

In harmony with nature.





INTRODUCTION

There are many ways to look at what we do and what we have achieved so far. The assets we have created and profits we have made is just one of the ways to measure our performance. The prosperity that we bring into the households of the farming community by increasing their yield and adding value to their produce is another way to evaluate us. The pride we bring to 'Made in India' tag by exporting non traditional value added industrial goods to more than 80 countries in the world would be another significant way to examine our deeds.

Whichever way you look at it, the joy for us is also in the principle that we have adopted to achieve these results. 'Working in complete harmony with Nature', has been a guiding principle for us at Jain Irrigation.

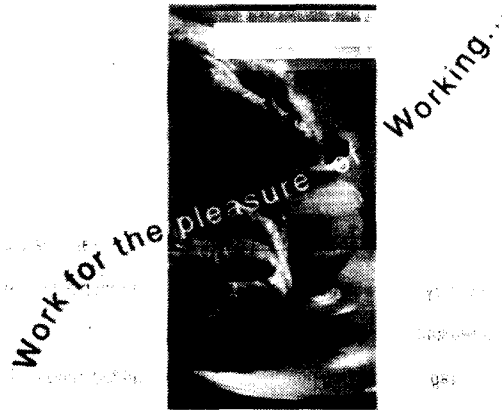
Be it our pipes that transport water better to reduce wastage and thus conserve this precious gift of Nature. Our Micro-Irrigation Systems that have helped maximise the yield by minimising the water usage. Our Tissue Culture Plants, Green Houses that work towards better yields and add value to the produce of Nature. Integrated Food Processing Plants which add value to agri produce while increasing exports. Our Plastic Sheets that replace wood and reduce deforestation and or our Solar Heaters that conserve electricity.

All our product lines reflect our desire and design to produce more products with less resources, to give more than we take from nature and to share the fruits of our labour with all stakeholders in a fair manner. It reflects our belief that the world can develop and progress without compromising the integrity of Nature's original cycle.

If there's an example of whether Man and Nature can work together, whether Progress and Conservation can co-exist, then we proudly feel that your company will be an earnest and sincere contender.



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 | - Managing Director |
| Ajit B. Jain | - Whole Time Director and Chief Operating Officer |

b) Non Executive Directors

- | | |
|------------------------------|--|
| B.H. Jain | - Chairman |
| N.V. Khote | - Co-Chairman (Resigned w.e.f. 05.09.2005) |
| Anirudha Ramkrishna Barwe | - Director |
| Anup Mohan Jacob | - Director (Resigned w.e.f. 05.09.2005) |
| Bhikhubhai Shantilal Trivedi | - Director (Resigned w.e.f. 05.09.2005) |
| Bijesh Jamnadas Thakker | - Director (Resigned w.e.f. 05.09.2005) |
| John George Sylvia | - Director (Resigned w.e.f. 05.09.2005) |
| Puneet Madanlal Bhatia | - Director (Resigned w.e.f. 05.09.2005) |
| Gerardo Benitez Pelaez | - Director (Resigned w.e.f. 05.09.2005) |
| Vasant V. Warty | - Director (Nominee SBI) |
| Ravendran Krishnasamy | - Additional Director (w.e.f. 10.01.2005) |

Management Team

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

Company Secretary

A.V. Ghodgaonkar

Principal Bankers

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

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
ARA LAW, Mumbai





DIRECTORS' REPORT

Your Directors are pleased to present a historic performance by the Company in FY 2004-05.

1) Operations:

The sales at corporate level has grown by about 53% as compared to previous year to reach Rs. 60,481 lacs, while domestic sales have grown by about 46% to reach Rs. 37,374 lacs, the exports sales have shown promising growth of 63% over previous year to reach Rs. 22,879 lacs. The other income is at Rs. 512 lacs as compared to Rs. 722 lacs in the previous year.

The operating profit has grown by 37% as compared to previous year to reach Rs. 9,901 lacs. During the same year due to unprecedented increase in crude oil prices in the international market the consumption of raw material for plastic processing activities have gone up as a % of cost of goods sold (COGS) and on the corporate basis the net increase in raw material consumption is more than 6% as compared to previous year.

During the same year the other cost such as manufacturing, salaries, selling & distribution and administration expenses as a % of COGS has gone down by more than 4% compared to previous year as a result of economies of large scale operations which has helped the company to partially compensate for the increased raw material consumptions.

The interest and finance charges as a % of gross sales have come down during the current year to about 7% from 12% during the previous year.

During the year under consideration Company has utilised contingency reserve of Rs. 550 lacs created during previous year to absorb write-off of irrecoverable advances and receivables.

During the year Rs. 3,623 lacs (including balance at the beginning of Rs. 383 lacs) is available for appropriations, of which Rs. 200 lacs have been transferred to Debenture Redemption Reserve & Rs. 370 lacs have been transferred to Reserve for Preference Dividend, and the balance of Rs. 3,052 lacs is carried to balance sheet at the end of the year.

2) Dividend

No dividend on Equity Shares is declared to conserve resources for further growth and, no preference dividend (only due for payment in FY 2005-06) is recommended for payment, except a small preference dividend (paid on Preference Shares already redeemed in 1998 on contractual basis) the adjustment is proposed.

3) Financial Highlights

	2004-05 Rs. Lacs	2003-04 Rs. Lacs
Domestic Sales (net of discounts, sales return & excise duty)	37,274	25,552
Export Sales	22,879	14,065
Operating Income	328	-
Total Sales & Operating Income	60,481	39,617
Operating Profit (Profit before depreciation, Interest & tax)	9,901	7,244
Interest & Finance charges.	4,441	4,832
Loss transferred to Amalgamation Adjustment account	-	13.52
Amounts written off & provisions	38	152
Depreciation and amortisation	2,200	2,127
Profit/ (Loss) for the year before Taxation	3,222	1,485
Deferred Tax - Asset/ (Liability)	17	438
Profit / (Loss) for the year after tax	32.39	19.23
Prior year adjustments	-	3.17
Profit / (Loss) for the year	3,239	1,606
Earnings per share -Fully Diluted (Rs.)	5.87	3.02

4) Business Performance

A) High Tech Agri Input Products

The division sales have grown by about 31% over previous year whereas operating profit (EBDIT) has increased by more than 56% over previous year, as a result of better absorption of fixed overheads due to economies of large scale operations.

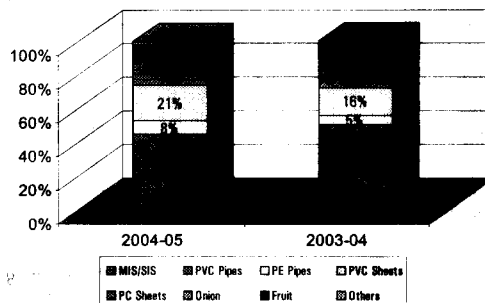
The division has shown a 21% growth in capital employed.

Within the division various segments have shown trends as follows:

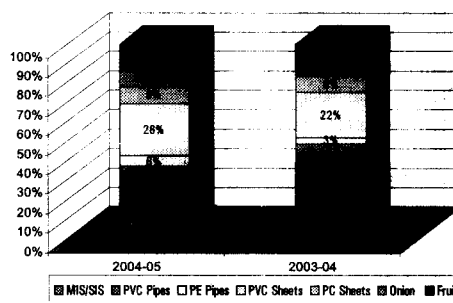
i) Agri Irrigation Products

The Micro Sprinkler Irrigation products sales registered a 33% sales growth and 38% quantity growth. The agri irrigation products contributed 20% of revenue, 30% of contribution margins and 26% of EBDIT to the Company's corporate kitty showing a dominant position in overall businesses of the Company. Domestic sales contributed 92% to segment sales and the exports contributed 8%. The ability to pass on higher polymer prices has some lead time particularly in turnkey project business.

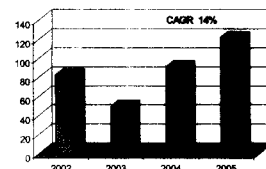
Disribution of Revenue



Disribution of EBDITA



MIS & SIS





One inline extrusion line of 600 Tons capacity was added during the year, while Injection Moulding capacity for 200 Tons was added during the year. The segment introduced 20 mm Turbo Line and various moulded components like, Turbo Seal emitter, Turbo Seal PC emitter, Micro Turbo hold stake, Turbo Fogger, bubble adjustable flow plus Poly Barb fitting, new PVC fittings, Stake inlet for micro sprinkler etc. In the sprinkler segment J12 Sprinkler, Nozzle, QC valve opener, QC hydrate, QC internal valve coupler were introduced and Twin Super Flow Disc filter and filt O clean filter, back wash controller were introduced during the year by the segment.

ii) PVC & PE Piping Products

The piping products contributed 33% of total sales, 19% of contribution margin and 17% of EBDITA to corporate entity. The domestic sales were 95% of the segment sales while exports contributed 5% to the segment sales. Lead free eco-friendly Pipes were developed for export markets. In this segment PVC Pipes grew by 25% in volume and contributing a 36% growth in value terms as compared to previous year. The ability to pass on higher raw material costs is quite immediate in the segment.

PE Pipes grew by 128% in quantitative terms, and 150% growth in value terms as compared to previous year. Higher margins in specialised product has contributed to higher EBDITA. This was the fastest growing segment of business during FY 2004-05. The PE Pipes segment revenue comprised of 95% domestic and 5% export sales.

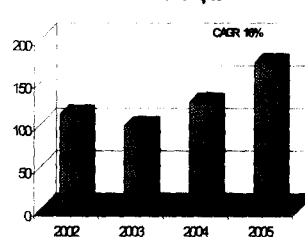
8174 Tons of Extrusion line capacity was added during the year in PE Pipe segment

iii) Tissue Culture

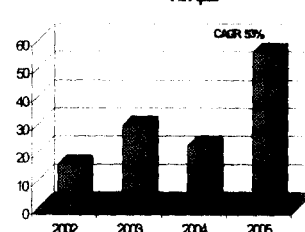
The Tissue Culture business faces increasing demand from farming community. This small business segment has shown 49% growth backed by 47% volume growth and a stable price realisation on increased volume.

The capacity expansion of 2 million Tissue Culture plants was put on stream during the year under review.

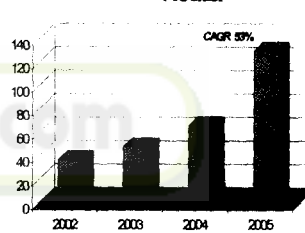
PVC Pipes



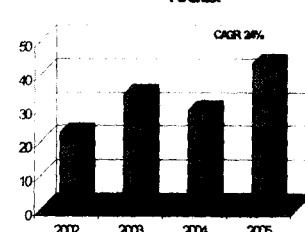
PE Pipes



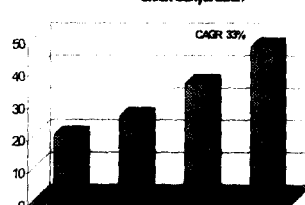
PVC Sheet



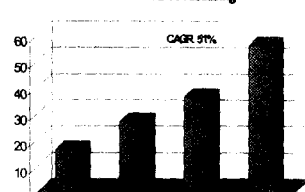
PC Sheet



Onion Dehydration



Fruit Processing



B) Industrial Products Division

The division showed robust trend by growing almost 70% over previous year in sales and exhibited a 51% growth in operating profits for FY 2004-05 over the previous year.

The division showed 20% growth in capital employed.

Within the division various product segments performed as follows:

i) PVC & PC Products

PVC Sheet products exhibited a 97% growth in sales backed by a 94% increase in quantity (resulting from capacity expansion which currently continues in the segment), the price per unit showed a marginal increase suppressed by continuing Rupee volatility against US Dollar throughout the year.

PVC sheet segment contributes 21% of Company's Sales, 22% of contribution margin and 26% of EBDITA on the corporate basis in FY 2004-05.

While in PVC Sheet segment 3% of business is domestic and 97% is export, being 100% EOU in nature.

Newer products like foam gloss have been well accepted in market and Company has been partially able to pass on the increase in polymer prices to customers in this business.

The division added 9880 Tons of Extrusion Lines capacity during the year under review. The division also introduced lead free eco-friendly Rigid PVC Sheet and Co-extruded Free Foam Sheets in the market during the year under review.

PC Sheet segment exhibited 46% growth in sales, backed by 23% growth in quantities. The segment contributes 7% of sales, 7% of contribution margin and 9% of EBDITA on corporate basis in FY 2004-05.

For the PC Sheet segment more than 48% business is domestic and 52% is exports, an almost ideal mix geographically.

ii) Dehydrated Products

The segment business has contributed 8% of sales, 10% of contribution margin and 9% of EBDITA on corporate basis in FY 2004-05.

The segment sales comprises of 2% domestic business and 98% of export, business being 100% EOU. The segment has shown 28% revenue growth backed by 12% quantity growth and small improvement in net realization. The increasing yield from high solid onions and more value added products like toasted onions have contributed significantly to higher realisations.

iii) Fruit Processing

The segment comprises of 70% of domestic turnover and 30% of exports. This business has contributed 9% of sales, 12% of contribution margin and 13% of EBDITA on corporate basis. An impressive 54% revenue growth in business segment has resulted from 32% higher quantities and higher realisations per unit based on the lower average fruit procurement prices during the season.

*More Crop Per Drop**



JAIN IRRIGATION SYSTEMS LIMITED

Out of 9100 MT capacity added during the year, 6200 MT of capacity was added during the year in southern part of India. The division also introduced frozen fruits & vegetables (IQF) for the Japanese market during the year under review.

iv) A relatively small solar water heating systems business contributed about Rs. 500 lacs sales showing 7% growth over the previous year.

5) Amalgamation of Gowtham Granites P. Ltd.

The merger and rehabilitation scheme effective from 1st January 2004, was sanctioned by honourable AAIFR, New Delhi in an appeal filed by said Company against winding up order issued by BIFR on 1st April, 2003. The accounts for the year reflect the operations of erstwhile GGPL as division of JISL after giving effect to scheme sanctioned by AAIFR on 6th January 2005, 1st February 2005 and 21st June 2005.

6) APMIP

The Project has stabilised and is expected to continue at improved pace in the current year.

The project gathered pace after price increase of average 15% was agreed by new AP Government. As against 20,000 Ha. allocated to the Company for FY 2005-06 installation took place on 15,287 Ha. of land thus, achieving just over 76% of area allocation.

7) HR 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, safety, supply chain management etc. The training covered 1387 associates and more than 2285 man hours were dedicated by associates. The Company now plans to make the training an integrated part of the production schedule to improve its impact further.

For last 2 years the company has organised family visits for employees to the 3 company premises located at Jalgaon. The families are given the history and background of organisation and a chance to have an interactive session with Chairman, Shri.B.H.Jain in person. So far 1289 employees and 5212 family members have been covered under the programme.

8) Additional resources

The Company had allotted 1349144 Fully Convertible Debenture of Rs.83 each. to Promoters group individuals with mandatory conversion on 15th April 2004. The said FCD's were converted in to Equity shares of Rs.10 each for cash at premium of Rs.73 per share. The utilisation of funds had been completed in FY 2003-04.

During January 2005, the Company made a preferential allotment under FDI (Automatic route of RBI and Govt. of India) to Dunearn Investments (Mauritius) Pte. Ltd., Mauritius an affiliate of Temasek group, Singapore. Thus, 40,00,000 Equity Shares of Rs. 10/- each for cash at a premium of Rs.102.50 per Share aggregating to Rs. 4,500 lacs were allotted. The funds have been utilised in augmenting long term resources and will help Company sustain the growth momentum in future.

9) Cost Reduction

During the year under review the Company has embarked upon a cost reduction exercise specially on finance and bank charges and the positive impact has been seen in 4th quarter of the year under consideration. About Rs. 1000 lacs of annualized interest savings were generated by partially swapping high cost debt with lower cost funds and by way of conversion of Rupee Loans to Foreign Currency Loans based on LIBOR related interest rates. The full year impact of the cost savings would be visible in the current year.

On operations side reduction in processing costs has been achieved in most of the divisions and segments of the business while Company continues its efforts on reduction in selling & distribution and administrative expenses.

10) Subsidiary Company

JISL Overseas Limited, The Mauritius based subsidiary has ceased trading activities during the year and has become a pure investment subsidiary. Thus, it earned \$ 25003 as gross revenues and has earned a net income of \$ 18097 in the year under review. More details about its performance can be found in its audited accounts of the subsidiary for year ended 31st March 2005 annexed in the Annual Report as per requirements of Sec. 212 of the Companies Act, 1956. More importantly the subsidiary has declared a maiden Dividend of \$ 25,000 and has remitted the money to parent.

The Company continues to hold its interest in the subsidiary at last year's level.

The second generation subsidiaries in UK and USA are doing steady business.

The Company plans to strengthen the resource base of the subsidiaries by additional fund infusion to the extent of about US\$ 8 million in current financial year.

Further second generation subsidiaries are being opened in South Africa and Dubai to promote export of parent company's products in these areas.

11) Comments on Current year business developments

A) Hi-tech Agri Input Products division

In the MIS / SIS segment major developments are expected to crystallise during the current year as there is direct allocation of Rs. 400 crores from Central Govt. for Drip / Sprinkler irrigation in recent Union Budget. The implementation of APMIP would continue at improved pace in current year. Gujarat and Maharashtra are expected to launch mega projects for promoting drip / sprinkler usage in respective areas to fight pockets of water scarcity and utilise proven power savings by using drip / sprinkler technology similar to APMIP.

Horizon has never been so bright in history of this business segment on domestic front.