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Jain Irrigation floats \$ 30 m EDR issue

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JALGAON-BASED Jain Irrigation Systems Ltd, (JISL) has become the first company from rural India to seek listing on the Luxembourg Stock Exchange by floating a \$ 30 million European Depository Receipt (EDR) issue.

EDR is the same instrument as global depository receipt (GDR) but marketed only in Europe. The issue is being marketed in Edinburgh and London in the UK and Zurich in Switzerland.

Six-year-old JISL could have easily raised \$ 30 million from private placement with foreign institutional investors but opted for a Euro-issue "because we wanted to be known better and make our presence felt," chairman Mr Bhawarlal Jain said. JISL scrip is quoted around Rs 350 on the BSE.

A third of JISL's income comes from exports. It is one of world's top 10 players in drip irrigation and makes custom-made moulded components for US companies. JISL is also the leading manufacturer of speciality plastic sheets in

this part of the world.

GE Plastics BV of Holland, a GE subsidiary, recently entered into an agreement with JISL to market the latter's polycarbonate sheets in whole of Europe barring UK.

JISL is also floating joint ventures with Kinera Oy of Finland for the manufacture of liquid fertilisers and with Rehan Meristem of Israel for plant tissue culture.

The Euro-issue proceeds will part-finance JISL's ongoing capital expenditure programme and the new projects (tissue culture, solar

water heaters, greenhouses and liquid fertilisers) totalling around Rs 92 crore over the next two years.

JISL dominates the drip irrigation industry in India with a 65 per cent market share, with 27 others sharing the remaining 35 per cent. This activity accounts for 83 per cent of the turnover.

Plastics sheets, accounting for almost 10 per cent of the turnover, is JISL's most profitable business, and an area where other plastic processors in India have failed to

make a mark.

The EDR issue (managed by West Merchant Bank and co-managed by SBI European Bank) will lead to tremendous interest saving for the company in the next few years. A foreign institutional investor has predicted annual turnover growth of 71 per cent from expansion of sheet capacity from 2,025 tonnes to 9,700 tonnes a year and a 26 per cent growth in drip systems business. It has predicted a 51 per cent earnings growth in the next two years.