

# Treading on fertile ground

Consider this scenario: A company proposes to almost double its turnover in the current fiscal year; exports are expected to more than triple; a massive expansion programme has been envisaged which would catapult its turnover to the magic figure of Rs.200 crores resulting in a beefy bottomline. Moreover, the company has the advantage of being backed by a management with excellent foresight.

An investment in this scrip at this juncture is sure to make you a millionaire in a matter of three years. But worth the wait, isn't it?

Well, these are the special highlights of Jain Irrigation Systems Ltd. (JISL). This four year old baby of the Jain Group of Industries, Jalgaon, has grown rapidly, or rather, exponentially. Its turnover has stormed up from a mere Rs.3.59 crores in 1988-89 to Rs.9.50 crores in 1989-90 and further to Rs.16.08 crores in 1990-91. And during the current year, the turnover is going to atleast double.

Along with sales, profit too have kept pace. JISL's bottomline has surged from Rs.24 lakhs in 1988-89 to Rs.1.10 crores for 1989-90 and then to Rs.3.10 crores in 1990-91.

And all this on an equity base of a mere Rs.3 crores. It's no wonder then that the EPS for the current year has surpassed even the paid up value of the shares. JISL's market share of 65 per cent in Maharashtra is expected to pep up by another 10 per cent this year and its all-India share of 55 per cent will be bolstered further by another 5 per cent by the end of 1991-92.

But there is one weakness with the group's nerves: a passion for growth. Not resting on past achievements, JISL is thinking anew. The company's existing capacity is to be doubled by next fiscal year. JISL will thus be able to manufacture plastic sheets of various polymers: Polycarbonate sheets, Polypropylene sheets, ABS sheets and Acrylic sheets.

This is primarily the reason why the company is offering rights. The forthcoming Rs.45 crores rights issue is to expand the domestic division's product range and diversify as well as expand the export division products. The project, already under implementation, will be fully implemented in stages by 1993. And increased production level would be reached even as the project is being fully imple-

mented. With the company aiming at attaining full production potential by 1995-96, turnover of JISL is expected to reach Rs.200 crores inclusive of exports worth Rs.55 crores.

The rights issue of partly convertible debentures opens on 14th February.

Realising that the company's targetted production and exports can not be met solely through export promotion ef-

fort, JISL has decided to essentially invest in the equity of marketing networks abroad. It will thus be either acquiring interest in the existing distribution network of the continent or the USA or go for complete takeover of such trading companies which have established business contacts over the past many years. This would enable JISL to ensure adequacy of both margin and market for its grow-

ing production capacities. JISL is taking steps to seek permission from the government for such investment abroad. Infact they have already received offers for joint participation from foreign corporations. Encouraged by the government's liberalisation measures, JISL is actively engaged in finalising its plans to go global as a strategy in the nineties. As a pioneer in the field of micro-irrigation,

JISL has developed a vast range of point source irrigation systems consisting of Emitters or Micro Sprinklers and Pop-ups. While the Pop-ups are ideally suited for lawn and turf applications, the Micro Sprinklers can cover areas of upto 3 meters radius. The Emitters irrigate only the root zone of the plant. None of these devices provide efficient and continuous strip of irrigation required



## The hero behind the group's success

For Bhavari H. Jain, the founder chairman of the Jain Group, it's been the hard way up the success ladder.

Dynamic a person that he is, Jain opted out of the Civil Services (not many would have the guts to do so) and started on his own in 1963. Jain began as a kerosene dealer for the multinational oil giant ESSO, and five years of dedicated work saw him emerging as the market leader in the whole range of petroleum products. This prompted him to diversify into automotive trade and take on the franchise of Ashok Leyland, Standard Motors, Rajdoot Motorcycles and the like.

But his love for farming brought him back to his family farm. And the experience brought in dealerships of various farm equipments and inputs that of Escort Tractors & farm implements, seeds, fertilisers, PVC pipes and electric pipes.

In 1978, Jain acquired a sick industrial unit designed to produce Banara powder. After several modifications, he made it operative for the manufacture



Bhavari H. Jain, Chairman

of Papain, an enzyme from papaya. His tireless marketing efforts drew the attention of papain users the world over who recognised and accepted the superiority of the Refined papain of India, making it a 100 per cent forex earner. And the company Jain Plastics & Chemicals Pvt. Ltd. was the recipient of many export performance awards thereafter.

In 1980, when the suppliers of PVC pipes could not meet the growing requirements of Jain's customers, he went into the manufacture of Rigid PVC

Pipes & Accessories with a small Indian extruder with a capacity of 100 MT per annum. Within six months, he was in a position to import a large sophisticated extruder from Cincinnati Milacron of Australia.

Well phased expansion programmes enabled Jain Pipe exceed its capacity to 20,000 MT annually by 1984. The next two years saw its other units in Madhya Pradesh and Tamil Nadu increase the annual capacity by about 10,000 MT. But there was a burning desire to grow and diversify. In 1986, Jain acquired a major share in EMCO transformers and also set up Jain Irrigation Systems Ltd. a new technological input in the field of micro-irrigation (drip irrigation) in collaboration with James Hardi (Italy) SRL, acknowledged leaders in the field. From a small capital outlay of Rs. 7.80 crores in 1987, the company is now poised for massive expansion and diversification programme with an outlay of Rs. 55 crores. The growth of even the Drip Irrigation Systems has been phenomenal from a meager 1500

acres in 1987 to over 30,000 acres in 1990, covering 32 different crops.

The quality of the product has also found several export markets. Encouraged by export possibilities, a 100 per cent EOU has been established in Jalgaon, along with a Modern Mould Shop. The upcoming projects include exploitation of solar energy for hot water and introduction of wood substitute plastic sheets. New products and technologies and exports would see the turnover of the Jain Group of Industries cross Rs. 350 crores by 1993 inclusive of exports to the tune of Rs. 85 to Rs. 90 crores.

But Jain hasn't clamped the brakes here. He is now engaged in developing an altogether new wood substitute plastic sheet with a view to save the forest wealth. The solar energy would then be harnessed to conserve scarce electric power. Thus whether it is conservation or exports, Jain's visions and plans are in tune with national priorities.

If only there were more of his kind in this country.

by row crops and are largely used for widely spaced orchards.

Thus for the closely spaced row crops like sugarcane, vegetables, cotton etc. to provide wateruse efficiency, JISL has obtained a licence from Chapin Watermatic Inc. of New York, the patent owners of the multi-chambered drip irrigation hose branded as turbulent twinwall or cane turbulent twinwall, for the manufacture and use of the Chapin technology and brand name. The RBI has already approved of the payment of lumpsum and royalty and commercial production is expected to commence by August this year.

With this collaboration, JISL will further expand its product range and will be the first in the country to produce multi-chambered line source tubing, the most efficient form of micro-irrigation for the purposes of row crops. Chapin products are rated number one even in the US. Since the tubes will be manufactured for the first time in the country, they will be free

from onerous import duties and fat margins of the original producers.

JISL expects to market the Chapin Turbulent Flow Twin Chambered Tubes at much lower prices than the similar line source tubing of the important equivalent tubes. This will, therefore, come as a boon to the farming community. At a time when the prices are increasing all around, there would atleast be one product made available to the farmers at prices lower than those prevailing currently. And the indigenous manufacture of the tubing and its own pricing is expected to offer great marketing advantage to Jain Irrigation.

And then, of course, is Jain's move towards conservation - saving our forest area from depleting fast. Continuous expansions, diversification into related activities, tremendous thrust on exports and national conservation indicate success for this company. This in investor parlance implies nothing but higher profitability and richer dividends.

### Jain Irrigation Systems Ltd

#### Financial highlights

Full Year	Half Year	Half Year	Full Year
March'92	Sept'91	Sept'90	Mar 1991
Projected			

(Rs.in crores)

Turnover	30.00	8.17	4.17	16.08
Gross profit	6.00	1.77	0.58	3.43
Net profit	3.90	1.36	0.18	3.09
Equity	3.02	3.02	3.02	3.02
EPS (Rs.)	12.90	-	-	10.23