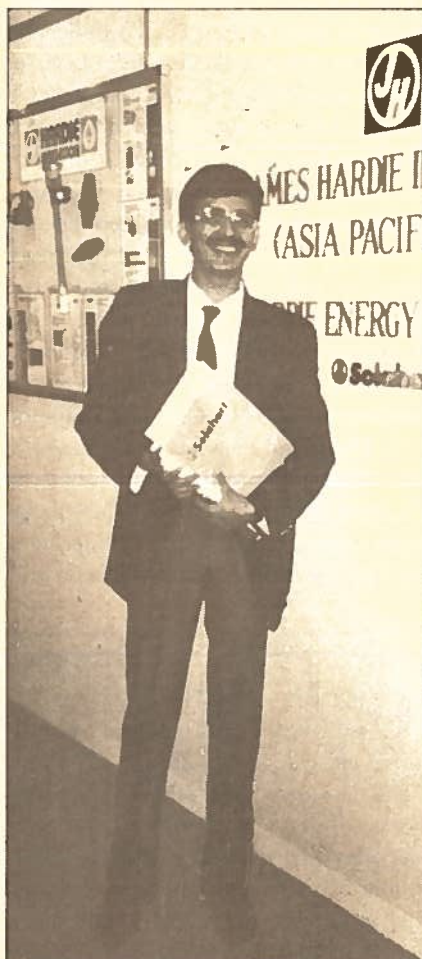


EXPORTS:

Born in Dusseldorf, brought up in Jalgaon.

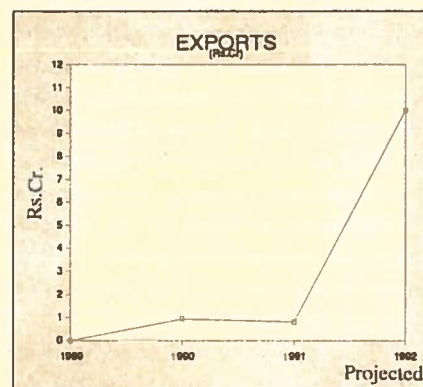
It all began as a surprise for the company. The outcome surprised both, the plastic industry and the exporting community alike. Exports were not visualised when the project was conceived. "It was on the suggestion of Cincinnati Milacron — the equipment supplier — at a plastic fair at Dusseldorf in Germany, that the idea germinated," says Anil Jain, Director JISL. It soon set up a 100% export-oriented unit last April. This unit manufactures irrigation system components, custom-moulded plastic components and PVC foam sheets. For the purpose it has set up its own toolroom for making dies and moulds. It has developed over 100 dies and moulds so far employing state-of-the-art technology. It manufactures these on a job-work basis for foreign customers.

From a mere Rs.95 lacs in 1989-90, total exports are expected to Rs.10 crores, in 1991-92, of which irrigation components will constitute Rs.5 crores, PVC foam sheets Rs.4 crores and customised plastic components, Rs.1 crore. In plastics industry, such growth in export earnings is not easy to find. Jain didn't find it easy either at the beginning. "We had hordes of problems initially. Series of sample rejections, non-availability of the required material, stringent delivery schedules. There was no difference between us and other Indian exporters as far as the difficulties were concerned. But we didn't give up while others did," asserts Anil Jain.



Anil Jain :
He had to slim to see a fat bottom line.

Next year, PVC foam sheets will form the major constituent of the export turnover. PVC sheets are exported to the U.K. and Belgium, irrigation systems to the middle-east, moulds and dies and polycarbonate sheets to the



U.S. For the manufacture and exports of polycarbonate sheets, GE Plastics (a joint venture between General Electric of U.S.A. and IPCL) has agreed to provide technical and marketing assistance to JISL, in addition to supplying the polycarbonate resin to it. Anil Jain explains his company's success saying, "We look at quality in totality. When dealing globally, quality consciousness begins right from the time one receives an enquiry from a buyer. When a receptionist receives a phone call, it is not restricted to the product alone."

As part of its expansion-cum-diversification plan, the company plans to instal three more extruder lines for PVC foam sheets. The project is already under implementation, and will be implemented in stages by Mar.'93. The full potential will be manifested in 1995-96 when the turnover is projected at Rs.300 crores, of which exports would contribute Rs.85 crores. ☉

Jain Irrigation Systems : So far it has been in an agro-based industry. Not for long. Its culture is changing

From agriculture to plasticulture

Resting at the base of a hillock in Jalgaon lies Mr. Bhavarlal H. Jain's abode. As founder and the moving spirit behind the Jain group of industries, he over-looks a flat, dusty, sun-baked terrain. But that view is exactly what excites him. For, he is the micro-irrigation baron of the country and has succeeded in turning barren wastelands into lush green pas-

tures. Irrigating fields scientifically has proved to be lucrative, as he soon found out.

Jain Irrigation Systems is the largest manufacturer of micro-irrigation

The first half

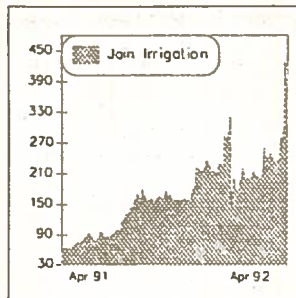
- * Sales up by 96%.
- * Gross profits increase by 205%.
- * Net profits improve to Rs.1.36 cr from Rs.18 lac.

What to expect in the second half

- * Increased interest burden to be compensated by the EOU's earnings.



Bhavarlal Jain, Chairman, Jain Irrigation Systems



The trend in Jain Irrigation is distinctly bullish. One is advised to buy into the scrip on declines from a long-term perspective.

component systems in India. JISL provides complete technical support and services which include system planning, design, installation and agronomical assistance. To start off with, it was a novel concept that had to be taken to the masses. The Jains have been successful in disseminating its virtues. None has been more impressed than the Union Government. It has decided to provide a subsidy of 50% on the unit cost of drip irrigation with an upper ceiling of Rs.50,000. The scheme intends to bring the small and marginal farmers with fields upto four hectares under its umbrella.

No wonder then, that JISL's half-yearly results are so promising. The company has set up a 100% EOU in Jalgaon itself, which started operations in April 1991. This division is engaged in the manufacture and export of irrigation components, custom-moulded plastic components and PVC foam sheets. The export division's existing PVC foam sheet lines are going to be expanded as well as new lines for the manufacture of polycarbonate sheets are to be installed. JISL also plans to double the capacity of its existing irrigation components plant. The entire project cost of Rs.57 cr will be financed by a rights issue partly convertible

debentures worth Rs.45.27 cr, Rs.5 cr assets credit from ICICI and Rs.5 cr lease-finance. The project is already being implemented and is expected to be commissioned in stages by Mar.'93. Its full potential will manifest itself in 1995-96, when the turnover is projected at Rs.200 cr.

Financial Highlights	(Rs.Cr.)	
	H.Y.Ended Sep.91	H.Y.Ended Sep.90
Sales	8.17	4.17
Other Income	0.19	0.01
Interest	1.01	0.58
G.P.	1.77	0.58
Depn.	0.41 \$	0.40
Tax	—	—
N.P.	1.36	0.18
Equity	3.02	3.02
EPS (Rs.)	18.01 *	—
GPM (%)	21.66	13.90
\$ Adjusted.		
* Annualised.		

Returning to the present, the company imports much of its raw material — LLDPE and PVC — under OGL. It met its import requirements by resorting to external borrowings which increased the interest burden. On the other hand, the rupee devaluation has taken the sting out of the interest bite as the earnings from the EOU would more than compensate for this loss of revenue. JISL is heading for an EPS close to twice its face value. Its equity-base will rise to over Rs.9 cr after the conversion of debentures next year. This will put the bottom line under some pressure then, but that shouldn't be for long, as the expansion/diversification project would start contributing to sales and profits from 1993 onwards. Picking up this 'irrigating' scrip on declines would provide investors with a rich harvest in the years to come. ☉