



REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of Jain Irrigation Systems Limited as at 31st March, 2009, the annexed Profit and Loss Account for the year ended on that date, and also the Cash Flow Statement for the year ended on that date. 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.

- 1) We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
- 2) As required by the Companies (Auditor's Report) Order, 2003 and the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto 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 2 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 purposes of our audit;
 - b) 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 the books of the Company;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account of the Company;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) Based on the representations made by the Directors as on 31st March, 2009 and taken on record by the Board of Directors of the Company and the information and explanations given to us, none of the Directors is, as at 31st March, 2009, prima-facie disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 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 financial statements, read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - ii) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of
Dalal & Shah
Chartered Accountants

Jalgaon, 25th August, 2009

Shishir Dalal
Partner
Membership No: 37310



ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2009 OF JAIN IRRIGATION SYSTEMS LIMITED

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that:

- 1) a) The Company has generally maintained proper records showing particulars, including quantitative details and situation of fixed assets;
- b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals, according to a phased verification programme, which, in our opinion, is reasonable, looking to the size of the Company and the nature of its assets. According to the information and explanations given to us, discrepancies noticed on physical verification have been properly dealt with in the books of account;
- c) During the year, the Company has not disposed off any substantial part of its fixed assets so as to affect its going concern;
- 2) a) As explained to us, inventories have been physically verified during the year by the management. Inventories lying with outside parties have been confirmed by them at the close of the year;
- b) The procedures explained to us, which are followed by the management for physical verification of inventories, are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business;
- c) On the basis of our examination of the inventory records of the Company, we are of the opinion that, the Company is maintaining proper records of its inventory. Discrepancies which were noticed on physical verification of inventory as compared to book records, have been properly dealt with in the books of account;
- 3) According to the information and explanations given to us, the Company has not granted / taken any loan, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act 1956;
- 4) In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control;
- 5) (a) On the basis of the audit procedures performed by us, and according to the information, explanations and representations given to us, the particulars of all transactions in which directors were interested, as contemplated under Section 297 and Section 299 of the Companies Act, 1956, and which were required to be entered in the register maintained under Section 301 of the said Act, have been so entered;
- (b) According to the information and explanations given to us, there were no transactions exceeding the value of rupees five lacs in respect of any party during the year, which need to be entered in the register maintained under Section 301 of the Companies Act, 1956;
- 6) The Company has not accepted any deposits from the public;
- 7) On the basis of the internal audit reports broadly reviewed by us, we are of the opinion that, the coverage of internal audit functions is commensurate with the size of the Company and the nature of its business;
- 8) (a) According to the records of the Company, it has generally been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues with the appropriate authorities;
- (b) On the basis of our examination of the documents and records, and explanations and information given to us, there were no disputed dues in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax and Cess. The following disputed dues on account of Custom Duty and Excise Duty have not been deposited with the appropriate authorities:

(Rs.in Million)

Particulars	Forum before whom pending			
	Commissioner Appeals	Tribunal	High Court	Total
Custom & Excise Duty	3.49	9.80	55.19	68.49

- 9) The Company has neither accumulated losses at the end of the financial year nor has it incurred cash losses, both, in the financial year under report and the immediately preceding financial year;
- 10) On the basis of the records examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to Financial Institutions, Banks and Debenture holders;
- 11) As explained to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any other securities;



- 12) In respect of shares, securities, debentures and other investments dealt or traded by the Company, proper records have been maintained in respect of the transactions and contracts and timely entries have been made therein. All the investments are held by the Company in its own name;
- 13) According to the information and explanations given to us, and the representations made by the management, the Company has given guarantees for loans taken by its subsidiaries from Banks. The terms and conditions of such guarantees are, prima-facie, not prejudicial to the interests of the Company;
- 14) On the basis of the records examined by us, we have to state that, the Company has, prima facie, applied the term loans for the purposes for which they were obtained.
- 15) According to the information and explanations given to us and on an overall examination of the Financial Statements of the Company, we are of the opinion that, prima facie, short term funds have not been used for long term investment;
- 16) The Company has, during the year, not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956;
- 17) According to the information and explanations given to us, the Company has not issued any debenture during the period covered under this report;
- 18) The Company has not raised any money by way of public issue during the year;
- 19) According to the information and explanations given to us, and to the best of our knowledge and belief, no significant fraud on or by the Company, has been noticed or reported by the Company during the year;

Looking to the nature of activities being carried on, at present, by the Company and also considering the nature of the matters referred to in the various clauses of the Companies (Auditors' Report) Order, 2003, and the Companies (Auditor's Report) (Amendment) Order, 2004, Clauses (iii)(b), (iii)(c), (iii)(d), (iii)(f), (iii)(g), (viii) and (xiii) of paragraph 4 of the aforesaid Order, are, in our opinion, not applicable to the Company.

For and on behalf of
Dalal & Shah
Chartered Accountants

Shishir Dalal
Partner
Membership No: 37310

Jalgaon, 25th August, 2009