

JISL's debenture plan receives 'A' grade

Jain Irrigation Systems Limited has been assigned an 'A' rating for their proposed partly convertible debenture programme by the Credit Rating Information Services Limited indicating adequate safety of timely payment of interest and principal.

JISL, the flagship of the Jain group, is the market leader in the manufacture and design of drip irrigation systems.

Located at Jalgaon, the company has two divisions — the domestic division making drip irrigation systems and the 100 per cent export-oriented division which at present exports PVC foam sheets, injection moulded components and drip irrigation components.

The domestic division account-

ed for a substantial share in the total drip irrigation systems market. JISL's success can be attributed to its collaboration with James Hardie (Italy), who are one of the world leaders in drip irrigation technology and JISL's longstanding association with state farmers.

JISL offers a comprehensive package of services which includes agroclimatic condition study, water analysis and soil survey to make the irrigation system to suit individual requirements.

With its large market share, established sales network, the learning curve advantages of designing tailor-made systems and a well-staffed after sales service network, JISL has been

able to carve a niche for itself in the drip irrigation market.

However, there are constraints on the growth of the drip irrigation market which is presently concentrated in Maharashtra, Gujarat and Madhya Pradesh only. The company's success partly depends upon state patronage in the form of subsidies.

The 100 per cent EOU division began operations only in 1990-91 with the exports of PVC foam sheets, custom-moulded products, drip irrigation components and polycarbonate sheets. Technical collaborations have been entered into with Cincinnati Milacron (USA) and Hardie Irrigation SRL (Italy), to make the company's products competitive.

JISL has increased its net sales from Rs 3.6 crores in 1988-89 to Rs 16.1 crores in 1990-91. The company is planning an expansion-cum-diversification programme.

The micro-irrigation systems capacity is proposed to be enhanced to 66,000 acres by 1995-96 from the present 25,000 acres. The capacities of the export oriented unit are proposed to be enhanced from the present 1,950 mt to 4,500 mt in the same time frame. The company also proposes to manufacture polycarbonate sheets in this division.

JISL's working capital requirements have traditionally been high. The company showed an increased reliance on short-term

funds during 1990-91 due to which the current ratio as at March 31, 1991 was strained.

JISL was incorporated on December 12, 1986 to manufacture and install drip irrigation systems in technical collaboration with James Hardie (Italy). It was promoted by Mr B H Jain, a Jalgaon-based businessman, who was till then involved in the manufacture of PVC pipes and agency business of petroleum products, automotive products, farm machinery etc.

The 100 per cent EOU division was established during 1990-91 for the exporting PVC foam sheets (in collaboration with Cincinnati Milacron), drip irrigation components and custom moulded plastic components.