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REPORTERS. THEY REFLECT OUR ETHICS

WE REVERE THESE COLOURS.
THEY REFLECT OUR ETHOS.



GREEN, BLUE and BROWN - the colours of Nature,
they are the contours of Agriculture.

Ours is an agrarian country,

And 700 million people depend on it.

At Jain Irrigation, we are acting as catalyst

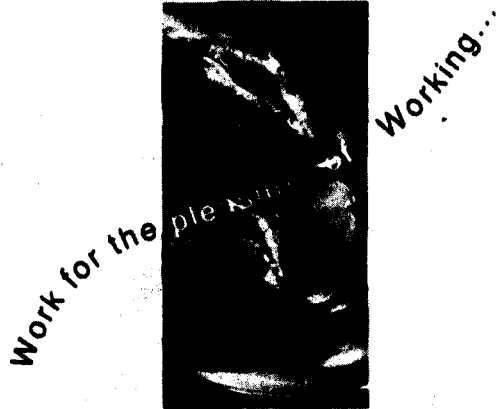
to add value in entire agrichain.

These colours - Yellow, Green, Blue & Brown,

they embody the conviction of the founder

and lasting commitment of the Corporation.

CORPORATE PHILOSOPHY



Credo

Serving and striving through strain and stress;
doing our noblest, that's success.

Mission

Leave this world better than you found it.

Vision

We will establish leadership in whatever we do.

Goal

To produce quality goods at optimum cost and market the same
at reasonable price so as to achieve total customer satisfaction,
fair return for all other stakeholders and continued growth for the Corporation through sustained innovations.

Guiding Principle

In order to translate the Corporate Philosophy into action,
we will work hard, very hard. We will manage our resources of men, material and money in an integrated,
efficient and economic manner keeping in view that social responsibility and environmental
concerns are equally relevant.

Work Culture

Work is life, life is work.

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CORPORATE DIRECTORY

Board of Directors

a) Executive Directors

- Anil B. Jain
- Ajit B. Jain
- Managing Director
- Additional Director and Chief Operating Officer (w.e.f. 13.05.2004)

b) Non Executive Directors

- B.H. Jain
- N.V. Khote
- Anirudha Ramkrishna Barwe
- Anup Mohan Jacob
- Bhikhubhai Shantilal Trivedi
- Bijesh Jamnadas Thakker
- John George Sylvia
- Puneet Madanlal Bhatia
- Andrew L. Farnum
- Gerardo Benitez Pelaez
- Vasant V. Warty
- Chairman
- Co-Chairman
- Director
- Director
- Director
- Director
- Director
- Director
- Additional Director (from 13.05.2004 to 10.11.2004)
- Additional Director (w.e.f. 10.11.2004)
- Additional Director (Nominee SBI)(w.e.f. 13.05.2004),

Management Team

- Ashok B. Jain
- Atul B. Jain
- G. Chandrasekhar
- R. B. Jain
- R. Swaminathan
- President
- Chief Marketing Officer
- Chief Financial Officer
- Chief Technical Officer (Food Park)
- Chief Technical Officer (Plastic Park)

Principal Bankers

Bank of Baroda, Jalgaon.
Centurion Bank, Mumbai
Development Credit Bank Ltd., Mumbai
Dena Bank, Mumbai
Export Import Bank of India, Mumbai
ICICI Bank Ltd., Mumbai
Indusind Bank Ltd., Mumbai
State Bank of India, Mumbai
State Bank of Indore, Mumbai
The United Western Bank Ltd, Jalgaon
Union Bank of India, Mumbai

Company Secretary

A.V. Ghodgaonkar

Auditors

Dalal & Shah, Chartered Accountants, 49-55, East & West Insurance Building, Bombay Samachar Marg, Fort, Mumbai - 400 023.

Solicitors

Mulla & Mulla & Craigie & Blunt & Caroe, Mumbai

Global Alliances

Chapin Watermatics Inc., USA - Sub-soil Tubing

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DIRECTORS' REPORT

The Directors present the 17th Annual Report of the Company and the Audited Accounts for the year ended 31.03.2004.

1) Financial Performance :

	(Rs. lacs)	
Particulars	2003-04	2002-03
Domestic Sales	34,418.23	25,825.61
Export Sales	14,064.80	11,570.61
Total	48,482.83	37,396.22
Operating Profit	7,243.91	5,321.06
(Profit before Depreciation, Interest & Tax)		
Interest & Finance Charges	4,831.57	4,568.76
Extraordinary Expenses/(Income)		(4,053.24)
Loss transferred to Amalgamation Adjustment account	1,351.63	-
Amounts written off and provisions	188.30	1,850.64
Depreciation & Amortisation	2,090.45	2,115.43
Provision for Tax on Wealth	0.19	0.16
Deferred Tax - Liability /(Asset)	(438.07)	(3,326.69)
Profit / (Loss) for the year after Tax	1,923.10	4,166.00
Prior year adjustments	317.50	1,153.13
Profit / (Loss) for the year	1,605.60	3,012.87

2) Operations :

The Gross Sales have shown a growth of shade less than 30% for the year under review as compared to the last year. While the domestic sales have increased by about 33%, the exports have shown increase of just over 21% as compared to the last year.

The Other Income has shown a decrease by Rs.189.98 lacs over last year.

The operating margins (PBDIT) have increased by 36%. While the raw material costs have gone down by 0.22% as a percent of Sales over the last years level, the manufacturing expenses have shown an decrease by 0.80%, as a percent of Sales, the employee cost has gone down by 0.57% as a percent of Sales over the last years level, the selling and distribution expenses are up by over 0.25 % over the last years level as a percent of Sales and the administrative expenses have gone down by over 1.30 % over the last years level as a percent of Sales reflecting spread of fixed costs over higher volume.

The interest and finance charges have gone down 5.75% over the last years level reflecting higher working capital use (by about Rs 4005 lacs) and higher rate of interest (upto 2.5%) after end of DRS package based concessional rates. The depreciation figure has remained more or less same, except marginal decrease on account of full years impact of sale of PC business to GEPIL.

The one time extra-ordinary item of income is arising from adjustment of loss HC order of 30.09.2003 in JPFPL merger last year on effective date of 21.11.2003. In terms of the Scheme of Amalgamation approved by the Honorable High Court of Bombay vide its order dated 21.11.2003, the Company had utilized its Share premium reserves of Rs.28,674.09 lacs to set off the debit balance in Profit and Loss account of Rs.14,866.57 lacs and Miscellaneous Expenses to the extent not written off of Rs.5,630.30 lacs and had carried forward Rs. 8,177.22 lacs in the Amalgamation Adjustment account last year. Subsequently in the current year an amount of Rs.1,351.63 lacs has been adjusted against the Amalgamation adjustment account and the balance amount has been transferred to general reserve account as per the sanctioned scheme. It is explained in notes to accounts in Schedule 23.

As per the accounting standard on taxes on income, the Company has provided for a deferred tax asset of Rs.438.07 lacs as against Rs.3,326.69 lacs last year.

The profit after tax for the year and prior year adjustments is Rs.1,605.60 lacs as compared to the previous year's profit of Rs. 3,012.87 lacs.

3) Divisional Performance

A) Hi-tech Agri Input Products:

i) Agri Irrigation Products:

The Micro & Sprinkler Irrigation System sales registered 78% growth in quantity and 3% increase in realisation resulting in 83% growth in the sales volume. The growth in sales mainly comprised of 89% growth in domestic volume. The Company's strategy of delinking the subsidy receivable from Government has come off well and the growth in volume is ample proof of the same. The division continues its initiatives on introducing newer range of high quality products in the Indian market.

ii) PVC & PE Piping Division:

The PVC Pipes contributed just above 30% of the Company's revenue showing 29% growth in value. The division continues to achieve efficiency in utilization of plant capacity at optimum level.

In PE Pipes division, the tonnage went down by 24% reflecting 25% reduction in sales value. The major reason for the decline in tonnage was postponement of purchase decision on account of election process in majority of states. However, the trend has been reversed with installation of new Government at Center as well as in States like Karnataka, Andhra Pradesh and more recently in Maharashtra and in the current year the growth is again back to normal.



B) Industrial Products:

i) PVC & PC Sheet Products:

The PVC sheet business registered a 36% growth in value supported by 36% increase in tonnage reflecting full capacity utilization and good demand and order book position for the product. The realisation were maintained at same level due to fluctuation on forex rates as this is a 100% EOU product. The Company has implemented an expansion program in this business in the current year.

In the PC Sheet business the value was lower by 14% due to 4% lower tonnage and 11% lower realisation.

ii) Onion Dehydration:

This business has registered almost 40% growth in value terms supported by 46% increase in tonnage although the realisation suffered by about 10%, due to appreciation of rupee throughout the year under review. The Company has added more capacity and customers in the business in the current year. The research efforts have also started paying off as there is higher yield due to high solid content onion variety developed and distributed by the Company. Contract farming has helped the spread of this variety to farmers thereby increasing the availability of variety for processing.

iii) Fruit Processing:

Revenue in this division has grown by 34% while there is 29% increase in tonnage processed. The demand for Company's Mango product continues to show an increasing trend which is likely to be maintained in the medium term. The Company has processed some additional tropical fruits although the contribution from the fruits other than Mango is not quite significant.

iv) Other Manufacturing businesses:

While Tissue Culture business has shown 29% increase in quantity and revenue both, the Solar business has recovered all its lost quantities of last year by showing 53% increase in revenues backed by 66% increase in quantity.

4) Amalgamation of Gowtham Granites Private Limited:

The merger announced by the Board on 30.04.2004 has been approved by the Shareholders on 2.06.2004 and the Bank of India has recommended the Scheme of Rehabilitation of GGPL to AAIFR and the matter is slated for hearing at AAIFR bench on 6.01.2005. Thereafter, final order approving the merger is expected. The accounts for the year do not reflect these developments nor the amalgamated entity's performance.

5) Andhra Pradesh Micro Irrigation Project (APMIP):

Out of its allocated area of 63,763 hectares, the Company has so far completed work of 15,917 hectares and hence has completed about 25% of the work in the contract. Due to unprecedented rise in raw material cost all the selected vendors for the project had approached Government of Andhra Pradesh, APMIP cell for increase in price for the project. The Government is in process of considering the price increase and action for the incomplete portion of the contract work is expected to commence soon. The Company expects an additional area 15-20 % to be allocated to it based on the review and progress so far. The project has set a precedent for other States to follow and will go a long way in developing use of drip and sprinkler irrigation in the country.

6) Human resources and training:

The Company has regularly conducted training programs, both internal and external for its associates at all levels. The training programs covered various topics on quality certifications, management practices, computer awareness, energy conservation, maintenance program, etc.

7) Raising of resources and reducing cost of funds:

Preferential Issue of Equity Shares to a SEBI registered FII:

The Company is proposing to issue 40,00,000 Equity Shares on preferential basis to Aranda Investments (Mauritius) Pte. Limited, Mauritius a SEBI registered FII details whereof are in the Notice and Explanatory Statement of the 17th AGM elsewhere in this annual report. The process is likely to get completed before the end of the calendar year 2004. The funds would enable the Company to augment its long term resources and help in achieving its targeted growth numbers.

Foreign Currency Loan (FCL): The Company has converted part of Working Capital loans into foreign currency loans (FCNRB) to take advantage of appreciation of rupee against dollar and prevailing lower international interest rates. In addition Company has received new rupee loans at lower rates to replace existing high cost rupee loans. This exercise has brought down the average cost of funds for the Company already and further reductions are expected in this fiscal year. However, the effect of the lower rates of interest is expected to be reflected fully in Financial Year 2005-06.

8) Subsidiary Companies operations:

a) JISL Overseas Limited:

During the year under review, the Mauritius-based subsidiary has earned \$ 711,350 of gross revenue through trading activities and has incurred a gross profit of \$4,299. The Company continues to hold its interest in the subsidiaries at the last year's level and more details about the performance are reflected in audited accounts for the year ended 31.03.2004 of the subsidiary which is attached with the Annual Report as per requirements of Section 212 of the Companies Act, 1956. The second generation subsidiaries are coming into profits now. The Company is reviewing the structuring of its overseas arms of business and expects to initiate steps during the current year for carrying out the restructuring of these subsidiaries after receiving necessary regulatory approvals.

b) Gowtham Granites Private Limited:

During the year 2000, the subsidiary engaged in granite business was registered as sick industrial company under the provisions of the Sick Industrial Companies (Special Provisions) Act 1985. The BIFR vide order dated 1.04.2003, ordered liquidation of the subsidiary to High Court of Judicature at Andhra Pradesh. The subsidiary then approached the Appellate Authority For Industrial and Financial Reconstruction (AAIFR) with an appeal against the BIFR order and the liquidation has been stayed by the AAIFR on 1.04.2004. The subsidiary has negotiated and finalised with its

SAUSCO SERVICES LIMITED

lenders for a one time settlement of loan to be repaid over a period of 36 months. The rehabilitation scheme in consultation with the AAIFR/BIFR appointed operating agency has been prepared and submitted to the said AAIFR. The final hearing for approval of scheme is expected to take place on 6.01.2005. The Company continues to hold its interest in the subsidiary at the last year's level.

9) Comments on segments in brief for current year performance :

The Directors give following indicative statements for business in significant divisions of the Company.

a) High tech agri input products:

While the monsoon on the whole has been normal over the Country; erratic monsoon in certain areas has delayed start of business. The example of Andhra Pradesh is expected to be followed by other water scarce states like Maharashtra, Karnataka, Tamil-nadu, Madhya Pradesh, etc.

The demand for specialty pipes, especially PE Pipes with applications in water sector and gas distribution is expected to keep growing at a healthy pace. The Company has further developed a high diameter pipe (25") which is being commercially launched in current year. With large water management projects and gas distribution projects being launched, the demand for this product is expected to grow fast. Overall this division is growing compared to last year and company expects to meet its targeted numbers and even surpass the target.

b) Industrial Products:

The PVC sheet business is implementing a capacity expansion program and the capacity is expected to go up to 25,000MT per annum by March'2005 from 11,900 MT per annum at present. With the building and construction activity and house remodeling showing good growth in USA the exports of this product will continue to grow in the future.

The exports of PC Sheets is expected to grow steadily and together with improved off-take in the domestic market, the plant utilization is expected to go up substantially during the current year.

The take-off stage in the dehydration business has already been surpassed by the Company and the business has steadied at the higher level of volume, capacity utilization and profitability. With addition of acquired / leased capacity will fuel further growth. Backed by research work being put in on the seed front, the yield in the processing continues to improve. The Company's move of getting contract farming done on vegetables has been supported by commercial banks and this has further optimized operations of this business segment.

The acquisition of new plant near Hyderabad for fruit processing at attractive value has opened up possibilities of increased growth in the fruit processing segment. The Company's tie-up for product supplies in domestic market with reputed brands continues to prosper.

The Company is implementing an expansion plan in Tissue culture lab to increase production capacity to 7.5 million plants from 5.5 million plants at present. This will help the Company to meet unprecedented demand for tissue culture banana plants during the season.

The Company has undertaken a review of solar water heater business and moves to restructure the business would be finalized during the current year.

10) Directors' Responsibility statement:

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

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed except, to the extent indicated in notes;
- (ii) the accounting policies selected and applied consistently and 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 31.03.2004, and, of the profit of the company for year ended 31.03.2004;
- (iii) 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;
- (iv) the annual accounts of the Company have been prepared on a "going concern" basis.

11) 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 31.03.2004.

12) Changes in Directors :

Mr. A.R.Barwe Mr.B.J Thakker and Mr. B.S.Trivedi, Directors who retire by rotation and being eligible offer themselves for reappointment as Directors. Mr.Ajit B Jain, Mr.Vasant V Warty (Nominee of SBI) and Mr. Gerardo Benetez have been appointed as additional Directors during the year. The Company has received a proposal from members to propose them for appointment as Director(s) liable to retire by rotation at the 17th AGM. The Directors recommend their appointment as Directors on Board of the Company.

As per the requirement of Corporate Governance code their background is given hereunder:

Mr. Anirudha Ramkrishna Barwe was appointed as director of the Company on 30.09.2002 under the Company's Articles of Association. Mr. Barwe is a Post Graduate in Mathematics and an associate of Indian Institute of Bankers, Mumbai. He started his career as Lecturer in small town in Northern Maharashtra in 1960, but abandoned it for becoming a probationary officer of State Bank Of India (SBI) in 1961. His career graph rose very high in SBI and he held several important positions in the Bank and went on to become MD of SBI Capital Markets Limited the merchant banking arm of the bank in 1996. He also held Directorships in various subsidiaries of SBI and Stock Exchanges like NSE, OTCEI. After retirement from the Bank he shifted to the private sector and was holding the position of CFO of IDFC Limited till recently. He is currently advising a number of entities including foreign bodies in Financial field and is on Government economic committees and also few listed companies. In view of his background the Board has decided to appoint him as the Chairman of Audit Committee of the Company.

Mr. Bijesh Jamnadas Thakker was appointed as director of the Company on 30.09.2002 under the Company's Articles of Association.. He studied Law at the University of London. He articulated with Wilde Sapte, a London based city law firm. Upon completion of his articles, he enrolled as a Solicitor of the

Supreme Court of England. He has set up the law firm M/s. Thakker & Thakker together with J.V. Thakker in 1990. He specialises in foreign trade and investment laws, information technology laws and works for the I.T. clients of the Firm and has assisted over 500 multinationals for their ventures in India and in particular over 60 of the world's largest IT companies.

Mr. Bhikhubhai Shantilal Trivedi was appointed as director of the Company on 30.09.2002 under the Company's Articles of Association. He is a Commerce Graduate from University of Bombay and a Chartered Accountant by profession. Mr. Trivedi was associated with M/s. K.S. Aiyer & Company, a Chartered Accountants firm and thereafter he joined M/s. Lovelock & Lewes an associate firm of Coopers & Lybrand, U.K. in 1962 and handled variety of audits and other assignments at all levels. Mr. Trivedi was admitted as partner in charge of the Coopers & Lybrand Bombay office in 1984 and was responsible for audits of all major clients besides branch audits of multinational clients, responsible for general overall administration of the Bombay branch & the nature of duties include general business and secretarial advice.

13) Auditors :

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

14) Comments in Auditors report :

With reference to comments of Auditors in their Report, the Board wishes to draw the attention of the Shareholders to Note Nos. 4(a) referred to by the Auditors which needs no further explanation.

15) Particulars of Employees :

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

16) Particulars of Energy Conservation, Technology absorption, Research and Development, and Foreign Exchange earnings and outgo

a) Energy Conservation:

i) Food Processing Divisions:

Various measures have been taken to reduce energy consumption. Some of which are:

- a) Improved operation and capacity utilization of the plant has resulted in reduction in per unit energy consumption.
- b) Company is also planning to switch over from freon based refrigeration system to steam based vapour absorption cooling system. This will reduce the electricity consumption.

ii) Plastic Processing Divisions:

Processing equipment conditions and energy distribution pattern in plastic park is maintained in such a way that the power factor is maintained at one enabling us to get continued discount of 7 % on the energy bill.

Processing equipment layout and also service utility layout is redesigned in many operation areas to achieve significant saving in the energy consumed. We have been able to save an average of about 20000 KWH per month.

b) Technology absorption:

Not Applicable

c) Research and Development:

i) Food Processing Divisions:

Company's in house research has developed high solid onion hybrid seeds. These seeds are then given to contract farmers. Company has also successfully established rapid multiplication of high solid onion variety by Tissue Culture.

ii) Plastic Processing Divisions:

Keeping in line with international trend of transforming manufacturing technology into highly environment friendly, the PVC sheet division has completely phased out the use of lead stabilizer. MIS Division has developed and added two new types of turbine emitters to its product range.

iii) Research and Development expenditure:

	2003-04	(Rs. in Lacs) 2002-03
Capital expenditure	25.05	Nil
Revenue expenditure	44.54	102.72
Deferred expenditure	Nil	Nil
Total	69.59	102.72
R&D Expenditure as a percentage of the turnover.	0.17%	0.29%

JAIN-IRIGATION SYSTEMS LIMITED

(d) Foreign Exchange Earnings & Outgo :

C.I.F. Value of Imports, Expenditure and Earnings in Foreign Currency:

a) C.I.F. Value of Imports:

Raw Materials, Components and Stores & Spares

Capital Goods

Sub Totalb) Expenditure in Foreign Currency (on cash basis):

Bank Charges

Discount on Export Sale

Travelling Expenses

Export Selling/Market Development Expenses

Law & Legal Expenses

Commission

Others

Sub Totalc) Earnings in Foreign Currency :

FOB Value of Exports (on the basis of bill of lading)

Other Income

Sub Total**2003-04****Amount (Rs.)**

483,238,732

19,597,624

502,836,356

4,391,270

6,135,417

4,950,961

317,996

303,769

-

20,843,434

36,942,847

1,283,754,267

-

1,283,754,267

2002-03**Amount (Rs.)**

367,511,330

3,770,083

371,281,413

3,636,573

-

2,559,787

1,166,547

1,672,548

107,857,417

1,922,911

118,815,783

1,068,741,109

1,997,234

1,070,738,343

17) Acknowledgement:

The Directors take this opportunity to place on record their appreciation of wholehearted support received from 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 associates of the Company.

By Order of the Board

Mumbai, 3rd December, 2004

Anil B. Jain

Managing Director

ANNEXURE OF DIRECTORS' REPORT :

Statement of Particulars of Employees pursuant to the Previous of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended upto date.

Sr. No.	Name of the Employees	Total Experience (Year)	Designation	Remuneration Gross (Rs.)	Qualification	Commencement of Employment with Company	Particular of Last Employment	Last Post	Employer	No. of Years (Previous Employment)	Covered Under 200,000/ Category w.e.f.
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.
1	Jain Ashok Bhavarlal	21 Years	President	31,00,200	B.Com.	12.01.87	Own Business	Partner	Jain Brothers Industries	4	30.09.2002
2	Jain Anil Bhavarlal	19 Years	Managing Director	57,86,772	B.Com.,LL.B.	12.01.87	Own Business	Partner	Jain Brothers Industries	2	20.09.2002
3	Jain Ajit Bhavarlal	19 Years	Whole time Director designated as Chief Operating Officer	45,00,348	B.E.	11.01.85	-	-	-	-	30.09.2002

1) Shri. Ashok B. Jain, Shri. Anil B. Jain and Shri. Ajit B. Jain are related to each other as brothers and sons of Chairman Shri. B. H. Jain.

2) Remuneration includes perquisites also.