

Jain Irrigation

Price (Rs.)	206
Market Cap (Rs.Crs.)	8065
52 High / Low (Rs.)	264.57/155.15
Mcap/Sales	2.62
Book Value (Rs.)	32.04
BSE	500219
NSE	JISLJALEQS

Ket Financials Consolidated			
(Rs Crores)	FY09	FY10	% chg
Gross Sales	2906.2	3452.21	18.79
PBIDT	448.39	686.56	53.12
Interest	180.94	215.54	19.12
Depreciation	68.4	101.96	49.06
Net Profit	129.44	247.59	91.28
EPS (Rs)	17.88	32.56	82.10
CEPS (Rs.)	27.33	45.98	68.20
F.V. (Rs)	10	10	0.00
Dividend (%)	25	-	0.00
Equity Capital	72.38	76.03	5.04
PE (x)	11.52	6.33	-45.08

Latest Quarterly results			
(Rs Crores)	Dec-09	Dec-10	% chg
Gross Sales	630.87	693.26	9.89
PBIDT	143.49	181.11	26.22
Net Profit	57.36	71.47	24.60
Equity	75.51	76.24	0.97
EPS (Adj)	1.52	1.87	23.41

Shareholding Pattern			
(%)	Sep-10	Dec-10	chg
Foreign	58.57	59.47	0.90
Institutions	3.35	2.59	-0.76
Corp. Holding	2.62	2.06	-0.56
Promoters	30.76	30.76	0.00
Public&Others	4.7	5.12	0.42

Note: Stock Split from Rs. 10 to Rs.2 in last quarter



CMP: 206 SL:195 TGT: 228 HORIZON: 1-30 Days
Investment Rationale

Jain Irrigation is currently the world's second largest and India's largest micro irrigation company. It's business division consist of MIS (54%), Piping (24%), Agro processing (15%) and plastic sheets and other (7%) contributing to the total revenue. MIS is the high margin business for the company which contributes mainly to the top line as well the bottom line for the company.

Jain Irrigation Systems has entered into an agreement for acquiring 80 per cent stake in UK based Sleaford Quality Foods. With this acquisition JSIL will be able to increase its product offerings and will be able to reach the end customers in European markets and gain more market share.

The company plans to raise funds through equity route to the extent of USD 150 mn, which is intended to be used to reduce debt and thus reduce interest cost, funding the NBFC that is being planned (in next 2-3 quarters), also for renewable energy divisions potential growth and opportunities in MIS.

JISL is planning to set up an NBFC to address credit needs of farmers.

JISL announced issue of bonus shares: 1 DVR (differential voting rights) share for every 20 shares held. DVR share will have one-tenth voting right.

Any additional sops to the agricultural sector in the upcoming budget may be a positive trigger for the company.

Risks

The company has high debt on books and therefore rising interest cost may impact the bottom line for the company.

Monsoon dependability and cyclical nature of business.

Technical Comments

JISLJALEQS Cmp Rs.206 has seen highest Open interest built up with +339% and stock trading near previous month close after deep cut till low of Rs.154. Stock has seen huge short build-up @ lower levels and if stock sustains Rs.200 then Rs.230 & 250 also can be higher side target for this Budget linked stock. The stock is trading in upward channel on daily charts and has taken support on lower band of the channel.