


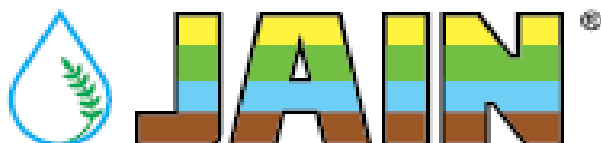
**CHANGE  
THE  
WORLD**



In first ever Fortune 'Change The World' list of 2015, Jain Irrigation ranks 7th among 51 companies of the world

# INVESTOR COMMUNICATION

2QFY17 & 1HFY17



**Jain Irrigation Systems Ltd.**

**Small Ideas. Big Revolutions.®**

Drip  
Irrigation  
System



Sprinkler  
Irrigation  
Systems



Protected  
Cultivation



Plumbing  
Systems



Tissue  
Culture



Plastic  
Products



PVC  
Pipes &  
Fittings



Food  
Processing



Renewable  
Energy



Turnkey  
Solutions  
and  
Project  
Execution



Services





## PREFACE

# JISL Value Proposition

## Large domestic and global growth opportunities

- Increasing MIS penetration a central and state government priority. Addressing climate change
- Food business 10 year CAGR of 20%+ expect momentum to continue
- Pipes business strongly correlated with Indian infrastructure spend

## Best-in class, fully integrated, global operations

- Cutting edge technology with focus on R&D

## Leadership across key businesses

- MIS (#1 in India, #2 Globally), Piping (#1 in India), Mango Processing (#1 Globally), Onion Dehydration (#3 Globally), Banana tissue Culture (#1 Globally)
- Partner of choice for leading FMCG Companies, for government and large infrastructure projects

## Building multiple growth engines outside MIS and Piping

- Solar Pumps a new market expected to grow double digits over next decade
- Foray into food retail offers significant scope to leverage back-end supply chain in food

## Rapidly improving financial metrics

Reduction in interest cost

## Seasoned Management with established track record

- Experienced leadership over decades and across geographies and products

## Undisputed brand equity with Farmers; Unrivaled rural knowledge base

- Offering full range of products and solutions addressing entire farming ecosystem

# Objectives of Financial Strategy

---

## Objectives

## Strategy

### Interest Costs

*Post equity raise, consolidated net D/E improved to 1.2 in March 31, 2016. Interest burden to reduce*

### Working Capital Cycle

*Change in MIS business model, Support from NBFC, Internal accruals*

### Growth

*Firing on all cylinders; Enhanced outlook in MIS, Solar, Piping & Food*

### Free Cash Flow

*Higher Earnings, reduced interest cost, improved W/C to drive FCF*

---

# Key Developments

- **Chhattisgarh has set an ambitious target of raising its irrigation potential to 3.2 million hectares by 2028, officials informed.**

<http://www.dailypioneer.com/state-editions//cgarh-sets-target-of-32-m-ha-irrigation-by-2028.html>

Notably, the State Horticulture Department has achieved 25 per cent target so far for the State sponsored irrigation scheme for promoting drip irrigation in Kanker district. A target of irrigating 100 hectares of land using drip irrigation had been set in centrally sponsored scheme and 80 hectares under State sponsored scheme

- **Maharashtra to bring 40 lakh more hectares under irrigation**

<http://indianexpress.com/article/india/india-news-india/maharashtra-to-bring-40-lakh-more-hectares-under-irrigation-3740869/>

Along with making drip irrigation mandatory for high water-intensive crops like sugarcane, the crop rotation will also be planned region wise following a water audit. Focus is also on minimising the water losses from dams due to poor maintenance of canals and water structures, including missing gates at Kolhapuri-type weirs (bridge-cum-barrages)

- **Karnataka Govt plans to invest Rs1 trillion in irrigation projects**

<http://www.livemint.com/Politics/UMYGdCkH0zRQEsBylKvQ0H/Karnataka-govt-plans-to-invest-Rs1-trillion-in-irrigation-pr.html>

There are many projects being undertaken for not just effectively using the allocated share of river waters but also for drip irrigation for sugarcane, generation of power through installation of solar panels over canals among other initiatives

- **Drip irrigation helps paddy grow in sodic-affected soil**

<http://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/drip-irrigation-helps-paddy-grow-in-sodicaaffected-soil/article9286859.ece>

An appreciable growth of paddy cultivated on the sodic-affected soil. Drip irrigation technique adopted during the period proved to be a catalyst for the success



## FINANCIAL DISCUSSION –1HFY17 & 2QFY17

## Management Comments:

Vice Chairman and Managing Director of the Company, Mr. Anil Jain said *“We are pleased to announce healthy margins and positive growth in September quarter for consolidated business. Double digit growth in micro irrigation and agro processing division in India coupled with strong growth in certain overseas markets for micro irrigation business, helped us achieve this performance. On the back of adequate monsoon we expect robust positive business conditions for next few quarters. We shall remain vigilant about commodity price cycles and continued climate change threats. We shall incrementally achieve much better working capital cycle in second half”*

## Areas of Improvements:

- Improvement in the accounts receivable from 183 days to 177 days in Standalone books in line with management strategy within which Hi-tech Agri Input Products Division’s receivable improved from 199 days to 195 days
- During 1HFY17, Finance cost reduced by INR 137.0 Mn on consolidated basis on account of recent equity raise and capital management
- Increase in margin by ~60 basis point for Hi-tech Agri Input Products Division to 23.3% and in Plastic Division to 9.1% from 6.6% on a standalone Y-o-Y basis for 1HFY17 on account of lower raw material prices and changes in the product mix

## Consolidated Performance Overview : 2QFY17

- Revenue increased by 8.7 % on Y-o-Y basis by registering positive growth in all the business divisions except Other businesses
- Revenue of Hi-tech Agri Input Products Division increased by 13.6% which is primarily driven by 14.3% growth in Indian micro irrigation business and similar double digit growth by Israel subsidiary - NaanDan Jain (“NDJ”). The growth pick up was seen on account of improved agro climatic conditions and sentiments. Past drought / drought like situations have also sensitized the farming community towards better water management techniques
- Plastic Division recorded slower growth of 1.3% on account lower PVC Pipe Sale and slower offtake of PE Pipe during the quarter. Within this, PVC Sheet business registered positive growth of 12.6%
- Agro Processing Division in India registered 12.6% growth driven by onion dehydration business which saw higher offtake by export customers. At consolidated level Agro Processing Division grew by 4.0%
- EBIDTA for 2QFY17 is at 13.0% as against 12.8% in 2QFY16 with increase of 10.7% on Y-o-Y basis
- PAT improved to INR 280 Mn from loss of INR 54 Mn in the same period previous year. Cash PAT improved by 74.0%



## Consolidated Performance Overview : 1HFY17

- Overall revenue increased by 6.3 % on Y-o-Y, registering positive growth in all the business divisions
- Hi-tech Agri Input Products Division registered the growth of 2.8% on Y-o-Y basis. This was however, on account of slower 1QFY2017 and attributed to lower water tables during early part of the year in the key markets of the Company such as Maharashtra and drop in project revenue on account of execution being pushed into the subsequent quarters. Otherwise, in 2QFY17 it registered Y-o-Y growth of 13.6% primarily driven by better performance by micro irrigation business in India and Israel
- Plastic Division improved by 11.3% which was driven by continued strong growth demonstrated by PE Pipe division ~21.4% till date in the domestic market catering to institutional customers and infrastructural solutions
- Agro Processing Division expanded by 5.9% lead by stellar performance by overseas operations as comparatively Indian operations had muted performance in the same period especially due to lower offtake of fruit pulp by Indian customer resulting into deferred supply
- EBIDTA for 1HFY17 is at 13.9% as against 13.5% in 1HFY16 with increase of 9.8% on Y-o-Y basis
- PAT improved by 9.5 times to INR 866 Mn Cash PAT improved by 63.3%

## Standalone Performance Overview : 2QFY17

- Standalone financials of the Company for this quarter are not comparable as 2QFY17 does not include Agro Processing Division. For the purpose of comprehension, some of the below analysis is carried out excluding the performance of the Agro Processing Division in 1HFY16
- Overall total revenue expanded by 5.2% lead by positive 6.2% growth in the domestic market, however, exports revenue was lower and registered de-growth of 3.0 %
- Hi-tech Agri Input Products Division registered 14.5% growth within which domestic retail grew by 22.4%, export revenue grew by 24.4% mainly due to increase in USA, Israel and other countries. Project business had a slower offtake by INR 149 Mn. Retail growth is seen in almost all the states driven by offtake due to good monsoon and improved agro climatic conditions
- Overall on a quarter on quarter basis, Plastic Division had a negative growth of 3.2% due to negative growth in the PVC Sheet and PVC Pipe. Improvement in margin due to change in product mix and lower polymer prices
- Even through Agro Processing Division is not part of 2QFY17, PAT increased to INR 47 Mn as against loss of INR 57 Mn in the 2QFY16. Further even EBIDTA as a % of total sales registered a positive growth of 0.8%

## Standalone Performance Overview : 1HFY17

- Standalone financials of the Company for 1HFY17 are not comparable as 1HFY17 does not include Agro Processing Division. For the purpose of comprehension, some of the below analysis is carried out excluding the performance of the Agro Processing Division in 1HFY16
- Overall total revenue expanded by 4.0% led by positive 4.6% growth in the domestic market, however, exports revenue was lower and registered de-growth of 3.8 %
- Performance of Hi-tech Agri Input Products Division was muted (-1.8%) on account of negative growth that was registered in 1QFY2017. Domestic retail micro irrigation revenue de-growth is by 3.5% mainly due to de-growth in MH by 10% though export business has grown by 25.3% due to increase in USA and Israel. Maharashtra drought effect was prevailing in 1Q/FY17. Within Hi-tech Agri Input Product Division, even Tissue Culture business was affected.
- Plastic Division continued to register positive growth 9.0% on Y-o-Y basis. This was led by stellar performance by PE Piping division of 21.4% on account of continued order execution for institutional customers
- Even though Agro Processing Division is not part of 1HFY17, PAT increased by 146% from INR 163 Mn to INR 400 Mn
- Current India order book stands at INR 15,721 Mn which consist of INR 8,246 for Hi-tech Agri Input Products Division, INR 4,659 for Agro Processing Division

# Consolidated Financial Performance

| Consolidated<br>Rs. Mn | 1HFY17 | 1HFY16 |
|------------------------|--------|--------|
| Total Income           | 31,778 | 29,907 |
| EBIDTA                 | 4,419  | 4,025  |
| Reported PAT           | 866    | 91     |
| Cash PAT*              | 2,291  | 1,403  |

\*PAT + Depreciation

| Consolidated<br>Rs. Mn | 2QFY17 | 2QFY16 |
|------------------------|--------|--------|
| Total Income           | 14,646 | 13,474 |
| EBIDTA                 | 1,905  | 1,721  |
| Reported PAT           | 280    | (54)   |
| Cash PAT*              | 1,018  | 585    |

\*PAT + Depreciation

## Highlights

- Revenue increased by 6.3 % on Y-o-Y basis
- EBIDTA for 1HFY17 is at 13.9% as against 13.5% in 1HFY16 with increase of 9.8% on Y-o-Y basis
- PAT improved by 9.5 times to INR 866 Mn
- Cash PAT improved by 63.3%

## Highlights

- Revenue increased by 8.7 % on Y-o-Y basis
- EBIDTA for 2QFY17 is at 13.0% as against 12.8% in 2QFY16 with increase of 10.7% on Y-o-Y basis
- PAT improved to INR 280 Mn from loss of INR 54 Mn
- Cash PAT improved by 74.0%

# Standalone Financial Performance

| Standalone<br>Rs. Mn | 1HFY17 | 1HFY16 |
|----------------------|--------|--------|
| Total Income         | 17,172 | 20,183 |
| EBIDTA               | 2,898  | 3,216  |
| Reported PAT         | 400    | 163    |
| Cash PAT*            | 1,200  | 1,149  |

\*PAT + Depreciation

| Standalone<br>Rs. mn | 2QFY17 | 2QFY16 |
|----------------------|--------|--------|
| Total Income         | 7,314  | 8,676  |
| EBIDTA               | 1,220  | 1,363  |
| Reported PAT         | 47     | (57)   |
| Cash PAT*            | 446    | 412    |

\*PAT + Depreciation

## Highlights

- 1HFY16 numbers include Agro Processing Division, hence not strictly comparable with 1HFY17
- Based on adjacent numbers, EBIDTA improved to 16.9 % from 15.9 %
- PAT as a % of total income improved by 2.3% from 0.8%

## Highlights

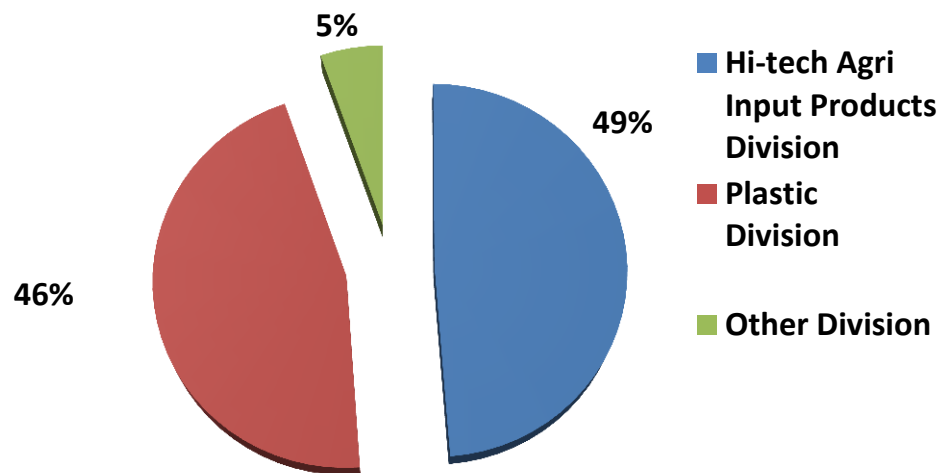
- 2QFY16 numbers include Agro Processing Division, hence not strictly comparable with 2QFY17
- Based on adjacent numbers, EBIDTA improved to 16.7 % from 15.7 %
- PAT at same level as 2QFY16 even though Agro Processing Division is not part of 2QFY17

# Overview - Consolidated Revenue: 1HFY17

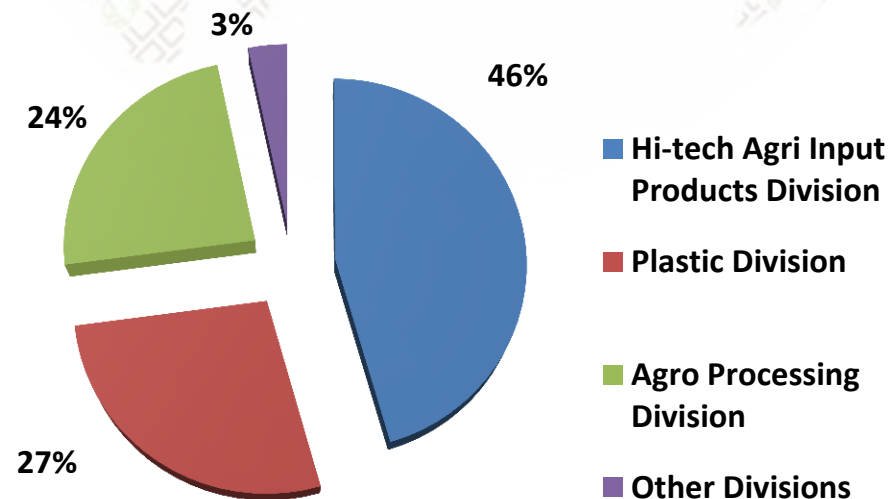
| Geography      | 1HFY17 Mix % | 1HFY16 Mix % | YoYG        |
|----------------|--------------|--------------|-------------|
| India          | 55%          | 55%          | 5.8%        |
| Rest of World# | 45%          | 45%          | 6.8%        |
| <b>Total</b>   | <b>100%</b>  | <b>100%</b>  | <b>6.3%</b> |

# Including exports from India

## India Standalone Revenue Contribution



## Consolidated Revenue Contribution

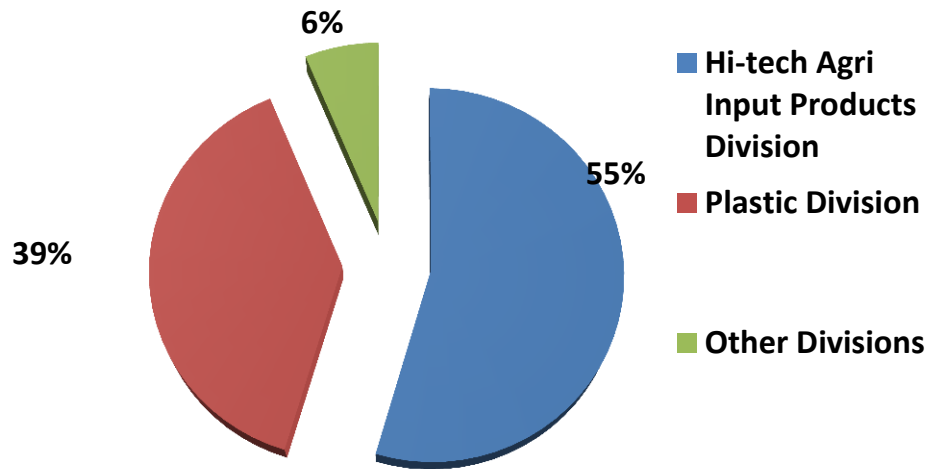


# Overview - Consolidated Revenue: 2QFY17

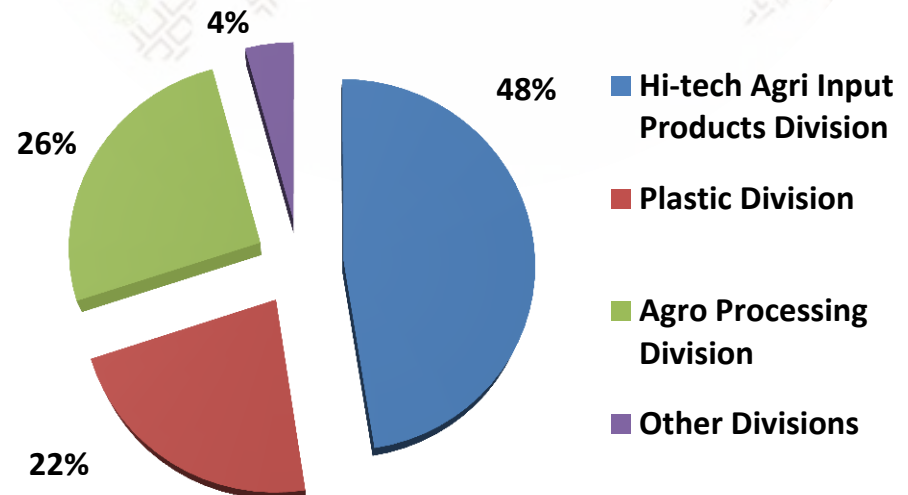
| Geography      | 2QFY17 Mix % | 2QFY16 Mix % | YoYG        |
|----------------|--------------|--------------|-------------|
| India          | 49%          | 50%          | 5.6%        |
| Rest of World# | 51%          | 50%          | 11.8%       |
| <b>Total</b>   | <b>100%</b>  | <b>100%</b>  | <b>8.7%</b> |

# Including exports from India

### India Standalone Revenue Contribution



### Consolidated Revenue Contribution

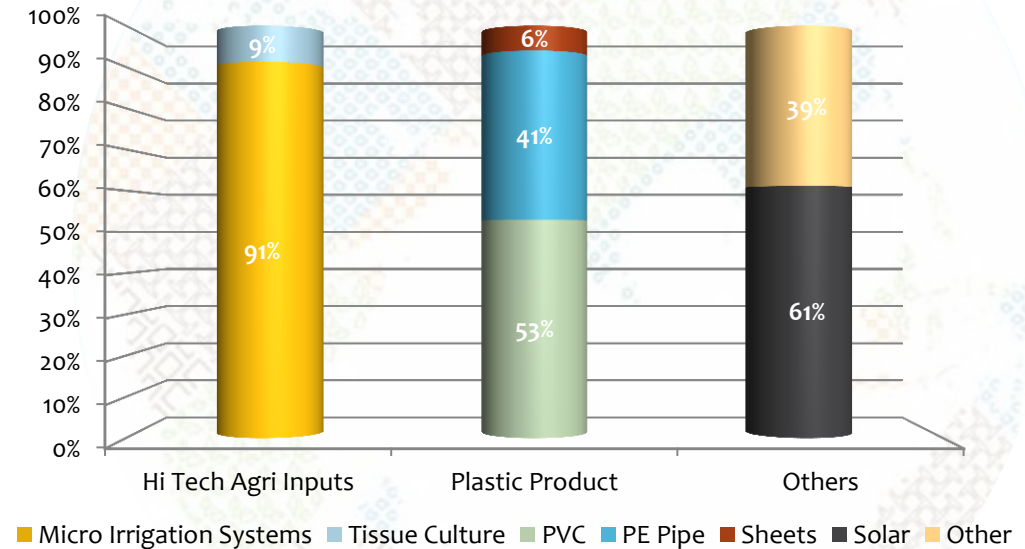


# Overview - Standalone Revenue: 1H FY17

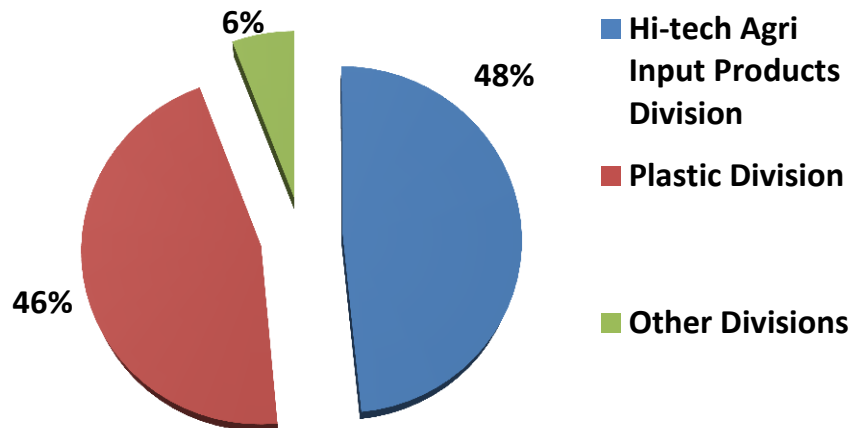
(Excluding Agro Processing Division performance FY 16 numbers)

| Geography    | 1HFY17 Mix % | 1HFY16 Mix % | YoYG        |
|--------------|--------------|--------------|-------------|
| Domestic     | 93%          | 92%          | 4.6%        |
| Export       | 7%           | 8%           | -3.8%       |
| <b>Total</b> | <b>100%</b>  | <b>100%</b>  | <b>4.0%</b> |

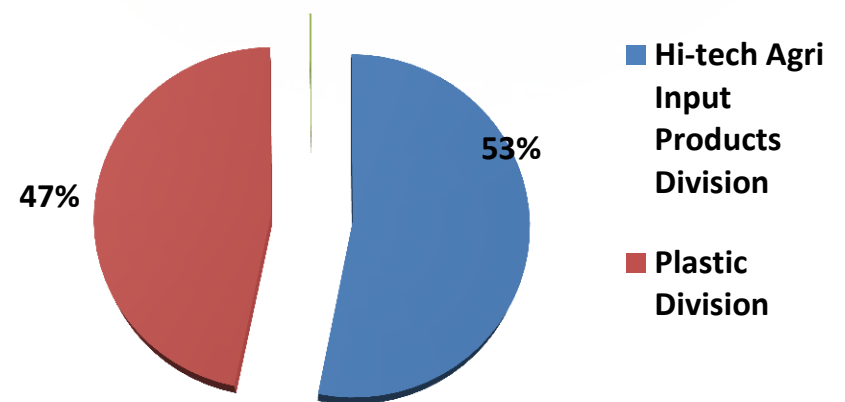
## Segment Revenue Contribution



## Domestic Revenue Contribution



## Export Revenue Contribution



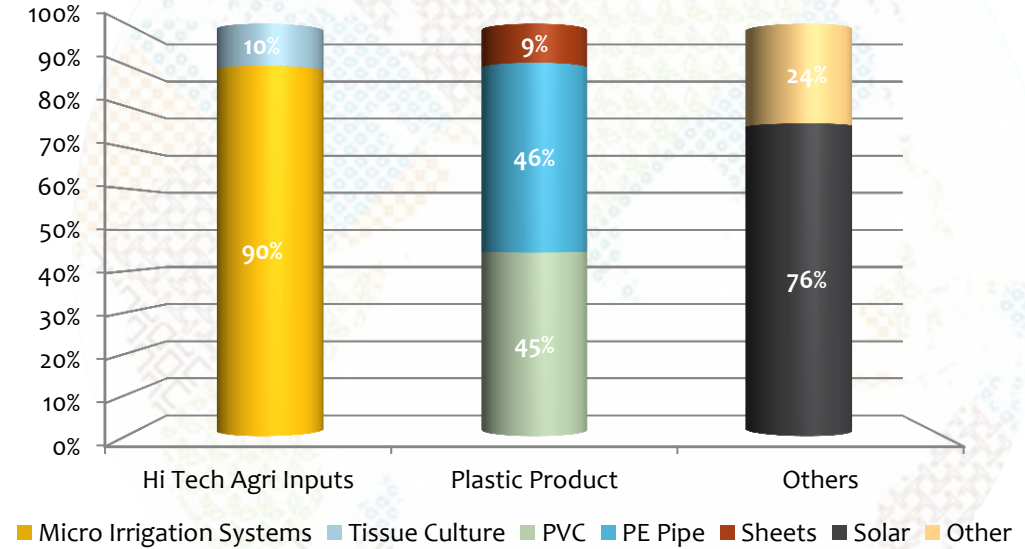


# Overview - Standalone Revenue: 2Q FY17

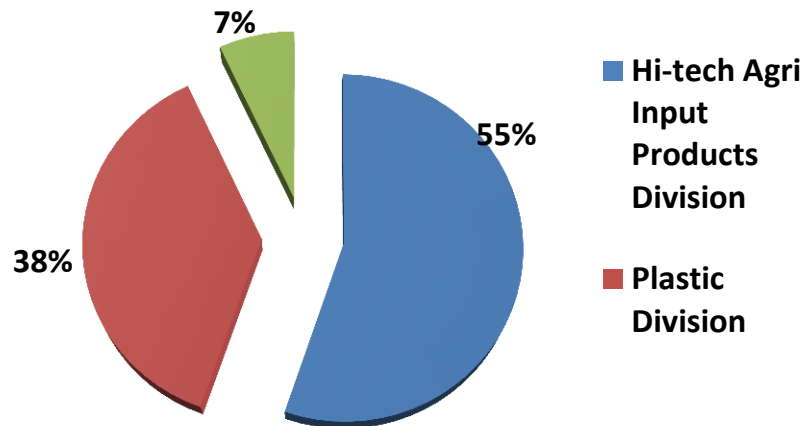
(Excludes Agro Processing Division performance in FY 16)

| Geography    | 2QFY17 Mix % | 2QFY16 Mix % | YoYG        |
|--------------|--------------|--------------|-------------|
| Domestic     | 90%          | 89%          | 6.2%        |
| Export       | 10%          | 11%          | -3.0%       |
| <b>Total</b> | <b>100%</b>  | <b>100%</b>  | <b>5.2%</b> |

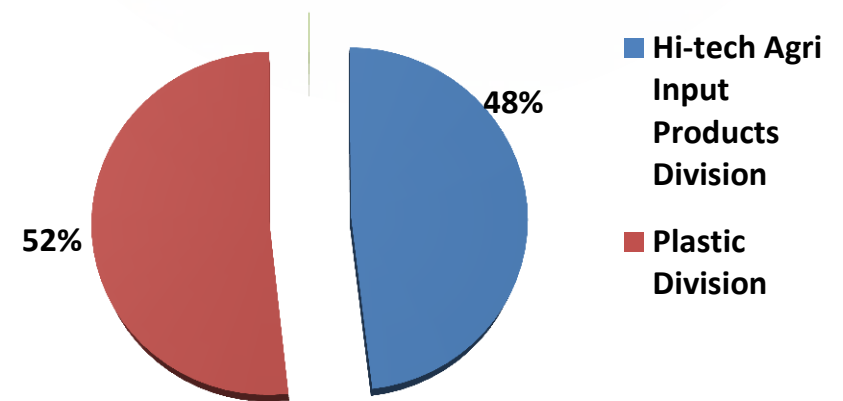
## Segment Revenue Contribution



## Domestic Revenue Contribution



## Export Revenue Contribution



# Net Debt Position

| INR Bn.                     | Sept 30, 2016 | June 30, 2016 | Change (QoQ) | Sept 30, 2015 |
|-----------------------------|---------------|---------------|--------------|---------------|
| <b>Standalone (Total)</b>   | <b>27.78</b>  | <b>26.05</b>  | <b>1.73</b>  | <b>31.45</b>  |
| Long Term                   | 13.30         | 13.52         | (0.21)       | 16.71         |
| Short Tem                   | 15.69         | 14.52         | 1.17         | 16.25         |
| Cash & Cash equivalent      | (1.21)        | (1.98)        | 0.77         | (1.52)        |
| <b>Consolidated (Total)</b> | <b>41.07</b>  | <b>37.97</b>  | <b>3.10</b>  | <b>42.68</b>  |
| Long Term                   | 18.64         | 19.14         | (0.50)       | 20.47         |
| Short Tem                   | 24.29         | 21.60         | 2.69         | 24.36         |
| Cash & Cash equivalent      | (1.86)        | (2.76)        | 0.90         | (2.15)        |

- Use of cash and increase in working capital debt during the quarter is mainly for supporting production season esp. in agro processing division
- Above is after treating CCDs issued to Mandala Capital of INR 2,896 million in Standalone & INR 4,505 million in Consolidated as equity
- Forex MTM gain during 2QFY17 Standalone ~INR 122.3 million and Consolidated ~INR 332.9 million included above
- 34% of net debt (standalone) & 51% of net debt (consolidated) is in a foreign currency as of September 30, 2016

## Standalone Long Term Foreign Currency Loan (FCL) Repayment Schedule (excluding FCCB of US\$ 50 million maturing in Sept 2017 and Apr 2018)

| Year              | FY 17(6M) | FY 18 | FY 19 | FY 20-23 | Total |
|-------------------|-----------|-------|-------|----------|-------|
| Eq. US Dollar Mn. | 13.91     | 25.70 | 22.37 | 29.50    | 91.48 |

### NOTE:

- The Company has hedged USD 23.62 Mn of its long term foreign currency loans
- In addition, the Company has natural hedge for remainder amount by way of net foreign exchange earning from its exports

# Working Capital Analysis

## Standalone

| Days          | DSO^ Sept 30, 2016 |            |            | DSO^ June 30, 2016 |            |            |
|---------------|--------------------|------------|------------|--------------------|------------|------------|
|               | Inventory          | AR(gross)  | Net*       | Inventory          | AR(gross)  | Net*       |
| Hi Tech       | 104                | 195        | 234        | 96                 | 199        | 226        |
| Plastic       | 55                 | 117        | 110        | 47                 | 121        | 55         |
| <b>Total*</b> | <b>87</b>          | <b>177</b> | <b>202</b> | <b>81</b>          | <b>183</b> | <b>173</b> |

\* Including Other Division

- Improvement in overall accounts receivable from 183 days to 177 days in line with management strategy
- Marginal increase in overall inventory in anticipation of improved sentiments in the upcoming quarter
- Net CTC Cycle increased by 23 days as compared to June-16 due to seasonal reduction in payables

## Consolidated

| Days  | DSO^ Sept 30, 2016 |           |      | DSO^ June 30, 2016 |           |      |
|-------|--------------------|-----------|------|--------------------|-----------|------|
|       | Inventory          | AR(gross) | Net* | Inventory          | AR(gross) | Net* |
| Total | 130                | 120       | 174  | 122                | 112       | 162  |

^ Based on last 4 quarter revenue

\* Net Working Capital = Inventory + Accounts Receivable – Accounts Payable – Bills Discounted

# MIS Analysis

## MIS –Revenues

| INR Mn                | 2Q FY17      | 2Q FY16      | Change YoY%  |
|-----------------------|--------------|--------------|--------------|
| Retail & Institution  | 2,897        | 2,367        | 22.4%        |
| Project               | 349          | 498          | -30.0%       |
| <b>Domestic Total</b> | <b>3,245</b> | <b>2,865</b> | <b>13.3%</b> |
| Export                | 341          | 274          | 24.4%        |
| <b>Total</b>          | <b>3,586</b> | <b>3,139</b> | <b>14.3%</b> |

## MIS -Receivables

| INR Mn               | Mar 31, 2015 | Sept 30, 2015 | Mar 31, 2016  | June 30, 2016 | Sept 30, 2016 | Change QoQ |
|----------------------|--------------|---------------|---------------|---------------|---------------|------------|
| Retail & Institution | 2,817        | 2,392         | 2,443         | 2,124         | 2,257         | 133        |
| Project              | 2,967        | 3,109         | 3,233         | 2,997         | 3,076         | 79         |
| Govt. Subsidy        | 2,656        | 2,920         | 3,416         | 3,697         | 3,767         | 70         |
| AP & Gujarat         | 1,874        | 2,203         | 2,478         | 2,989         | 3,102         | 113        |
| Others               | 782          | 717           | 937           | 708           | 664           | (43)       |
| Export               | 837          | 555           | 1,217         | 708           | 502           | (206)      |
| <b>Total</b>         | <b>9,277</b> | <b>8,977</b>  | <b>10,309</b> | <b>9,526</b>  | <b>9,601</b>  | <b>75</b>  |

Marginal increase in receivable on QoQ basis on account of seasonality and better sales towards end of the quarter

## Recent Media

- **JAIN IRRIGATION BAGS ORDERS WORTH INR 2,844.3 MILLIONS UNDER AMRUT SCHEME FOR HI-TECH 24x7 CITY WATER SUPPLY PROJECT**
  - Jain Irrigation Systems Limited (“JISL”), a leader in providing end-to-end solutions of PVC / PE Piping Systems in the country, has secured an order worth INR 2,844.3 Million (284.43 crores) under AMRUT Scheme (Atal Mission for Rejuvenation and Urban Transformation)
  - JISL’s Jain Pipe is a household name in Indian agricultural and plumbing. It’s PE piping products have also established market leadership positions in value added products and solutions like 24x7 water supply, city gas distribution, cable ducting, effluents and other industrial and infrastructural applications
- **NaanDanJain Irrigation Ltd., inked a pact worth 18.7 million Euros with Ministry of Agriculture and National Development, Eritrea for supply of Solar Powered Drip Irrigation Systems.**
  - NaanDanJain Irrigation Ltd, a Group Company of Jain Irrigation Systems Ltd, signed a contract with Ministry of Agriculture and National Development, Eritrea for supply and installation of Solar Powered Drip Irrigation Systems of value 18.7 million Euro

## Key Notes (1/2)

- Standalone financials of the Company for 2QFY17 & 1HFY17 not comparable with 2QFY16 & 1HFY16 as it does not include Agro Processing Division, now a subsidiary – Jain Farm Fresh Foods Limited (“JFFFL”). However, consolidated financials are comparable as they include all the entities including JFFFL.
- Reconciliation of Net Profit as previously reported on account of transition from the previous Indian GAAP to Ind-AS for the half year / quarter ended 30-Sep-2015:

### Standalone

INR in Mn

| Particulars   | Half Year<br>ended<br>Sept-15 | Quarter<br>ended<br>Sept-15 |
|---|-------------------------------|-----------------------------|
| <b>Net Profit / (Loss) as per Indian GAAP</b>   | <b>(67.8)</b>                 | <b>(272.0)</b>              |
| a. On account of fair valuation of Biological assets  | (32.3)                        | (2.6)                       |
| b. On account of fair valuation of Investments and Derivatives  | 42.3                          | 89.3                        |
| c. On account of Impairment of trade receivables using lifetime expected loss method                  | (48.2)                        | (25.0)                      |
| d. On account of availing option to capitalise losses under para 46A from 1-Apr- 2015                 | 490.7                         | 261.6                       |
| e. On account of capitalisation / componentization of inventory items as Property Plant and Equipment | (80.6)                        | (10.3)                      |
| f. Other Items (Net)  | (141.4)                       | (97.8)                      |
| <b>Revised Net Profit/ (Loss) for the period ended</b>  | <b>162.7</b>                  | <b>(56.8)</b>               |

## Key Notes (2/2)

- Reconciliation of Net Profit as previously reported on account of transition from the previous Indian GAAP to Ind-AS for the half year / quarter ended 30-Sep-2015:

| <b>Consolidated</b>                                     |   | <b>INR in Mn</b>                       |                                      |
|---|---|--|--------------------------------------|
| <b>Particulars</b>                                      |   | <b>Half Year<br/>ended<br/>Sept-15</b> | <b>Quarter<br/>ended<br/>Sept-15</b> |
| <b>Net Profit / (Loss) as per Indian GAAP</b>           |   | <b>(107.2)</b>                         | <b>(294.8)</b>                       |
| a.  | On account of adjustments in standalone financials<br>(Net of intragroup transaction elimination) | 215.6                                  | 207.5                                |
| b.  | On account of fair valuation of Investments and Derivatives                                       | (9.6)                                  | 35.0                                 |
| c.  | On account change in functional currency assessment of certain subsidiaries                       | (2.6)                                  | 10.1                                 |
| d.  | Other adjustments (Net)   | (5.1)                                  | (12.0)                               |
| <b>Revised Net Profit / (Loss) for the period ended</b> |   | <b>91.1</b>                            | <b>(54.2)</b>                        |

# THANK YOU

## DISCLAIMER

---

*Some of the statements in this presentation contain forward looking information that involve a number of risks and uncertainties. Such statements are based on a number of assumptions, estimates, projections or plans that are inherently subject to significant risks, as well as uncertainties and contingencies that are subject to change. Actual results can differ materially from those anticipated in the Company's forward-looking statements as a result of a variety of factors, including those set forth from time to time in the Company's press releases and reports and those set forth from time to time in the Company's analyst calls and discussions. We do not assume any obligation to update the forward-looking statements contained in this presentation. No part of this presentation shall form the basis of or may be relied upon in connection with any contract or commitment. This presentation is being presented solely for your information and is subject to change without notice.*