

# BOARD'S REPORT

To the Members,

The Directors' present hereby their report on the business and operations of the Company and the financial statements for the year ended 31<sup>st</sup> March, 2009.

## 1. Financial Highlights Rs. in Million (except EPS)

Particulars	2008-09	2007-08
Domestic Sales	17,487	12,926
Export Sales & Services	4,886	4,534
Other operating Income	280	129
<b>Sales and Operating Income</b>	<b>22,653</b>	<b>17,589</b>
<b>Operating Profit</b>	<b>3,923</b>	<b>3,595</b>
Interest and Finance Charges	1,563	1,134
Depreciation and Amortisation	473	398
Amounts written off and provisions	50	7
<b>Profit before taxation and exceptional items</b>	<b>1,838</b>	<b>2,056</b>
Exceptional items (Service tax disallowed)	–	14
Provision for Tax		
Deferred Tax (Asset)/Liability	615	570
Current Tax – provision	206	227
MAT Credit	(206)	(227)
Fringe Benefit	21	16
<b>Profit for the year</b>	<b>1,202</b>	<b>1,455</b>
Profit b/f from the previous year	2,463	1,386
Less Loss of Orient Vegetexpo Ltd. FY07	–	(5)
Balance available for appropriation	3,664	2,835
<b>Out of which the Directors have appropriated as under;</b>		
Proposed Dividend	219	194
Dividend Tax	37	33
General Reserve	120	145
Transfer to CRR	437	
Balance to be carried forward	2,851	2,463
<b>Earnings Per Share</b>		
Basic	16.12	21.48
Diluted	16.03	21.41

## 2. Operations

The net sales grew by 28% on YoY basis while the other operating income has grown at 117% to Rs. 280 mn. Despite a severe global slowdown the growth looks satisfactory. The domestic sales grew at an impressive 35% to Rs. 17,487 mn on the back drop of a robust demand in MIS/SIS, Fruit processing and PVC piping segments. The exports grew at 8% this year at Rs. 4,886 mn despite a major slowdown in the world economy post major bank collapse in US. The

notional loss on account of foreign currency fluctuations Rs.777.2 mn (as against gain of Rs.150 mn last year) caused a 383 bps hit to the operating profit. FE loss is book entry and does not have impact on cash flows, especially given the fact that the Company's FC denominated loans are for a 8 year term. Thus, the operating profit at Rs.3,923 mn would have improved by 30.7% had the FC notional loss not arisen, reflecting the continual improvement in resource utilization.

After providing for depreciation and amortization of Rs. 473 mn, the interest and finance charges of Rs. 1,563 mn, the deferred tax liability of Rs.615mn and Rs.21mn of FBT, and the prior year expenses of Rs.4 mn, the profit for the year is lower than the earlier year by about 17% at Rs.1,202 mn.

## 3. Dividend

An amount of Rs. 30.97 mn is payable on the Redeemable Preference Shares issued by the Company as per predetermined coupon rate and an amount of Rs.5.23 mn is payable as Dividend Distribution Tax on the said preference dividend. The Board of Directors have recommended to the Shareholders for declaration at the ensuing AGM a dividend of Rs.2.50 per share to the eligible Shareholders. The said dividend is expected to result in a cash outgo of Rs. 188.29 mn while the outgo on the Dividend Distribution Tax on the said dividend works out to Rs.32 mn.

## 4. Warrant Conversion, ZCCB Conversion and use of the proceeds

3,20,900 Equity Shares of Rs. 10 each were issued to the holders of the 2,500 Zero Coupon Convertible Bonds of \$1,000 each who opted for the conversion in terms of the Offering Circular dated 24<sup>th</sup> March 2006 during the year. Hence, an amount of Rs.3.21mn has been added to the Share Capital of the Company while an amount of Rs.107.69 mn has been added to the Securities premium reserve of the Company. However, till date in FY 2010, further 943,446 Equity Shares of Rs. 10 each were issued to the holders of the 7,350 Zero Coupon Convertible Bonds of \$1,000 each who opted for the conversion in terms of the Offering Circular dated 24<sup>th</sup> March 2006. Hence after FY 2009, an amount of Rs.9.43mn has been added to the Share Capital of the Company while an amount of Rs.316.61 mn has been added to the Securities premium account of the Company. Thus far just over 94% of the bondholders have opted for the conversion of ZCCB's into Equity Shares. There was no impact of the conversion of ZCCB's on the cash flows of the Company during the year as money was raised in FY 06 and utilised in FY 07.

On 9<sup>th</sup> April 2009, as per Shareholders authority in GM dated 26<sup>th</sup> March 2009, the Board has allotted 19,97,780 Equity

Shares of Rs.10 each for cash at a premium of Rs. 350.40 each to International Finance Corporation, Washington, USA (IFC) on a preferential basis under the applicable provisions of the SEBI (DIP) Guidelines. An amount of Rs.720 mn (approximately) raised has augmented the Equity Share Capital by Rs.19.98 mn while the Share premium account has been accreted with Rs. 7 bn approximately. IFC has been a lender of approximately USD 45 mn to the Company, including USD 15 mn during the FY 2009 and another USD 15 mn in FY 2010 so far.

As you may be aware, pursuant to approval of Shareholders on the 19th October 2007, the Company allotted 8.6 mn Equity Warrants to the Corporate Entities of the Promoters Group on Preferential basis under the applicable SEBI (DIP) Guidelines. The subscribers had paid an amount of 10% (Rs.411 mn approx) at a price of Rs. 478.15 each. Out of the above, the subscribers of Equity Warrants had opted for conversion of 1,102,600 warrants and as a result 1,102,600 Equity Shares of Rs.10 each were issued to the holders of the warrants. However, 74,97,400 warrants lapsed as the holders thereof did not exercise the conversion rights. Hence, as per terms of the issue an amount of Rs. 354.49 mn was forfeited. The proceeds of forfeited warrant deposit appropriated on the conversion option not being exercised has augmented the long term resource base of the Company.

## 5. Resource mobilization and capacity expansion

During the year under review, the Company has raised from international financial markets / institutional lenders, further External Commercial Borrowings (ECB's) / Foreign Currency Loans based on LIBOR linked rate at competitive pricing. Total amount raised is \$55.5 mn and of which US\$ 25.5 million have been disbursed during the year under consideration. Out of the balance amount a further sum of \$15 mn is disbursed in July 2009 while the last instalment shall be disbursed in September 2009. The loan amounts are being used by the Company for the expansion and modernization activities.

The Company has invested an amount of Rs.1.185 bn to increase the capacity of the MIS/SIS division by 47,730 MTPA. An amount of Rs.922mn has been spent on capital expenditure for the piping segment adding in excess of over 56,400 MTPA in the segment. An amount of Rs 607 mn has been spent on capital expenditure for the Agro processed division for increase in capacity addition of 3,354 MTPA in Dehydration segment and 24,975 MTPA in the processed fruits segment. An amount of Rs. 2mn. has been spent on capital expenditure for Tissue Culture segment to increase the capacity by 8 mn plantlets. An amount of Rs.10 mn was spent on balancing equipment for Plastic Sheet division. An amount of Rs. 520 mn was spent towards strengthening the common corporate service infrastructure.

## 6. The operations of subsidiaries

The integration activities with investee companies have continued in earnest and there is a very positive effect on the product development activities of the Company as feedback from various geographic areas are now available for such activities. The availability of a wide spectrum of products in the irrigation segment is making it possible for the Company to serve customers in a complete manner which in the pre-acquisition time resulted in loss of business opportunities.

The Mauritius based direct subsidiary of the Company has earned an income of \$ 388,889 and made a net loss of \$456,017. Summarised Balance Sheet and the Income statement of the said subsidiary is available elsewhere in the Annual Report. The resources of the subsidiary have been further strengthened by infusion of \$11 mn as Equity Capital and \$22.5 mn as Loan & Redeemable Preference Shares during the year under review. Further, there was a redemption of Redeemable Preference Shares worth \$ 4.49 mn from the said subsidiary to the Company.

The Netherlands based subsidiaries have invested monies for incorporation of a new step down subsidiary in Turkey.

**Other Subsidiaries:** Information on operations of other subsidiaries including new acquisitions has been covered in Management Discussion and Analysis report.

## 7. Employee Stock Option Plan (ESOP)

The implementation of Employees Stock Options and Shares Plan, 2005 (ESOP-2005) has continued during the year under review. Thus four lots are now issued to eligible employees including whole time directors, and key management personnel. No employee has been issued options entitling such person to subscribe to more than 1% of Equity Share capital of the Company. Although during the year the Shareholders on 26<sup>th</sup> March 2009 had authorised re-pricing of the 4 issued lots of the ESOP's in view of the low share prices in 2008, but so far the decision is not acted upon by the Compensation Committee of the Board as the Share prices have rebound since the end of March 2009.

Details and disclosures in compliance with the clause 12 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are set out in the table below:

Particulars		Lot No. 1	Lot No. 2	Lot No. 3	Lot No. 4
A]	Options Granted	5,00,000	5,00,000	5,00,000	5,00,000
B]	Pricing Formula	25% discount on market price on the date preceding the date of grant	10% discount on market price on the date preceding the date of grant	10% discount on market price on the date preceding the date of grant	10% discount on market price on the date preceding the date of grant
C]	Options vested	5,00,000	3,33,333	1,66,667	1,66,667
D]	Options exercised	Nil	Nil	Nil	Nil
E]	The total number of shares arising as a result of exercise of option	Nil	Nil	Nil	Nil
F]	Options lapsed	Nil	Nil	Nil	Nil
G]	Variations in terms of options	None	None	None	None
H]	Money realised by exercise of options	Nil	Nil	Nil	Nil
I]	Total Number of options in force	5,00,000	5,00,000	5,00,000	5,00,000
J]	Employee-wise details of options granted to:				
	i) Senior managerial personnel	60,000	1,20,000	1,20,000	1,20,000
	ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	0	0	0	0
	iii) Identified employees who were granted option, during any year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and (excluding outstanding warrants and conversions) of the Company at the time of grant	0	0	0	0
K]	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings per Share'	NA	NA	NA	NA
L]	*Where the Company has calculated the employee Compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed (in lakhs)	Please refer note 1 below	Please refer note 1 below	Please refer note 1 below	Please refer note 1 below
M]	Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock on the grant date.				
	(a) weighted average exercise price	307.76	413.46	568	428.58
	(b) weighted average fair value	175.11	174.77	277	211.11
N]	A description of the method and significant assumptions used during the year to estimate the fair values Black Scholes Method Black Scholes Method of options, including the following weighted-average information:				
	(1) risk-free interest rate,	7.50%	8%	9%	9%
	(2) expected life, (in years, average)	4	4.5	5	5
	(3) expected volatility, (in months)	6	6	6	6
	(4) expected dividends, and	"21% in first year with 3% increase per year thereafter"		"22% in first year and increase on 2% every year thereafter"	
	(5) the price of the underlying share in market at the time of option grant. Rs. per share	410.35	459.4	630.15	476.2

**Note 1:** The impact on profit for the year of the amounts referred to in point L above are Rs. 77.478 mn and the impact on EPS is Rs. 1.08 Per Share and Rs. Per 1.07 Share Basic and Fully diluted respectively.

## 8. New Directors, Directors retiring and Their background

The Board in its meeting held on 25<sup>th</sup> August 2009 has decided to increase the strength of the Board to 12 by reappointing Mr Atul B Jain as Director-Marketing and simultaneously co-opting Mr Ghansham Dass as Director (Independent) on the Board. Mr Atul Jain comes back as Director - Marketing, a post he relinquished to enable the Company to comply with the fresh corporate governance provisions introduced by SEBI in May 2008.

Mr. Ghanshyam Dass has had an outstanding career in domestic, international banking and Capital Markets for over 32 years, during which he developed a firm understanding of the complexities of international markets. He is thoroughly familiar with the regulatory and business environment in USA, European Union, South East Asia, The Middle East, India and other major money-center locations. Mr Dass is an Advisor to Intel Capital, member of TiE, Association of Biotech Led Enterprises (ABLE), Bangalore Hardware Task Force, Founder Member Association of Outsourcing Professionals (AOP), Member Academic Council – Union Bank School of Management, Member of the CII National Council on Corporate Governance and Regulatory Framework and CII National Committee on Capital Markets and Government Nominee on the Governing Council of The Institute of Company Secretaries of India (ICSI). Mr Dass is a member of Brickwork Ratings Committee (A Credit Rating Agency) and Vice President Karnataka Athletics Association as also Independent Director on the board of Dhanalakshmi Bank.

### Retiring Directors

Shri R. C. A. Jain and Mrs Radhika C Pereira are retiring by rotation and being eligible offer themselves for reappointment at the ensuing AGM. In terms of the Corporate Governance requirements, given below are the brief resume of each of the retiring directors:

#### Mr. Ramesh C.A. Jain [IAS retd.] (Independent)

Shri Jain is a Director of the Company w.e.f. 30<sup>th</sup> September 2005. He holds a Bachelor of Arts Degree from the University of Rajasthan, a Bachelor of Law Degree from the University of Bombay and a Post-graduate Diploma in Development Administration from the University of Manchester in the United Kingdom. He has 10 years of experience in the industrial development and financial sectors. In 2003 he was Secretary of the Department of Agriculture and Cooperation in the Ministry of Agriculture in New Delhi and was responsible for the formulation and implementation of national policies and programmes for agricultural development. In 2004, before joining the Food and Agriculture Organization of the United Nations as its Country Representative in the Philippines, he held the post of Member Secretary, National Commission on Farmers, established by the Government of India.

#### Mrs. Radhika C. Pereira (Independent)

Mrs. Pereira is a Director of the Company w.e.f. 29<sup>th</sup> December, 2005. She is a graduate of Mumbai University concentrating in life sciences and law, and holds an LLM from Cambridge (England) and Harvard (USA). Currently, she is the founding Managing Partner of Dudhat, Pereira and Associates, Advocates, Mumbai. Prior to joining Dudhat, Pereira and

Associates, she worked with Mulla & Mulla, Cragie, Blunt & Caroe, Advocates and Solicitors, Mumbai as Articles, and with Arthur Anderson, Mumbai and as a Partner in Udwardia & Udeshi, Advocates, Mumbai until 2005. Mrs Pereira was a part of the core group committee established by the Government of Maharashtra to make recommendations to the State Government on legal issues relating to privatisation. Mrs Pereira is also a Fellow of the Cambridge Commonwealth Society and Member Scholar of the Pegasus Commonwealth Trust. She is the author of "Right to Information" *The Indian Advocate 24 (1992)* and "Legal Risk Management – An Overview" *Asia Law, Volume II, June 2004*.

## 9. Director's Responsibility Statement

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors state that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed except, to the extent indicated in notes;
- the accounting policies are selected and applied consistently and are reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2009, and, of the profit of the Company for the year ended 31st March, 2009;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

## 10. Material Developments In Human Resource

### Training and Development

A major thrust was given to "Training" this year, with an objective to create a virtual pool of trained associates. To start with, a separate cell for Corporate Training and Relationship was established, which identified various technical, behavioural and skill related development requirements of the associates. The requisite training contents are being developed to produce the desired training result. Various In-House trainers were identified and are undergoing training like in a "Train the Trainer" program. Similarly, the process of scrutiny for empanelling the experts from various fields for training function is on. The requisite infrastructure is being created. At Jain Gurukul, our state of the art training centre, an additional capacity of training for 133 associates in 4 training halls is created in addition to the present capacity.

Training & Development details from April 2008 to March 2009 are as under;

Sr. No.	Location	Inhouse Faculties			External Faculties			Total Man hours
		No. of Prog.	No. of Associates	Duration (hrs.)	No. of Prog.	No. of Associates	Duration (hrs.)	
1	Agri Park	26	337	648	2	4	38	686
2	Plastic Park	220	2,744	15,272	7	13	152	15,424
3	Food Park	78	2,290	39,001	10	19	384	39,385
<b>Total</b>		<b>324</b>	<b>5,371</b>	<b>54,921</b>	<b>19</b>	<b>36</b>	<b>574</b>	<b>55,495</b>

### Associate Involvement

A programme for strengthening the relationship with the associates was undertaken. As a part,

- a) 534 nos. of Children of Associates were tested for Intelligence Quotient (IQ) and Aptitude to give them the right direction on educational front.
- b) In continuation of that, a special coaching program was undertaken for them.
- c) Another measure of strengthening the relationship is seen by way of a special coaching which was undertaken for the Children of the Associates appearing for SSC examination.
- d) A visit of all family members of the associates to all the locations and particularly where the associate family member is working was organized.

### Welfare

- a) During the period under review, 3063 associates from the three major locations underwent Medical Examination, consisting of comprehensive Pathological Tests followed by General Physical Examination by the experts in the field.
- b) A dispensary was set in the factory premises with a view to cater requirements of associates at work. The dispensary also helps in creating awareness about the common lifestyle related and other diseases.
- c) The initiatives introduced in the previous year like Scholarship for the children of associates on need and merit basis continued during the year and 172 children benefited from such scholarship during period under review, at an expense of Rs.1.4 mn. The Company has started a project with a Jalgaon based local NGO for providing guidance to students studying between VII to X standard on how to prepare for examination and how to improve the marks obtained as well as time management and improvement of writing speed etc.
- d) The associates continued to receive support of the Medical Insurance. 1039 Nos. of Associates received an amount of Rs.13.4 mn. towards the settlement of their claims. Also the Personal Accident Group Insurance kept the associates protected round the clock wherein 102 associates received an amount of Rs.5.5 mn. towards settlement of their claims.

### Social Involvement

The associates demonstrated their Social Involvement by participating in a Blood Donation Camp organized by the Company on demand of the local Blood Banks wherein 700 units of Blood was donated.

### Recruitment

Despite of the current economic slowdown, the performance of the organization demanded a lot of enrolment where HR had to take a lot of efforts to find the right people in the right place since the tally reached 1470 (gross) additions during the year under review.

The permanent Employee Strength of the Company as on 31<sup>st</sup> March 2009 was 5082.

## 11. Corporate Social Responsibility/ Corporate Sustainability Report

Sustainability is imbibed in the philosophy of our Company and we had added a chapter of CSR activities last year to provide precise details of our activity. This year we have set up a separate cell to look into these activities and Company is coming with the separate report on "Corporate Sustainability" as per Global Reporting Initiative (GRI- G3) guidelines and it will be third party assured. It will be published on the day of Annual General Meeting. This report shall also contain details of corporate social responsibility initiatives of the Company. It shall cover economic, environment and social impacts caused by our organization through its everyday activities. It is a standard process having global influence of reporting on the non-financial performance of the Company. As a part of CSR activities the Company is supporting following three important projects: 1) Rural Development of village Wakod, (2) Establishment of Gandhi Research Foundation at North Maharashtra University and (3) Setting up of Anubhuti School – An Experimental Residential International Academy.

## 12. Environment Health & Safety Performance

### Environment

During the FY2009, the Company has kept all environmental pollution under control, within the limits of consent issued by the appropriate authorities. Company had introduced in-house air quality checking which continues. The Company has strengthened the Effluent Treatment Plant (ETP) for recycling the treated water. The Company had provided acoustic canopies for DG Sets and Air Compressor to reduce noise levels in its plants. The Company has sold Hazardous waste to authorised land filling agent at Taloja near Mumbai. The Company has continued awareness training programme on ISO-14001 an Environmental Management System, with all its employees.

The Company has planted more than 5,000 plants during the FY2009 in its premises.

### Health & safety

The Company has trained and experienced persons on industrial safety and has two safety officers. The Company has a Multipurpose Fire Tender with water Co2, DCP and Foam facilities to deal with fire related incidents. The Company has a medical Doctor and male nurses for its Medical Inspection room for 24 hours service. Drinking water checks were conducted periodically and ensured safe drinking water to employees. Corrective actions are in place to control the minor accidents / incidents. The Company is now certified under OHSAS - 18001 for some locations.

## 13. Internal controls for adequacy and Management Information Systems

The Company believes that a formal strong control framework is prerequisite for establishing an effective governance framework. It is also equally important to inculcate a culture that fosters the control environment in the organization. Therefore, the Company has established both formal and informal processes to assess and strengthen the internal controls across the businesses.

The Company is committed to establish an internal control

framework that ensures prevention and detection of control failures, ensures efficiency and effectiveness of processes to strengthen the delivery capabilities of the organization. Formal processes include management control framework, internal audits, independent review of control system by Statutory Auditors, review mechanism by the Audit Committee and periodic review by the Management. To ensure independence and to incorporate leading control practices, internal audit function has been outsourced to Ernst & Young Private Limited, a renowned professional firm. Significant deviations in the internal control framework and remedial action plan are discussed with the Audit Committee of the Board.

Your organization has grown at a very rapid pace and, therefore, along with the formal control mechanism, the Management has placed equal emphasis on building a culture that drives value and control consciousness. The management information system is the main source of the control and decision making mechanism in the Company. The Company operates under decentralized operating controls exercised at various Segment Business Unit levels. The budgetary mechanism is already in place and annual & rolling budgets are approved by the Board. The actual performance versus budgets is measured for the deviations and timely corrective actions taken.

The Company has also embarked on implementing an ERP application which along with facilitating business transactions, will also establish a robust automated preventive control framework.

#### 14. Fixed Deposits:

The Company, during the year under review, has not accepted nor renewed any deposits from public, under the Companies (Acceptance of Deposits) Rules, 1975. The Company had no unclaimed / overdue deposits as on 31st March, 2009.

#### 15. Auditors

The Auditors, M/s. Dalal & Shah, Chartered Accountants, Mumbai have furnished a Certificate under Section 224(1B) of the Companies Act, 1956 that their proposed re-appointment, if made, will be in accordance with the said provision of the Companies Act, 1956.

#### 16. Promoters Group for the purposes of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997

In pursuance to clause 3 (1) (e) (i) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and definition of group as defined in the Monopolies and Restrictive Trade Practices Act, 1969 the representative of Promoters Group of the Company has filed the following list of the individual Promoters and Corporate entities of Promoters Group as under:

##### A. Individuals

Sr. No.	Name of Promoter
1	Shri Bhavarlal H Jain
2	Shri Ashok B Jain
3	Smt. Jyoti Ashok Jain
4	Arohi Ashok Jain (N/G Ashok B Jain)
5	Aatman Ashok Jain (N/G Ashok B Jain)

Sr. No.	Name of Promoter
6	Shri Anil B Jain
7	Smt. Nisha A Jain
8	Athang Anil Jain (N/G Anil B Jain)
9	Amoli Anil Jain (N/G Anil B Jain)
10	Ashuli Anil Jain (N/G Anil B Jain)
11	Shri Ajit B Jain
12	Smt. Shobhana Ajit Jain (N/G Ajit B Jain)
13	Abhedya Ajit Jain (N/G Ajit B Jain)
14	Abhang Ajit Jain (N/G Ajit B Jain)
15	Shri Atul B Jain
16	Dr. Bhavana Atul Jain

#### B. Corporate Entities

Sr. No.	Name of Corporate Entity
1	Atlaz Technology Pvt. Ltd
2	Cosmos Investment & Trading Pvt. Ltd.
3	Jalgaon Investment Pvt. Ltd.
4	Jain Brothers Industries Pvt. Ltd
5	JAF Products Private Ltd.
6	Jain Extrusion & Moulding Pvt. Ltd
7	Jain Solar Systems Ltd
8	Labh subh Securities International Ltd
9	Pixel Point Pvt. Ltd
10	Stock & Securities India Pvt. Ltd
11	Gauri Hi Tech Agriculture Pvt. Ltd (Formerly Space Tech Plastics Pvt. Ltd)
12	Jain Investments & Finance BV, Netherlands
13	Jain Overseas Investment Ltd, Mauritius
14	Jain investments A.G., Switzerland

#### 17 Particulars of Employees

As per provisions of Section 217 (2A) of the Companies Act, 1956 only eight of the persons in employment of the Company have drawn remuneration in excess of Rs.200,000/- per month, during the year under review of part thereof as per details in the annexure to this report.

#### 18. Particulars of energy conservation, technology absorption, research and development, foreign exchange earnings and outgo

##### A) ENERGY CONSERVATION

##### Plastic Park- energy conservation

- Application of AC drives along with introduction of PLC controls is extended to PVC Pipe & other areas, resulting in further energy saving.
- The PVC Pipe division and EOU divisions maintained a power factor of unity and all the other divisions together maintained a power factor of 0.98, which has resulted in a gain of power factor incentive of Rs. 12.8 mn.
- Energy saving efforts in Injection molding division through

AC drives, mould optimization etc. has resulted in a gain of Rs. 1.41 mn.

- Wind driven ventilators and heat insulation roof top covering are installed on all newly constructed buildings. This system has saved nearly 0.32 mn units of energy during FY 2009 worth Rs. 1.1 mn.

#### **Agri Park- energy conservation**

Jain Tissue Culture Banana plants have increasing demand from the farmers end because of uniformity in age and genetic purity of the plants that gives two and half times more yield than the conventional planting material. Earlier Company was selling banana plants in few states of the country, where the planting season were restricted to June to October only. Because of limited planting season the tissue culture laboratory required more Man, Machine and Space. To utilize the facility cent per cent, the Company has extended the area of marketing in those states where planting seasons are different than above. Team of Agronomist have also achieved big success by developing methods to plant banana round the year that actually saved at least 30% energy because of continuous production in the laboratory.

The pilot scale production of tissue culture Pomegranate plants last year led the company in commercializing this plant after banana. Jain Irrigation is the only Company that made available tissue culture Pomegranate plants first time in India. The planting season of Pomegranate and Banana are different hence it also helped in utilizing the laboratory and hardening facilities that saved the cost of energy in maintaining the facilities.

In order to fulfil the farmer's demand of other states; management has decided to establish primary and secondary hardening facilities in these states to reduce the cost of transporting the secondary hardened plants. This development benefited Company in reaching each and every corner of the state along with increased sale. In this connection the primary and secondary hardening facilities have been expanded at Udumalpet, near Coimbatore, Tamilnadu and new secondary hardening facilities have been established at Baroda, Gujarat. In future similar facilities are under consideration for Andhra Pradesh, Madhya Pradesh, Uttar Pradesh, Karnataka etc.

Tissue culture laboratory requires huge amount of water for glassware washing in the laboratory, plant washing and maintenance of microclimatic conditions in the green house. Team of mechanical engineers & automation engineers have developed semi automated glassware washing system for laboratory that helped to save more than 40% water and energy. Similarly, automation has also been done in the green houses for maintaining microclimatic conditions that saved more than 30% water and energy.

The efforts are still going on to conserve water and energy by making full automation of operating in laboratory, Green House and Shade House.

The bio-gas plant produced 40,000 m<sup>3</sup> of bio-gas which was used for conservation of energy equivalent to 50,000 KWH (Rs. 0.22 mn).

#### **Food Park- energy conservation**

- The Fruit Division has completed installation of bio-mass based boilers at the Chittoor fruit processing plants. The boilers will use the bio-waste generated by the plant, which will not only solve the problem of disposal of waste, but also generate steam required for the plant.
- The Fruit Division has completed installation of coal based hot air generator at Baroda dehydration plant.
- The Fruit Division has completed installation of condensate recovery system at Jalgaon. The hot condensate will be fed to boilers which means, lower energy requirement to convert the water to steam.
- The Fruit Division has initiated a water conservation program to reduce water consumption and also to recycle and reuse water, which is going to be the most scarce resource.

#### **B) TECHNOLOGY ABSORPTION**

Plastic Park-Technology Absorption NA

Food Park-Technology Absorption NA

Agri Park-Technology Absorption NA

#### **C) RESEARCH AND DEVELOPMENT**

##### **Plastic Park- Research and Development**

- In sprinkler Irrigation System "Jain Single Metal Clamps" are developed replacing complex Double Clamps for sizes 90mm, 110mm, 125 & 140mm.
- "All plastic sprinkler system" is developed and established thereby eliminating costly metal sprinkler unit including the riser pipe.
- "Jain Quick Connect plus Pipe" system is developed. This has totally avoided Butt Welding operations and made the production process more environment friendly. Patent is applied for this innovation.
- The existing SWR range is extended from Dia 110 mm to 160mm
- The PVC Fitting range is extended from Dia 160 to 200mm.  
Special couplers for corrugated PE Pipes are developed making the application of product user friendly.
- New spray heads in the range Dia 6mm to 8mm are developed under the brand name "Jain Quick Spray Heads".  
Existing Sure Lock is further improved with built in key and keyway provisions. This feature has enhanced the locking of PVC Column Pipe in Bore Well application.
- The Company has developed the largest size pipe in HDPE range with Dia 1600 mm for Sewerage & Water Transmission Application. This product has opened gates for mass de-salination plants installation in India, benefiting the society at large.
- Product development efforts in various segments such as Pipes, Fittings, Drip lines, and Sprinkler lines, Filters, SWR etc have extended the existing product range by nearly 120 new products.

- During the Financial Year 2008-09 the Company has registered 12 designs, with controller General of Patents and Design.
- In PVC Sheets a new product namely “Extra Bright White Foam Sheet” is developed, which has opened wide range of digital printing applications.
- Besides this another new product “Extra Low Density Free Foam Sheet” is introduced which has high potential in domestic market.
- New generation pipes in HDPE material Viz. “Corrugated PE pipes” were developed by the Company for the application of sewerage & cable transmission. The main advantage of this product is, they consume nearly 35% - 40% less material compared to a conventional PE pipe with higher wall thickness.
- On line “Belling Operation” is developed in sprinkler pipes which facilitated elimination of Moulded components for joining, besides substantial time saving.
- In the field of drip irrigation, the new product “Jain Turbo Tape” is introduced which eliminated costly and complex moulded components.
- Introduction of Laser Punching Technique in “Jain Turbo Line” (with moulded drippers) has facilitated higher productivity levels.

#### Agri Park- Research and Development

- Jain Irrigation Systems Limited is one of the biggest and oldest tissue culture production laboratories in India that also have developed its unique facility for research and development work. Apart from continual improvements made in banana and newly commercialized Pomegranate tissue culture, the team of scientists is now engaged in developing tissue culture protocol to regenerate Citrus plants. The system will help in producing disease free, high yielding Citrus clones on large scale that will benefit Company in meeting the demand of desired raw material for fruit processing unit in future, while farmer will be benefited by getting an assured price of their produce.
- Solar Division has developed anti corrosion coating for application inside the tanks, which improved the life of product substantially.
- Developed LED based Solar street light system which consumes nearly 50% of power compared to conventional solar light, and supplied to Railways for their level cross lighting.
- Developed Solar Fencing System and is used in Company’s own premises.

#### Food Park- Research and Development

- The Fruit Division has completed installation of new type of peeling and pulping equipment and has made certain modification to the process to increase the yield of Mango pulp and reduction in labour requirement by 65%.
- The Fruit Division has completed installation and commercialization of hot water system at Jalgaon to improve quality of the Mango pulp, reduce wastage and eliminate use of external agents to initiate ripening process.

- The Fruit Division has completed developed processes for making blended products.
- The Fruit Division has completed Undertaken trials to eliminate chlorine with other sanitizers and improve the quality of the products.
- The dehydration Division has completed Undertaken trials to produce premium onion powder.

#### R & D Expenditure

Rs. Million

Sr No.	Particulars	2008-09	2007-08
a.	Capital Expenditure	69.71	13.35
b.	Revenue Expenditure	34.99	18.89
<b>c.</b>	<b>Total</b>	<b>104.70</b>	<b>32.24</b>
d.	% of Revenue	0.48%	0.19%

#### D) FOREIGN EXCHANGE EARNING AND OUTGO

Rs. Million

Sr. No.	C.I.F. Value of Imports, Expenditure and Earnings of Foreign Currency	2008-09	2007-08
<b>a)</b>	<b>C.I.F. Value of Imports</b>		
	Raw Materials, Components and Stores and Spares	3,064.62	2,243.61
	Capital Goods	839.18	332.55
	<b>Total</b>	<b>3,903.80</b>	<b>2,576.16</b>
<b>b)</b>	<b>Expenditure in Foreign Currency (on Cash basis)</b>		
	Interest and Finance Charges	201.99	130.59
	Discount/Commission on Export Sales	11.42	2.89
	Export Selling / Market Development Expenses	16.31	2.55
	Travelling Expenses	9.44	9.49
	Law & Legal/Professional Consultancy Expenses	14.99	44.61
	Others	9.18	32.03
	<b>Total</b>	<b>263.33</b>	<b>222.16</b>
<b>c)</b>	<b>Earnings in Foreign Currency</b>		
	FOB Value of Exports (on the basis of bill of lading)	4,449.82	4,082.57
	Interest and Other Income	45.86	36.06
	<b>Total</b>	<b>4,495.68</b>	<b>4,118.63</b>

#### 19. Acknowledgement

The Directors take this opportunity to place on record their appreciation of wholehearted support received from all stakeholders, customers and the various departments of Central and State Governments, Financial Institutions, Bankers, the Dealers and Suppliers of the Company. The Directors wish to place on record their sense of appreciation for the devoted services of all the associates of the Company.

by order of the Board

Anil B. Jain  
Managing Director

Jalgaon, 25<sup>th</sup> August, 2009

### Annexure of Directors' Report - 2008-09

Statement of Particulars of employees pursuant to the provisions of section 217(2A) of the Companies Act, read with Companies (Particulars of Employees) Rules, 1975, as amended up to date.

Sr. No.	Name of Employees	Total Experience (Year)	Designation	Remuneration Gross (Rs.)	Qualification	Commencement of Employment with Company	Particular of last Employment	Last Post	Last Employer	No. of Years (Previous Employment)	Covered Under 200000/ Category w.e.f.
1	Shri Ashok B Jain	26	Vice Chairman	22,003,267	B.Com	12.01.87	Own Business	Partner	Jain Brothers Industries	4	30.09.02
2	Shri Anil B Jain	24	Managing Director	29,657,761	B.Com., LLB	12.01.87	Own Business	Partner	Jain Brothers Industries	2	20.08.02
3	Shri Ajit B Jain	24	Jt. Managing Director	25,876,028	B.E.	11.01.85 (Erstwhile JPCL)	-	-	-	-	30.09.02
4	Shri Atul B Jain	17	Chief Marketing Officer	19,671,670	B.Com	01.01.91	-	-	-	-	01.10.05
5	Shri Rajnikant B Jain	31	Chief Technical Officer	4,170,542	B Tech	12.01.87	-	-	-	-	01.10.05
6	Shri R Swaminathan	36	Director - Technical	5,357,480	B Tech (Chem)	15.06.82 (Erstwhile JPCL)	Service	Plant Manager	Flavours & Essence P. Ltd.	2.5	01.10.05
7	Shri Abhay K Jain	18	President-Marketing	2,780,966	B Com	01.01.91	-	-	-	-	01.05.08
8	Shri Manoj L Lodha	11	President - Banking & Finance	4,125,847	CA	05.11.98	-	-	-	-	01.05.06



# CEO AND CFO CERTIFICATION

(As per sub clause V of Clause 49 Corporate Governance of Listing Agreement)

To,  
The Board of Directors  
Jain Irrigation Systems Ltd.  
Jain Plastic Park, N. H. No. 6,  
Bambhori,  
Jalgaon – 425001.

**Sub : CEO/CFO Certification (As per sub clause V of Clause 49 - Corporate Governance of Listing Agreement)**

Dear Sir / Madam,

I, Anil B. Jain, Chief Executive Officer / Managing Director and Manoj L. Lodha, President - Finance and Banking of Jain Irrigation Systems Ltd., do hereby jointly declare and certify that:

- (a) We have reviewed financial statements and the cash flow statement of the Company for the year ended 31st March, 2009 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 with the schedules and notes thereon present a true and fair view of the company's affairs for the year ended 31st March, 2009 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 and we have disclosed to the auditors and we and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take action to rectify these deficiencies.
- (d) We have indicated to the Statutory Auditors and the Audit Committee;
  - i. Significant changes in internal control during the year under review;
  - ii. Significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
  - iii. There are no 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.

Anil B. Jain  
**Managing Director**  
Jalgaon, 25<sup>th</sup> August, 2009

Manoj L. Lodha,  
**President Finance and Banking**