



## NOTICE

**NOTICE IS HEREBY GIVEN THAT 25<sup>th</sup> ANNUAL GENERAL MEETING OF SHAREHOLDERS OF JAIN IRRIGATION SYSTEMS LIMITED SHALL BE HELD ON FRIDAY, 21<sup>st</sup> SEPTEMBER, 2012 AT 11 AM AT REGISTERED OFFICE OF THE COMPANY AT JAIN PLASTIC PARK, N. H. NO. 6, BAMBHORI, JALGAON 425001 TO TRANSACT THE FOLLOWING BUSINESS;**

### ORDINARY BUSINESS

- 1) To receive, consider and adopt the Audited Accounts for the year ended 31<sup>st</sup> March, 2012 (including Balance Sheet as at 31<sup>st</sup> March, 2012 and Consolidated Balance Sheet as at 31<sup>st</sup> March, 2012, Cash Flow Statement and Profit & Loss account and Consolidated Profit & Loss account for the year ended on even date) together with Schedules, Notes thereon and the reports of Board of Directors and Auditors thereon.
- 2) To declare a Dividend on Ordinary and DVR Equity Shares of ₹2 each.

Sr. No.	Particulars of Equity Shares	Amount (₹)
1	50% (₹1/-per share) on 385,886,085 Ordinary Equity Shares of ₹ 2 each	38,58,86,085
2	50% (₹1/-per share) on 19,294,304 DVR Equity Shares of ₹ 2 each	1,92,94,304
	<b>Total (excluding applicable Dividend Distribution Tax)</b>	<b>40,51,80,389</b>

- 3) To appoint a Director in place of Mr. Atul B. Jain, who retires by rotation and being eligible offers himself for re-appointment as Director.
- 4) To appoint a Director in place of Mr. Ramesh C. A. Jain who retires by rotation and being eligible offers himself for re-appointment as Director.

### 5) Re-appointment of Statutory Auditors:

**To consider and if thought fit, to pass, with or without any modification as may be deemed fit, the following resolution as an ordinary resolution**

**"RESOLVED** pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, **THAT** M/s. Haribhakti and Company, Chartered Accountants, Mumbai, the retiring Auditors of the Company be and are hereby reappointed as Statutory Auditors of the Company upto the conclusion of the 26th Annual General Meeting on remuneration of ₹50 Lacs (Audit fees ₹40 Lacs, Tax Audit fees ₹4 Lacs and Limited Review fees ₹6 Lac), and reimbursement of out of pocket expenses as may be incurred during the course of the audit.

### SPECIAL BUSINESS

#### 6. Mortgage of Immovable Properties of the Company:

**To consider and if thought fit, to pass, with or without any modification as may be deemed fit, the following resolution as an ordinary resolution**

**"RESOLVED THAT** consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293(1)(a) and, any other applicable provisions of the Companies Act, 1956 subject to requisite

approvals, consents and clearance from the Company's Bankers, Financial Institutions, Trustees to the Debenture holders and / or other Institutions /bodies, if and wherever necessary, to mortgage / charge / hypothecate or otherwise create an encumbrance on such terms and conditions and in such form and manner, as it may think fit, on the whole or substantially the whole/ one or more of the Company's undertaking(s), including present and/or future properties, whether immovable or movable, against loans obtained, together with interest thereon, at the respective rates agreed, additional/ further /compound interest in the event of default, commitment charges, premium (if any) on redemption, all other costs, charges and expenses and all other monies payable by the Company to Financial Institutions/ Banks/ other Lenders in terms of the letter of sanction and/or Loan agreement(s) or any other deeds or documents as are entered into by the Company or any modification in respect of the Loan.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to finalise the manner and method and all necessary agreements, deeds and documents and subsequent modifications thereto, for creating the aforesaid mortgage and/or charge etc. and to do all such acts, deeds, matters and things as may be necessary desirable or expedient for the purpose of giving effect to the above resolution."

#### 7. Re-appointment and Remuneration of Mr. Ashok B. Jain as Executive Vice Chairman.

**To consider and if thought fit, to pass, with or without modification as may be deemed fit, the following as a Special Resolution**

**"RESOLVED THAT,** pursuant to provisions of Sections 198, 269, 309, 310, 311, 314, read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or reenactment thereof, for the time being in force) the Company hereby approves and consents to the re-appointment of Mr. Ashok B. Jain as Executive Vice Chairman of the Company from 1st October 2012 to 30th September 2015 (hereinafter referred to as 'EVC') for a period of 3 years, on the terms and conditions including perquisites, where the remuneration including perquisites are subject to the approval of the Central Government, if any, as may be applicable from time to time, as are set out below, with liberty to the Board of Directors to alter, and vary the terms and conditions of the said appointment, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956, or the applicable provisions of the Companies Act, 1956 for the time being in force or any amendments thereof, or any amendments and / or modification that may hereafter be made thereto by the Central Government or as may be agreed between the Board of Directors and the EVC. The terms and conditions of the appointment are contained hereunder and in the Explanatory Statement.

For Jain Irrigation Systems Ltd

  
(A. V. Ghodgaonkar)  
Company Secretary.



### Terms of Remuneration

₹11,68,000/- per month as monthly remuneration, plus commission @ 1% of net profits applicable for a period of 3 years from 1st October 2012 to 30th September 2015, and on further terms and conditions as per agreement to be entered into with him, inclusive of all perquisites, incentive, extra salary etc., but excluding the following (which shall be paid separately):

- i) Contribution to the Provident Fund, Superannuation Fund, Annuity Fund and /or Gratuity;
- ii) Gratuity not exceeding half-month salary for each year of completed service under this appointment;
- iii) Provision of vehicle for use of Company's business as per the policy fixed by the Company; and
- iv) Reimbursement of expenses incurred in official capacity for the Company.

**RESOLVED FURTHER THAT** where in any financial year during the tenure of said Executive Vice Chairman, the Company has no profits or its profits are inadequate, the Company shall pay to him the above remuneration (without commission), as the minimum remuneration, as is permissible, but not exceeding the limits specified under Section II of Part II to Schedule XIII of the Companies Act, 1956 as applicable for the year / period for which profits are inadequate.

**RESOLVED FURTHER THAT** any Director or Company Secretary of the Company be and is hereby authorised to complete the necessary filings and to take such steps as may be necessary and desirable to give effect to this resolution."

### 8. Re-appointment and Remuneration of Mr. Anil B. Jain as CEO / Managing Director.

**To consider and if thought fit, to pass, with or without modification as may be deemed fit, the following as a Special Resolution**

**"RESOLVED THAT**, pursuant to provisions of Sections 198, 269, 309, 310, 311, 314, read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or reenactment thereof, for the time being in force) the Company hereby approves and consents to the re-appointment of Mr. Anil B. Jain as Chief Executive Officer/ Managing Director of the Company from 1st October 2012 to 30th September 2015 (hereinafter referred to as 'MD') for a period of 3 years, on the terms and conditions including perquisites, where the remuneration including perquisites are subject to the approval of the Central Government, if any, as may be applicable from time to time, as are set out below, with liberty to the Board of Directors to alter, and vary the terms and conditions of the said appointment, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956, or the applicable provisions of the Companies Act, 1956 for the time being in force or any amendments thereof, or any amendments and / or modification that may hereafter be made thereto by the Central Government or as may be agreed between the Board of Directors and the CEO/ MD. The terms and conditions of the appointment are contained hereunder and in the Explanatory Statement.

### Terms of Remuneration

₹11,68,000/- per month as monthly remuneration plus commission @ 1% of net profits, applicable for a period of 3 years from 1st October 2012 to 30th September 2015, and on further terms and conditions as per agreement to be

entered into with him, inclusive of all perquisites, incentive, extra salary etc., but excluding the following (which shall be paid separately):

- i) Contribution to the Provident Fund, Superannuation Fund, Annuity Fund and/or Gratuity;
- ii) Gratuity not exceeding half-month salary for each year of completed service under this appointment;
- iii) Provision of vehicle for use of Company's business as per the policy fixed by the Company; and
- iv) Reimbursement of expenses incurred in official capacity for the Company.

**RESOLVED FURTHER THAT** where in any financial year during the tenure of said CEO / Managing Director, the Company has no profits or its profits are inadequate, the Company shall pay to him the above remuneration (without commission), as the minimum remuneration, as is permissible, but not exceeding the limits specified under Section II of Part II to Schedule XIII of the Companies Act, 1956 as applicable for the year/period for which profits are inadequate.

**RESOLVED FURTHER THAT** any Director or Company Secretary of the Company be and is hereby authorised to complete the necessary filing and to take such steps as may be necessary and desirable to give effect to this resolution."

### 9. Re-appointment and Remuneration of Mr. Ajit B. Jain as COO / Joint Managing Director.

**To consider and if thought fit, to pass, with or without modification as may be deemed fit, the following as a Special Resolution**

**"RESOLVED THAT**, pursuant to provisions of Sections 198, 269, 309, 310, 311, 314, read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or reenactment thereof, for the time being in force) the Company hereby approves and consents to the re-appointment of Mr. Ajit B. Jain as Chief Operating Officer/ Joint Managing Director of the Company from 1st October 2012 to 30th September 2015 (hereinafter referred to as 'Jt. MD') for a period of 3 years, on the terms and conditions including perquisites, where the remuneration including perquisites are subject to the approval of the Central Government, if any, as may be applicable from time to time, as are set out below, with liberty to the Board of Directors to alter, and vary the terms and conditions of the said appointment, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956, or the applicable provisions of the Companies Act, 1956 for the time being in force or any amendments thereof, or any amendments and / or modification that may hereafter be made thereto by the Central Government or as may be agreed between the Board of Directors and the COO/ Jt. MD. The terms and conditions of the appointment are contained hereunder and in the Explanatory Statement.

### Terms of Remuneration

₹11,68,000/- per month as monthly remuneration plus commission @ 1% of net profits, applicable for a period of 3 years from 1st October 2012 to 30th September 2015, and on further terms and conditions as per agreement to be entered into with him, inclusive of all perquisites, incentive, extra salary etc., but excluding the following (which shall be paid separately):

- i) Contribution to the Provident Fund, Superannuation Fund, Annuity Fund and /or Gratuity;



- ii) Gratuity not exceeding half-month salary for each year of completed service under this appointment;
- iii) Provision of vehicle for use of Company's business as per the policy fixed by the Company; and
- iv) Reimbursement of expenses incurred in official capacity for the Company.

**RESOLVED FURTHER THAT** where in any financial year during the tenure of said Chief Operating Officer / Jt. Managing Director, the Company has no profits or its profits are inadequate, the Company shall pay to him the above remuneration (without commission), as the minimum remuneration, as is permissible, but not exceeding the limits specified under Section II of Part II to Schedule XIII of the Companies Act, 1956 as applicable for the year / period for which profits are inadequate.

**RESOLVED FURTHER THAT** any Director or Company Secretary of the Company be and is hereby authorised to complete the necessary filings and to take such steps as may be necessary and desirable to give effect to this resolution."

#### **10. Re-appointment and Remuneration of Mr. Atul B. Jain as CMO / Joint Managing Director.**

**To consider and if thought fit, to pass, with or without modification as may be deemed fit, the following as a Special Resolution**

**"RESOLVED THAT,** pursuant to provisions of Sections 198, 269, 309, 310, 311, read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or reenactment thereof, for the time being in force) the Company hereby approves and consents to the re-appointment of Mr. Atul B. Jain as Chief Marketing Officer / Joint Managing Director of the Company from 1st October 2012 to 30th September 2015 (hereinafter referred to as 'CMO/Jt. MD') for a period of 3 years, on the terms and conditions including perquisites, where the remuneration including perquisites are subject to the approval of the Central Government, if any, as may be applicable from time to time, as are set out below, with liberty to the Board of Directors to alter, and vary the terms and conditions of the said appointment, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956, or the applicable provisions of the Companies Act, 1956 for the time being in force or any amendments thereof, or any amendments and / or modification that may hereafter be made thereto by the Central Government or as may be agreed between the Board of Directors and the CMO/ Jt. MD. The terms and conditions of the appointment are contained hereunder and in the Explanatory Statement.

##### **Terms of Remuneration**

₹11,68,000 per month as monthly remuneration plus commission @ 1% of net profits, applicable for a period of 3 years from 1st October 2012 to 30th September 2015, and on further terms and conditions as per agreement to be entered into with him, inclusive of all perquisites, incentive, extra salary etc., but excluding the following (which shall be paid separately):

- i) Contribution to the Provident Fund, Superannuation Fund, Annuity Fund and/or Gratuity;
- ii) Gratuity not exceeding half-month salary for each year of completed service under this appointment;
- iii) Provision of vehicle for use of Company's business as per the policy fixed by the Company; and

- iv) Reimbursement of expenses incurred in official capacity for the Company.

**RESOLVED FURTHER THAT** where in any financial year during the tenure of said Jt. Managing Director, the Company has no profits or its profits are inadequate, the Company shall pay to him the above remuneration (without commission), as the minimum remuneration, as is permissible, but not exceeding the limits specified under Section II of Part II to Schedule XIII of the Companies Act, 1956 as applicable for the year / period for which profits are inadequate.

**RESOLVED FURTHER THAT** any Director or Company Secretary of the Company be and is hereby authorised to complete the necessary filings and to take such steps as may be necessary and desirable to give effect to this resolution."

#### **11. Re-appointment and Remuneration of Mr. R. Swaminathan as Director - Technical.**

**To consider and if thought fit, to pass, with or without modification as may be deemed fit, the following resolution as a Special Resolution**

**"RESOLVED THAT,** pursuant to provisions of Sections 198, 269, 309, 310, 311, read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or reenactment thereof, for the time being in force) the Company hereby approves and consents to the re-appointment of Mr. R. Swaminathan as Director- Technical of the Company from 1st October 2012 to 30th September 2015 (hereinafter referred to as 'D-T') for a period of 3 years, on the terms and conditions including perquisites, where the remuneration including perquisites are subject to the approval of the Central Government, if any, as may be applicable from time to time, as are set out below, with liberty to the Board of Directors to alter, and vary the terms and conditions of the said appointment, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956, or the applicable provisions of the Companies Act, 1956 for the time being in force or any amendments thereof, or any amendments and / or modification that may hereafter be made thereto by the Central Government or as may be agreed between the Board of Directors and the D-T. The terms and conditions of the appointment are contained hereunder and in the Explanatory Statement.

##### **Terms of Remuneration**

₹520,320/- per month as monthly remuneration, applicable for a period of 3 years from 1st October 2012 to 30th September 2015, and on further terms and conditions as per agreement to be entered into with him, inclusive of all perquisites, incentive, extra salary etc., but excluding the following (which shall be paid separately):

- i) Contribution to the Provident Fund, Superannuation Fund, Annual Fund and/or Gratuity;
- ii) Gratuity not exceeding half-month salary for each year of completed service under this appointment;
- iii) Provision of vehicle for use of Company's business as per the policy fixed by the Company; and
- iv) Reimbursement of expenses incurred in official capacity for the Company.

**RESOLVED FURTHER THAT** where in any financial year during the tenure of said Director Technical, the Company has no profits or its profits are inadequate, the Company





shall pay to him the above remuneration, as the minimum remuneration, as is permissible, but not exceeding the limits specified under Section II of Part II to Schedule XIII of the Companies Act, 1956 as applicable for the year / period for which profits are inadequate.

**RESOLVED FURTHER THAT** any Director or Company Secretary of the Company be and is hereby authorised to complete the necessary filings and to take such steps as may be necessary and desirable to give effect to this resolution."

## 12. Payment of Commission to Non Executive Directors

**To consider and if thought fit to pass with or without modification the following resolution as a Special resolution:**

**RESOLVED** pursuant to Section 309(4) and such other provisions of the Companies Act, 1956 as may be applicable to the decision **THAT** consent of the Company be and is hereby given to the Board of Directors of the Company to remunerate the non executive Directors (except Mr. B.H. Jain-Chairman) of the Company by means of a commission on net profits upto a level of 1% (One Percent) per annum of net profits calculated under the provisions of Section 349 and 350 of the Companies Act 1956 for a period of 5 years beginning 1st April 2012, such that those non executive Directors who have remained appointed for at least nine months out of twelve months of the financial year shall be eligible for the purpose of receipt of remuneration for the relevant financial year.

**RESOLVED FURTHER THAT** the consent of the Company be and is hereby given by way of ratification for the remuneration in form of commission paid/to be paid to the non executive Directors of the Company upto a level of 1% per annum of net profits calculated under the provisions of Section 349 and 350 of the Companies Act, 1956 for the year ended 31st March 2012.

**RESOLVED FURTHER THAT** the inter se amount/ allocation of remuneration for each of the non executive director shall be decided by the Board of Directors based on a pre-defined criteria for each of the financial year to be set out by the Board of Directors, which, may include factors like presence of such director at Board or Committee meetings during the relevant financial year.

**RESOLVED FURTHER THAT** Managing Director or any Jt. Managing Director or the Company Secretary of the Company be and is hereby authorised to take such steps as may be necessary and desirable to give effect to this resolution."

## 13. Issue of Equity Warrants (and Ordinary Equity Shares on conversion of such Equity Warrants) to the entities of the Promoters Group.

**To consider and if thought fit to pass, with or without modification as may be deemed fit, the following resolution as Special Resolution:**

**"RESOLVED** pursuant to provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment to or reenactment thereof) and, subject to such approvals as may be required from statutory authorities, lenders or other parties and, subject to such conditions as may be prescribed by them while granting the approvals (which may be accepted by the Board of Directors of the Company), **THAT** consent of the Shareholders of the Company, be and is hereby accorded

to offer, issue, allot by way of Preferential Issue under Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time, ("ICDR Regulations") to the select individuals of the Promoters' Group as named in the Explanatory Statement hereof ("the Allottees") upto 75,00,000 (Seventy Five lacs only) Equity Warrants ("Equity Warrants"), (and for the allotment of Ordinary Equity Shares of ₹ 2/- each on exercise of option attached to such Equity Warrants) where each such Equity Warrant shall be exercisable, at the option of the holder and pursuant thereto being allotted one fully paid up Ordinary Equity Share of ₹ 2/- each, at a price per Ordinary Equity Share not lower than the minimum price specified as per Regulation 76 (1) of ICDR Regulations, on such further terms and conditions, as may be finalised by the Board of Directors of the Company. ("the Exercise Price") (including securities or Share premium) (hereinafter "the Board" which shall be deemed to include Securities Issuance Committee or any other Committee constituted by the Board of Directors in this respect)."

**"RESOLVED FURTHER THAT** the 'Relevant Date' in relation to the issue of warrants in accordance with the ICDR Regulations would be, **21<sup>st</sup> August, 2012** being the date 30 days prior to the date of passing of this resolution".

**"RESOLVED FURTHER THAT** the issue of warrants, if any, as above, shall be subject to the following terms and conditions:

- a) A sum of 25% of the exercise price (such amount being referred to hereinafter as "the strike price") shall be payable by the Allottees at the time of allotment of the Equity Warrants. If the Allottees do not exercise the Equity Warrants during the conversion period, the strike price shall be forfeited by the Company. In case the Allottees exercise the Equity Warrants, the strike price shall be adjusted against the share application monies payable by the Allottees and only the balance 75% shall be payable by them at the time of exercise.
- b) Each warrant shall be convertible into one Equity Share of nominal value of ₹ 2/- each at a price not lower than the minimum price calculated in accordance with ICDR Regulations for preferential allotment of shares or as indicated above. The Equity Warrants shall be allotted within a period of 15 (Fifteen) days of the passing of the resolution at the general meeting held to consider and approve the issue of Equity Warrants, provided that where the allotment in one or more lots on preferential basis is pending on account of pendency of any approval of such allotment by any regulatory authority or the Central Government, the allotment shall be completed within 15 (Fifteen) days from the date of such approval.
- c) The Equity Warrants shall be exercisable at the option of the holder, in such number of options, in one or more lots at any time within the exercise period, which shall not exceed beyond 18 months from the date of allotment of the Equity Warrants.
- d) The terms relating to such Equity Warrants including the exercise period and allotment of the Ordinary Equity Shares on their exercise may be decided by the Board in accordance with ICDR Regulations and other provisions of law as may be applicable to the transaction.
- e) The Ordinary Equity Shares so allotted on exercise and conversion of the Equity Warrants shall rank paripassu in all respects with the then existing Ordinary Equity Shares of the Company.



- f) The Equity Warrants and the Ordinary Equity Shares allotted on the conversion of such Equity Warrants shall be locked in the manner specified, during the lock-in period so specified, in the ICDR Regulations except to the extent and in the manner permitted there under.
  - g) The said Equity Warrants and the Ordinary Equity Shares allotted on conversion of such Equity Warrants shall be subject to such further terms and conditions, if any, as may be agreed to by and between, the Board of Directors, and the Regulatory Authorities, and Subscriber(s) of Equity Warrants / Shares.
2. The Register of Members, Preference Shareholders and related transfer books of the Company shall be closed from Monday, 10<sup>th</sup> September, 2012 to Friday, 21<sup>st</sup> September, 2012 (both days inclusive).
  3. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed herewith.
  4. The background of the retiring Directors is given in the Director's Report as per the requirements of the Corporate Governance Code under Clause 49 of the Listing Agreements entered into with the Exchanges.
  5. Members who have not claimed dividend declared by the Company are requested to write to the Company for obtaining demand draft before the balance in the respective account gets transferred to Investor Education and Protection Fund as per law established by the Central Government under Section 205C of the Companies Act, 1956. The details of unclaimed dividend as on 31st March 2012 are as follows.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors of the Company, be and is hereby authorised to offer, issue & allot the Equity Warrants (and Ordinary Equity Shares arising on conversion of the Equity Warrants) and to do all deeds, things and take action on matters, give such directions or instructions for settling any questions doubts or difficulties which may arise with regard to the offer, issue or allotment of the said Equity Warrants and/or Ordinary Equity Shares and to take appropriate actions to bring into effect the decision of above as an enabling resolution.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to delegate all or any of the powers conferred by this resolution on it, to any Committee of Directors or any other Director(s) or officer(s) of the Company to give effect to the aforesaid resolution(s) and matters flowing from, connected with and incidental to any of the matters mentioned in the aforesaid resolution, the Board be and is hereby authorised on behalf of the Company to take all actions and to resolve and settle all questions and difficulties that may arise in the proposed issue / offer, allotment and conversion of any of the aforesaid Securities, utilization of the issue proceeds and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

Sr. No.	Year	Date of declaration	Unclaimed amount as on 31.03.2012 (₹)	Due date for transfer to IE&PF
1	2005-06	29.09.2006	277,567.20	29.10.2013
2	2006-07	27.09.2007	427,448.00	27.10.2014
3	2007-08	30.09.2008	579,811.00	30.10.2015
4	2008-09	30.09.2009	639,795.00	30.10.2016
5	2009-10	29.09.2010	1,200,532.50	29.10.2017
6	2010-11	30.09.2011	1,914,929.00	30.10.2018
<b>Total</b>			<b>5,040,082.70</b>	

6. The dividend, if declared at the Annual General Meeting, will be paid on or after 26<sup>th</sup> September, 2012 to those shareholders or their mandate whose:
  - a) names appear as Beneficial Owners as at the end of the business hours on 10<sup>th</sup> September, 2012 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the Shares held in electronic form;
  - b) names appear as members in the Register of Members of the Company after giving effect to valid share transfer in physical form lodged with the Company/its Registrar and Transfer Agent (RTA) on or before 10<sup>th</sup> September, 2012.

By the Order of the Board

**For Jain Irrigation Systems Limited**

Sd/-

Mumbai,  
27 August, 2012

A. V. Ghodgaonkar  
Company Secretary

## Notes

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE MEMBER OF THE COMPANY. A PROXY FORM IS ENCLOSED HERewith. ALL PROXIES IN ORDER TO BE EFFECTIVE, SHOULD BE COMPLETED, SIGNED, STAMPED AND SHOULD BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE SCHEDULED COMMENCEMENT OF THE MEETING.**



## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

### SPECIAL BUSINESS:

#### Item No. 6 - Mortgage of Immovable Properties of the Company:

The Company through the Board of Directors borrows from time to time and within the limits prescribed for by Shareholders lastly in 20th AGM in 2007, other than working capital loans in ordinary course of business.

To borrow from Term Lenders the Company has to charge / mortgage its immovable properties, including the equipment attached to the property. Generally, the term lenders secure the borrowings of Company by first pari passu charge on fixed assets of the Company and the working capital lenders seek a second charge on the fixed assets of the Company.

The resolution seeks the permission of Shareholders for creation of charge / encumbrance on assets as is required under the provisions of Section 293 (1) (a) of the Companies Act, 1956. Although, creation of charge on assets of the Company does not amount to "disposal" as is interpreted by various Courts, there is an alternative view which is prevalent in India, hence as a matter of abundant caution the approval of Shareholders is sought.

The Company has to secure Lenders as under which includes renewal / enhancement / revival / conversion of existing working capital loans etc.:

#### Financial facilities sanctioned\*

Sr. No	Name of lender	Type of Facility	Amount (₹ In Million)	Charge
1	IDFC Ltd	Rupee Term Loan	903.00	First Charge on select immovable properties
2	Rabobank India Finance Limited	Term Loan	600.00	Exclusive charge by way of hypothecation/ mortgage on specific fixed assets
3	GE Capital Services India	Term Loan	750.00	Exclusive charge by way of hypothecation of specific Equipment's of the Company
4	Consortium Banks led by SBI	Working Capital finance	22,200.00*	Second charge on select immovable properties

\*Proposed FY 2013

The Directors recommend the resolution for your approval.

None of the Directors of the Company are interested in the resolution placed before the meeting directly or indirectly.

#### Item No. 7 - Re-appointment, remuneration & perquisites of Mr. Ashok B. Jain Executive Vice-Chairman of the Company

Mr. Ashok B. Jain was appointed as a President from 20th August 2002 for a period of 3 years after approval of Shareholders. After expiration of his term as President, the Board had appointed him as Whole Time Director designated as Vice Chairman on 30th September 2005. The Board has reappointed him as Whole Time Director designated as Vice Chairman on 27th August 2008 for the period of two years in a meeting held on 27th August 2008. Further, the Board has reappointed him as Whole Time Director designated as Vice Chairman on 2nd September 2010 and the Compensation Committee has approved the remuneration payable to him for the period of two years in a meeting held on 8th August 2010.

Now, the Board has reappointed him as Executive Vice-Chairman on 14th August, 2012 and the Compensation Committee has approved the remuneration payable to him for the period of 3 years from 1st October 2012 to 30th September 2015 in a meeting held on 14th August 2012.

**a. Background :** Mr. Ashok B. Jain is Commerce Graduate. He is Director of the Company since 1992. He was appointed as Whole Time Director of the Company designated as Vice Chairman on 30th March 1993 for 5 years, the appointment was renewed on 1st March 1998 for 5 years. However, he resigned as Vice Chairman on 17th August 2002. However he was reappointed as Whole Time Director designated as Vice Chairman on 30th September 2005. The Board has reappointed him as Whole Time Director designated as Vice Chairman on 27th August 2008 for the period of two years in a meeting held on 27th August 2008. Further, the Board has reappointed him as Whole Time Director designated as Vice Chairman on 2nd September 2010 and the Compensation Committee has approved the remuneration payable to him for the period of two years in a meeting held on 8th August 2010.

Now, the Board has reappointed him as Executive Vice-Chairman on 14th, August, 2012 and the Compensation Committee has approved the remuneration payable to him for the period of 3 years from 1st October 2012 to 30th September 2015 at a meeting held on 14th August 2012.

He looks after Corporate Administration, Corporate image and PR, events management and has additional responsibility for operations in fruit and vegetables, Tissue Culture and Solar products of the Company.

**b. Past and proposed Remuneration :** Mr. Ashok B. Jain: In the scale of ₹11,68,000 per month basis as monthly remuneration, (Past ₹11,68,000/-per month) and Commission @ 1% (Past 1%) of net profits, if any, as calculated under Section 349 and 350 of the Companies Act, 1956, if applicable for a period of 3 years effective from 1st October 2012 to 30th September 2015 on





further terms and conditions as per the Resolution and inclusive of all perquisites, incentive, extra salary etc, but excluding the following (which shall be paid separately);

- i) Contribution to the Provident Fund, Superannuation Fund, Annuity Fund and/or Gratuity fund as per rules of the Company;
- ii) Gratuity not exceeding half-month salary for each year of completed service under this appointment as per rules of the Company;
- iii) Provision of vehicle for use of Company's business as per the policy fixed by the Company and as per rules of the Company; and
- iv) Reimbursement of expenses incurred in official capacity for the Company.

**c. Job Profile and suitability :** Mr. Ashok B. Jain is a key employee of the Company and would have the authority oversee the functions directly working with him. He has substantial authority to oversee and implement the day to day corporate administrative operations of the Company in accordance with the policies of the Company. Mr. Ashok B. Jain has commercial background and also involved in developing the products of the Company. He has 29 years of experience at senior and responsible level in the Company. His appointment as Vice Chairman of the Company is necessary to ensure smooth functioning, growth and implementation of expansion plans of the Company.

**d. Comparative remuneration :** The proposed appointee has voluntarily proposed that FY 2012 remuneration (₹1,85,83,734 as salary and perquisites and ₹ 3,35,43,406 as commission based on net profits) be continued for a period of one year i.e. 1st year of the proposed appointment. Also the remuneration consists of salary and perquisites of ₹185.83 lac (36%) which is fix pay and variable pay in form of commission on net profits of ₹335.43 lac (64%) and hence is really aligned to the performance of the Company. The Compensation Committee and the Board of Directors have decided based on the above voluntary request to review the remuneration (including all its components) after the 1st anniversary of his proposed appointment, such that it remains within limits as prescribed under the relevant provisions of the Companies Act, 1956.

His appointment as Executive Vice Chairman of the Company is necessary to ensure smooth functioning, growth and implementation of plans of the Company and your Directors strongly recommend that resolution for his appointment as Executive Vice Chairman be adopted unanimously.

In view of the above, your directors consider it necessary and desirable to retain in the Board Mr. Ashok B. Jain as Executive Vice Chairman whose proposed terms and conditions of the appointment are contained above. Mr. Ashok B. Jain may be deemed to be interested in the resolution at item number 7 of the Notice and this may be treated as the abstract of his interest u/s 302 of the Act.

Mr. Ashok B. Jain may be deemed to be interested in the resolution at item number 7 of the Notice and this may be treated as the abstract of his interest u/s 302 of the Act.

No Director other than, Mr. B. H. Jain, Mr. Anil B. Jain, Mr. Ajit B. Jain and Mr. Atul B Jain, who are related as father and brothers to the appointee, are interested in the proposed resolution, directly or indirectly.

The Directors recommend the resolution for your approval.

#### **Item No.8 - Re-appointment, remuneration & perquisites of Mr. Anil B. Jain- CEO/ Managing Director of the Company**

Mr. Anil B. Jain has been the Managing Director of the Company since 30th September 1993 and the current term end on 30th September 2012. The Board of Directors have approved the re-appointment of Mr. Anil B. Jain as Managing Director for a period of 3 years with effect from 1st October 2012 to 30th September 2015 .

The issue of renewed managerial appointment for the said 3 years contract is being placed before the Shareholders in the ensuing AGM of the Company. The Company's Compensation Committee has already approved the remuneration at a meeting held on 14th August 2012.

As per requirements of Schedule XIII the following disclosures are made hereby

**a. Background details :** Mr. Anil B. Jain is a Commerce graduate and has completed his Law degree from Mumbai University. He is Director of Company since inception. Mr. Anil B. Jain has been the Managing Director of the Company since 30th September 1993. He was re-appointed as Managing Director for 2 years w.e.f. 1st October, 2010 by the Board of Directors. Now the proposal is to reappoint him for a further period of 3 years. Besides overall management responsibility he handles banking and finance, bulk raw material purchases, exports, overseas offices, and strategic decisions affecting business of the Company.

**b. Past and proposed Remuneration :** Mr. Anil B. Jain : ₹11,68,000 on a per month basis as monthly remuneration. (Past Remuneration was ₹11,68,000 per month) and Commission @ 1% (Past 1%) of net profits, if any, as calculated under Section 349 and 350 of the Companies Act, 1956, if applicable, for a period of 3 years effective from 1st October 2012 to 30th September 2015, on further terms and conditions as per the Resolution and inclusive of all perquisites, incentive, extra salary etc, but excluding the following (which shall be paid separately);

- i) Contribution to the Provident Fund, Superannuation Fund, Annuity Fund and/or Gratuity fund as per rules of the Company;
- ii) Gratuity not exceeding half-month salary for each year of completed service under this appointment;
- iii) Provision of vehicle for use of Company's business as per the policy fixed by the Company; and
- iv) Reimbursement of expenses incurred in official capacity for the Company.

The monthly remuneration has remained the same during the last tenure from 1 October 2010 to 30th September 2012 for the appointee.

**c. Job profile and his suitability :** The CEO/ Managing Director would have the authority to oversee and implement the day-to-day operations of the Company



and its Subsidiaries in accordance with the Annual Budget and quarterly budget of the Company approved by the Board. The proposed appointee has over 27 years of experience with last 19 years having been spent as the Managing Director of the Company.

- d. Comparative remuneration :** The proposed appointee has voluntarily proposed that FY 2012 remuneration (₹1,86,33,092 as salary and perquisites and ₹ 3,35,43,406 as commission based on net profits) be continued for a period of one year i.e. 1st year of the proposed appointment. Also the remuneration consists of salary and perquisites of ₹196.33 lac (37%) which is fix pay and variable pay in form of commission on net profits of ₹335.43 lac (63%) and hence is really aligned to the performance of the Company. The Compensation Committee and the Board of Directors have decided based on the above voluntary request to review the remuneration (including all its components) after the 1st anniversary of his proposed appointment, such that it remains within limits as prescribed under the relevant provisions of the Companies Act, 1956.

The re-appointment of Mr. Anil B. Jain as CEO/ Managing Director on the Board is necessary to ensure smooth functioning, growth and implementation of plans of the Company and your Directors strongly recommend that resolutions for his re-appointment as CEO/ Managing Director be adopted unanimously. The remuneration payable to him is within the limits laid down in the Schedule XIII to the Companies Act, 1956.

In view of the above, your directors consider it necessary and desirable to retain in the Board Mr. Anil B. Jain as CEO/ Managing Director whose proposed terms and conditions of the re-appointment are contained above.

Mr. Anil B. Jain may be deemed to be interested in the resolution at item number 8 of the Notice and this may be treated as the abstract of his interest u/s 302 of the Act.

No Director other than, Mr. B. H. Jain, Mr. Ashok B. Jain, Mr. Ajit B. Jain and Mr. Atul B. Jain who are related as father and brothers to the appointee, is interested/concerned in the resolution.

The Directors recommend the resolution for your approval.

#### **Item No. 9 - Re-appointment, remuneration & perquisites of Mr. Ajit B. Jain as COO / Joint Managing Director of the Company**

Mr. Ajit B. Jain was appointed as Jt. Managing Director (Jt. MD) w.e.f. 1st October 2010 for a period of 2 years, after approval of Shareholders. The Board reappointed Mr. Ajit B. Jain as the Joint Managing Director on 14th August, 2012 for a period of 3 years from 1st October 2012 to 30th September 2015 and the Compensation committee has approved the remuneration payable to him for the period in a meeting held on 14th August, 2012.

- a. Background :** Mr. Ajit B. Jain is a B.E. (Mech.) from Pune. He has worked as Managing Director of erstwhile Jain Plastics and Chemicals Limited (now part of the Company), from 1993 - 1998, and as Joint Managing Director of the Company 1998-2002 and 2005-2012, and worked as Chief Operating Officer of the Company from 20th August 2002 to 13th May 2004. Besides

overall production, administration and marketing management responsibility he has also handled all India marketing function of Drip Irrigation and PVC pipe products, PE and other speciality pipes and fittings all over the world. He has been involved with development of new applications & products and adaptation of drip technology for Indian conditions as well as technical integration of acquired entities in last few years.

- b. Past and proposed Remuneration :** Mr. Ajit B. Jain: In the scale of ₹ 11,68,000 per month basis as minimum remuneration (Past ₹11,68,000 per month) and Commission @ 1% (Past 1%) of net profits, if any, as calculated under Section 349 and 350 of the Companies Act, 1956, if applicable, for a period of 3 years effective from 1st October 2012 to 30th September, 2015 on further terms and conditions as per the Resolution and inclusive of all perquisites, incentive, extra salary etc, but excluding the following (which shall be paid separately):

- Contribution to the Provident Fund, Superannuation Fund, Annuity Fund and/or Gratuity fund as per rules of the Company;
- Gratuity not exceeding half-month salary for each year of completed service under this appointment as per rules of the Company;
- Provision of vehicle for use of Company's business as per the policy fixed by the Company and as per rules of the Company; and
- Reimbursement of expenses incurred in official capacity for the Company.

- c. Job Profile and suitability :** The COO/ Joint Managing Director is a key employee of the Company and would have the authority to oversee the functions directly working with him. He has substantial authority to oversee and implement the day to day operations of the Company in accordance with the annual budget and quarterly budget approved by the Board. The proposed appointee has technical background and has been largely involved in developing the drip irrigation concept in the Country. He has 27 years of experience including last 20 years at senior and responsible level in the Company.

- d. Comparative remuneration :** The proposed appointee has voluntarily proposed that FY 2012 remuneration (₹1,85,83,734 as salary and perquisites and ₹ 3,35,43,406 as commission based on net profits) be continued for a period of one year i.e. 1st year of the proposed appointment. Also the remuneration consists of salary and perquisites of ₹185.83 lac (36%) which is fix pay and variable pay in form of commission on net profits of ₹335.43 lac (64%) and hence is really aligned to the performance of the Company. The Compensation Committee and the Board of Directors have decided based on the above voluntary request to review the remuneration (including all its components) after the 1st anniversary of his proposed appointment, such that it remains within limits as prescribed under the relevant provisions of the Companies Act, 1956.

The appointment of Mr. Ajit B. Jain as COO/ Joint Managing Director of the Company is necessary to ensure smooth functioning, growth and implementation





of expansion plans of the Company and your Directors strongly recommend that resolution for his appointment as COO/ Joint Managing Director be adopted unanimously. The remuneration payable to him is not subject to approval of the Central Government as it is within the limits laid down in the Schedule XIII to the Companies Act, 1956.

In view of the above, your directors consider it necessary and desirable to include in the Board Mr. Ajit B. Jain whose proposed terms and conditions of the appointment are contained above.

Mr. Ajit B. Jain may be deemed to be interested in the resolution at item number 9 of the Notice and this may be treated as the abstract of his interest u/s 302 of the Act.

No Director other than, Mr. B. H. Jain, Mr. Ashok B. Jain, Mr. Anil B. Jain and Mr. Atul B. Jain, who are related as father and brothers to the appointee, are deemed to be interested in the proposed resolution, directly or indirectly.

The Directors recommend the resolution for your approval.

#### **ITEM No.10 - Re-appointment, remuneration& perquisites of CMO / Mr. Atul B. Jain as Joint Managing Director of the Company**

Atul B. Jain is a Commerce Graduate. He has worked as Director of erstwhile Jain Plastics and Chemicals Limited (now part of the Company), from 1995 to 30th March 1998. He was appointed CMO of the Company w.e.f. 29th August 2008 with approval of Shareholders and the Central Government.

The Board has reappointed him (his current term comes to end on 30th September 2012) as Joint Managing Director on 14th August, 2012 and the Compensation committee has approved the remuneration payable to him for the period of 3 years from 1st October 2012 to 30th September, 2015 in a meeting held on 14th August, 2012.

The disclosures required under Schedule XIII are as under:

**a. Background :** Mr. Atul B. Jain is a Commerce Graduate. He has worked as Director of erstwhile Jain Plastics and Chemicals Limited (now part of the Company), from 1995 to 30th March 1998. He was posted in London office and developed the Food distribution business in Europe and helped the Company to maintain the plastic exports to Europe. He was appointed as Consultant on retainer basis by erstwhile Jain Processed Foods Pvt. Ltd from 1st April 2001 to 17th August 2002. He was appointed CMO of the Company w.e.f. 20th August 2002. Besides overall marketing management responsibility he has also handled all India marketing function of Drip Irrigation and PVC pipe products, PE and other speciality pipes and fittings all over the world. He has been involved with development of new applications & products in overseas markets for food, plastic and sheet divisions. He was appointed Director- Marketing on 30th September 2005 for a period of three years but he has resigned from the Board of the Company with effect from 28th July 2008 to enable the Company to remain compliant with the revised Corporate Governance requirements. The Board has appointed him as Whole Time Director designated as Director Marketing with effect from 1st September 2009. The Board had re-appointed him as Whole Time

Director designated as Director Marketing on 2nd September 2010 and the Compensation committee has approved the remuneration payable to him for the period of two years in a meeting held on 8th August 2010. The Board has re-designated him as Joint Managing Director with effect from 5th September 2011.

The Board has reappointed him as CMO /Joint Managing Director on 14th August, 2012 and the Compensation committee has approved the remuneration payable to him for the period of 3 years from 1st October 2012 to 30th September 2015 in a meeting held on 14th August 2012.

**b. Past and proposed Remuneration :** Mr. Atul B. Jain: In the scale of ₹11,68,000 per month basis as minimum remuneration, (Past ₹11,68,000/-per month) and Commission@ 1% (Past 1%) of net profits, if any, as calculated under Section 349 and 350 of the Companies Act, 1956, if applicable for a period of 3 years effective from 1st October 2012 to 30th September, 2015 on further terms and conditions as per the Resolution and inclusive of all perquisites, incentive, extra salary etc, but excluding the following (which shall be paid separately):

- Contribution to the Provident Fund, Superannuation Fund, Annuity Fund and/or Gratuity fund as per rules of the Company;
- Gratuity not exceeding half-month salary for each year of completed service under this appointment as per rules of the Company;
- Provision of vehicle for use of Company's business as per the policy fixed by the Company and as per rules of the Company; and
- Reimbursement of expenses incurred in official capacity for the Company.

**c. Job Profile and suitability :** The re-appointment of Mr. Atul B. Jain as Joint Managing Director of the Company is necessary to ensure smooth functioning, growth and implementation of marketing plans of the Company and your Directors strongly recommend that resolution for his appointment as Joint Managing Director be adopted unanimously.

His appointment and the payment of remuneration is not subject to the prior approval of the Central Government. The remuneration payable to him is within the limits laid down in the Schedule XIII to the Companies Act, 1956.

**d. Comparative remuneration :** The proposed appointee has voluntarily proposed that FY 2012 remuneration (₹1,85,83,734 as salary and perquisites and ₹ 3,35,43,408 as commission based on net profits) be continued for a period of one year i.e. 1st year of the proposed appointment. Also the remuneration consists of salary and perquisites of ₹185.83 lac (36%) which is fix pay and variable pay in form of commission on net profits of ₹335.43 lac (64%) and hence is really aligned to the performance of the Company. The Compensation Committee and the Board of Directors have decided based on the above voluntary request to review the remuneration (including all its components) after the 1st anniversary of his proposed appointment, such that it remains within limits as prescribed under the relevant provisions of the Companies Act, 1956.



His appointment as Joint Managing Director of the Company is necessary to ensure smooth functioning, growth and implementation of plans of the Company and your Directors strongly recommend that resolution for his appointment as Joint managing Director be adopted unanimously.

In view of the above, your directors consider it necessary and desirable to re-appoint Mr. Atul B. Jain as CMO/ Joint Managing Director whose proposed terms and conditions of the appointment are contained above.

Mr. Atul B. Jain may be deemed to be interested in the resolution at item number 10 of the Notice and this may be treated as the abstract of his interest u/s 302 of the Act.

No Director other than, Mr. B. H. Jain, Mr. Ashok B. Jain, Mr. Anil B. Jain and Mr. Ajit B. Jain, who are related as father and brothers to the appointee, are interested in the proposed resolution, directly or indirectly.

The Directors recommend the resolution for your approval.

#### **Item No. 11 - Re-appointment, remuneration and perquisites of Mr. R. Swaminathan as Director - Technical of the Company**

Mr. R. Swaminathan was appointed as a Chief Technical Officer (CTO) w.e.f. 20th September 2002 for a period of 3 years. After expiration of his term as CTO the Board had appointed him as Whole Time Director - Technical on 30th September 2005. The Board had reappointed Mr. R. Swaminathan as Whole Time Director designated as Director - Technical for a period of two years effective from 1st October 2008, 30th September 2010 and his term end on 30th September 2012.

The Board has now reappointed Mr. R. Swaminathan as Director - Technical for a period of 3 years effective from 1st October 2012 to 30th September 2015 .

**a. Background :** Mr. R Swaminathan is B Tech (Chemical). He has been associated with the Company since inception. He was appointed as Whole Time Director of the Company on 9th May 1996 for 5 years, the appointment was renewed on 09th May 2001 for 5 years. However, he resigned as Whole Time Director-Technical on 20th August 2002. He has been appointed CTO of the Company w.e.f. 20th August 2002. The Board had reappointed Mr. R. Swaminathan as Whole Time Director designated as Director - Technical for a period of two years effective from 1st October 2008, re-appointed as Director - Technical for a period of two years effective from 1st October 2012 to 30th September, 2015 and now further reappointed Mr. R. Swaminathan as Director - Technical for a period of 3 years effective from 1st October 2012 to 30th September 2015 .

He looks after the technical areas of PVC Pipes, Plastic Sheets and related business areas. He has worked in almost all the operational areas and is involved with development of new applications & products and adaptation of drip technology for Indian conditions. In the recent years he is credited with development of new plastic sheet product which are now fast replacing the lumber applications in the North American construction industry.

#### **b. Past and proposed Remuneration**

Mr. R. Swaminathan : In the scale of ₹ 5,20,320/-per month basis as minimum remuneration (Past ₹5,20,320/-per month) for a period of 3 years effective from 1st October 2012 to 30th September, 2015 on further terms and conditions as per the Resolution inclusive of all perquisites, incentive, extra salary etc, but excluding the following (which shall be paid separately):

- Contribution to the Provident Fund, Superannuation Fund, Annuity Fund and/or Gratuity fund as per rules of the Company;
- Gratuity not exceeding half-month salary for each year of completed service under this appointment as per rules of the Company;
- Provision of vehicle for use of Company's business as per the policy fixed by the Company and as per rules of the Company; and
- Reimbursement of expenses incurred in official capacity for the Company.

**c. Job Profile and suitability :** Mr. R. Swaminathan is a key employee of the Company and would have the authority oversee the functions directly working with him. He has substantial authority to oversee and implement the day to day production plan of Plastic Park of the Company in accordance with the annual budget and quarterly budget approved by the Board.

Mr. R. Swaminathan has technical background and has been largely involved in developing the products of the Country. He has 39 years of experience at senior and responsible level in the Company.

**d. Comparative remuneration :** The proposed appointee has voluntarily proposed that FY 2012 remuneration (₹88,44,948 as salary and perquisites) be continued for a period of one year i.e. 1st year of the proposed appointment. Also the Compensation Committee and the Board of Directors have decided based on the above voluntary request to review the remuneration (including all its components) after the 1st anniversary of his proposed appointment.

The re-appointment of Mr. R. Swaminathan as Director - Technical of the Company is necessary to ensure smooth functioning, growth and implementation of expansion plans of the Company and your Directors strongly recommend that resolutions for his appointment as Director - Technical be adopted unanimously.

In view of the above, your directors consider it necessary and desirable to retain in the Board Mr. R Swaminathan whose proposed terms and conditions of the appointment are contained above.

Mr. R Swaminathan may be deemed to be interested in the resolution at item number 11 of the Notice and this may be treated as the abstract of his interest u/s 302 of the Act.

No Director is any way interested in the proposed resolution, directly or indirectly.

The Directors recommend the resolution for your approval.



## Item No. 12 - Payment of Commission to Non Executive Directors

With Corporate Governance code in place for listed companies, profit making companies have started paying commission on net profits to the non executive directors to attract talent in form of independent directors on the Board to advise the executive directors and the management on various policy and business issues.

The Shareholders of the Company approved commission to Non-Executive Directors for 5 year from 2006-07 to 2010-11 in the 19th AGM held on 29th September 2006. The non executive Directors of the Company are paid sitting fees of ₹10,000 per meeting of Board and Committee attended by them and commission much less than 1% of net profits (calculated under the provisions of Section 349 and 350 of the Companies Act, 1956). The Companies Act, 1956 provides for payment of commission on net profits upto 1% per annum to the non executive Directors of the Company. However, such proposal requires consent of Shareholders through a Special Resolution passed at a general meeting.

The proposal before the shareholders is to continue to pay upto 1% of net profits (calculated under the provisions of Section 349 and 350 of the Companies Act, 1956) as commission to be shared by all the non executive directors, except Mr. B.H. Jain - Chairman of the Company from the FY 2012-13 for a period of 5 years. The actual disbursement may be by way of reimbursement of expenses (including major and regular medical expenses) or by way of annual commission as may be decided by the Board of Directors in each of the relevant years from time to time during the currency of the resolution at item 12 of the Notice.

In view of the above, your directors, therefore, recommend the resolution for your approval.

Mr. D.R. Mehta, Mr. R.C.A. Jain, Mrs. Radhika C. Pereira, Mr. Ghanshyam Dass and Mr. Arun Kumar Jain may be deemed to be interested in the resolution at item number 12 of the Notice in view of the commission payable to them in terms of the proposal and this may be treated as the abstract of their interest in the item 12 placed before the shareholders. Mr. V.V. Warty being nominee of Bank will not be eligible to participate in the proposed payment of remuneration to non executive directors.

## Item No. 13 - Issue of Equity Warrants (and Ordinary Equity Shares on conversion of such Equity Warrants) to the entities of the Promoters Group.

As the members may be aware on 9th March 2011 the Shareholders approved issue and allotment of 61 lac Equity Warrants under SEBI (ICDR) Regulations, 2009, and allotment was completed on 24th March, 2011. The Company has received ₹ 347.93 mn as 25% deposit as per SEBI (ICDR) Regulations 2009, and on exercise of option the Company may get another ₹ 1,043.78 mn. As mentioned in EGM Notice dated 12 February 2011, the money raised shall be utilized for strengthening the long term working capital base on the Company.

The Company's working capital requirements are increasing due to growth in business, operations and working capital

intensive nature of its main business unit i.e. Micro and Sprinkler irrigation. While the Company has changed its business model by reducing business based on Govt. Subsidy and has also initiated steps to activate Non Banking Finance Company to improve receivable levels, the medium term outlook remains growth oriented and need for long term capital remains strong. Since Company's long term working capital requirements are increasing the proposed fund raising through of fresh set of Equity Warrants are also proposed to be used to strengthen the long term working capital resource base on the Company. The Company shall raise upwards of \$12 Mn. from the issue of Equity Warrants.

In terms of the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 as amended to date the following disclosures are being made:

- 1. Object of the Issue :** To raise long term working capital funds for the growth of Company's business.
- 2. The proposal of the Promoters, Directors or key management personnel of the issuer to subscribe to the offer**

The persons who have proposed to subscribe to the warrants proposed to be issued are :

Sr. No.	Name of Proposed Allottee	No. of Share Warrants to be Allotted
1	Mr. Anil B. Jain	upto 3,750,000
2	Mr. Atul B. Jain	upto 3,750,000
<b>Total</b>		<b>75,00,000</b>

In case the select member(s) of the Promoter Group are unable to subscribe to the Equity Warrants for any reason they shall nominate another person from the group to subscribe instead (with approval of authorities) as follows:

**Individuals** - Mr. Bhavarlal H. Jain, Mr. Ashok B. Jain, Smt. Jyoti Ashok Jain, Arohi Ashok Jain (N/G Ashok B Jain), Aatman Ashok Jain (N/G Ashok B Jain), Smt. Nisha A. Jain, Athang Anil Jain, Arnoli Anil Jain (N/G Anil B. Jain), Ashuli Anil Jain (N/G Anil B. Jain), Mr. Ajit B. Jain, Smt. Shobhana Ajit Jain, Abhedya Ajit Jain (N/G Ajit B. Jain), Abhang Ajit Jain (N/G Ajit B. Jain), Dr. Bhavana Atul Jain & Anmay Atul Jain (N/G Atul B. Jain)

**Corporate Entities** - Allaz Technology Pvt. Ltd, Cosmos Investment & Trading Pvt Ltd., Jain Brothers Industries Pvt Ltd., Jaigaon Investment Pvt. Ltd., JAF Products Private Ltd., Jain Extrusion & Moulding Pvt. Ltd., Jain Green Energy Ltd., LabhSubh Securities International Ltd., Pixel Point Pvt. Ltd., Stock & Securities India Pvt. Ltd., Adhunik Hi Tech Agriculture Pvt. Ltd.

Except the above, there is no proposal of any other Promoters, Directors and Key Management Persons of the Company to subscribe to the present preferential issue.





### 3. Shareholding pattern before and after the preferential issue

The shareholding pattern before and after completion of the proposed preferential issue would be as under:

Sr. No.	Category	Shareholding Pattern			
		Pre-Issue 30.06.2012		Post-Issue*	
		No. of Shares	% of Capital	No. of Shares	% of Capital
<b>A</b>	<b>Promoter and promoter Group holding</b>				
1	Indian Promoters				
a.	Individuals	20,520,575	5.32	28,020,575	7.12
b.	Bodies Corporate	99,093,836	25.68	99,093,836	25.19
c.	Persons Acting in concert	-	-	-	-
	<b>Sub- Total (A) (1)</b>	<b>119,614,411</b>	<b>31.00</b>	<b>127,114,411</b>	<b>32.31</b>
2	Foreign				
a.	Individuals	-	-	-	-
b.	Bodies Corporate	-	-	-	-
c.	Institutions	-	-	-	-
	<b>Sub Total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Shareholding of Promoters and Promoters Group (A)=(A)(1)+(A)(2)</b>	<b>119,614,411</b>	<b>31.00</b>	<b>127,114,411</b>	<b>32.31</b>
<b>B</b>	<b>Public Shareholding</b>				
1	Institutions				
a.	Mutual Funds/UTI	2,792,056	0.72	2,792,056	0.71
b.	Financial Institutions/Banks	46,690	0.01	46,690	0.01
c.	Insurance Companies	250	-	250	-
d.	Foreign Institutional Investors	194,929,924	50.51	194,929,924	49.55
e.	Any other	-	-	-	-
	<b>Sub Total (B)(1)</b>	<b>197,768,920</b>	<b>51.25</b>	<b>197,768,920</b>	<b>50.27</b>
2	Non Institutions				
a.	Bodies Corporate	10,570,731	2.74	10,570,731	2.69
b.	Indian Public	33,806,167	8.76	33,806,167	8.59
c.	Any other				
	i) Employees	2,867,906	0.74	2,867,906	0.73
	ii) NRI	2,126,476	0.55	2,126,476	0.54
	iii) Non Domestic Company	15,477,492	4.01	15,477,492	3.93
	iv) Clearing Members	1,395,927	0.36	1,395,927	0.35
	v).Trust	13,625	-	13,625	-
	<b>Sub Total B(2)</b>	<b>66,258,324</b>	<b>17.17</b>	<b>66,258,324</b>	<b>16.84</b>
	<b>Total Public Shareholding B(1)+ B(2)</b>	<b>264,027,244</b>	<b>68.42</b>	<b>264,027,244</b>	<b>67.12</b>
	<b>Total (A) + (B)</b>	<b>383,641,655</b>	<b>99.42</b>	<b>391,141,655</b>	<b>99.43</b>
<b>C</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>				
a.	Promoter and promoters Group	-	-	-	-
b.	Public	2,244,430	0.58	2,244,430	0.57
	<b>Grand Total (A) + (B) + (C)</b>	<b>385,886,085</b>	<b>100.00</b>	<b>393,386,085</b>	<b>100.00</b>

\* assuming full conversion of Share Warrants into Ordinary Equity Shares of ₹ 2 each.

#### Note

- 1) The above shareholding pattern has been prepared on the basis of shareholding as on 30.06.2012.
- 2) The post-issue shareholding pattern has been arrived on the assumption that the entire 75 lac warrants proposed to be issued to Promoters would be converted into 75 lac Ordinary Equity Shares.



#### 4. Proposed time within which allotment of the Equity Warrants will be completed

The Equity Warrants shall be allotted within a period of 15 (fifteen) days of the passing of the Resolution at the ensuing general meeting. Provided that where the allotment in one or more lots on preferential basis is pending on account of pendency of any approval of such allotment by any regulatory authority or the Central Government, the allotment shall be completed within 15 (fifteen) days from the date of such approval.

#### 5. The identity of the proposed allottee and the percentage of post preferential issue capital that may be held by him

The percentage of the post-preferential issue capital held by the proposed allottee assuming full conversion of warrants into fully paid Ordinary Equity Shares is as under

Sr. No.	Name of Proposed Allottee	No. of Warrants to be Subscribed	"% in the post-issue capital (including pre issue holding)"
1	Mr. Anil B. Jain	3,750,000	0.98%
2	Mr. Atul B. Jain	3,750,000	0.98%
<b>Total</b>		<b>7,500,000</b>	<b>1.96%</b>

\*\* However, overall holding of Promoter Group is increasing only by 1.31% on fully diluted basis.

The proposed allottee has not sold any shares during the 6 months period prior to the relevant date.

#### 7) Change In the Control or Composition of the Board

There will neither be any change in the composition of the Board nor any change in the Control of the Company on account of the proposed preferential allotment. However, there will be corresponding changes in the shareholding pattern as well as voting rights consequent to preferential allotment.

#### 8) Auditors Certificate

Certificate from Haribhakti and Co., Chartered Accountants, Mumbai the Statutory Auditors of the Company that the preferential issue is being made in accordance with the requirements contained in SEBI ICDR Regulations for preferential issues shall be placed before the Shareholders in the AGM.

#### 9) Undertakings

- The Issuer Company undertakes that they shall re-compute the price of the Ordinary Equity Shares in terms of the provision of SEBI (ICDR) Regulations, 2009, where it is required to do so.
- The Issuer Company undertakes that if the amount payable on account of the re-computation of price is not paid within the time stipulated in terms of the provision of SEBI (ICDR) Regulations, 2009, the Ordinary Equity Shares shall continue to be locked-in till the time such amount is paid by the allottees.

The issue/allotment/conversion would be subject to the availability of regulatory approvals, as applicable to the particular issue/allotment/conversion.

Section 81(1A) of the Companies Act, 1956 and the Listing Agreement with the Stock Exchanges provides, inter alia, that when it is proposed to increase the issued capital of the Company by allotment of further shares, such further shares should be first offered to the existing Shareholders of the Company in the manner laid down under Section 81 unless the Shareholders in the general meeting authorise otherwise. Since the Special Resolution proposed in the business of the notice will result in the issue of shares to the persons other than existing members of the Company, consent of the Shareholders is being sought pursuant to the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956 and Listing Agreements.

For the reasons above, an enabling resolution is proposed for consideration of the shareholders, which has the effect of having an adequate authority and discretion to the Board to finalize the terms of issue, pricing of issue and power to issue and market any securities to be issued, whether in one or more tranches. The Ordinary Equity Shares that may be issued pursuant to the Regulations and directions in respect of Preferential Issue under Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 would be listed on the Stock Exchanges where the Ordinary Equity Shares of the Company are already listed. The Ordinary Equity Shares so issued shall rank pari passu with the existing Ordinary Equity Shares of the Company in all respects.

Mr. B. H. Jain - Chairman, Mr. Ashok B. Jain - Vice Chairman, Mr. Anil B. Jain - Managing Director, Mr. Ajit B. Jain - Joint Managing Director, Mr. Atul B. Jain - Joint Managing Director of the Company is concerned or interested in the resolution.

The Board recommends the Resolution for your approval.

By the Order of the Board  
**For Jain Irrigation Systems Limited**

Mumbai,  
27 August, 2012

Sd/-  
A. V. Ghodgaonkar  
Company Secretary