JAIN IRRIGATION

A Model for Rural Success

Bhavarlal Hiralal Jain,
Founder Chairman
Jain Irrigation, founded by Bhavarlal Jain, is a very interesting home grown small town success. It is the leading company in India for micro irrigation, and is the second largest in the world. It has successful operations both in India and overseas, including in Israel and the US. Like many other Indian success stories it is a first generation enterprise. And though his four sons are running the company, Bhavarlal Jain remains the visionary driving force.

This is not the first time we have written about Jain Irrigation. To be sure the company has had its share of ups and downs. At one stage it had a market cap in excess of `10,000 crore. But with a huge hangover of debt market perceptions changed dragging down the company. Today the market cap is only about `2,750 crore. But with a debt under control, and most of it now short term working capital, the company is on track to regain much of its past glory.

But we felt it appropriate to highlight the story again for several other reasons too. With the forecast of an uncertain monsoon attention is again focused on agriculture. Yet in spite of all the plans and expenditure since independence, only half of our cultivated lands are irrigated and not subject to the vagaries of the monsoon. Moreover it has become clear that distribution of the benefits of our irrigation systems has been uneven. It has also often led to wasteful use of water. This has in turn often led to water logging of fields, and at the same time a falling water table. drip irrigation, ideally suited for our small farm holdings, has a penetration of less than 5 per cent.

Yet the benefit of drip irrigation is so obvious that Jalgaon, which was arid and agriculturally very poor, is now the model of agricultural success. With other inputs from Jain Irrigation, like tissue culture, it has become the largest banana producing region in India.

While this transformation of Jalgaon district has taken 30 years, the question that does go through one’s mind is why cannot similar changes be brought about in all the 676 districts in the country. If one or a few entrepreneurs, or even one or more NGOs, can transform a district in a finite period, why is not possible to replicate the success? One thing is certain, that it is not a question of money. There is more than enough money available within the system.

Mobile networks could bring about a connectivity revolution in ten years right through the country. The government is seriously focusing on electricity for all 24x7, again in less than 10 years. Then surely there can be an ambitious plan for transformation of agriculture too, district by district, in the next decade or two at the most.

If we had many more companies like Jain Irrigation then it need not be a distant dream.
COVER FEATURE

Back on track
Strengthened by its new business model, JISL is all geared up to regain its momentum

SPECIAL REPORT

The darkening clouds of rural distress
It is not all hunky dory in the countryside and the sooner the Modi government wakes up to the reality, the better it will be

CORPORATE REPORTS

UFLEX
Flexible packager Uflex strives to stay ahead of the rest

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AGS gears to expand its offerings beyond India into the Asia-Pacific region

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Prompted by a fresh demand for Vitamin D, Fermenta expands its portfolio
Jain Irrigation Systems Ltd (JISL) has shown a great deal of grit and resilience lately. The Jalgaon, Maharashtra-based company is gradually getting back into its groove, after it took a bold but conscious move in 2011-12 to tweak the model of its micro irrigation (also often called drip irrigation) systems (MIS) business, which accounted for over 47 per cent of its overall revenue. In a sharp departure from its earlier approach, the second largest micro irrigation player in the world after Netafim of Israel, decided to adopt a new stand, where it now follows a ‘cash-and-carry’ model. In other words, the 6,200 crore company sells its systems to dealers/farmers on full payment basis, even as farmers pursue subsidies with the government agencies, as against the earlier times when the company would sell at a low price and take responsibility for collecting subsidies from the government.

Thus, any delay in subsidy payment by government is now borne by the farmers or dealers directly. In recent years, the company’s business was hit hard due to a high subsidy burden (receivables from government), leading to much higher working capital requirements and rising interest costs and, in turn, increased debt. In order to encourage drip irrigation systems, state governments provide subsidies ranging from 40 per cent to as high as 80 per cent to farmers. Currently at 5 per cent, the penetration of micro irrigation is abysmally low in the country, even as availability of water is becoming a major issue. JISL offers a complete MIS solution including a wide range of precision irrigation products in drip irrigation systems as well as sprinkler irrigation systems. Specifications of these products vary from one crop to another, depending upon their irrigation requirements. Besides, it also provides services from soil survey, design engineering to agronomic supports. It also undertakes turnkey projects for total agricultural development.

This structural change has seen the company’s receivable collection cycle, which peaked 369 days in March 2011, coming down at about 190 days at present and the same is expected to stabilise at, say, 120-150 days in the next couple of years. JISL has so far managed to implement its new model in four states – Maharashtra, Tamil Nadu, Madhya Pradesh and Karnataka (which represent 50 per cent of the company’s MIS revenue). Since Gujarat (which accounts for 10 per cent of its revenue) boasts one of the most efficient subsidy disbursement mechanisms, JISL has deliberately tried to keep the state out of the purview of its new business model. The new approach has already started bearing fruit.

All these have resulted in freeing cash amounting to about 700 crore into the system. With these efforts, the company’s reliance on debt has reduced and analysts believe that with the rising income, debt will start to fall in the years to come. The debt: equity ratio, which hovered around 1.9 during 2012-13 and 2013-14, has improved to around 1.7. On 31 March 2015, the company’s debt stood at about 3,936 crore, whereas the government subsidy receivables
were `300 crore, as against `970 crore in 2011-12. Of the total debt, 43 per cent is long-term loans, while the remaining is short term loans, accrued due to the company’s higher requirement for working capital.

While JISL, which boasts about 50 per cent share in the domestic MIS irrigation market, tried to improve upon its balance sheet, it also had to encounter the harsh reality of declining sales of its micro irrigation systems as farmers have to pay the entire amount upfront. In fact, sales of MIS systems declined by almost 25 per cent in 2012-13. However, the last two years have witnessed a bounce-back in sales, which grew by about 20 per cent in 2013-14 and 18 per cent in 2014-15. But the company has not been successful in impressing investors. The last couple of years have been sluggish for the stock, even as the company tried to bring down its debt. On the BSE, the stock moved from `70.60 on 4 June 2013 to a high of around `127 on 4 July 2014. But, thereafter, it gradually slipped to a low of about `56 as on 12 May 2015. With a market capitalisation of about `2,725 crore, the stock currently quotes at about `61.

What have been challenging for the company are the higher interest rates, coupled with fluctuating polymer (basic raw material) prices and unfavourable currency movements. Even though the sales suffered a bit, the bottomline got eroded. After registering a meager profit of `4.50 crore
Can market cap be the sole determinant for measuring the success of an entrepreneur? Investment bankers and analysts point out that the collective wisdom of the market is a fair measure. But the problem arises when they fail to differentiate the work of an entrepreneur which goes far beyond just building a commercial enterprise. And, we have seen market caps double and double again in just a few years!

While creating wealth is a laudable exercise, it cannot be the be-all and end-all aim of one’s existence – at least not in the view of the septuagenarian, Bhavarlal Jain. A true son of the soil, Jain’s meteoric rise from a student struggling to read under the only lamp in the village square, to shrugging off a job offer in a government organisation and starting his own small business of peddling kerosene on a bicycle, is now part of the folklore. The initial risks he had taken in buying a factory put up for auction, and persuading a bank to fund its acquisition are well documented too (see A rich harvest, Business India, dated 27 July 1987) and the challenges encountered during the empire building process, mistakes made and lessons learnt (see Apology of no avail, Business India, dated 29 December 1997 and More crop per drop, Business India, dated 26 May 2003). Business India has been following the growth, both of the entrepreneur as well as the group closely over the last four decades.

If one were to apply the investment banker yardstick for measuring growth, Jain’s family worth is now roughly a few thousand crore of rupees. But this does not take into account the number of lives of farmers, which Bhau as Bhavarlal Jain is affectionately called, has touched. Or the number of millionaires he has created in the parched region of Jalgaon (which ironically means ‘water-village’). The water conservation activities and the smart usage of water to convert an arid hill into a green park hosting numerous demonstrative projects has earned Bhau another epithet krishi pandhari. Greatly revered in Jalgaon for putting it on the global map, Bhavarlal Jain’s achievements should not be measured in money terms alone. His efforts in uplifting the region, through demonstration farms, improving productivity and prosperity in agriculture in a dry area and inculcating innovation in agriculture and horticulture has to be seen to be believed. The achievements have been recognised by the government of Maharashtra, as also global institutions like UNESCO, IFC and others in the US. No visitor to Jalgaon goes away less than totally impressed.

“Strangely enough, I was never interested in earning money for its own sake,” he had stated in one of his interviews in 1991. “I always cherished the thought that one day I would achieve something – something people would remember me by. I never believed in accumulating wealth.”

While the efforts are felt across crops, his most notable success has been in micro propagation of tissues for enhancing bananas and reduction of crop lifecycle. The research and consequent commercialisation of the tissue culture of banana has benefitted farmers by improving production by over 100 per cent and reducing the harvest cycle by 30 per cent. Sugarcane farmers using drip irrigation, have seen their average yield more than double to around 60 tonnes per acre as against the country’s average yield of around 25 tonnes per acre. There are select few farmers who are even reaping an yield of 100 tonnes per acre. ‘Water management, water treatment and increasing the area under irrigation’ is the dream of Jain.

Like every entrepreneur, Jain too has made mistakes. But, unlike everyone else, he is bold enough to apologise publicly through advertisements in the newspapers admitting his folly of diverting into unrelated areas. Jain is now spending a lot of his time in building the nation’s capital by educating the youth of his region, through numerous schools and colleges, built through the generous donations, personally and from his company.

More than two decades back Jain had summed up the philosophy of his life – “I would like to try and do everything all over again. Life is growth. It can stop only in the grave.” He has left the day-to-day administration to his four sons, who are now grappling with the intricacies of taking forward the reigns of the empire that Bhavarlal Jain built. Their task is to ensure that the company is back on the growth track.

Son of the soil

DAKSHES PARIKH
in 2012-13, the company incurred a loss of about ₹40 crore in 2013-14. However, for 2014-15, the company has made a strong comeback with a PAT of about ₹55.40 crore – an indication of ensuing stability after six-seven quarters of unrest. The company has clocked a revenue of ₹6,204 crore, as against ₹5,903 crore in 2013-14. Amidst all this, the company has maintained its momentum, growing at a CAGR of about 15 per cent in the last five years.

“Though the company has to face some difficult times recently, it is on course to recovery. The implementation of the cash-and-carry model will entail better operational performance and lower interest cost thus driving the PAT growth, going ahead. However, debt reduction remains a key monitorable for the stock, even as we maintain ‘BUY’, with a revised target price of ₹120 (₹101 earlier),” says Manoj Bahety of Edelweiss Securities.

“We expect strong free cash generation over 2015-17E, led by the domestic MIS business, which should aid to reduce the debt-equity,” says Motilal Oswal, in its report on JISL. “We expect growth and margins to recover in 2015-16 on the back of a normal monsoon and lower polymer prices. We maintain ‘BUY’ with a target price of ₹100.”

“We have successfully been able to implement our new business model, even though we have to face some tough times on account of adverse micro and macro-economic conditions,” says Anil Jain, 50, managing director & CEO, JISL. “The efforts have started paying dividends. Our government receivables have come down considerably and as the situation stabilises in coming months, there will be further improvement, leading to overall look-up in our performance.”

### Strategic move

While the company took a bold decision to implement its new business model, in a strategic move it also decided to float an NBFC to meet the funding requirements of farmers who, under the new model, have to pay the company upfront. Named Sustainable Agro-commercial Finance Ltd (SAFL), the NBFC has helped the company negate the adverse impact on its sales on account of its not taking the subsidy burden on its books. Playing a role of an agri-bank, the NBFC, headquartered in Mumbai, focuses on funding farm- and farmer-related activities. Since its inception in 2012, SAFL, which has so far served 17,000 farmers, has an exposure to the tune of about ₹205 crore. Backed by anchor investor IFC, Washington (10 per cent stake), the NBFC has been helping the farmers fund their purchase of micro irrigation systems from JISL.

Recently, UK-based Mandala Capital has also infused ₹112 crore in SAFL. The deal has been done through a mix of equity shares at a premium of ₹42 crore and six-year debt in the form of 10 per cent unsecured non-convertible listed debentures of ₹70 crore. With this, SAFL’s Tier I and Tier II capital has been raised to ₹208 crore. After this transaction, Mandala Capital holds 20 per cent of SAFL, while JISL’s holding has come down to 49 per cent. Mandala Capital manages a dedicated agri-business private equity fund with a geographical focus on companies based in India. The fund is backed by University of Texas Investment Management Co (UTIMCO) and TIAA-CREF as its anchor investors.

With the fresh capital, SAFL, which currently has a presence in Maharashtra, Karnataka and Telengana, is looking to expand its footprint to the neighbouring states of Andhra, Tamil Nadu, Gujarat and Madhya Pradesh in the coming two years. The NBFC is planning to extend finance to over 150,000 farmers over the next five years. “Floating an agri-focussed NBFC is a strategic move on the part of JISL, as it will provide a much-needed cushion to the company by bridging the funding gaps of the farmers. Now, instead of JISL, the NBFC will take the subsidy recourse on its book directly,” points out Daven Choksey of K.R. Choksey, who strongly believes that there is a big need for focussed NBFCs.

“For IFC, JISL is a strategically important partner, whose inclusive business...
model has helped raise incomes for thousands of small farmers, and developed innovative technologies that address the challenges of water conservation and sustainable agriculture. IFC has been partnering with JISL over a number of years and is a shareholder and lender to the company and an early shareholder in its NBFC subsidiary. During the period of

IFC’s investment (2007-14), JISL more than tripled its consolidated revenues,” says Prasad Gopalan, manager, agribusiness, Asia, IFC, which owns a 2.97 per cent stake in JISL. Mount Kellett Capital, a multi-strategy investment firm set up by former Goldman Sachs executives, has bought $349 crore worth of shares in the company, amounting to 7.93 per cent. Other investors in JISL include, among others, Tempelton Funds, Macquarie Bank and Swiss Finance Corporation. Recently, renowned investor Shivanand Mankekar has also reposed his confidence, buying 1.85 per cent stake. At present, the institutional holding in the company is 51 per cent, while the promoters own 28.7 per cent.

Over the last three years, the company has also been trying to raise capital through FCCBs, ECBs and other routes, as also boosting its cash flow with its new model. It has now also decided to hive off its profitable agri-processing business, which has grown significantly. In the last five years, the agri-processing business, now accounting for more than 22 per cent of revenues, has grown at a CAGR of about 25 per cent. “Our agri-processing business has reached a critical mass and we think it is the right time to unlock its value.

There is more to JISL than just irrigation. The company, with its diversified offering and services, has emerged as an integrated farm solution provider, which believes in enhancing the overall income of farmers towards creating rural prosperity. The second largest micro-irrigation company in the world makes a wide range of precision irrigation products suited to various agro-climatic conditions and crops, which also include rice. At Jalgaon, the company has a high-tech agriculture institute spread over a sprawling 2,500 acres. The institute, equipped with R&D and technology demonstration farms, houses a full-fledged training and extension centre.

The company boasts about 1,000 agriculture scientists, technologists and technicians who provide various extension services including soil and engineering surveys and agronomic supports to farmers and, accordingly, offer them the right kind of irrigation solutions. These professionals work in the field with the farmers, who are the customers for micro-irrigation systems. They go to the field, carry out surveys of farms and collect details related to crops and their spacing, water source, field dimensions and other agro-climatic information. Soil and water samples are collected and tested to ascertain various parameters. Then, depending upon the agro-climatic data, such as rainfall and temperature, as also crop details such as variety, age and root system, a system is designed and prescribed for irrigation, which should not only be effective, but also economically viable in the long run.

Over the years, the company’s efforts have enabled farmers to switch from flood irrigation to more water-efficient systems which yield water savings of 30-65 per cent over the traditional surface irrigation systems. In response to its major buyers’ concerns about food safety and increased interest in farm-level practices and traceability, JISL helps farmers meet international standards. Its own farms are GLOBALGAP-certified. The company has developed with IFC, the Jain GAP standards for its farmer suppliers, who supply fruits for processing, which helps the company meet its buyers’ concerns without significantly increasing costs for low-income farmers. GLOBALGAP is an internationally recognised set of farm standards dedicated to good agricultural practices or GAP. Under GLOBALGAP, farmers adopt safe and sustainable farm practices and use prescribed quantity of water, fertilisers, pesticides and other inputs for their produce. JISL trains farmers and helps them adapt to these norms and get the certification, which helps them sell their produce to global buyers. At present farms of around 10,000 farmers who are providing mango, banana and onion to JISL are GLOBALGAP certified.
We are looking for a valuation of around ₹2,500 crore and would go in for dilution of minority stake some time during the current fiscal year. This proceed will help bring down our overall debt,” says Manoj Lodha, CFO, JISL. The target is to reduce its debt by about ₹1,000 crore in the next two years.

**Agri processing**

JISL has also emerged as one of the largest agri-processing companies in the country with a significant share in the fruit/vegetable processing market. The company has three modern fruit processing facilities (total capacity: 153,000 tonnes per annum) – one at Jalgaon, Maharashtra, and two at Chittoor, Andhra Pradesh. It processes mango, banana, papaya, guava, tomato and pomegranate for the production of purees, concentrates and pulp. In fact, the company is the largest producer of mango pulp, puree and concentrate in the world. It markets these products under its brand name Farm Fresh. JISL also produces dehydrated vegetables including onion, garlic, tomato and spinach. In the dehydrated onion space, the company is India’s largest and world’s third largest player (15 per cent market share). It boasts three state-of-the-art dehydration plants (total capacity: 40,735 tonnes per annum), one each in Jalgaon, Vadodara and the US.

The company exports its food products to more than 50 countries and its customers include top global food companies like Coca-Cola, Unilever, Nestle, Al Marai and McCormick & Co. JISL is the largest, as also, strategic supplier of mango pulp to Coca-Cola India for its Maaza brand. Both have joined hands in a 50:50 JV project – Unnati, aimed at improving the yield of mango farmers in the country. Launched in 2012, the project is into its second phase, where 25,000 farmers will be covered in the states of Andhra Pradesh, Karnataka and Tamil Nadu over the next 10 years. In its first phase, 5,000 farmers benefited from the Ultra-High Density Plantation (UHDP) technique, which is a proven technology, commonly practised for mango cultivation worldwide and this combined with other sustainable agricultural techniques, has the potential to increase mango yield more than 200 per cent over the traditional methods. “Our relationship with Jain Irrigation goes back to 2000, when it started supplying mango pulp to us. Since then, Jain has displayed utmost commitment to this association by upgrading its capability and infrastructure, besides adding capacity proactively. We have partnered JISL in several initiatives, to optimise mango pulp supply chain, which has been beneficial to both the companies,” says T. Krishnakumar, CEO, Hindustan Coca-Cola Beverages Ltd.

JISL is also into contract farming which gives it greater control over the quality and quantity for processing, compared to traditional procurement channels. JISL, which entered agri-processing in 2002, has used the contract farming model in onion and mango cultivation and plans to expand it to tomato. Currently, 10,000 farmers are involved in its contract farming, where it not only buys back the produce (at a minimum price established at the beginning of the growing season or at around market price at harvest time, whichever is greater), it also provide the farmers with high-quality seeds, saplings and other inputs. Most importantly, it helps the farmers with crucial extension services including good farm practices through its network of about 70 associates. Additionally, farmer’s relationship with JISL often allows them to obtain credit from commercial banks to fund their inputs.

“Ours is among a few successful contact farming models in the country. Our model is built on selecting progressive, receptive farmers and providing them with high-quality input and services. Most of those involved in our project are small farmers, with an average farm size of less than two hectares,” says Sunil Deshpande, president, food division, JISL.

Apart from MIS and agri-processing businesses, the company also has its presence in tissue culture, solar water heating systems, solar water pumps, and photovoltaic systems. Currently, it has over 10,000 employees, 3,000 dealers and 27 manufacturing facilities, including 15 overseas facilities, spread over five continents. It is also into PVC and PE piping systems as also plastic sheets.

The piping business where it manufactures a wide range of thermoplastic pipes is the second largest contributor to its overall turnover with over 21 per cent share. JISL is the largest manufacturer of thermoplastic piping in India with a 15 per cent...
JISL spearheaded its bio-technology initiatives in 1993-94, with a capacity to turnkey projects.

market share in PVC pipes and 35 per cent in PE piping. Having an annual capacity of 300,000 tonnes, JISL manufactures a wide range of pipes (3 mm to 1,600 mm diametres) and requisite fittings, catering not only to the irrigation and water requirements of farmers and rural population, but also the needs of the urban and industrial infrastructure sector. Besides, the company also makes PVC sheets (total installed capacity: 36,000 tonnes: revenue: `250 crore), which are used in rural as also urban infrastructure developments. Apart from selling these products through retail channels, the company also supplies directly to civic bodies and contracting/infrastructure companies like L&T, TVRC, IGL, BSNL, Reliance Jio and others. Moreover, its piping division also undertakes turnkey projects such as water supply and plumbing systems, industrial fluid conveying systems, sewerage lines, gas distribution systems, etc. In fact, JISL commands about a 50 per cent share in gas distribution business due to its ability to deliver large volumes for complex government projects. On the micro-irrigation system side as well, the company, with an installed capacity of 270,000 tonnes per annum of tubing and moulded components, is turning key projects for individual farmers as also institutions and government agencies, besides retail sales. It has already implemented large scale micro-irrigation projects in Karnataka, Himachal Pradesh, Rajasthan and Maharashtra. One such project includes the Karnatak government awarding a `385 crore contract to the company to implement a micro-irrigation project where a 30,381 acre command area, comprising 7,000 farmers in 35 villages of Bagalkot district, will be covered under micro irrigation. Some of these states are also contemplating of making micro irrigation mandatory for certain crops.

Committed manpower
In order to enhance its reach into the farming community, the company has also tried to diversify into products like solar pumps, solar water heaters and solar photo voltaic appliances. Having started with solar pumps in 1999, the company has expanded its solar products basket in the last few years, with revenues of about `105 crore.

Another promising area has been banana tissue culture, which it set up in Jalgaon. JISL is the largest player in this space, with production and sales of about 55 million plantlets, which it sells for `13 each, a price it has not raised in the last decade. The company has played a pioneering effort in banana cultivation by introducing a high-yielding variety, Grand Nain, which has played a major role in improving the productivity and income of Indian farmers. The company has been instrumental in introducing several modern and innovative practices in the agriculture sector. It also provides a wide range of extension and advisory services to farmers through its strong pool of 1,000-odd agriculture scientists, technician and engineers. In fact, JISL has one of the largest such pools of committed manpower in

Culturing growth
the private sector.

“JISL has been working closely with farmers in providing sustainable solutions across the agriculture value chain. It has been involved in several pioneering works that have helped the farm sector immensely. In fact, it has emerged as an extremely valuable entity,” says Sanjeev Asthana, founder & managing partner, I-Farm Venture Advisors, which is a principal investment firm, specialised in investments in food and agriculture businesses in rural markets. “JISL has played a big role in promoting micro irrigation not only in India but also the entire world which is facing tremendous stress on the irrigation front. The company has been quite innovative in its approach and has helped in introduction of many new concepts and techniques in the farm sector,” states U.K. Behera, principal scientist, Indian Agriculture Research Institute, Pusa, New Delhi.

“All these years, we have tried to ensure that our activities revolve around farm and farmers. We are an integrated agriculture solution provider which aims to serve the farming community in the best possible way. While we provide them with our products and solutions, we partner with them throughout their progression journey,” says Bhavarlal Hiralal Jain, 78, founder chairman, JISL. Affectionately called Bhau by everyone (meaning elder brother in Marathi), Bhavarlal, a septuagenarian, who has left five heart attacks, two bypass operations and an angioplasty behind him and has a pacemaker-cum-defibrillator fitted to keep him going, has come a long way since he started his entrepreneurial journey way back in 1963, selling kerosene from a pushcart in Wakod village near Jalgaon in Maharashtra.

Though the day-to-day operations of the company are currently looked after by his four sons – Ashok, Anil, Ajit and Atul – B.H. Jain continues to oversee the businesses and drive overall policy. It was his efforts and passion for agriculture that pioneered the concept of drip irrigation in the Indian agriculture sector and built a conglomerate around farm and farmers, supplying irrigation solutions and other products to more than 110 countries in the world. The systems that he pioneered are now being used in several water-stressed regions and have won him global acclaims and innumerable awards. His farmers have been to Harvard Business School to present their story. In 2011, the World Economic Forum selected JISL as one of the 15 Sustainability Champions, an assessment based on growth outlook, strength of fundamentals and adaptability to cater to explosive global growth.

**Crucial inputs**

“Even though our father currently tries to spend more time in philanthropic activities, he continues to be a driving force for all of us. As a visionary, he always provides us with his crucial inputs and is actively involved in all major initiatives taken by the company,” says Ashok Jain, 52, vice-chairman, JISL. The eldest among the brothers, he is a commerce graduate and currently looks after the food processing division and green energy products division. He is also in charge of group’s overall administration.

Ajit Jain, 49, an engineering (mechanical) graduate, is joint managing director, responsible for the pipe division, as also marketing of all plastics products, including drip irrigation systems, guidance for extension services and development of new applications and products. Youngest brother Atul Jain, 46, a commerce graduate, is joint managing director and chief marketing officer. He joined the management team in 1992 and is responsible for overall marketing management as also has been involved in development of new applications and products in overseas markets for the food and plastic sheet division.

Anil is a commerce and law graduate and has played a crucial role in company’s journey – both in domestic and international markets. He handles the company’s strategic functions, such as finance and banking, strategic planning, expansion including M&As and collaborations. He is the one who initiated and enabled company’s global expansion by acquiring companies overseas. He participated at the 2012 G8 Summit Symposium, which was addressed by US president Barak Obama and Hillary Clinton.

With this acquisition, Jain Irrigation became the third-largest dehydrated onion producer in the world. This was followed by acquisition of US-based Aquarius Brands for $21.5 million in an all-cash deal in February 2007. With this deal, JISL became the second-largest drip irrigation company in the world.

The same year in June, the company acquired a 50 per cent share capital in NaanDan Irrigation Systems C.S. Ltd, Israel in an all cash deal for $21.5 million. In May 2012, NaanDan became the fully-owned subsidiary of JISL, with the company acquiring the remaining stake from Kibbutz Na’an, Israel, for an estimated $35 million. NaanDan, a pioneer in the development of drip irrigation and sprinkler systems in the world, develops, manufactures and markets advanced irrigation technologies, covering an extensive range of applications in open fields, orchards and plantations, greenhouses and nurseries, residential and landscape areas and industry.

In the same space, the company in March 2008 bought a majority stake in Thomas Machines SA of Switzerland, which is a manufacturer of specialist machines and equipment including latest generation high technology drip irrigation lines, quality control and test equipment, automation equipment, laser machine centres and laser products. The equipment manufactured by the Swiss company have enabled JISL to achieve significant improvement in production speed and meet the growing demand for its high quality precision irrigation products. By acquiring controlling stake in Sleaford Quality Foods Ltd, a UK-based industrial food ingredients supplier in 2010, JISL got a direct access to a large market with value-added products. “As a company we have always looked for opportunities that can add to our value chain. This along with our own R&D has helped us make available new techniques and practices to our farming community, which has often faced with multiple challenges. We will continue our endeavour going ahead as well,” says Ajit.

The company has also been involved in collaborative efforts with several Indian and global universities and institutions. It is looking to broaden its basket of crops for MIS systems. At present catering primarily to vegetables/fruits and cash crop like cotton, banana, pulses and oil seeds, JISL is now looking at several other major crops. Collaborative efforts are on with International Rice Research Institute, Manila, for introduction of drip fertigation (a term used for applying fertilisers and nutrients through drip irrigation) for growing rice. JISL and International Water Management Institute, Colombo, are collaborating on research into basic water management in rice and other crops. A five-year-long research collaboration with the University of Nebraska, US, is also underway. Under this umbrella, JISL is trying to explore water use by banana and cotton, as also biotech studies in pigeon pea and banana. “At JISL, we believe in sharing of expertise and knowledge. We are working with many specialised institutions and agencies in developing new products and applications which have the potential to revolutionise the farm sector,” states Atul.

The company has spent about `500 crore in organic expansions in the last few years, carrying out capex to expand its existing capacity across its various verticals. In the last three years, the company has implemented a capex aggregating about `450 crore. Going forward, the company has formulated a strategy, where it would like to consolidate its existing businesses, even as it would continue to work towards bringing down its debt. “However, our main goal is to leverage our existing strengths to expand our business in the long term. We
intend to be the best water, food and natural resource management companies in the world, while creating value across the agriculture value chain,” points out Anil, who believes that the company has recovered quite well and is all set to grow at a CAGR of about 20 per cent through the next five years.

Through a bit of determination, the company has cut down the debt. The company is also increasing its focus on the export market. The exports of `1,000 crore and overseas operations of `1,800 crore together contribute about 46 per cent to its turnover. This kind of mix has helped the company in tiding over adverse currency movements.

As a part of its business, the company is working with local communities to execute turnkey projects where it is also involved in activities such as transportation of water, creation of new reservoirs and canal command area projects. JISL has recently built a check dam in Jalgaon. This `10-crore project has completely changed the lives of 3,500 farmers in 10 villages. Due to the dam, water table in the area has improved considerably, even as several water resources have become alive. The farmers who could only cultivate only one crop, are cultivating two crops and some are even three crops now.

The company is also planning to expand its reach in the market by expanding its dealer network further as also introducing variants of products. It is also in the process of leveraging its strong brand image, wherein it is planning to get into retail sales in case of the agri-processing business as well. So far, it is selling its products to institutions and is now well poised to sustain its growth, going forward. The company has tweaked its business model and is now structured for sustainability in the long run. Over the years, the company has evolved as a complete agri-solution provider with a presence across the agriculture value chain. The company has created a strong production base in diverse geographies which, along with diversified portfolio of products, has provided it a distinct edge over its competitors. The market is also on an expansion mode. The company would now like to leverage its strengths to grow. However, as in the other cases, here too, execution at the ground level is going to be the key. Fortunately, this has always been the strength of the whole company. “We are very confident of our future as all our product lines are essential for sustainability of human kind and the earth we inhabit. We are constantly transforming ourselves in line with emerging realities with the objective to strengthen our long-term competitiveness to build a financially strong organisation for the benefit of all our stakeholders,” says B.H. Jain.