



Auditors' Report

To

The Members of Jain Irrigation Systems Limited

- 1) We have audited the attached Balance Sheet of Jain Irrigation Systems Limited ('the Company') as at March 31, 2012 and also the statement of Profit and Loss and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003, (as amended) issued by the Central Government of India in terms of Sub – section(4A) of section 227 of 'The Companies Act 1956' of India (The 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we given in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said Order.
- 4) Further to our comments in the paragraph 3 above, we report that :
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii) The balance sheet, statement of profit and loss and the cash flow statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - v) On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2012;
 - b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For Haribhakti & Co.

Chartered Accountants

FRN No.103523W

Sd/-

Rakesh Rathi

Partner,

Membership No. 45228

Date **August 14, 2012**

Place **Mumbai**



Annexure to Auditors' Report

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Jain Irrigation Systems Limited on the financial statements for the year ended March 31, 2012

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) As explained to us, some of the fixed assets have been physically verified by the management under the phased programme of physical verification, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. The frequency of verification is reasonable and no material discrepancies have been noticed on such physical verification.
- c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the company during the year.
- ii) a) The inventory has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) On the basis of our examination of inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii) As informed, the Company has not granted/taken any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs (iii) (b), (c), (d), (f) and (g) of the Companies (Auditors Report) Order 2003 (as amended) are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have neither come across nor have been informed of any continuing failure to correct weakness in internal control system of the company.
- v) According to the information and explanations given to us, there have been no contracts or arrangements referred to in section 301 of the Act during the year to be entered in the register required to be maintained under that section. Accordingly commenting on transactions made in pursuance of such contracts or arrangements does not arise.
- vi) The company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) We have broadly reviewed the books of account maintained by the company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- ix) a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and other material statutory dues applicable to it.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- c) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues outstanding of, sales tax, service tax and excise duty on account of any dispute are as follows:



Name of the statute	₹ in Million	Forum where dispute is pending
Central Sales Tax and Local Sales Tax	57.24	Departmental Authorities
Service Tax	2.92	Commissioner – Appeals
Excise Duty	188.32	High Court
	64.99	Appellate Tribunal
	27.73	Departmental Authorities

According to the information and explanation given to us, there are no dues of wealth – tax, income tax and custom duty which have not been deposited on account of any dispute.

- x) The Company has no accumulated losses as at 31st March 2012 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders during the year.
- xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- xv) According to the information and explanations given to us, and the representation made by the management, the Company has given guarantee for loans taken by its subsidiaries. In our opinion, the terms and conditions of the guarantees given by the company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
- xvi) In our opinion, and according to information and explanations given to us, the term loans have been applied for the purpose for which the loans were raised.
- xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, there are no funds raised on short-term basis have been used for long-term investment.
- xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- xix) According to the information and explanations given to us, during the period covered by our audit report, the Company has not issued any debentures.
- xx) The Company has not raised any money by public issue during the year.
- xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For Haribhakti & Co.
Chartered Accountants
FRN No.103523W

Sd/-
Rakesh Rath

Partner,

Membership No. 45228

Date **August 14, 2012**
Place **Mumbai**