



CORPORATE GOVERNANCE REPORT

1) Corporate Governance

Corporate Governance is the application of best management practices, compliance of laws, rules, regulations and adherence standards to achieve the objects of the Company, enhance shareholder value and discharge of social responsibility. The Corporate Governance Structure in the Company assigns responsibility and authority to Board of Directors, its committees and the executive management, senior management, employees etc.

2) Company's Philosophy on code of Corporate Governance

The Company acknowledges its responsibilities to its Stakeholders. The Company believes that Corporate Governance helps to achieve commitment and goals to enhance stakeholder value by focusing towards all stakeholders. Any good corporate governance provides an appropriate framework for the Board, its committees and the executive Management to carry out the objectives that are in the interest of the Company and the Stakeholders. The Company maintains highest levels of transparency, accountability and good management practices through the adoption and monitoring of corporate strategies, goals and procedures to comply with its legal and ethical responsibilities.

The Company is in compliance with the requirements of the revised guidelines on corporate governance stipulated under clause 49 of the Listing Agreement with the Stock Exchanges. A code of conduct is framed adopted in its pursuits of excellence in corporate governance.

The Company has three tiers of the governance pyramid:

- Shareholders - Board of Directors ● Committees of the Board ● Executive Management

Each of the tier operates within the given parameter as per prevailing laws and regulations or the practices prevalent in the industry.

3) Board of Directors

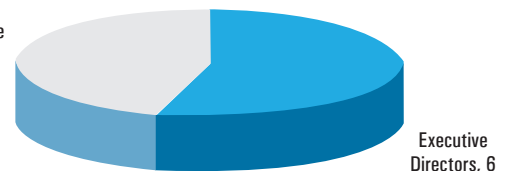
a) Composition:

The Board of Directors comprise of Jain Irrigation comprises of Executive and Non Executive Directors. Since the Chairman is a non executive Director the strength of independent Directors is mandated at 1/3 rd of the size. The Board has 4 independent members in strength of 11 at present. The executive Directors are 6 in view of the diverse nature of business of the Company. The independent Directors are professionals in their field and possess background of financial, legal and agriculture fields. 3 out of the 4 independent directors are with the Company Board for less than 3 years at present. In terms of the Articles of Association the strength of the Board shall not be less than 3 and not more than 13 at present.

The following is the composition of the Board on 31st March, 2007;

As on	Executive Directors	Non Executive Directors	Total No. of Directors
31-March-2007	6	5	11

Non Executive Directors, 5



Shri Bhavarlal H. Jain, the Founder is also the Chairman (non-executive) of the Board.

The table below gives the composition of Jain Irrigation's Board and the number of other Directorships and Committee Memberships as on 31st March, 2007.

Name of Directors	Other Directorship in Ltd. Co.	Other Directorship in Pvt. Ltd. Co.	Membership in Committees (other than JISL)	Membership in Committees at JISL
Mr. Bhavarlal H Jain	Nil	2	Nil	Nil
Mr. Anil B Jain	1	1	Nil	2
Mr. Ashok B Jain	2	12	Nil	2
Mr. Ajit B Jain	Nil	4	Nil	3
Mr. Atul B Jain	3	12	Nil	1
Mr. Anirudha R Barwe	7	Nil	12	3
Mr. Rajnikant B Jain	1	1	Nil	1
Mr. R Swaminathan	Nil	Nil	Nil	1
Mr. Ramesh C A Jain	Nil	Nil	Nil	2
Mr. Radhika C Pereira	2	2	2	Nil
Mr. V V Warty	1	1	2	3



b) The Shareholding of Directors in the Company is given in table below as on 31st March, 2007

Name of Director	No. of Shares	% of Total Equity Capital
Mr. Bhavarlal H. Jain	2,956,048	4.81%
Mr. Anil B. Jain	3,073,538	5.00%
Mr. Ashok B. Jain	3,517,297	5.72%
Mr. Ajit B. Jain	2,768,041	4.50%
Mr. Atul B. Jain	3,870,080	6.29%
Mr. Anirudha R. Barwe	-	-
Mr. Rajnikant B. Jain	138,550	0.23%
Mr. R. Swaminathan	29,952	0.05%
Mr. Ramesh C. A. Jain	-	-
Mr. Radhika C. Pereira	-	-
Mr. V. V. Warty	-	-
Total	16,353,506	26.60%

c) Meetings of Board and its Committees

Meetings of Board and its Committees are held as and when required. The meetings of the Board and Audit Committee normally last for a day and in some cases are held over two days. The Board of Directors met 8 times, One EGM was held on 26th February, 2007, One Court Convened General Meeting was held on 25th January, 2007 and AGM was held on 29th September, 2006 in 2006-07 as per details in the following table:

Name of Directors	Designation	Category	Attendance			
			BOD	EGM	Court Convened Meeting	AGM
Mr. Bhavarlal H. Jain	Chairman	Promoter Director and Non Executive Director	5	Yes	No	Yes
Mr. Ashok B. Jain	Vice Chairman	Promoter Director, Executive Director and Non Independent Director	8	Yes	Yes	Yes
Mr. Anil B. Jain	Managing Director	Promoter Director, Executive Director and Non Independent Director	6	No	No	Yes
Mr. Ajit B. Jain	Joint Managing Director	Promoter Director, Executive Director and Non Independent Director	6	Yes	Yes	Yes
Mr. Atul B. Jain	Director- Marketing	Promoter Director, Executive Director and Non Independent Director	8	Yes	Yes	Yes
Mr. Anirudha R. Barwe	Director	Non Executive Director and Independent Director	7	No	No	Yes
Mr. Rajnikant B. Jain	Director- Technical	Executive Director and Non-Independent Director	6	Yes	Yes	Yes
Mr R. Swaminathan	Director- Technical	Executive Director and Non-Independent Director	7	Yes	Yes	Yes
Mr. Ramesh C. A. Jain	Director	Non Executive Director and Independent Director	6	No	No	Yes
Mr. Radhika C. Pereira	Director	Non Executive Director and Independent Director	5	No	No	No
Mr. V. V. Warty	Director	Non Executive Director, Independent Director and SBI Nominee Director	6	No	No	No



d) Disclosure regarding appointment or re-appointment of Directors

Sr. No.	Name, Designation and Qualification	Experience and Expertise in specific functional areas	Other Company Directorships and Committee Memberships
1	Shri Bhavarlal H. Jain Chairman B.Com, LLB	Founder of the Jain group of companies and Chairman of the Company. He began his business in 1963 by trading in agricultural inputs and equipments. In 1978, he acquired a sick unit which he used to manufacture Papain. In 1980, he commenced PVC Pipe manufacturing operations. Post 1986, he pioneered the concept of micro irrigation in India. He has received many awards and accolades for outstanding work in agriculture including the prestigious Crawford Reid Memorial Award instituted by Irrigation Association, U.S.A. for <i>“Significant Contribution to the Irrigation Industry outside the United States”</i> . 3 honorary doctorates have been conferred on him from different universities acknowledging path breaking work he has done for improvement of agriculture in India.	Director of: KBJ Family Institute of Knowledge Gandhi Research Foundation Committee Membership: None
2	Shri Ashok B. Jain Vice Chairman B.Com	Joined the management team in 1982 and was in charge of marketing and extension services in Maharashtra and other States. In 1993 he became a Director and was responsible for Corporate Administration, Corporate Image and Relationships, Events Management, Personnel/Human Resource Development, Communication, Public Relations, Art and Publicity. At present he also acts as director in charge of the Food Processing Division.	Director of: KBJ Family Institute of Knowledge Gandhi Research Foundation Labh Subh Securities International Ltd Jain Vanguard Polybutylene Ltd Atlas Technology Pvt. Ltd Timbron India Pvt. Ltd JAF Products Pvt. Ltd Jain Brothers Industries Pvt. Ltd Pixel Point Pvt. Ltd. Cosmos Investment & Trading Pvt. Ltd. Jain Eagro.Com (India) Pvt. Ltd. Jalgaon Investment Pvt. Ltd Committee Membership: None
3	Shri Anil B. Jain Managing Director B.Com, LLB	Managing Director of the Company since 1993. He joined management team in 1984 and was in charge of US based marketing operations. He has an extensive background and experience in Finance, Banking, Mergers & Acquisitions, Strategic Planning, Restructuring Operations, Export Marketing, International Business Relations, Collaborations and Joint Ventures.	Director of: KBJ Family Institute of Knowledge JISL Overseas Ltd Cascade Specialties Inc NuCedar Mills, Inc Chapin Watermetics, Inc Aquarius Brands, Inc Jain (Americas) Inc Jain Irrigation Inc Committee Membership: None
4	Shri Ajit B. Jain Joint Managing Director BE.(Mech)	Joint Managing Director of the Company since 1994. He is director in charge of drip irrigation division including guidance for extension service and development of new applications and products. He joined management in 1984 and started his training in production and maintenance in the pipe division. During the period from 1985-1990, he was in charge of establishing the new pipe production plant at Sendhwa in Madhya Pradesh. In 1991 he was appointed Director with the overall responsibility of the pipe manufacturing plant at Jalgaon, including production, maintenance and marketing.	Director of: Jain Extrusion & Moulding Pvt. Ltd. Jain Rotfil Heaters Pvt. Ltd Cosmos Investment & Trading Pvt. Ltd. KBJ Family Institute of Knowledge Chapin Watermetics, Inc Committee Membership: None



Sr. No.	Name, Designation and Qualification	Experience and Expertise in specific functional areas	Other Company Directorships and Committee Memberships
5	Shri Atul B. Jain Director – Marketing B. Com	He joined the management team in 1992. From 1994-2000, he was in charge of Europe-based marketing operations and was responsible for developing and maintaining the market for PVC sheets, Dehydrated products and fruit pulp etc. Presently, he focuses on marketing our products on a global basis, in addition to being director in charge of the piping division.	<p>Director of:</p> <p>KBJ Family Institute of Knowledge Labh Subh Securities International Ltd. Jain Vanguard Polybutylene Ltd. Atlas Technology Pvt. Ltd. Timbron India Pvt. Ltd. JAF Products Pvt. Ltd. Jain Brothers Industries Pvt. Ltd. Pixel Point Pvt. Ltd. Cosmos Investment & Trading Pvt. Ltd. Jain Eagro.Com (India) Pvt. Ltd. Jalgaon Investment Pvt. Ltd. Jain Extrusion & Moulding Pvt. Ltd. Jain Rotfil Heaters Pvt. Ltd. JISL Overseas Ltd. Cascade Specialties Inc. Nucedar Mills, Inc. Chapin Watermetics, Inc. Aquarius Brands, Inc. Jain(Americas) Inc. Jain Irrigation Inc.</p> <p>Committee Membership: None</p>
6.	Shri A. R. Barwe Director M.Sc (Mathematics)	He is a Director and Chairman of the Audit Committee. He holds a graduate degree in Mathematics and is an associate of the Indian Institute of Bankers in Mumbai. He started his career as a lecturer in Northern Maharashtra in 1960 and was a Probationary Officer of State Bank of India (SBI) in 1961. He held several important positions within State Bank of India and in 1996 was named Managing Director of SBI Capital Markets Limited. He is currently advising a number of entities including foreign bodies in the financial field and is a member Government economic committees and other listed company boards.	<p>Director of:</p> <p>ILFS Investsmart Ltd. ILFS Investsmart Securities Ltd IFCI Financial Services Ltd Kotak Mahindra Trustee Co. Ltd MSPL Limited Zenith Birla (India) Ltd Sigma Laboratories Ltd</p> <p>Committee Membership:</p> <p>i) ILFS InvestSmart Ltd - Chairman of Audit Committee - Chairman of Public Grievance Committee - Chairman of Remuneration Committee</p> <p>ii) ILFS InvestSmart Securities Ltd - Chairman of Audit Committee - Chairman of Public Grievance Committee - Chairman of Remuneration Committee</p> <p>Kotak Mahindra Trustee Co. Ltd - Member of Audit Committee</p> <p>iv) IFCI Financial Services Ltd - Member of Audit Committee - Member of Investment Committee</p> <p>v) Kotak Mahindra Trustee Co. Ltd - Member of Audit Committee</p> <p>vi) MSPL Limited - Chairman of Audit Committee - Chairman of Remuneration Committee</p> <p>vi) Zenith Birla (India) Ltd - Member of Audit Committee</p>



Sr. No.	Name, Designation and Qualification	Experience and Expertise in specific functional areas	Other Company Directorships and Committee Memberships
7.	Shri Rajnikant B Jain Director- Technical B Tech (Chemical)	He is in charge of the technical area of the food processing plants. He graduated with a B.Tech (Hons.) from IIT in Chemical Engineering in 1978 and since then he has been associated with the Jain Group. He has been the key person for major technical developments in almost all the industrial ventures. In 1978-1979, he was associated with Papain manufacturing and was responsible for developing the refining process. In 1981, he was in charge of the development of PVC pipes. During the period from 1987 to 1993, he was Managing Director and helped establish foundation of drip irrigation division. Since 1994, he has been in charge of Agro Processing Activities.	Director of: Jain Vanguard Polybutylene Ltd Jain Eagro.Com (India) Pvt. Ltd Cascade Specialties Inc Committee Membership: None
8	Shri R Swaminathan Director- Technical B Tech (Chemical)	He is Chemical Engineer responsible for manufacturing operations in Poly-tube, Sprinkler, PVC & PC Sheets and PVC & PE Pipe units. He has 30 years of experience in operation and maintenance activities of plants handling such things as Solvent Extraction, Plastics Extrusion and Injection Moulding. He joined the Jain Group in 1982 and was appointed a full-time Director in 1996.	Director of: NuCedar Mills, Inc Chapin Watermatics, Inc Committee Membership: None
9	Shri Ramesh C A Jain Director B A, LLB	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.	Directorship – None Committee Membership: None
10	Smt. Radhika C Pereira Director B.Sc., LLB, LLM(Cambridge)	She is a graduate of Mumbai University concentrating in science and law, and holds an LLM from Cambridge (England) and Harvard (USA). Currently, she is a 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, Arthur Anderson & Co, Mumbai, and as a Partner in Udhwadia & Udeshi, Advocates, Mumbai.	Director of: Tips Industries Ltd Sethi Funds Management Pvt. Ltd Ascent HR Solutions Pvt. Ltd. India Co Ventures Ltd Committee Membership: i) Tips Industries Ltd - Member of Audit Committee ii) Tips Films Ltd - Member of Audit Committee
11	Shri Vasant V Warty Director – Nominee – SBI BA, LLB	He was appointed on May 13, 2004 by State Bank of India, the lead bank for the consortium of working capital bankers. He is a graduate in Arts and Law and holds a diploma in Managerial Accounting from Jamnalal Bajaj Institute, in addition to having passed CAIIB. Mr. Warty joined State Bank of India as a Probationary Officer in October 1966 and has held various positions within the field of Branch Management, including International Banking faculty member of State Bank staff college, Zonal Office in Mumbai, GM Commercial Banking and CGM Orissa State.	Director of: Lanco Kondapalli Power Pvt. Ltd Ratnagiri Gas Power (P) Ltd.



e) Information provided to Board Members

The structured agenda for the Board Meetings together with appropriate supporting documents is circulated in advance of the meetings. Some bulky documents are placed at the meeting and Power Point presentations are made to explain the details to all the Directors. The Board of Directors decide certain urgent matters by circulation as is permitted under the Companies Act, 1956. The circular resolutions are then confirmed at the next Board Meeting. As a part of Agenda, the Company has circulated notices, circulars, orders on material development, legal and regulatory environment affecting the Company including the following:

- i) Quarterly/annual divisional performance vis a vis the Budget for the financial quarter/year adopted by Board and reasons and details for variations, if any.
- ii) Treasury decisions both Domestic and Foreign exchange related as and when movement takes place but otherwise on a semi-annual basis.
- iii) Internal Audit findings and Statutory Auditors reports (thru the Audit Committee).
- iv) Show cause, demand, prosecution notices, if any from revenue authorities which are materially important and that exceed financial threshold set by the Board.
- v) Default, if any, in payment of interest and redemption of principal on Debentures issued by Company and the dues to major creditors of the Company or Financial Institution, Bank.
- vi) Terms of reference of the Committees appointed by the Board.
- vii) Significant write off's/disposals or incidents of fraud/theft etc.
- viii) Information related to strike, lock outs, retrenchments and fatal accidents etc.
- ix) Any information which could potentially alter/impact the business seriously or which could negatively impact the Company's image in general.
- x) Compensation to Directors:

The remuneration paid or payable to the Directors for services rendered during 2006-2007 is given hereunder:

a) Executive Directors:

Sr.No.	Name	Designation	Remuneration (Rs.)	Commission (Rs.)	Total
1	Shri Anil B. Jain	Managing Director	10,818,585	9,411,311	20,317,896
2	Shri Ajit B. Jian	Joint Managing Director	8,529,305	9,411,310	18,028,615
	Total		19,347,889	18,998,621	38,346,510
3	Shri Ashok B. Jain	Vice Chairman	5,804,012	9,411,311	15,303,323
4	Shri Atul B. Jain	Director – Marketing	4,412,462	9,411,310	13,911,772
5	Shri R. B. Jain	Director – Technical	2,723,410	–	2,723,410
6	Shri R. Swaminathan	Director – Technical	3,871,532	–	3,871,532
	Total		16,811,416	18,998,621	35,810,037
	Grand Total		36,159,305	37,997,242	74,156,547

b) Non Executive Directors :

Sr.No.	Name of Director	Commission	Sitting Fees (Rs.)			Total
			Board Meeting	Committee Meetings	Total	
1	Shri B. H. Jain	25,00,000	–	–	–	25,00,000
2	Mr. Anirudha R. Barwe	7,50,000	55,000	90,000	1,45,000	8,95,000
3	Shri Ramesh C.A. Jain	7,50,000	40,000	35,000	75,000	8,25,000
4	Mr. V. V. Warty	–	45,000	60,000	1,05,000	1,05,000
5	Mrs Radhika C. Pereira	–	40,000	25,000	65,000	65,000
	Total	40,00,000	1,80,000	2,10,000	3,90,000	43,90,000

The Company has granted 10,000 Options to Non-Executive Directors under the Employees Stock Options and Shares Scheme, 2005 of the Company.

4) Related Party Transactions:

The details of related party transactions are given in detail in Note No 12 of Part B of Schedule 20 (Page No. from 49 to 50) of the Audited Accounts of the Company for the year ended 31st March, 2007.

5) Committees of the Board:

The Committees appointed by the Board carry out functions in specific areas and make recommendations to the board on various matters from time to time. The decisions and recommendations of the Committees are placed before the Board for information or approval.

Jain Irrigation has following regular Board level committees:

- A) Audit Committee,
- B) Compensation Committee,
- C) Investors Relation and Grievances Committee, and
- D) Operations Review Committee

A) Audit Committee:

The Audit Committee meetings are generally organized just before the Board Meeting. The agenda for Audit Committee meetings include following items:

- a) Detailed presentation on matters within the purview of the Committee.
- b) Action taken reports.
- c) Internal Audit Reports
- d) Matters regarding appointment of Statutory Auditors, Internal Auditors etc.
- e) Financial reporting to all Stakeholders
- f) Details as per revised clause 49 of the listing agreement.

The management is responsible for financial reporting and internal control in the Company. The Statutory Auditors are responsible for performing audit of the Company's financial statements in accordance with the generally accepted audit practices and issue reports based on such audits. The Audit Committee is responsible for supervising the financial reports, statutory audit and internal audit to ensure accurate and appropriate disclosures that maintain and enhance quality of financial reporting. The following are the members of the Audit Committee as on 31st March 2007:

- | | |
|--------------------------|----------|
| a) Mr. Anirudha R. Barwe | Chairman |
| b) Mr. Anil B. Jain | Member |
| c) Mr. Ramesh C. A. Jain | Member |
| d) Mr. V. V. Warty | Member |

The Company Secretary is the Secretary and Convener of the Committee.

The Statutory Auditors were present in all 4 Audit Committee Meetings held during the year.

Presence at Audit Committee Meetings:

Name of Directors	Designation	Category	Total
Mr. Anil B. Jain	Managing Director	Promoter Director Executive Director / Non Independent Director	4
Mr. Anirudha R. Barwe	Director	Non Executive Director Independent Director	4
Mr. Ramesh C. A. Jain	Director	Non Executive Director Independent Director	4
Mr. V. V. Warty	Director	Non Executive Director Independent Director	3

Scope of Audit Committee is as under:

- Supervise the financial reporting numbers, comments.
- Review the quarterly and annual financial results before placing them before the Board with particular reference to.
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgement by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
- Review the adequacy of internal control in the Company including a plan, scope and performance of the internal Audit functions.
- Hold discussions with Statutory Auditors on the nature and scope of audit and any views that they have about the financial control and reporting process.



- Ensure compliance with accounting standards and listing requirements with respect to financial statements.
- Recommend the appointment and removal of external Auditors and their fees.
- Ensure that adequate safeguards have been taken for legal compliance both for the Company and its other domestic as well as foreign subsidiaries.
- Review related party transactions.
- Review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- The minutes of the Board meeting of the unlisted subsidiary company shall be placed at the Board meeting of the listed holding company. The management periodically brings to the attention of the Board of Directors of the listed holding company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.
- Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- Review the functioning of the Whistle Blower mechanism, in case the same is existing.

The Audit Committee has recommended to the Board to accept the audited financial statements prepared in accordance with Indian GAAP as true and fair statements of the financial health of the Company.

B) Compensation Committee

Committee consists of following persons as on 31st March, 2007:

- | | |
|----------------------------|----------|
| a) Shri. A. R. Barwe | Chairman |
| b) Shri. Ramesh C. A. Jain | Member |
| c) Shri. Ashok B. Jain | Member |
| d) Shri. Ajit B. Jain | Member |
| e) Shri V. V. Warty | Member |

The Company Secretary is the Convener of the Committee.

The Compensation Committee considers and recommends the compensation of Executive Directors and selected Executives at the senior level in the Company. Two meetings were held on 13th May, 2006 and 27th January, 2007 in 2006-07.

C) Shareholders Grievances Committee

The Shareholders Grievances Committee (SGC) is chaired by the Independent and Non-Executive Director and comprises of following as on 31st March, 2007:

- | | |
|-----------------------|----------|
| a) Shri. V. V. Warty | Chairman |
| b) Shri. Ajit B. Jain | Member |
| c) Shri. A. R. Barwe. | Member |

The Company Secretary is the Secretary of this Committee.

The scope of the committee is as follows:

To review Investor complaints,

To review Corporate action related work,

Out source investor services like registrars and Transfer Agents, etc.

Two meetings of SGC were held on 29th December, 2006 and 19th January, 2007 during the year 2006-07. However, the transfer sub committee has met 37 number of times to approve the requests for transfer, transmission, duplicate, split, demat etc.

D) Operations Review Committee

The Board on 30th September, 2005 formed an Operations Review Committee which undertakes work of approving (within the borrowing powers approved by Board) the individual sanction letters and delegates authority for completing documentation related to such borrowing. The Committee also approves opening and closing of Bank accounts and delegates' authority for security creation or related action for documentation. The Committee consists of the following persons:

- | | |
|---------------------------|----------|
| a) Shri Ashok B. Jain | Chairman |
| b) Shri Anil B. Jain | Member |
| c) Shri Ajit B. Jain | Member |
| d) Shri Atul B. Jain | Member |
| e) Shri Rajnikant B. Jain | Member |
| f) Shri R. Swaminathan | Member |

The Operations Review Committee has met 21 times during the FY 2006-07.