

Jain Irrigation Systems Ltd

Undiluted ambition

The low-profile company cashes in on water scarcity to draw up ambitious plans for the future.

technology, out of which nearly 10 were big players.

What differentiated JISL from the competitors was the thoroughness of their field study. Most companies were loath to do a proper investigation of soil and water conditions. That often led to the emitters in the pipes getting clogged by impurities ranging from salt to sand. Consequently, the market was languishing.

JISL took a different tack. First,

ture has been backed up by CSIR-approved R&D farms of the company, covering 145 acres in three sites. Trials on as many 32 vegetables, fruits and field and plantation crops are undertaken to refine and fine-tune the system.

Small wonder, JISL has quickly cornered two-thirds of the market in Maharashtra and slightly over half the total market in the country. What has added to their reputation is the fact that constant after-sales

the offering for JISL. A committee of the Union Government's Agriculture and Cooperation Department, earlier this year, came up with some interesting facts. It noted that despite drip irrigation being practised in the country for the last 10 years, only about 21,000 hectares had been covered (some 14,000 hectares in Maharashtra alone).

Consequently, it recommended bringing 1 lakh hectares under the system in 1991-92, and 5 lakh hectares by the end of the Eighth Plan. It also recommended an uniform rate of 50 per cent subsidy from the government for the farmers opting for the system. That could mean an investment of a staggering Rs 1,700 crore in the Eighth Plan for the drip system (it costs Rs 17,000 per hectare).

That's certainly a big cake. And

Exports too, form a big part of the company's future gameplan today. It has already set up a Rs 9.5-crore 100-per cent export oriented unit (EOU) and started stalking markets in the Gulf region, south Asia and even some western countries. In the last financial year it had exports worth barely Rs 17.03 lakh. This year, it has already mopped up some Rs 3.45 crore so far. By the end of three years, calculate the Jains, exports will form a full 50 per cent of JISL's turnover.

R.B. Jain believes that the potential for drip irrigation in India is as much as 50 million acres. "We have barely scratched the surface," he feels. Today, the JISL plant in Bambhori, near Jalgaon, is capable of manufacturing 150 km of lateral tubings, 1.5 lakh drippers and an equal number of matching compo-

WATERING other people's fields is good business. Or ask B.H. Jain, chairman of the Jain Irrigation Systems Ltd (JISL). The 53-year-old industrialist managed to rake in a cool Rs 13.02 crore as net profit on a turnover of Rs 16 crore. And this year he's hoping for even more. "The prospects for the current year are encouraging—the turnover is poised to rise to Rs 35 crore, including Rs 10 crore in exports," predicts Jain confidently.

Given the company's growth record, that's certainly a plausible target. In 1987-88, the first full year of its operations, JISL had notched up a turnover of Rs 2 crore. That has grown rapidly to Rs 3.67 crore, Rs 9.6 crore and Rs 16 crore in subsequent years. And this year, it has already chalked up Rs



7.8 crore by September (compared with Rs 3.26 crore during the same period last year).

Headquartered in the sleepy industrial backwaters of Jalgaon (Maharashtra), JISL was set up in the closing days of 1986 when its promoters realised that the agri-business was getting into the big league. Hitching its wagon to the green revolution, the company used a combination of aggressive marketing and thorough field investigations to hit the front ranks in the drip irrigation business.

The green revolution had brought large tracts under dryland farming. Moreover, it had generated a new awareness of water management among farmers. Coupled with dropping water tables, that spelled an ideal market, waiting to be exploited. And JISL decided to cash in on the opportunity. "Drip irrigation is the answer to many of the problems of water management," points out R.B. Jain, managing director of JISL.

True, drip irrigation wasn't exactly unknown in India. Even before the Jains set up shop, farmers in Tamil Nadu had been using the drip system for several years. Moreover, there were nearly 50-odd manufacturers tooting the

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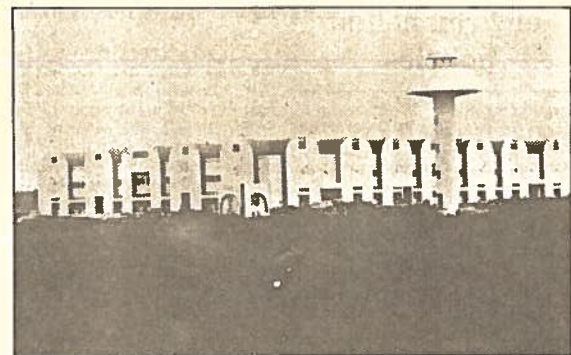
B.H. JAIN
Chairman, Jain Irrigation



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(Top left): A comparative view of crops grown under the drip (left) and ordinary systems and (above) JISL factory: dripping with opportunity

they got into a technological collaboration with James Hardie of Italy. Also, they added a basic research and development effort and created a field investigation set-up to monitor the tailor-made systems. Using CAD-CAM for designing the systems, correlating agronomic and climatological data for framing a proper irrigation system, the Jains brought a degree of professionalism to the market.

The sophistication in manufac-

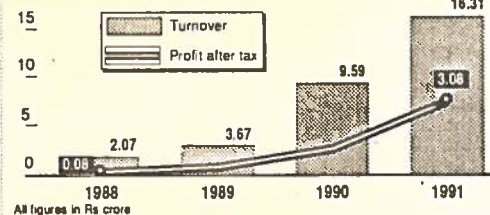
monitoring and servicing is part of the package they provide.

UNDOUBTEDLY, JISL also managed to rope in some government help. Maharashtra, the state government subsidises the farmers for installing the drip system. As the subsidy comes to a hefty 50 per cent of the cost, many a farmer has been persuaded to go in for drip irrigation.

More good times seem to be in

JAIN IRRIGATION: QUICK GROWTH

(Financial performance of Jain Irrigation systems)



All figures in Rs crore

the Jains are going full steam ahead to make sure that they can carve out a large slice of it. They have drawn up an ambitious expansion and diversification plan, which will take in all off Rs 57 crore. For that, the Jains intend to go in for a rights issue of Rs 45 crore, while the remaining cash will be generated by a Rs 10 crore loan from the ICICI and internal accruals. That's another smart move—with the JISL scrip hovering around Rs 160 in Bombay's Dalal Street, raising the money shouldn't be too much of a problem.

ments and filters per day. That adds up to a capacity of covering some 50,000 acres per year. And the company says it can double the capacity easily.

If the government recommendations create the kind of market conditions the Jains expect, JISL is certainly sitting on a fortune. For the Jains, a family that had started off as traders three decades ago, with a meagre Rs 7000 as capital, drylands have certainly proved to be cashlands.

■ Tushar Bhatt in Ahmedabad