

Jain Irrigation to create additional capacity

Jain Irrigation System is the largest producer of drip irrigation systems, plastic profile sheets and injection moulded products. Rapid progress has been made in recent years and the expansion of capacity for drip irrigation systems to 66,000 acres from 25,000 acres will be resulting in a big increase in turnover and profits in 1993-94. A completely export oriented unit for rigid/foam sheets also is functioning profitably and the capacity is being raised to 4,200 tonnes from 1,800 tonnes annually. The capability for injection moulded products is to be doubled to 300 tonnes yearly.

EDRs to be offered for the first time

As exports of various items are increasing spectacularly, every effort is being made to raise the output and turnover steadily. For meeting part of the expenditure on ongoing schemes European Depository Receipts (EDRs), which have the same features like GDRs but will be marketed in Europe, and the U.K., will be issued shortly. Mr. Bhawarjal H. Jain, Chairman, has stated that this procedure has been adopted for making the presence of the company felt in Western Europe and the U.K. The quotation for the equity shares is currently around Rs. 350. The existing equity capital of Rs. 10.26 crores will thus be increasing to Rs. 14.30 crores as a result of the EDR issue while the premium realised will be over Rs. 150 crores. As reserves stood at Rs. 38.24 crores on March 31, 1993, these will be rising to around Rs. 188 crores on account of the premium.

The working results for 1992-93 were creditable as the turnover was higher at Rs. 64.95 crores against Rs. 35.54 crores and the gross profit before depreciation and interest charges, at Rs. 13.62 crores against Rs. 8.68 crores in 1991-92. A higher dividend of 24 per cent, taxable, against 21 per cent taxable, was paid absorbing Rs. 126.73 lakhs (Rs. 63.38 lakhs) even though the paid up capital had risen to Rs. 10.26 crores from Rs. 3.01 crores as a result of the allotment of equity shares at a premium of Rs. 30 per share against the partly convertible bonds. These shares got a proportionate distribution.

The performance in the half year ended September 30, 1993 also has been gratifying and it is expected that the results for the whole of 1993-94 will constitute a new record in the history of the company. Net sales and other income were higher by 68.7 per cent at Rs. 26.67 crores against Rs. 15.81 crores and the gross profit, before depreciation and interest charges, by 80.6 per cent at Rs. 844.96 lakhs against Rs. 467.95 lakhs in the same period in 1992-93. Interest charges claimed Rs. 260.05 lakhs (Rs. 150.70 lakhs) and depreciation Rs. 182.42 lakhs (Rs. 86.02 lakhs). There is no liability for taxation. The residual profit rose by 74.2 per cent to Rs. 402.49 lakhs from Rs. 231.05 lakhs.