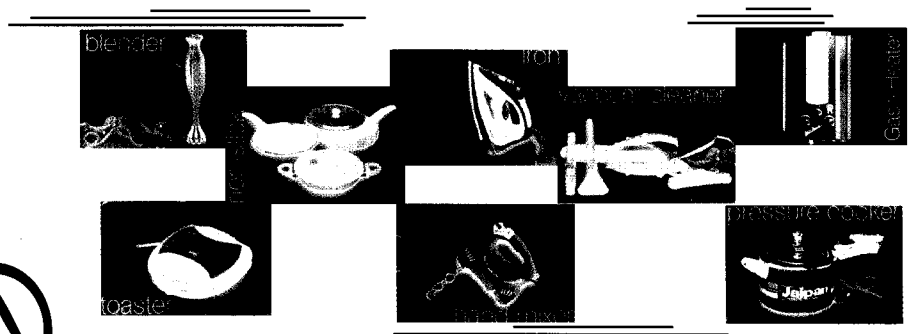
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40th

annual report

2005-2006

JAIPAN INDUSTRIES LIMITED



CONTENTS

	Page No.
Notice	1
Directors' Report	3
Report on Corporate Governance	5
Auditor's Report	9
Balance Sheet.....	12
Profit and Loss Account	13
Schedules	14
Notes to the Accounts	19
Cash Flow Statement.....	23

BOARD OF DIRECTORS

MR. J. N. AGARWAL
Chairman & Managing Director

MR. ATIN J. AGARWAL
Director

MR. SHIRISH GOTECHA
Director

MR. ARJUN SINGH MEHROTRA
Director

MR. ASHWINI O. SHARMA
Director

AUDITORS

ASHOK K. LOHIYA & ASSOCIATES
Chartered Accountants
4/3, Sonal Apartment, Sonawala Cross Road No. 1,
Goregaon (E), Mumbai - 400 063.

BANKERS

BANK OF BARODA
Goregaon (E) Br., Mumbai

SHARE TRANSFER AGENTS

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound,
1st Floor, L.B.S. Marg,
Bhandup (W),
Mumbai - 400 078.

REGISTERED OFFICE

17, Cama Industrial Estate,
Walbhatt Road,
Goregaon (E),
Mumbai - 400 063.

Jaipan Industries Limited

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 40th ANNUAL GENERAL MEETING OF THE MEMBERS OF JAIPAN INDUSTRIES LIMITED WILL BE HELD ON SATURDAY, 30th SEPTEMBER, 2006, AT 10.00 A.M. AT 17, CAMA INDUSTRIAL ESTATE, WALBHATT ROAD, GOREGAON (EAST), MUMBAI - 400 063 TO TRANSACT THE FOLLOWING BUSINESS :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2006, Profit and Loss Account for the year ended 31st March, 2006 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Shirish Gotecha, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint auditors M/s. Ashok K. Lohiya & Associates, Chartered Accounts to hold office from conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and authorise the Board of Directors to fix their remuneration.

By Order of the Board of Directors
For **JAIPAN INDUSTRIES LIMITED**

J. N. AGARWAL
(Chairman & Managing Director)

Place : Mumbai

Dated : 5th September, 2006.

Registered Office :

17, Cama Industrial Estate,
Walbhatt Road, Goregaon (East),
Mumbai - 400 063.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

A proxy form duly completed and stamped, must reach the registered office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

2. Members / Proxies should bring the attendance slip sent herewith duly, filled in for attending the meeting. You are requested to bring the copy of Annual Report sent to you.

3. The relative explanatory statement, pursuant to section 173(2) of the Companies Act, 1956 relating to the business under item No. 5 & 6 is annexed hereto.
4. The Register of Members and Share transfer Books of the Company, will remain closed from 28th September, 2006 to 30th September, 2006 (both days inclusive).
5. Shareholders holding shares in identical order of names in more than one folio are requested to write to the Company's share department enclosing their share certificates, to enable the Company to consolidate holding in one folio.
6. Consequent upon the amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999 which came into force w.e.f. 31st October, 1998, the Company would be obliged to transfer any money lying in the Unpaid Dividend Account which remain unpaid or unclaimed for a period of 7 years from the date of such transfers, to the Investor Education Protection Fund. The details of remaining unpaid or unclaimed dividend for the subsequent years are as under :

Date of Declaration	Amount (Rs.)	Due Date
11-10-2000	Rs. 3,59,040.00	10-10-2007

7. Members desiring any information on the accounts are requested to write to the Company, which should reach the Company at least a week before the meeting so as to enable the Management to keep the information ready. Replies will be provided at the meeting.
8. The members are requested to immediately notify in their own interest the change in their address to the Company's Registrars & Transfer Agents :

M/s. Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound,
1st Floor, Bhandup (West),
Mumbai - 400 078.

9. INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT :

As required under the Listing Agreement, the particulars of the Director who is Proposed to be re-appointed is furnished below:

- i) Item No. 2 of the Notice :
Name : Mr. Arjun Singh Mehrotra
Age : 66 years
Qualification : B. Com.
Expertise : Business Administration
Date of appointment : 27th March, 2002.

Annual Report 2005 - 2006

ii) Item No. 3 of the Notice :

Name : Mr. Ashwini O. Sharma
Age : 51 years
Qualification : B. A.
Expertise : Management
Date of appointment : 25th March, 2002.

iii) Item No. 5 of the Notice :

Name : Mr. J. N. Agarwal
Age : 52 years
Qualification : B. Com.
Expertise : Business Administration
Date of appointment : 1st April, 1999.

iv) Item No. 6 of the Notice :

Name : Mr. Atin Agarwal
Age : 29 years
Qualification : B. Com.
Expertise : Business Administration
Date of appointment : 1st September, 1999.

By Order of the Board of Directors
For **JAIPAN INDUSTRIES LIMITED**

J. N. AGARWAL
(Chairman & Managing Director)

Place : Mumbai

Dated : 5th September, 2006.

Registered Office :

17, Cama Industrial Estate,
Walbhatt Road, Goregaon (East),
Mumbai - 400 063.

DIRECTORS' REPORT

To,
The Members of
JAIPAN INDUSTRIES LIMITED

The Directors have pleasure in presenting the 40th Annual Report on the business and operations of your Company and the Audited Financial Statements for the year ended 31st March, 2006.

1. FINANCIAL RESULTS

The highlights of the Financial Results are :

	<u>31-03-2006</u>	<u>31-03-2005</u>
	(Rs. In '000')	
Sales & Other Income	148758	133916
Net Profit for the year	902	2348
Less : Provision for Tax	500	650
Add : Credit balance of earlier year	26179	24481
Total	26580	26179
Less : Bonus issued	-	-
Profit carried to Balance Sheet	26580	26179

2. DIVIDEND

Your Board of Directors does not recommend any dividend for the financial year ended 31st March, 2006.

3. REVIEW OF OPERATIONS

Your Company has added new models of Mixer Grinders, Oven-Toaster-Griller, Sandwich Toasters, Geysers, Non-Stick Products and new model of Washing Machine.

4. FIXED DEPOSITS

The Company has not accepted any fixed deposits during the year under review.

5. DEPOSITORY SYSTEM

The Company has entered into an agreement with National Securities Depository Limited (NSDL) as well as Central Depository Services (India) Limited (CDSL) to enable Shareholders to hold the shares in dematerialized form. The Company also offers simultaneous Dematerialization of physical shares lodged for transfer.

6. AUDITORS

M/s. Ashok K. Lohiya & Associates, Chartered Accountant, the Auditor of the Company holds their office until the conclusion of the ensuing Annual General Meeting of the Company and

your Directors recommended their re-appointment, if made, would be within the limits prescribed under Section 224 (1-B) of the Companies Act, 1956.

7. DIRECTORS

Mr. Shirish Gotch, Director of the Company retires by rotation, and being eligible, offers themselves for re-appointment.

8. DIRECTORS RESPONSIBILITY STATEMENT

As required under the provisions of Section 217 (2AA) of the Companies Act, 1956, the Directors hereby confirm :

- i) that in preparation of the Annual Accounts for the year ended 31st March, 2006, the applicable accounting standards had been followed alongwith proper explanation relating to material departures, if any;
- ii) that the Directors had selected such accounting policies and applied consistently and made judgements and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2006 and the profit of the Company for the year under review;
- iii) that proper and sufficient care has been taken 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;
- iv) that the annual accounts for the year ended 31st March, 2006 have been prepared on a 'going concern basis'.

9. PARTICULARS OF EMPLOYEES

The information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, is not given as there are no employees during the year or part thereof as required under Section 217(2A).

10. CONSERVATION OF ENERGY TECHNOLOGY ABSORPTIONS AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information in accordance with the provisions of Section 217(1)(e) of the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure and forms part of this report.

11. CORPORATE GOVERNANCE

Your Company has taken adequate steps to ensure compliance of requirements of Corporate Governance as per Listing Agreement with Stock Exchange. A separate report on Corporate Governance is given in Annexure "A".

Annual Report 2005 - 2006

12. DISCLOSURE UNDER SECTION 274(1)(g)

None of the Directors of the Company have been disqualified under Section 274(1)(g) of the Companies Act, 1956.

For and on behalf of the Board of Directors
JAIPAN INDUSTRIES LIMITED

J. N. AGARWAL

(Chairman & Managing Director)

13. ACKNOWLEDGEMENT

The Directors sincerely appreciate the enthusiasm and hard work displayed by all employees during the year. Your Directors also acknowledge their appreciation of the continued assistance and support given by the esteemed customers, suppliers, bankers and various departments of Central & State governments.

Place : Mumbai
Dated : 5th September, 2006

Registered Office :

17, Cama Industrial Estate,
Walbhath Road,
Goregaon (East),
Mumbai - 400 063.

ANNEXURE TO THE DIRECTORS' REPORT

PARTICULARS REQUIRED UNDER SECTION 217 (1)(e) OF THE COMPANIES ACT, 1956, FOR THE YEAR ENDED 31ST MARCH, 2006.

I. CONSERVATION OF ENERGY

The Company has been strictly observing and monitoring the power consumption and had been taken adequate measure for saving of energy.

A. Power and Fuel Consumption

<u>Particulars</u>	<u>2005-06</u>	<u>2004-05</u>
Units Purchase (KWH in Lakhs)	1.62	1.18
Total Amount (Rs. in Lakhs)	8.91	6.52
Average Rate per unit (Rs./Unit)	5.50	5.50

B. Consumption per unit of production

<u>Particulars</u>	<u>2005-06</u>	<u>2004-05</u>
	Per Unit	Per Unit
Electricity (KWH)	1.23	1.72

II. RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

A. Research and Development [R & D]

R & D on a continued basis is being carried out to improve the existing products and to develop new ranges / derivatives and accordingly satisfying the customers needs.

B. Technology absorption

The Company has not imported or brought any technology during the period under review.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

<u>Particulars</u>	<u>2005-06</u>	<u>2004-05</u>
	In Lakhs	In Lakhs
The Company had earned Foreign Exchange as under on (C & F Basis):		
1) On its Direct Exports	231.81	322.33
2) On its Exports as Supporting Manufacturer	Nil	Nil
The Foreign Exchange outgoing is as under		
1) Travelling	Nil	Nil
2) Bank Charges	0.78	1.58
3) Imports of Raw Materials	49.45	43.84

For and on behalf of the Board of Directors

J. N. AGARWAL

(Chairman & Managing Director)

Place : Mumbai
Dated : 5th September, 2006

CORPORATE GOVERNANCE

PHILOSOPHY ON CODE OF GOVERNANCE

The Board of Directors and the Management of JAIPAN INDUSTRIES LIMITED commit themselves to :

- Strive towards enhancement of shareholder value in the medium and long term through sound business decisions, prudent financial management and high standard of ethics throughout the organization.
- Ensure transparency and professionalism in all decisions and transactions of the Company.
- Achieve excellence in Corporate Governance by
 - Confirming to and exceeding wherever possible, prevalent guidelines on Corporate Governance.
 - Regularly reviewing the Board processes and the Management systems to improve governance relating to all the above.

The report on Corporate Governance is divided into five parts :

- I. Board of Directors
- II. Remuneration of Directors
- III. Committees of the Board
- IV. Shareholder Information
- V. Other Disclosures

I. BOARD OF DIRECTORS

The details of the Board of Directors of the Company are given below :

Director	Brief Resume	Total Number of Committee Membership held (excluding in private companies)	Total No. of Committee Chairmanship held (excluding in private companies)	Total Number of outside directorships held (excluding alternate directorships and directorships in private companies)
<u>Non-Executive</u>				
Shirish Gotecha	B. Com	None	None	None
Ashwini O. Sharma	B. A.	None	None	None
Arjun Singh Mehrotra	B. Com	None	None	None
<u>Executive</u>				
J. N. Agarwal	B. Com	None	None	None
Atin J. Agarwal	B. Com	None	None	None

A. Responsibilities

The Board of Directors responsibilities include review of :

- Strategy and business plans
- Annual operating and capital expenditure budgets
- Investment and exposure limits
- Business risk analysis and control
- Senior executive appointment
- Compliance with statutory / regulatory requirements and review of major legal issues
- Adoption of quarterly results / annual results
- Transaction pertaining to purchase, disposal of property, major provisions and write-offs.

B. Board Meetings

The meetings of the Board of Directors are scheduled well in advance and the folder containing the agenda for the meeting with detailed review of all aspects of the Company business, including performance of the Company, employee relations, details of investment, capital expenditure, etc. is circulated to all the directors. It also highlights important matters discussed at the audit committee, shareholders grievance committee and at the sub-committee of Directors. Seven Board meetings were held during the period 31st March, 2006. They were held on 30th April, 2005, 31st July, 2005, 5th September, 2005, 21st September, 2005, 31st October, 2005, 31st December, 2005 & 31st January, 2006. The attendance record of all directors is as under :

Name of Director	No. of meetings attended	Attendance at last AGM
J. N. Agarwal	7	Yes
Atin J. Agarwal	7	Yes
Shirish Gotecha	7	Yes
Ashwini O. Sharma	7	Yes
Arjun Singh Mehrotra	7	Yes

C. Code of conduct

The Board of Directors has adopted the code of conduct & responsibilities of the Board towards the company in the Board Meeting as held on 30.12.2005

Annual Report 2005 - 2006

II. REMUNERATION OF DIRECTORS

The primary role of the Remuneration Committee is to determine and recommended to the Board the compensation to the directors. The details of remuneration paid to the Directors for the year ended 31.03.2006 are specified below :

Remuneration as per accounts for the year ended 31st March, 2006

Director	Salary & Perquisites (Rs.)	Commission (Rs.)	Total (Rs.)
J.N. Agarwal	3,00,000/-	Nil	3,00,000/-
Atin J. Agarwal	1,80,000/-	Nil	1,80,000/-

III. COMMITTEES OF THE BOARD

A. Audit Committee

The Audit Committee was constituted on 25th March, 2002. The Audit Committee reviews financial reporting systems, Internal control systems and procedures and ensures compliance with the regulatory guidelines. The committee also monitors the Annual audit plan and recommends appointment and fixes remuneration of external auditors. In 2006, the Audit Committee met Four times. On 30.04.2005, 31.07.2005, 31.10.2005, 31.01.2006. The attendance during the year is as under :

Name of the Member	Designation	No. of meetings attended
Shirish Gotecha	Chairman	4
Ashwini O. Sharma	Member	4
Arjun Singh Mehrotra	Member	4

B. Remuneration Committee

Chairman : Arjun Singh Mehrotra

Members : Shirish Gotecha, Ashwini O. Sharma

Remuneration Committee was constituted on 25th March, 2002 and it reviews and approves the annual salaries, performance commission, service agreements and other employment conditions for Executive Directors. During the year 2006 Remuneration Committee does not met.

Remuneration Policy

The Managing / Executive Directors are paid remuneration as per the Agreements entered between them and the Company. These Agreements are placed for approval before the Board and the shareholders and such other authorities as may be necessary. The remuneration structure of the Managing / Executive Directors comprises of salary, commission, perquisites and allowances, contributions to Provident Fund, Superannuation and Gratuity. The Non-Executive Directors do not draw any remuneration from the Company except commission and sitting fees. The details of remuneration to Directors is furnished in paragraph II above.

C. Share Transfer Committee

Chairman : Ashwini O. Sharma

Members : Atin Agarwal & Arjun Singh Mehrotra

The Committee deals with matters relating to :

- Transfer/transmission of shares
- Issue of duplicate share certificate
- Review of shares dematerialised
- All other matters related to shares.

D. Shareholder / Investor Grievance Committee

This Committee was constituted on 25th March, 2002 to specifically look into the redress of shareholder and investor complaints like transfer of shares, non-receipt of dividends, non-receipt of Annual Report, etc.

IV. SHAREHOLDER INFORMATION

1. Annual General Meeting

Date and Time : 30th September, 2006 at 10.00 a.m.

Venue : 17, Cama Industrial Estate, Walbhatt Road, Goregaon (E), Mumbai - 400 063.

2. Book Closure Date : 28th September, 2006 to 30th September, 2006

3. Financial Calendar : (Provisional)

The Company's Financial Year is based on four quarters consisting three months per quarter.

Period	Board meeting to approve quarterly financial results
Quarter ending 30th June, 2005	By end of 31st July, 2005
Quarter ending 30th September, 2005	By end of 31st October, 2005
Quarter ending 31st December, 2005	By end of 31st January, 2006
Quarter ending 31st March, 2006	By end of 30th April, 2006

Jaipan Industries Limited

4. **Registered Office** : 17, Cama Industrial Estate, Walbhatt Road, Goregaon (E), Mumbai - 400 063.
5. **Listing of Equity Shares on Stock** : The Stock Exchange, Mumbai
Listing Fees as prescribed has been fully paid to the Stock Exchanges where the shares of the Company are listed.
6. **Stock Code** :
- | | |
|----------------------------|------------|
| Stock Exchange | Stock Code |
| The Stock Exchange, Mumbai | 5840 |
7. **Stock Price Data** : Bombay Stock Exchange (BSE)
(in Rs.)

Year / Month	High	Low
April'05	9.00	6.65
May'05	13.25	7.90
June'05	15.00	10.50
July'05	13.84	10.10
Aug'05	44.00	11.75
Sep'05	42.00	21.55
Oct'05	22.60	12.90
Nov'05	16.85	1.70
Dec'05	1.90	1.17
Jan'06	1.63	1.21
Feb'06	1.30	0.86
March'06	0.97	0.61

8. **Registrars & Transfer Agents** : Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound, 1st Floor, L.B.S. Marg,
Bhandup (W), Mumbai - 400 078.
9. **Share Transfer System** :
Share Transfer in physical form is normally effected within a maximum period of 30 days of receipt of the documents, if found in order. All Share Transfer are approved by the Share Transfer Committee. All requests for dematerialisation of shares are processed and the confirmation is given to the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL), INDIA.
10. **Distribution of shareholding as on 31st March, 2006.**

Range of Shares	No. of Shareholders	% of Shareholdings	Share Amount (In Rs.)
1 - 2500	117	3.39	158070
2501 - 5000	170	4.93	788570
5001 - 10000	435	12.62	4232950
10001 - 20000	468	13.58	8109440
20001 - 30000	610	17.70	15336500
30001 - 40000	73	2.12	2754600
40001 - 50000	454	13.17	22110240
50001 - 100000	474	13.75	37295980
1,00,000 & above	646	18.74	519197650
TOTAL	3447	100.00	609984000

11. **Category of Shareholdings as on 31st March, 2006.**

Category	No. of Shares	% of total shares
Promoters & their relatives	17209440	28.21%
Persons acting in concert	331248	5.43%
Mutual Funds & UTI	—	—
Banks/ FIs/Insurance Co. (Central/ State Govt./ Non- Govt. Institutions)	84,000	1.38%
Foreign Institutional Investors	—	—
Corporate Bodies	11664936	19.12%
NRIs/OCBs	28010	0.05%
Indian Public	26609994	43.62%
Others (clearing member)	1333540	2.19%
Total	60,99,840	100%

Annual Report 2005 - 2006

12. Dematerialisation of shares and liquidity

28.98% of total Equity Capital is in dematerialised form with NSDL as on 31st March, 2006.
15.79 % of total Equity Capital is in dematerialised form with CDSL as on 31st March, 2006.

13. Address for correspondence

Company's Registrars & Transfer Agents : Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound, 1st Floor, L.B.S. Marg,
Bhandup (W), Mumbai - 400 078.

V. OTHER DISCLOSURES

Details of Annual / Extra-ordinary General Meetings

Location and time of General Meetings held in last 3 years :

Year	AGM / EGM	Location	Date	Time
2002-03	AGM	Cama Industrial Estate, Walbhath Road, Goregaon (E), Mumbai - 400 063.	30th September, 2003	1.30 p.m.
2003-04	AGM	Cama Industrial Estate, Walbhath Road, Goregaon (E), Mumbai - 400 063.	28th September, 2004	2.00 p.m.
2004-05	AGM	Cama Industrial Estate, Walbhath Road, Goregaon (E), Mumbai - 400 063.	30th September, 2005	2.00 p.m.

For, Year 2002-2003, Company had passed the special resolution u/s 293 (1) (a) through Postal ballot on Extra Ordinary General Meeting held on 26th July, 2002.

Means of communication

Quarterly results of the Company in the proforma prescribed by the Stock Exchange, Mumbai were published in leading newspapers such as (Free Press Journal & Nav Shakti). The Companies Website www.jaipan.com also displays official new releases and presentations made to the institutional investors/analyst.

For and on behalf of the Board of Directors

J. N. AGARWAL
(Chairman & Managing Director)

Place : Mumbai

Dated : 5th September, 2006

AUDITORS' REPORT ON CORPORATE GOVERNANCE

To the Members of
JAIPAN INDUSTRIES LIMITED

We have examined the compliance of conditions of Corporate Governance by Jaipan Industries Limited for the year ended 31st March, 2006 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange(s).

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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 the representations made by the directors and the managements, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained, and certified by the Registrars of the Company, there were no investor's grievances remaining unattended / pending for more than 30 days as at 31st March, 2006.

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 **ASHOK K. LOHIYA & ASSOCIATES**
Chartered Accountants

PLACE : MUMBAI

DATED : 5th September, 2006

ASHOK K. LOHIYA
(Proprietor)

AUDITORS' REPORT

To,
The Members of
JAIPAN INDUSTRIES LIMITED

We have audited the attached Balance Sheet of **JAIPAN INDUSTRIES LIMITED**, as at 31st March, 2006, the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility is to express an opinion on these financial statement based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements. 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.
2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
3. Further to our comments in the annexure referred to in paragraph (1) above we report that :
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion proper books of accounts as required by law, have been kept by the Company so far as appears from our examination of the books.

- c. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
- d. In our opinion, the Profit and Loss Account and Balance Sheet comply with the mandatory Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
- e. Based on representation received from the Directors of the Company and taken on record by the Board of Directors none of the Directors is disqualified as at 31st March, 2005 to being appointed as a Director within the meaning of Section 274(1)(g) of the Companies Act, 1956.
- f. In our opinion and to the best of our information and according to the explanations given to us the said accounts read together with notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.
 - i) In so far as it relates to the Balance sheet, of the state of affairs of the Company as at 31st March, 2006.
 - ii) In so far as it relates to the Profit and Loss Account of the profit of the Company for the year ended on that date.

For **ASHOK K. LOHIYA & ASSOCIATES**
CHARTERED ACCOUNTANTS

ASHOK K. LOHIYA
(Proprietor)

PLACE : MUMBAI

DATED : 5th September, 2006

ANNEXURE TO THE AUDITORS' REPORT

(Annexure referred to in paragraph 1 of the Auditors Report of the even date)

1. The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets of the Company have been physically verified by the management at reasonable intervals and no material discrepancies between book records and physical inventory were noticed.
2. None of the fixed assets have been revalued during the year.
3. The stocks of finished goods, spare parts and raw materials have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
4. The procedures of physical verification of stock followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. In our opinion, discrepancies noticed on verification between physical stock and book records were not material in relation to the operations of the Company and the same have been properly dealt with in the books of accounts.
6. The valuation of stock is fair and proper in accordance with the normally accepted accounting principles.
7. According to the information and explanations given to us, the Company has not taken any loans from Companies listed in the register maintained under Section 301 of the Companies Act, 1956. As explained to us, there are no companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.
8. The Company has not granted any loan, secured or unsecured, to Companies, firms or other parties listed in the register maintained under Section 301 and to the Companies under the same management.
9. The Company has granted loans and advances in the nature of loans and the parties to whom such loans and advances in the nature of loans have been given by the Company are generally repaying the principal amount as stipulated and are also regular in payment of interest wherever applicable.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of stores, raw materials including components, plant and machinery, equipment and other assets and with regard to sale of goods.
11. In our opinion and according to the information and explanation given to us, the transaction of purchases of goods and materials and sale of goods materials and services, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 and aggregating during the year to Rs. 50,000/- or more in respect of each party have been made at price which are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods, materials or services have been made with other parties.
12. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the item so determined.

13. The Company has not accepted any deposits from the public to which directives issued by the Reserve Bank of India and provisions of Section 58A of the Companies Act, 1956 and the rules framed thereunder applied.
14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realizable by-products and scrap.
15. The Company has an internal audit system commensurate with its size and nature of business.
16. Maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 for any of the products of the Company.
17. The Company is regular in depositing Provident Fund and Employees State Insurance dues with the appropriate authorities.
18. According to the information and explanation given to us, there were no undisputed amounts payable in respect of Income-Tax, Wealth Tax, Customs Duty and Excise duty outstanding as at 31st March, 2005 for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligation or in accordance with generally accepted business practice.
20. The Company is not a Sick Industrial Company within the meaning of Clause (o) of Sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For **ASHOK K. LOHIYA & ASSOCIATES**
CHARTERED ACCOUNTANTS

ASHOK K. LOHIYA
(Proprietor)

PLACE : MUMBAI

DATED : 5th September, 2006

Annual Report 2005 - 2006

BALANCE SHEET AS AT 31ST MARCH, 2006

	<u>SCHEDULE</u>	<u>AS AT</u> <u>31.03.2006</u> <u>Rupees</u>	<u>AS AT</u> <u>31.03.2005</u> <u>Rupees</u>
LIABILITIES			
<u>SOURCES OF FUNDS :</u>			
1. <u>SHARE HOLDERS' FUNDS :</u>			
a) Share Capital	1	60998400	60998400
b) Reserves and Surplus	2	35932018	35530393
		<u>96930418</u>	<u>96528793</u>
2. <u>LOAN FUNDS :</u>			
a) Secured Loans	3	19298196	13738989
b) Unsecured Loans	4	3091585	450000
		<u>22389781</u>	<u>14188989</u>
Total Rs.		<u>119320199</u>	<u>110717782</u>
<u>APPLICATION OF FUNDS :</u>			
3. <u>FIXED ASSETS :</u>	5		
a) Gross Block		51797603	49396148
b) Less : Depreciation		33840600	31138444
c) Net Block		17957003	18257704
d) Capital Work in progress		Nil	Nil
		<u>17957003</u>	<u>18257704</u>
4. <u>INVESTMENTS</u>	6	190500	190500
5. <u>CURRENT ASSETS, LOANS AND ADVANCES :</u>			
a) Inventories	7	25931600	21207238
b) Sundry Debtors	8	44434149	40537701
c) Cash and Bank Balances	9	8187805	6203588
d) Loans and Advances	10	79295519	60416459
		<u>157849073</u>	<u>128364986</u>
Less : <u>CURRENT LIABILITIES AND PROVISIONS :</u>	11		
Current Liabilities		55276377	35195408
Provisions		1400000	900000
		<u>56676337</u>	<u>36095408</u>
Net Current Assets	Total Rs.	<u>101172696</u>	<u>92269578</u>
6. <u>MISCELLANEOUS EXPENDITURE :</u> (To the extent not written-off or adjusted)			
Preliminary Expenses		0	0
Total Rs.		<u>119320199</u>	<u>110717782</u>
NOTES ON ACCOUNTS	15		

AS PER OUR ATTACHED REPORT OF
EVEN DATE

For **ASHOK K. LOHIYA & ASSOCIATES**
CHARTERED ACCOUNTANTS

ASHOK K. LOHIYA
(PROPRIETOR)

PLACE : MUMBAI
DATED : 5th September, 2006

FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS

J. N. AGARWAL
(MANAGING DIRECTOR)

ATIN J. AGARWAL
(DIRECTOR)

Jaipan Industries Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

	<u>SCHEDULE</u>	<u>AS AT</u> <u>31.03.2006</u> <u>Rupees</u>	<u>AS AT</u> <u>31.03.2005</u> <u>Rupees</u>
INCOME :			
Sales			
Domestic		125030386	101381243
Export		23181426	32233049
Gross Sales		148211812	133614292
Other Income	12	545783	302783
Material loss due to flood		4028705	-
Closing Stock		20794556	9942200
Total Rs.		174580856	143859276
EXPENDITURE :			
Opening Stock		9942200	4686759
Raw Material Consumed	13	23323526	29253992
Purchases		102786060	66408321
Manufacturing & Other Expenses	14	29896585	38321494
Depreciation		2702156	2840837
Loss due to flood		4028705	-
		172679230	141511404
Net Profit for the year		901625	2347872
Less : Provision for Taxation including FBT		500000	650000
		401625	1697872
Add : Balance Brought Forward from Previous Year		26179118	24481246
		26580743	26179118
Less : Utilised for Bonus Shares		Nil	Nil
Profit carried to Balance Sheet		26580743	26179118
NOTES ON ACCOUNTS	15		

AS PER OUR ATTACHED REPORT OF
EVEN DATE

For **ASHOK K. LOHIYA & ASSOCIATES**
CHARTERED ACCOUNTANTS

ASHOK K. LOHIYA
(PROPRIETOR)

PLACE : MUMBAI
DATED : 5th September, 2006

FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS

J. N. AGARWAL
(MANAGING DIRECTOR)

ATIN J. AGARWAL
(DIRECTOR)

Annual Report 2005 - 2006

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

	<u>AS AT</u> <u>31.03.2006</u> <u>Rupees</u>	<u>AS AT</u> <u>31.03.2005</u> <u>Rupees</u>
<u>SCHEDULE - 1</u>		
<u>SHARE CAPITAL :</u>		
<u>AUTHORISED :</u>		
6,10,00,000 Equity Shares of Rs.1/- each (Previous year 6,10,000 Equity Shares of Rs. 10/- each)	61000000	61000000
<u>ISSUED, SUBSCRIBED AND PAID-UP :</u>		
6,09,98,400 Equity Shares of Rs. 1/- each fully paid up	60998400	60998400
Total Rs.	60998400	60998400
<u>SCHEDULE - 2</u>		
<u>RESERVES AND SURPLUS :</u>		
i) Investment Subsidy received from Development Corporation of Konkan Limited	639500	639500
ii) Capital Redemption Reserve	500000	500000
iii) Investment Allowance Reserve	206649	206649
iv) Share Premium	8297000	8297000
v) Profit & Loss A/c. 25887244		
Less : Short Provision for Income Tax		
Add : Surplus from Profit & Loss A/c. 401625	26288869	25887244
Total Rs.	35932018	35530393
<u>SCHEDULE - 3</u>		
<u>SECURED LOANS :</u>		
Cash Credit from Bank of Baroda (Secured by Hypothecation of Stocks of Raw Material, Semi-finished and finished Goods)	17700623	13477089
Other secured loan from finance cos., (against hypothecation of vehicles)		
HDFC Bank (Car Loan)	989989	Nil
Kotak Mahindra (Car Loan)	268836	Nil
HDFC Bank (Car Loan)	172800	261900
ICICI Bank (Car Loan)	165948	Nil
Total Rs.	19298196	13738989
<u>SCHEDULE - 4</u>		
<u>UNSECURED LOANS :</u>		
Total Rs.	3091585	450000
	3091585	450000

SCHEDULE - 5**FIXED ASSETS & DEPRECIATION :**

FIXED ASSETS	GROSS BLOCK (Rs.)			DEPRECIATION (Rs.)			NET BLOCK (Rs.)	
	AS ON 01.04.2005	ADDITION (DEDUCTION) DURING THE YEAR	AS ON 31.03.2006	UP TO 01.04.2005	FOR THE PERIOD	AS ON 31.03.2006	UP TO 31.03.2006	AS ON 31.03.2005
1. Free Hold Land	1110000.00	—	1110000.00	—	—	—	1110000.00	1110000.00
2. Factory Building	14271424.00	—	14271424.00	7679539.72	659188.44	8338728.16	5932695.84	6591884.28
3. Factory Premises	362475.00	—	362475.00	236087.84	12638.72	248726.56	113748.44	126387.16
4. Plant & Machinery	8114180.00	154597.00	8268777.00	4638272.02	506326.82	5144598.84	3124178.16	3475907.98
5. Moulds & Dies	12509914.20	—	12509914.20	8709679.04	531652.97	9241332.01	3268582.19	3800235.16
6. Motor Vehicles	7097557.00	2116310.00	9213867.00	5517784.80	666578.58	6184363.38	3029503.62	1579772.20
7. Furniture & Fixtures	2814255.00	—	2814255.00	1948541.37	156495.87	2105037.24	709217.76	865713.63
8. Computers	1519804.90	130548.00	1650352.90	1314690.58	96802.00	1411492.58	238860.32	205114.32
9. Office Equipment	1394125.00	—	1394125.00	912704.57	66965.72	979670.29	414454.71	481420.43
10. Motor Cycle	202413.00	—	202413.00	181144.06	5506.53	186650.59	15762.41	21268.94
GRAND TOTAL	49396148.10	2401455.00	51797603.10	31138444.00	2702155.63	33840599.63	17957003.47	18257704.10

Annual Report 2005 - 2006

	<u>AS AT</u> <u>31.03.2006</u> <u>Rupees</u>	<u>AS AT</u> <u>31.03.2005</u> <u>Rupees</u>
<u>SCHEDULE - 6</u>		
<u>INVESTMENTS :</u>		
i) Share of Malad Co-operative Bank	500	500
ii) Investment	190000	190000
Total Rs.	<u>190500</u>	<u>190500</u>

	<u>AS AT</u> <u>31.03.2006</u> <u>Rupees</u>	<u>AS AT</u> <u>31.03.2005</u> <u>Rupees</u>
<u>SCHEDULE - 7</u>		
<u>INVENTORIES :</u>		
(As taken valued and Certified by the Management)		
Raw Materials (At Cost)	5137044	11265038
Finished Goods (At Lower of Cost or Market Value)	20794556	9942200
Total Rs.	<u>25931600</u>	<u>21207238</u>

	<u>AS AT</u> <u>31.03.2006</u> <u>Rupees</u>	<u>AS AT</u> <u>31.03.2005</u> <u>Rupees</u>
<u>SCHEDULE - 8</u>		
<u>SUNDRY DEBTORS :</u>		
(Unsecured, Considered Good)		
Debts Exceeding Six Months	38692209	35970798
Other Debts	5741940	4566903
Total Rs.	<u>44434149</u>	<u>40537701</u>

	<u>AS AT</u> <u>31.03.2006</u> <u>Rupees</u>	<u>AS AT</u> <u>31.03.2005</u> <u>Rupees</u>
<u>SCHEDULE - 9</u>		
<u>CASH AND BANK BALANCES :</u>		
Cash in hand	1476577	238314
Balance with Scheduled Bank	711228	3073927
In Fixed Deposit Account	6000000	2891347
Total Rs.	<u>8187805</u>	<u>6203588</u>

Jaipan Industries Limited

	<u>AS AT</u> <u>31.03.2006</u> <u>Rupees</u>	<u>AS AT</u> <u>31.03.2005</u> <u>Rupees</u>
<u>SCHEDULE - 10</u>		
<u>LOANS AND ADVANCES :</u>		
(Unsecured, Considered Good)		
a) Advances recoverable in cash or in kind or for value to be received	61278367	40182426
b) Deposits :		
-- Balance with Excise Authorities	35845	35845
-- Other Deposits	17981307	20198188
Total Rs.	79295519	60416459
<u>SCHEDULE - 11</u>		
<u>CURRENT LIABILITIES & PROVISIONS :</u>		
<u>Current Liabilities :</u>		
a) Trade Creditors	51845351	32840285
b) Trade Deposits	559432	559432
c) Other Liabilities	2512244	1436342
d) Unclaimed Dividend	359350	359350
e) Advance	Nil	Nil
Total Rs.	55276377	35195408
<u>Provisions :</u>		
a) For Taxation	1400000	900000
b) For Proposed Dividend	Nil	Nil
c) For Corporate Tax on Dividend	Nil	Nil
Total Rs.	1400000	900000
<u>SCHEDULE - 12</u>		
<u>OTHER INCOME :</u>		
Interest on Loan	Nil	15370
Rent Received	145500	128860
Bank Interest	171283	158553
Duty Drawback	229000	Nil
Total Rs.	545783	302783
<u>SCHEDULE - 13</u>		
<u>RAW MATERIAL CONSUMPTION :</u>		
Opening Stock	11265038	8698814
Add : Purchases	17195532	31820216
	28460570	40519030
Less : Closing Stock	5137044	11265038
Total Rs.	23323526	29253992

Annual Report 2005 - 2006

	<u>AS AT</u> <u>31.03.2006</u> <u>Rupees</u>	<u>AS AT</u> <u>31.03.2005</u> <u>Rupees</u>
<u>SCHEDULE - 14</u>		
<u>MANUFACTURING EXPENSES :</u>		
Labour Charges	1177580	997940
Excise Duty	Nil	Nil
Electricity Charges	890830	1286056
Factory Expenses	184401	294677
Testing Charges	225140	135150
<u>OFFICE AND ADMINISTRATIVE EXPENSES :</u>		
Salary, Wages, Bonus and other Benefits	4311769	4002292
Provident Fund, PPF, ADM CHGS	106850	108448
Staff Welfare	398435	361519
Directors Remuneration	480000	480000
Audit Fees	37500	37500
Office Expenses	589475	677003
Conveyance	625524	854464
Telephone Charges	602025	715916
Fees and Taxes	Nil	15000
Printing and Stationery	618065	224675
Insurance Charges	1503418	841060
Repairs and Maintenance	257797	584967
Legal and Professional Charges	572776	602166
Postage, Courier and Telegram	216273	147208
Society Maintenance Charges	Nil	35000
Motor Car Expenses	530323	396179
Securities Charges	196340	164085
Miscellaneous Expenses	4500	72400
Computer Expenses	71396	49231
Rent paid	114000	166456
Sales Tax paid	1250103	303988
Donation	563902	Nil
Expenses from Delhi Branch	1322585	3095580
Expenses from Parwano Branch	447752	Nil
<u>SELLING & DISTRIBUTION EXPENSES :</u>		
Sales Commission	1673693	576070
Vehicle Expenses	Nil	115620
Travelling Expenses	677817	705365
Advertisement	2378928	6019698
Freight, Forwarding, Octroi Charges & Transport	4152192	5805704
Art Work & Designing Charges	93721	164440
Exhibition Expenses	Nil	Nil
Discount	164923	198730
Demo Charges	158960	218905
Business & Sales Promotion	292403	677793
Bad Debts	1726030	5059454
<u>FINANCIAL EXPENSES :</u>		
Bank Charges and Commission	312707	1029593
Interest	966502	1101163
Total Rs.	29896585	38321494

SCHEDULE - 15

NOTES ON ACCOUNTS

1. Significant Accounting Policies :

- a) Basic of Accounting :
The accounts have been prepared on accrual basis and on historical cost convention except for certain fixed assets which have been revalued. The financial statements have been prepared in accordance with applicable mandatory Accounting Standards and relevant presentational requirements of the Companies Act, 1956.
- b) Fixed Assets and Depreciation :
(i) Fixed Assets are stated at cost of acquisition less accumulated depreciation.
(ii) Depreciation on Fixed Assets has been provided on written down value method at the rates specified in Schedule XIV of the Companies Act, 1956, read with Section 205(2)(a). Depreciation in respect of addition to assets has been charged on pro-rata basis with reference to the period of use of such assets.
- c) Investments :
Investments are stated at Cost.
- d) Inventories :
(i) Stocks of finished goods are valued at cost or net realisable value whichever is lower. For this purpose, stocks in respect of which Excise Duty is paid are valued at cost including Excise Duty.
(ii) All other stocks are valued at cost.
(iii) During the year due to heavy flood company has a material loss of Rs. 40,28,705/- and it has been duly deducted from the stock and debited to Profit and Loss Account.
- e) Revenue Recognition :
Sales are recognised on the despatch of goods to customers & are inclusive of Sales Tax.
- f) Debit / Credit Notes :
Debit and Credit Notes are accounted for on cash basis.
- g) Contingent Liabilities :
All Liabilities have been provided for in the accounts except liabilities of a contingent nature, or as per the terms of contract or arrangement and have been disclosed wherever necessary.
- h) Foreign Currency Transaction :
All transactions in foreign currencies are recorded on the basis of actual payment / realisation.
- i) Amortisation of Preliminary Expenses :
Preliminary expenses are amortised one tenth of the expenditure every year.

2. Contingent Liabilities :

Contingent Liabilities not provided for in respect of :

	Current Year (Rupees)	Previous Year (Rupees)
Bank Guarantee	30,10,000/-	30,10,000/-
Bill of Exchange	82,56,000/-	82,56,000/-

Note : A Bill of Exchange accepted on 17.11.96 for Rs. 82,56,000/- was dishonoured and the matter is in litigation with DRAT.

3. Sundry Creditors, Sundry Debtors, Trade Deposits received, Loans and Advances, Deposits paid are subject to confirmation and reconciliation, in case of some parties.
4. In the opinion of the Board all the Current Assets and Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated except as expressly stated otherwise. The provisions for depreciation and all known liabilities is adequate and not in excess of the amount reasonably necessary.

5. Directors Remuneration :

	Current Year (Rupees)	Previous Year (Rupees)
Salary & Allowances	480000	480000
PF & Other Benefits	Nil	Nil
Total Rs.	480000	480000

Annual Report 2005 - 2006

6. Auditors Remuneration :

	Current Year (Rupees)	Previous Year (Rupees)
Audit Fees	26500	26500
Tax Audit Fees	8500	8500
Taxation Matter	Nil	Nil
Others	2500	2500
Total Rs.	37500	37500

7. The Company does not possess information as to which of its suppliers are ancillary industrial undertaking holding permanent registration certificate issued by the Directorate of the Industries of a State or Union Territory. Consequently, the liability if any, of interest which would be payable under "The interest on delayed payment to small scale and ancillary industries undertaking ordinance 1992" cannot be ascertained. However, the Company has not received any claims in respect of such interest.

8. Additional information pursuant to Schedule VI part II of the Companies Act :

	Unit	Current Year Qty.	Amount	Unit	Previous Year Qty.	Amount
a) Capacity & Production						
Licenced Capacity		Not Applicable				
Installed Capacity (As certified by the Management)						
Mixer Grinder	Nos.	40000		Nos.	40000	
Non-Stick	Nos.	500000		Nos.	500000	
Actual Production						
Mixer Grinder	Nos.	2436		Nos.		
Non-Stick	Nos.	260393		Nos.	379615	
Other Products	Nos.			Nos.		
b) Sales						
Mixer Grinder	Nos.	62322	56399995	Nos.	52913	52132167
Non-Stick	Nos.	435534	55357564	Nos.	439162	60330687
Others			36454253			21151437
Total			148211812			133614291
c) Stock						
Opening Stock						
Mixer Grinder	Nos.	2740	2594334	Nos.	1565	1285592
Non-Stick	Nos.	14238	2337408	Nos.	9532	1341273
Others			5670777			2059893
Total			10602519			4686758
Closing Stock						
Mixer Grinder	Nos.	11768	6459473	Nos.	2740	2594334
Non-Stick	Nos.	26461	3752892	Nos.	14238	2337408
Others			10582191			5670777
Total			20794556			10602519

Jaipan Industries Limited

d) Raw Material Consumed

Plastic Body	Nos.	2758	162743	Nos.	2129	345465
Motors	Nos.	2652	480640	Nos.	507	122590
Jars	Set	2641	277305	Set		
Blades	Set	2623	39377	Set	6659	331598
Aluminium Circle	Kgs.	113275	8692273	Kgs.	131001	13499939
Nonstick Paint	Ltrs.	6242	3888642	Ltrs.	8713	4991359
Others			9782545			99630141
Total			23323525			29253992

e) Purchases

Mixer Grinder	Nos.	68914	43065021	Nos.	54088	37313835
Non-Stick	Nos.	187364	38770172	Nos.	64253	9990855
Others			20950867			19341315
Total			102786060			66646005

f) Consumption of Raw Materials

	Current Year Consumption		Previous Year Consumption	
	% to Total	Rupees	% to Total	Rupees
Raw Material :				
Imported	21.20	4945096	9.64	2821265
Indigenous	78.80	18378429	90.36	26432727
Total	100.00	23323525	100.00	29253992

g) Expenditure in Foreign currency

	Current Year Rupees	Previous Year Rupees
CIF Value of Import	4945096	Nil
Travelling	Nil	Nil
Total	4945096	Nil

h) Earnings in Foreign currency

	Current Year Rupees	Previous Year Rupees
FOB Value of Export	23181426	32233049
Total	23181426	32233049

9. The Previous period's figures have been re-grouped and re-arranged whenever necessary to conform to the classification adopted for current year.

Annual Report 2005 - 2006

10. Balance Sheet Abstract and Company's General Business Profile :

I. Registration Details :

Registration No.	:	13188
State Code	:	11
Balance Sheet Date	:	31st March, 2006

II. Capital raised during the year (Amount in Rs. Thousands) :

Public Issue	:	Nil
Right Issue	:	Nil
Bonus Issue	:	Nil
Private Placement	:	Nil

III. Position of mobilisation and deployment of funds (Amount in Rs. Thousands) :

Total Liabilities	:	175997
Total Assets	:	175997

Sources of funds :

Paid-up Capital	:	60998
Reserves and Surplus	:	35932
Secured Loans	:	19298
Unsecured Loans	:	Nil

Application of funds :

Net Fixed Assets	:	17957
Investments	:	191
Net Current Assets	:	101173
Miscellaneous Expenditure	:	0
Accumulated losses	:	Nil

IV. Performance of Company (Amount in Rs. Thousands) :

Turnover	:	148212
Total Expenditure	:	147310
Profit / (loss) before tax	:	902
Profit / (loss) after tax	:	402
Earnings per share in Rs.	:	0.07
Dividend Rate %	:	Nil

V. Generic names of three principal products / services of the Company: (As per monetary terms)

Item Code No. (ITC Code)	:	Not easily available
Product Description	:	Mixer Grinder, Juicer, Iron, Ceiling Fan, Non-Stick Items, Tava-Kadai, Frying Pan, Washing Machine, Camera, Cordless Phone, Roti Makers, Gas Stoves, Flasks, Tea / Coffee Makers, Pager, Emergency Light, Tea Kettle, Popcorn Machine, Hair Dryer, Fan etc.

AS PER OUR ATTACHED REPORT OF EVEN DATE
For **ASHOK K. LOHIYA & ASSOCIATES**
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

ASHOK K. LOHIYA
(PROPRIETOR)

J. N. AGARWAL
(MANAGING DIRECTOR)

ATIN J. AGARWAL
(DIRECTOR)

PLACE : MUMBAI
DATED : 5th September, 2006

Jaipan Industries Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006

	<u>31.03.2006</u> <u>Rupees</u>	<u>31.03.2005</u> <u>Rupees</u>
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAX & EXTRA-ORDINARY ITEMS	901,625	2,347,872
ADD :		
DEPRECIATION	2,702,156	2,840,837
INTEREST & FINANCE CHARGES	1,279,209	2,130,756
LOSS ON SALE OF FIXED ASSETS	Nil	Nil
PRELIMINARY EXPENSES WRITTEN-OFF	Nil	Nil
	3,981,364	Nil
	4,882,989	7,319,465
DEDUCT :		
INTEREST INCOME	171,283	158,553
DIVIDEND INCOME	Nil	Nil
	171,283	Nil
	4,711,706	7,160,912
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	4,711,706	7,160,912
DEDUCT :		
INCREASE IN TRADE & OTHER RECEIVABLES	3,896,448	2,400,832
	815,258	4,760,080
ADD: INCREASE IN TRADE PAYABLES	20,080,969	(10,309,625)
DECREASE IN INVENTORIES	4,724,362	(7,821,666)
	15,356,607	(18,131,290)
CASH FROM OPERATIONS	16,171,865	(13,371,210)
DEDUCT :		
INTEREST & FINANCE CHARGES	1,279,209	2,130,756
DIRECT TAXES PAID	-	Nil
	1,279,209	2,130,756
CASH INFLOW FROM OPERATING ACTIVITIES (A)	14,892,656	(15,501,966)
B. CASH FLOW ARISING FROM INVESTING ACTIVITIES :		
OUTFLOW :		
ACQUISITION OF FIXED ASSETS	2,401,455	889,812
INFLOW :		
SALE OF FIXED ASSETS	Nil	Nil
SALE OF INVESTMENTS	Nil	Nil
DIVIDEND RECEIVED	Nil	Nil
INTEREST INCOME	171,283	158,553
	171,283	158,553
NET CASH OUTFLOW/(INFLOW) FROM INVESTING ACTIVITIES (B)	(2,230,172)	(731,259)

Annual Report 2005 - 2006

C. CASH FLOW ARISING FROM FINANCING ACTIVITIES :

OUTFLOW :

REPAYMENT OF LOAN	Nil	Nil
INCREASE IN LOAN & ADVANCES	18,879,060	(11,718,367)
DIVIDEND & CORPORATE DIVIDEND TAX	Nil	Nil
BANK BORROWING & WORKING CAPITAL	Nil	Nil

INFLOW :

SECURED LOANS	5,559,207	4,890,531
UNSECURED LOAN	2,641,585	(65,000)
NET CASH OUTFLOW/(INFLOW) IN CASE OF FINANCING ACTIVITIES (C)	<u>(10,678,268)</u>	<u>165,543,898</u>
NET INCREASE/(DECREASE) IN CASH/ CASH EQUIVALENT (A + B + C)	1,984,216	3,06,673
CASH & CASH EQUIVALENT AT THE BEGINNING OF THE YEAR	6,203,588	5,892,914
CASH & CASH EQUIVALENT AT THE CLOSE OF THE YEAR	8,187,805	6,203,588

FOR AND ON BEHALF OF THE BOARD

J. N. AGARWAL

(Chairman & Managing Director)

AUDITORS' CERTIFICATE

WE HAVE VERIFIED THE ATTACHED CASH FLOW STATEMENT OF JAIPAN INDUSTRIES LIMITED DERIVED FROM THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2006, AND FOUND THE SAME TO BE DRAWN IN ACCORDANCE THEREWITH, AND ALSO WITH THE REQUIREMENT OF CLAUSE 32 OF THE LISTING AGREEMENT WITH STOCK EXCHANGES.

FOR **ASHOK K. LOHIYA & ASSOCIATES**
CHARTERED ACCOUNTANTS

ASHOK K. LOHIYA
(PROPRIETOR)

PLACE : MUMBAI
DATED : 5th September, 2006

Jaipan Industries Limited

Regd. Office : 17, Cama Industrial Estate, Walbhatt Road, Goregaon (E), Mumbai - 400 063.

ANNUAL GENERAL MEETING 2005-2006

PROXY FORM

I/We _____ of _____
in the district _____ of being a Member/Members of
Jaipan Industries Limited hereby appoint Shri _____ of _____
_____ in the district of _____ or failing him
Shri _____ of _____
_____ in the district of _____

as my / our Proxy to attend and vote for me / us and on my / our behalf at the 40th ANNUAL GENERAL MEETING of the Company to be held on Saturday, the 30th September, 2006 at 17, Cama Industrial Estate, Walbhatt Road, Goregaon (E), Mumbai 400 063 at 10.00 a.m.

Signed this _____ day of _____, 2006.

Regd. Folio No. _____

Signature _____

No. of Shares held _____

Please
affix Re. 1/-
Revenue
Stamp

Note : The proxy duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the meeting. A proxy need not be a member of the Company.

CUT HERE

Jaipan Industries Limited

Regd. Office : 17, Cama Industrial Estate, Walbhatt Road, Goregaon (E), Mumbai - 400 063.

ANNUAL GENERAL MEETING 2005-2006

ATTENDANCE SLIP

(TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL)

Name & Address of the Shareholder

Regd. Folio No. _____

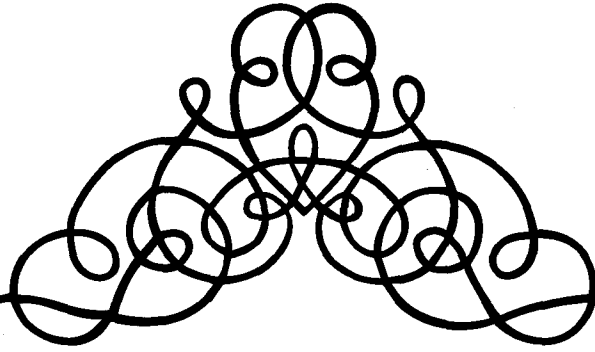
No. of Shares held _____

I hereby record my presence at 40th ANNUAL GENERAL MEETING of the Company on Saturday, the 30th September, 2006 at 17, Cama Industrial Estate, Walbhatt Road, Goregaon (E), Mumbai 400 063 at 10.00 a.m.

SIGNATURE OF MEMBER

THE ATTENDING PROXY _____

BOOK-POST



Manufactured By
Jaipan Industries Ltd.

17/1, Cama Ind. Estate, Goregaon (East),

Mumbai-400 063. Phones : 56919171/72/73/74/75/76/77/78

Fax : (022) 56919179 Email : jaipan1@bom4.vsnl.net.in, Website : www.jaipan.com