

JISL/SEC/2022/11/B-2/B-6

11th November, 2022

To,
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Corporate Relationship Department,
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Mumbai - 400 001.
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To,
National Stock Exchange of India Ltd.,
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (East),
Mumbai - 400 051.
Fax No. : 022-26598237/38
Email : cc@nse.co.in

**Ref: Code No. 500219 (BSE) & JISLJALEQS (NSE) for Ordinary Equity Shares
Code No. 570004 (BSE) & JISLDVREQS (NSE) for DVR Equity Shares**

Sub: Investor Communication Q2 FY23

Dear Sir/Madam,

Attached is the Investor Communication issued by the Company after the Board Meeting held on 11th November, 2022 for your record and reference.

Please receive the above in order and acknowledge.

Thanking you,

Yours faithfully,

For Jain Irrigation Systems Ltd.



A. V. Ghodgaonkar
Company Secretary



Investor Communication Q2FY23 & H1FY23
11 November 2022





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Management Commentary



Management Commentary

“Leave this world better than you found it.” – Bhavarlal H Jain

We are pleased to share with you the results of the second quarter and half year ended 30 September 2022. Some of the key takeaways are summarized below:

- Despite weak global cues, the Company has shown resilience as reflected in consolidated revenue of ₹ 16.1 billion (EBITDA margin 10.3%) for the quarter. Further, on a half yearly basis, the consolidated revenue grew 6.7% to reach ₹ 36.5 billion (EBITDA margin 11.9%)
- Margins have been adversely impacted due to volatility in polymer prices. This is seasonal and transitory in nature given that, historically, our revenue split has been 40:60 in favor of the second half of the year
- We expect margins to improve as a result of higher demand and better fixed cost absorption on a full year basis
- Correction in polymer prices in recent months will augment demand as our products become more affordable to the customers
- Recent win: Secured a rate contract agreement worth ₹ 20,675 Mn under ‘Jal Jeevan Mission’ in Maharashtra
- The Company remains steadfast in its efforts to improve margins and cash flows to achieve our long-term goals



Product diversification, Customer centricity, Strong R&D capabilities, and Technology enabled solutions will propel our future growth



Market Penetration & Industry Application

- ▶ Improving dealer density by appointing 500+ new distributors / dealers / sub-dealers in existing and unrepresented geographies
- ▶ Tapping new industries by identifying additional use cases of our products and solutions
- ▶ Expanding the retail product portfolio: Innovative solutions in the PVC, Micro Irrigation, Renewable energy
- ▶ Increasing farmer touchpoints and becoming a total solution provider for growers



Operational Excellence

- ▶ Implementing energy efficient and sustainable water management practices to reduce the overall carbon footprint
- ▶ Improving working capital cycle and focusing on reduction of government receivables
- ▶ Organizational redesign to increase market share across two distinct verticals – Sustainable AgTech Solutions (SaS) and Piping and Building Product Solutions (PBPS)
- ▶ Efficient supply chain management through predictive modelling and digital solutions will help in inventory management and order placement



Farmer Engagement

- ▶ Inclusive growth of farmers by bringing them into mainstream using modern Ag-tech Solutions
- ▶ Organizing large scale farmer awareness programs to encourage them to adopt modern irrigation equipment and guide them to improve crop yields
- ▶ Launching Cloud based Digital Advisory and monitoring services for farmers



R&D and Technology

- ▶ Expanding product offering under Tissue culture division by adding more crops i.e. coconut, potato, orange, mango, turmeric, ginger etc
- ▶ Expanding Precision Farming and Protected Cultivation offerings
- ▶ Developing a “Farmer Connect” app for instant and better interaction



Financial Highlights



Financial Performance - Standalone

All figures in ₹ Million

Particulars	Q2FY23	Q2FY22	YoY change	H1FY23	H1FY22	YoY change
Revenue	6,028	6,385	-5.6%	14,646	13,353	9.7%
EBITDA	766	931	-17.7%	1,861	1,953	-4.7%
Margin	12.7%	14.6%	-	12.7%	14.6%	-
PAT	-123	-379	-	-178	-594	-
Cash PAT	251	9	-	570	189	-

Financial Highlights - Standalone

All figures in ₹ Million

Revenue

₹ 6,028 Mn

↓ - 5.6%

Despite above par rainfall, unfavorable geopolitical and high inflationary environment, the company achieved 95% of its Q2FY22 revenue in a seasonally weak quarter

Cash PAT

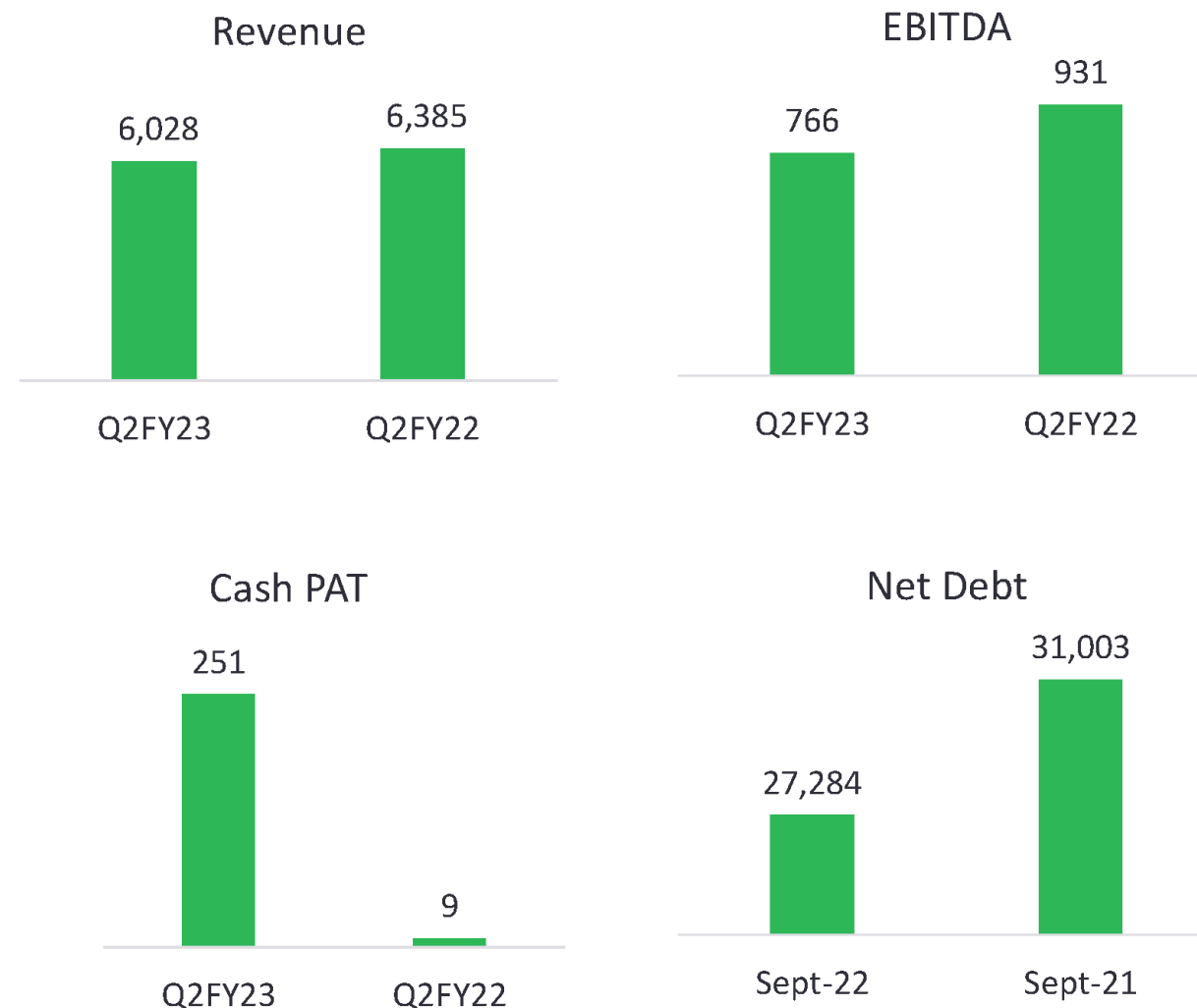
₹ 251 Mn

While higher input costs during Q2FY23 affected the margins, the cash profitability improved due to savings in finance cost post the successful implementation of debt resolution plan

Net Debt

₹ 27.3 Bn

The company is on track to achieve its debt reduction targets. The net debt position has improved by 12% over the course of last twelve months



Segment Reporting - Standalone

All figures in ₹ Million

YoY Revenue

Hi-Tech Agri

Q2 ↑ + 4.2%

Quarterly growth is driven by Tissue Culture business as demand for banana saplings continues to grow

H1 ↑ + 14.2%

Half yearly growth is driven by strong demand from the retail segment of micro irrigation business

YoY Revenue

Plastic

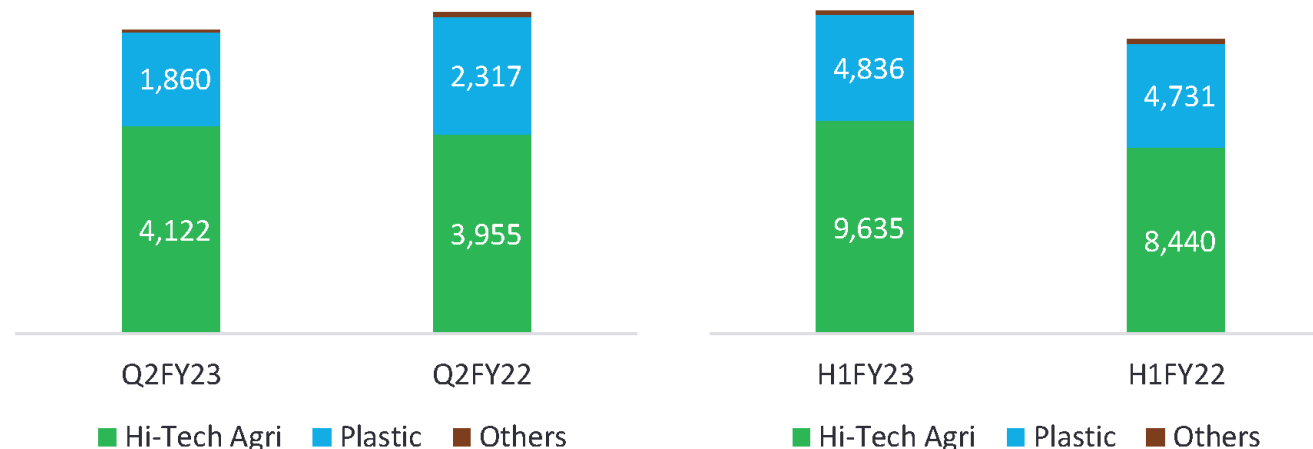
Q2 ↓ - 19.7%

Sale of PVC pipes was impacted by an extended monsoon season. Global supply chain disruptions further impacted export of PVC sheets

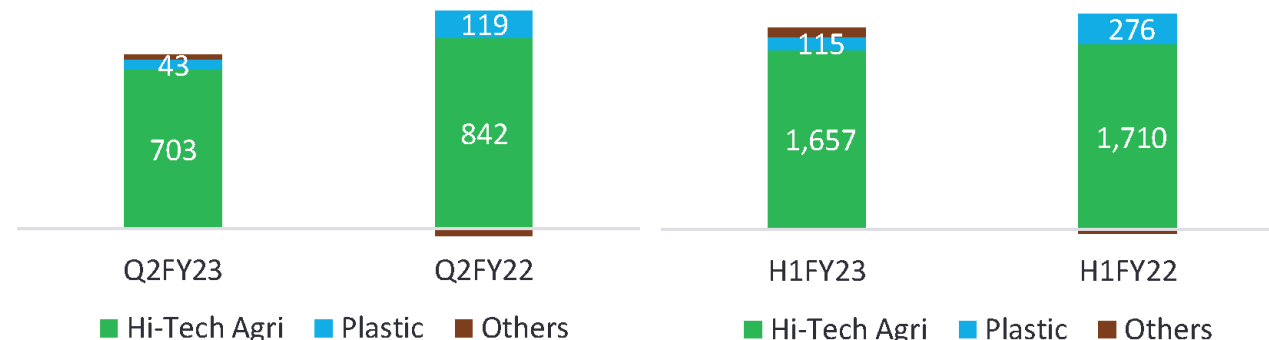
H1 ↑ + 2.2%

On a half yearly basis, the plastic segment sales grew 2% on the back of higher retail sales

Revenue



EBITDA



Financial Performance - Consolidated

All figures in ₹ Million

Particulars	Q2FY23	Q2FY22	YoY change	H1FY23	H1FY22	YoY change
Revenue	16,076	16,446	-2.3%	36,504	34,221	6.7%
EBITDA	1,661	2,328	-28.6%	4,355	4,966	-12.3%
Margin	10.3%	14.2%	-	11.9%	14.5%	-
PAT	-897	1,083	-	-954	1,217	-
Cash PAT	-74	1,921	-	691	2,900	-

Financial Highlights - Consolidated

All figures in ₹ Million

Revenue

₹ 16,076 Mn

↓ -2.3%

Consolidated revenues have remained resilient amidst weak global cues

Domestic plastic business witnessed degrowth primarily due to extended monsoon and supply chain disruptions. This decline was partially offset by growth in international food business

EBITDA

₹ 1,661 Mn

↓ -28.6%

Overall margin has come under pressure due to inflationary environment, higher energy cost and withdrawal of Covid linked labor subsidies in Europe.

We expect margins to improve as polymer prices have corrected. Further, higher demand will lead to better fixed cost absorption

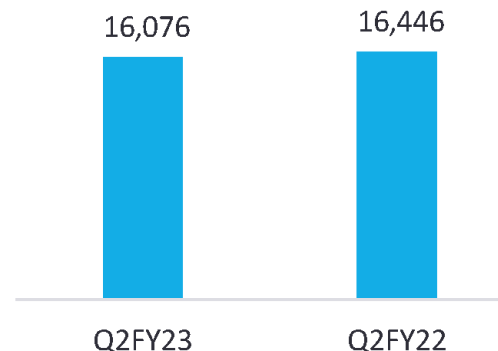
Net Debt

₹ 63,754 Mn

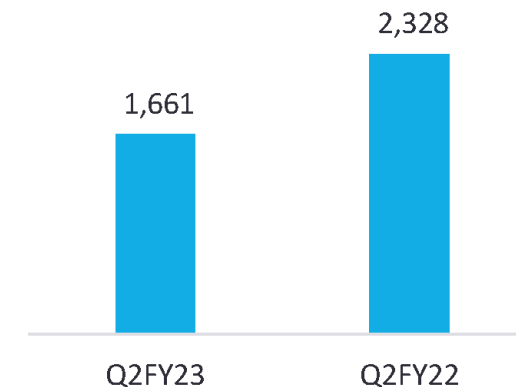
Consolidated debt stood at ₹ 63.75 billion after considering the impact of MTM (₹ 671 Mn) during Q2 on the foreign denominated debt

₹ 296 million (net) was repaid to the lenders during Q2FY23

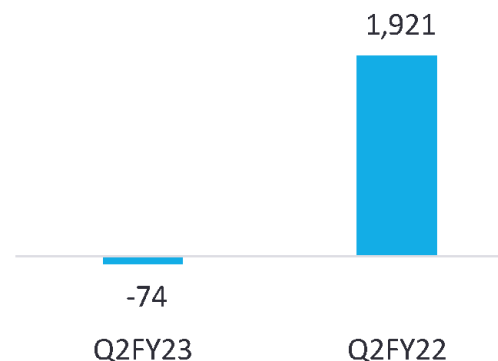
Revenue



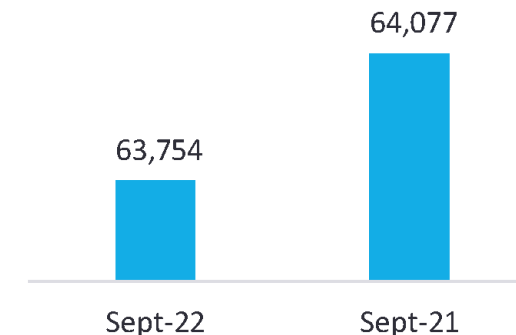
EBITDA



Cash PAT



Net Debt



Segment Reporting - Consolidated

All figures in ₹ Million

YoY Revenue

Hi-Tech Agri

Q2 ↓ - 0.1%

Micro Irrigation sales have remained resilient despite a global slowdown in the sector

H1 ↑ + 4.9%

YoY Revenue

Plastic

Q2 ↓ - 8.1%

While the revenue grew in the overseas markets, the growth was offset in the consolidated results due to weakening of GBP & Euro

H1 ↑ + 6.9%

On the domestic front, there was weak demand in PVC piping business

YoY Revenue

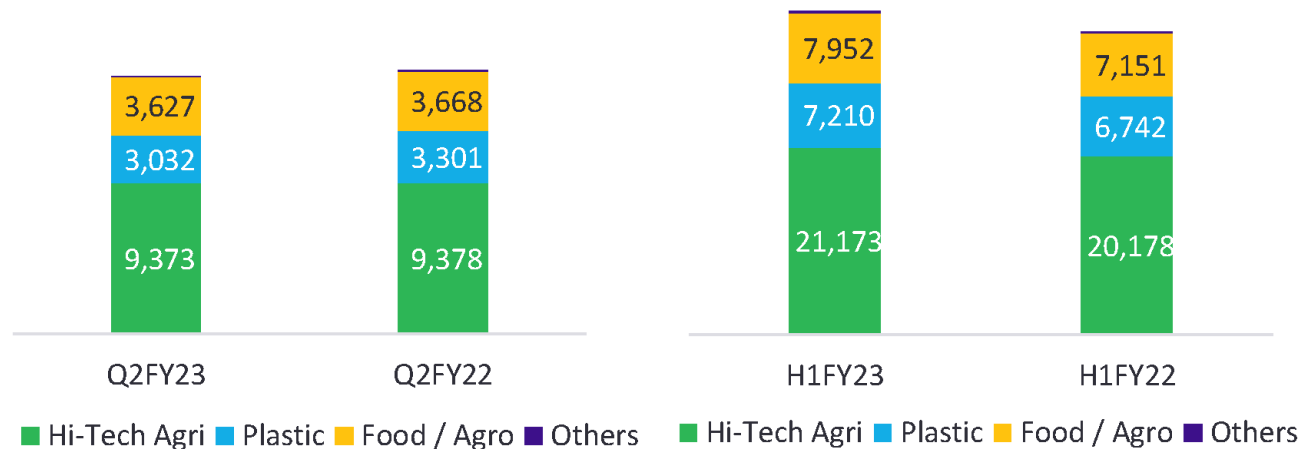
Agro Processing

Q2 ↓ - 1.1%

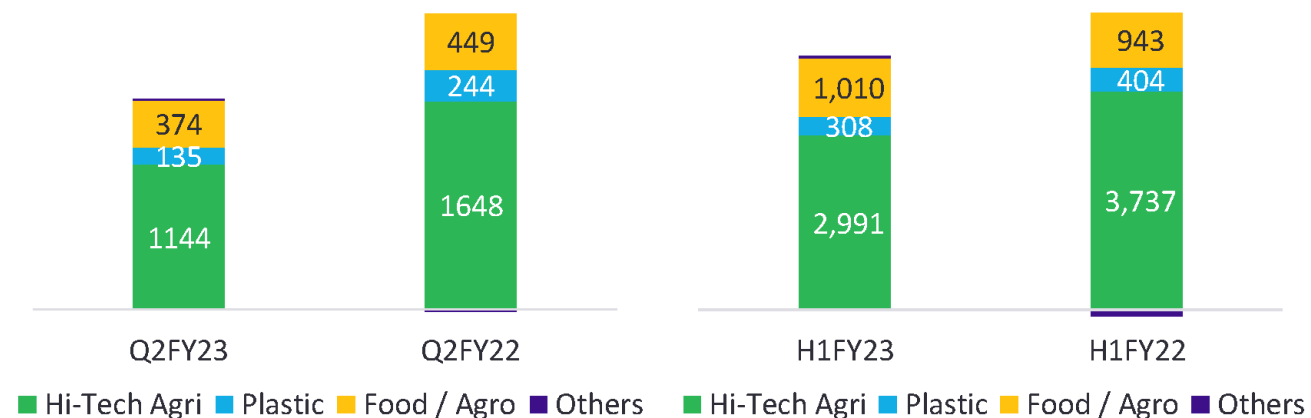
Food processing business in the UK market showed robust demand. However, domestic market witnessed delays in lifting of orders by institutional customers

H1 ↑ + 11.2%

Revenue



EBITDA



Financial Position

All figures in ₹ Million

Particulars	Standalone			Consolidated		
	30-Sep-22	30-Jun-22	30-Sep-21	30-Sep-22	30-Jun-22	30-Sep-21
Non current assets	45,026	44,957	45,681	60,917	60,954	63,108
Current assets	37,252	37,832	40,289	64,564	65,673	67,234
Non current liabilities	1,267	1,270	907	3,092	3,146	3,258
Current liabilities	8,012	8,297	12,717	19,799	19,820	24,214
Capital employed	72,999	73,222	72,345	1,02,590	1,03,661	1,02,870
Net worth	45,359	45,542	38,582	36,911	38,743	33,354
Borrowings	27,641	27,680	33,763	65,679	64,918	69,517
Sources of funds	72,999	73,222	72,345	1,02,590	1,03,661	1,02,870

Working Capital Days

30 Sept 22

Standalone	Inventory	AR	NWC
Hi-Tech Agri	126	293	365
Plastic	58	154	157
Total	108	248	301

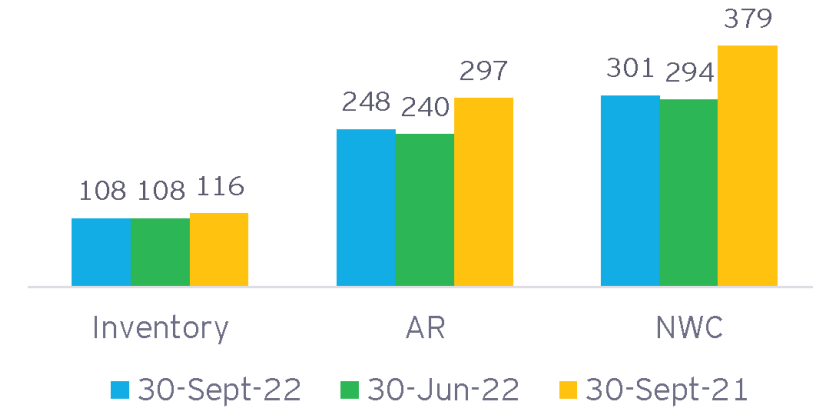
30 June 22

Inventory	AR	NWC
128	289	363
59	144	148
108	240	294

30 Sept 21

Inventory	AR	NWC
134	350	437
63	178	234
116	297	379

Standalone

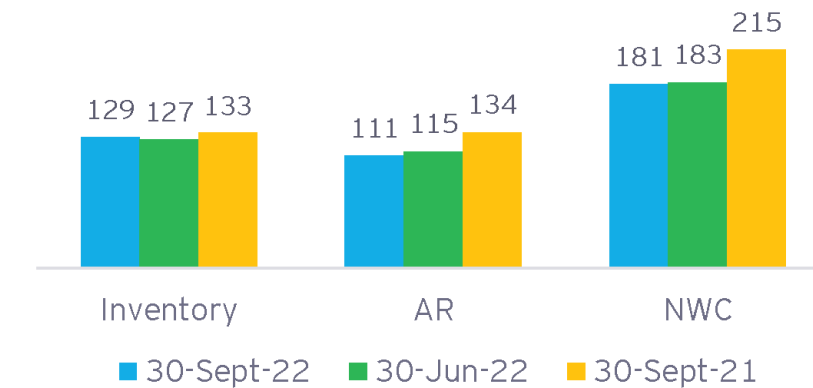


Consolidated	Inventory	AR	NWC
Hi-Tech Agri	112	135	202
Plastic	56	95	105
Agro/Food	239	56	179
Total	129	111	181

Inventory	AR	NWC
109	141	209
59	96	104
233	52	172
127	115	183

Inventory	AR	NWC
110	160	227
67	117	167
252	58	199
133	134	215

Consolidated



Robust Order Book Position

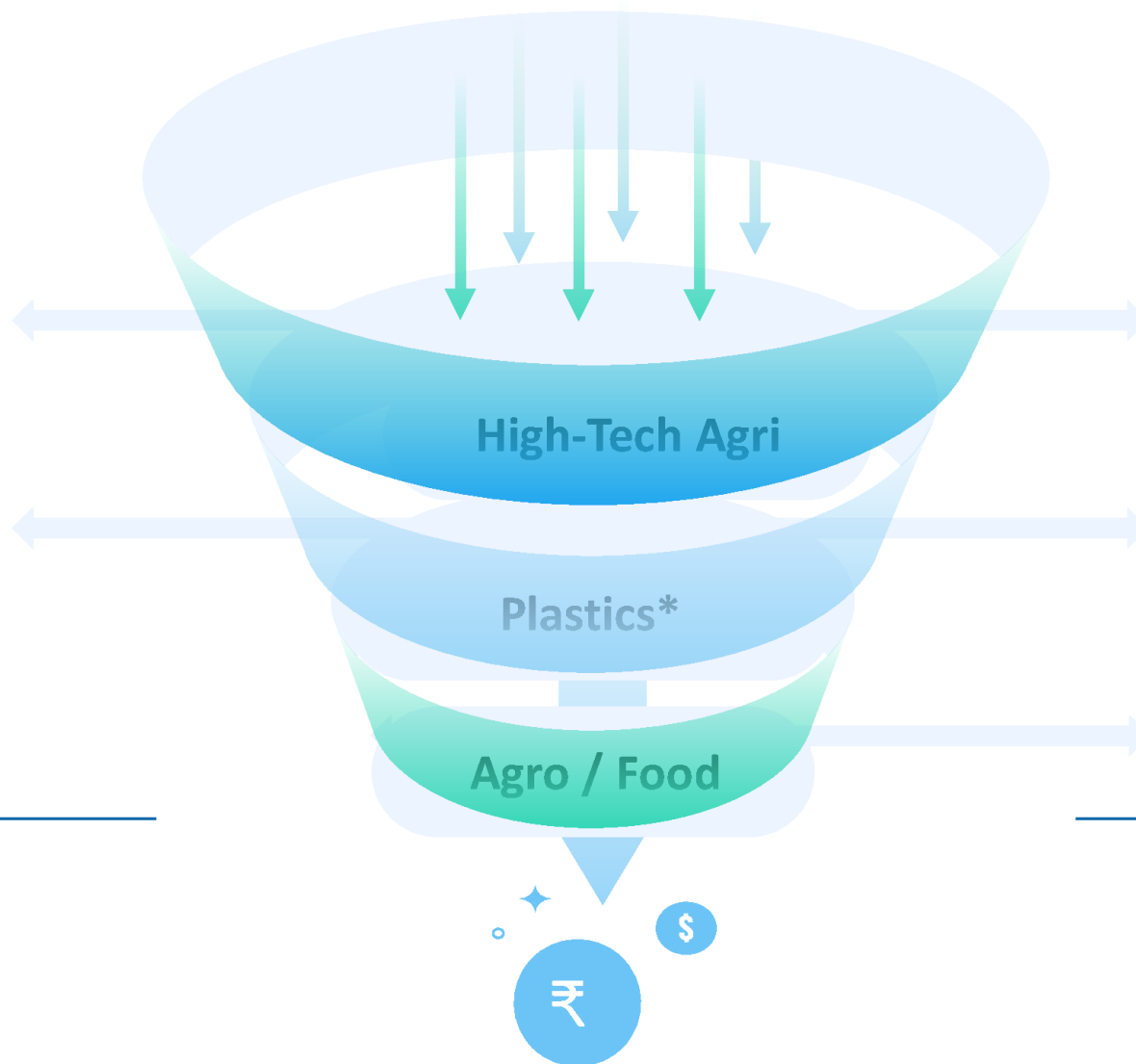
Standalone

₹ 12,286 million



₹ 5,566 million

₹ 17,854 million



Consolidated

₹ 16,192 million



₹ 5,715 million



₹ 8,270 million

₹ 30,177 million

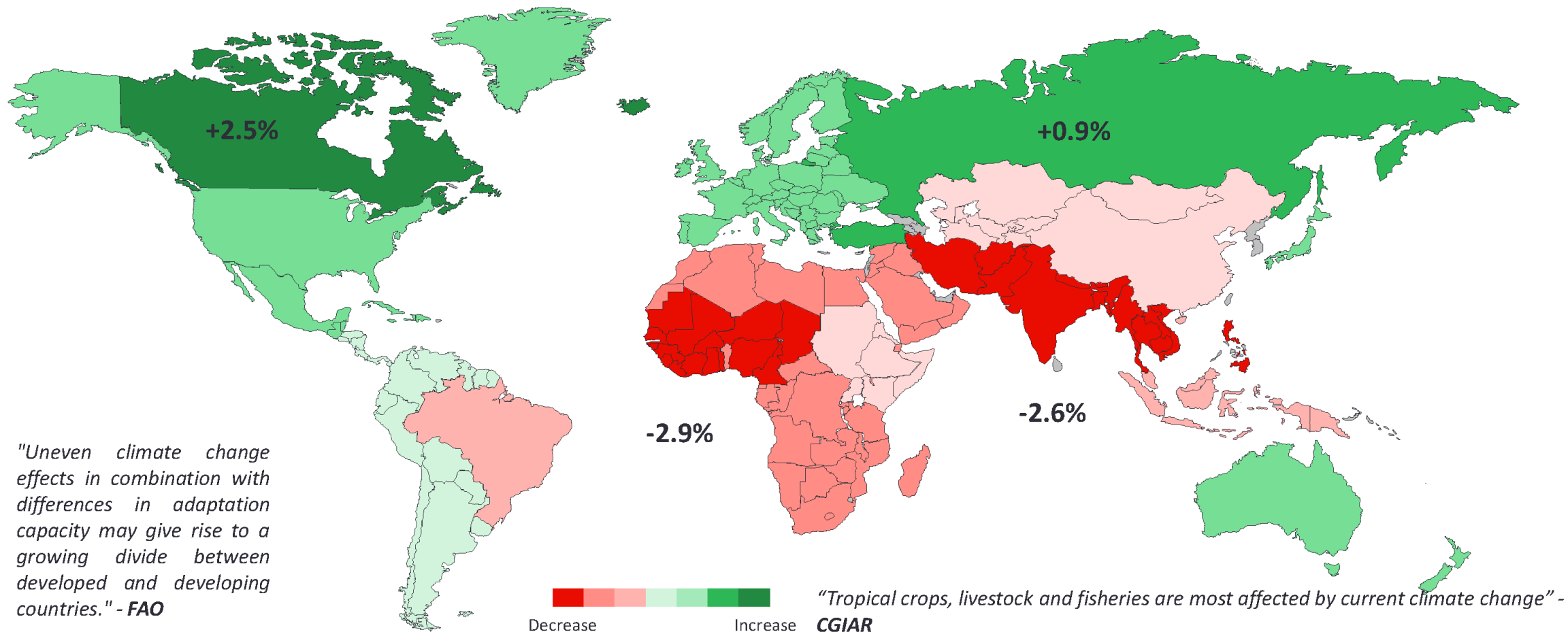
*Does not include orders received from the rate contract agreement with 'Jal Jeevan Mission' worth ₹ 20,675 Mn

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Industry Tailwinds



Changes in agricultural production by the year 2050 due to climate change relative to baseline* is likely to impact crop yields across the globe



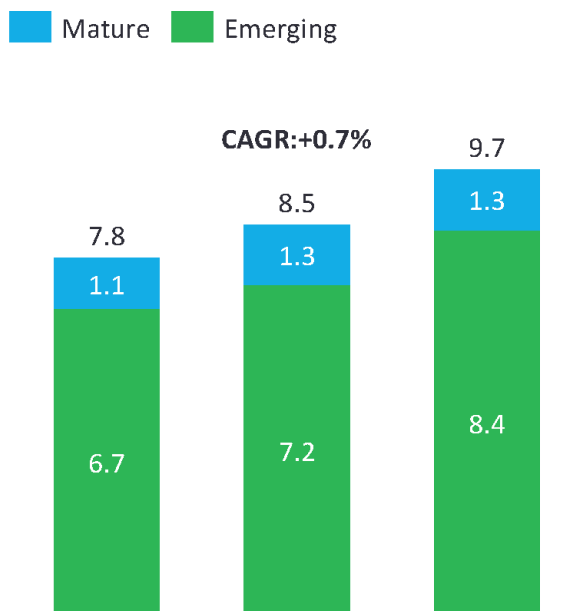
"Uneven climate change effects in combination with differences in adaptation capacity may give rise to a growing divide between developed and developing countries." - FAO

*Baseline assumes that current climate conditions, macroeconomic and agricultural policy trends continue without any adaptation or mitigation efforts

Note: FAO – Food Agriculture Organization, CGIAR - Consultative Group for International Agricultural Research; Source: FAO, CGIAR, EY Consumer Knowledge Analysis

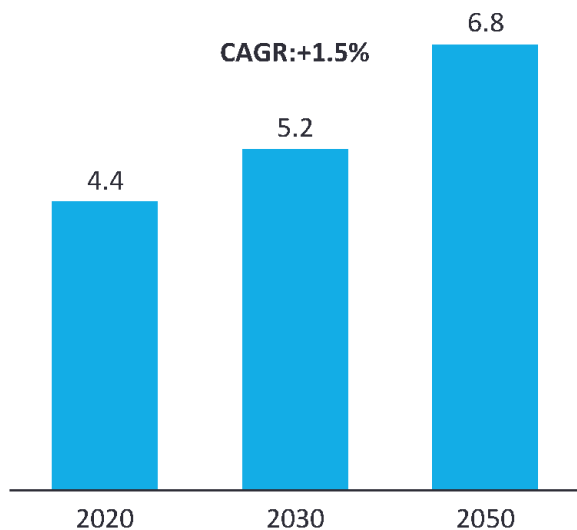
Increasing population, rising food demand, urbanization and shrinking areas under cultivation will drive the need for precision farming solutions

Global population (bn)



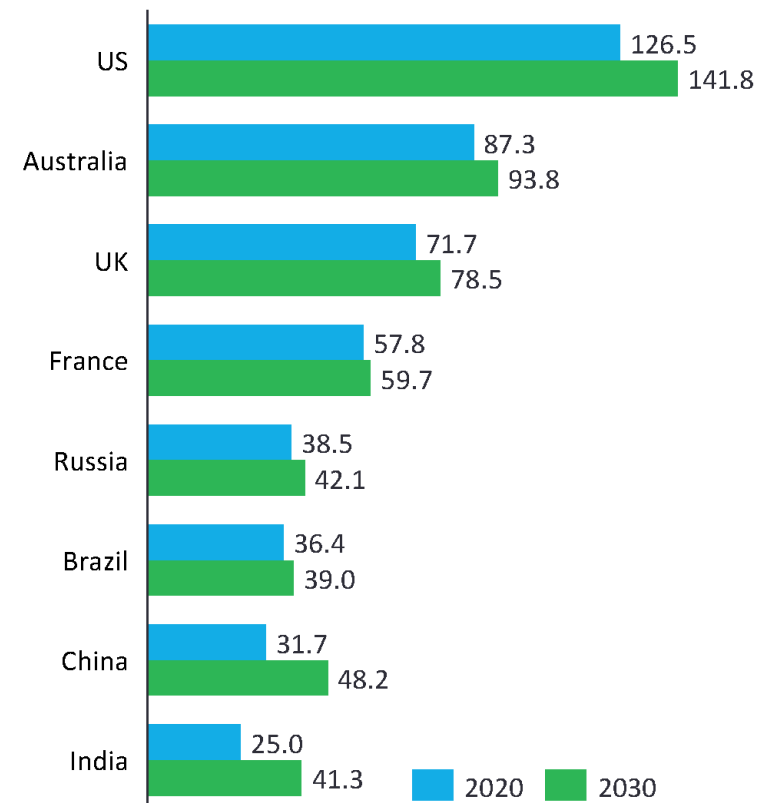
Population growth combined with a rising middle class is expected to drive a 70% increase in food demand between 2005 and 2050.

Urban population (bn)



By 2050, India will add 416m urban dwellers leading to increased food demand and decreased farm labor.

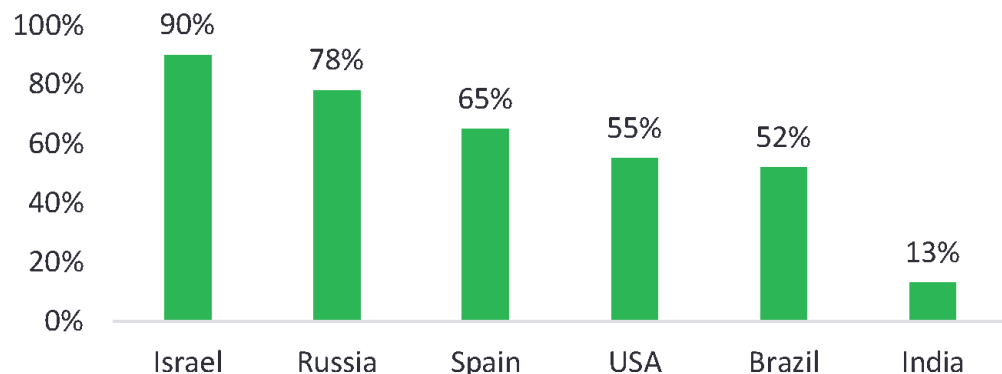
Average household personal disposable income (Thousand US\$ PPP*)



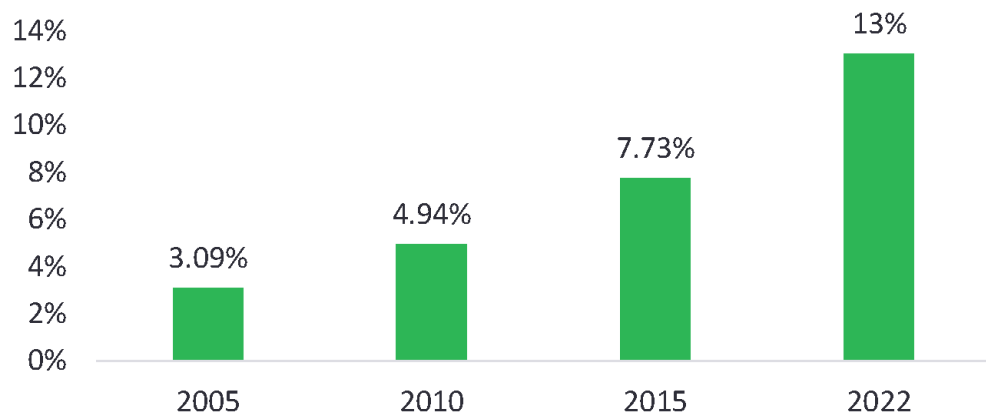
Note: * Purchasing power parity, Constant 2015 prices; Source: United Nations Department of Economic and Social Affairs, IMF, Oxford Economics, EY Consumer Knowledge Analysis

Micro Irrigation penetration growth rate is 12%

Global MI Penetration %







Indian MI Penetration %



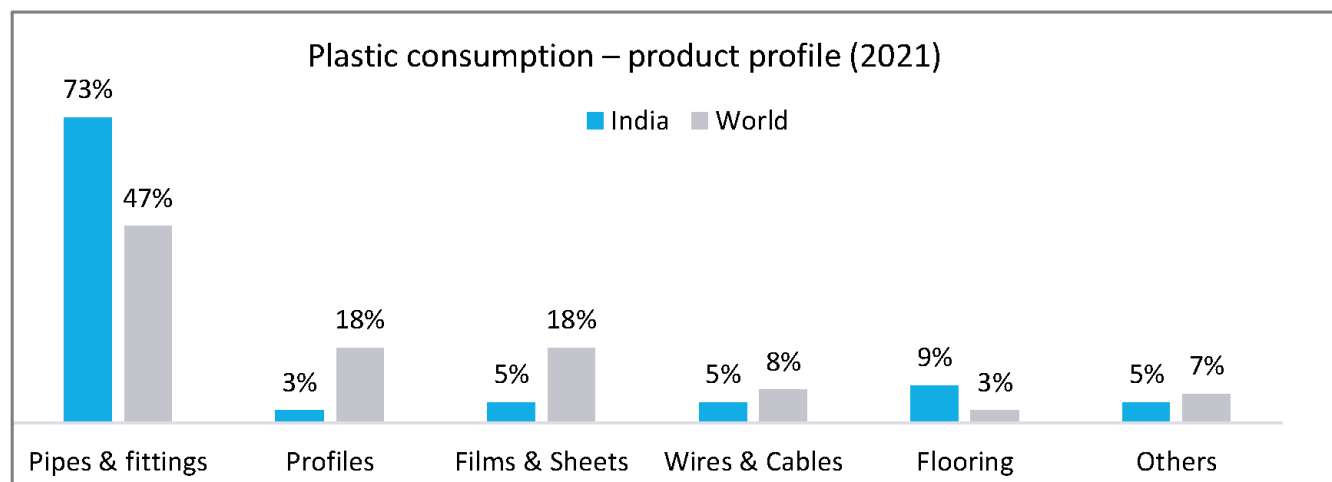
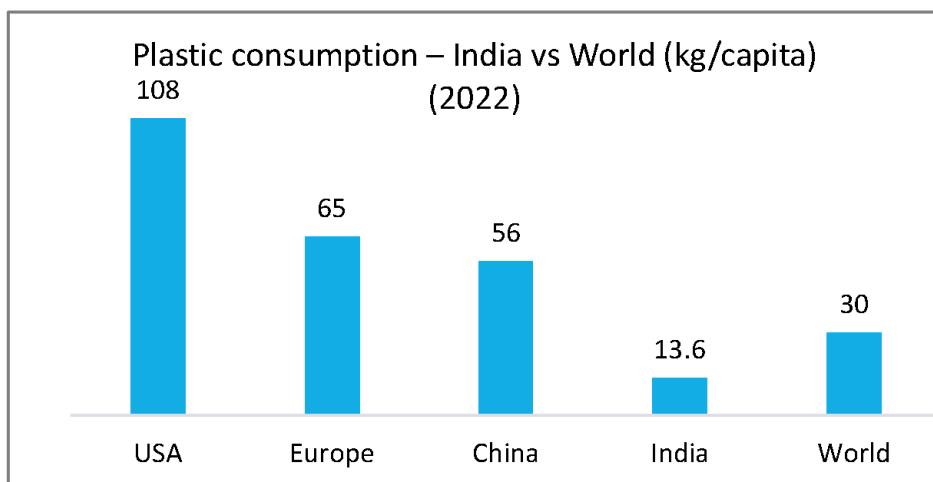
Source: ICAR report

Key factors that will drive MI adoption

	<p>Government programs and subsidies in developing MIS market has led to an increased acceptance of the technology amongst the farmers</p>
	<p>Tangible benefits such as minimizing wastage of water and increased yield due to precision farming technique has played a key role in MIS penetration</p>
	<p>Growth of micro irrigation market will be a product of fast technology adoption by farmers as well as increased awareness</p>
	<p>Financial Inclusion will act as a catalyst in contributing to higher micro irrigation penetration through credit availability</p>

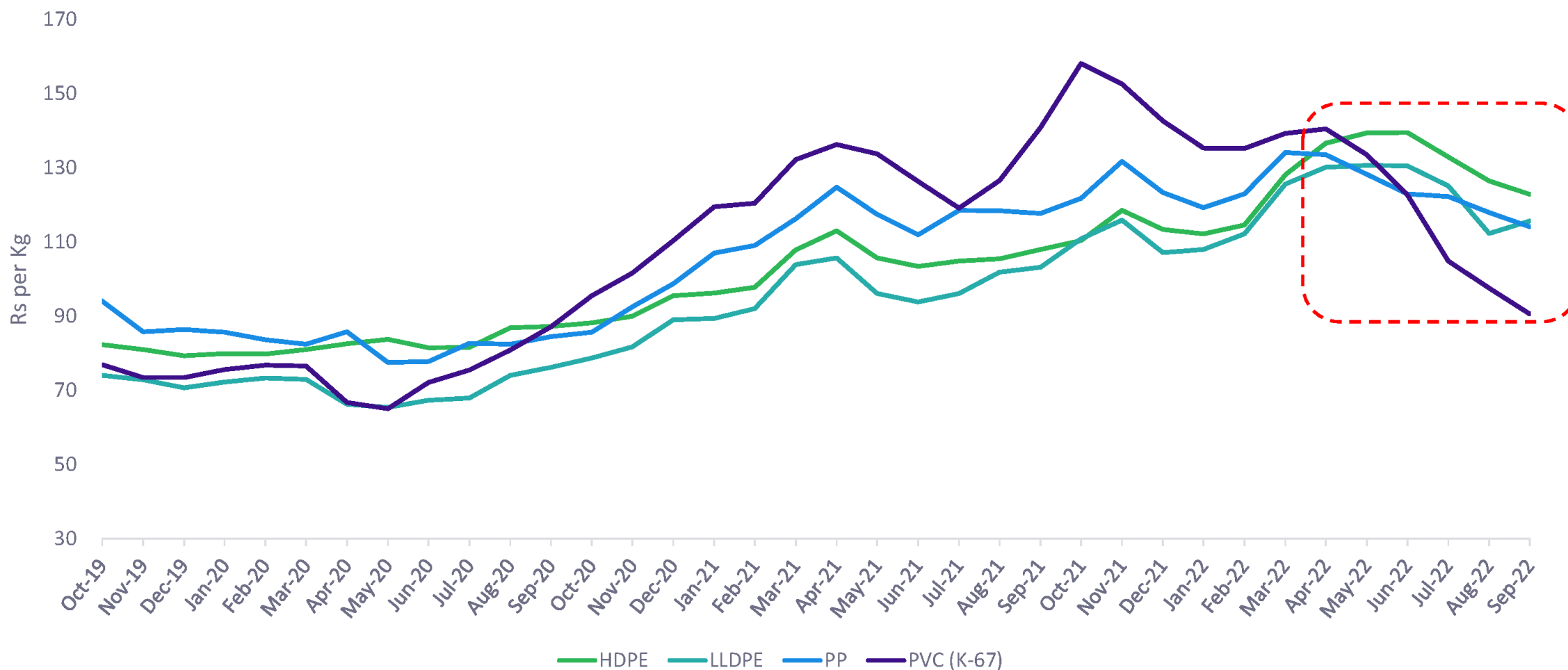
India's plastic industry has been on an upward trajectory over the last 10 years

- ▶ Indian plastic market is vastly unexplored as evidenced by its low per capita plastic consumption of 13.6 kg as compared to the global average of 30 kg
- ▶ With highly skewed consumption pattern towards pipes and fittings, India's plastic consumption pattern is quite dissimilar to the world. This has translated in accelerated growth of plastic pipe manufacturers across the nation.
- ▶ On the back of a sustained rise in demand, the country's plastic pipe sector has shown resilience by recovering from COVID-19 induced slow down. It has grown at a 10% CAGR over FY16-FY21 and is pegged to clock a 11-12% CAGR over FY21-FY25.



Sources: *PlastIndia.org, Equirus plastic pipe sector report, EY analysis*

Raw material prices witnessed volatility due to supply chain crisis driven by Covid-19, regional conflicts and high inflation. However, the prices have shown correction over the last few months



Source: JISL Raw Material Procurement Data



About the company



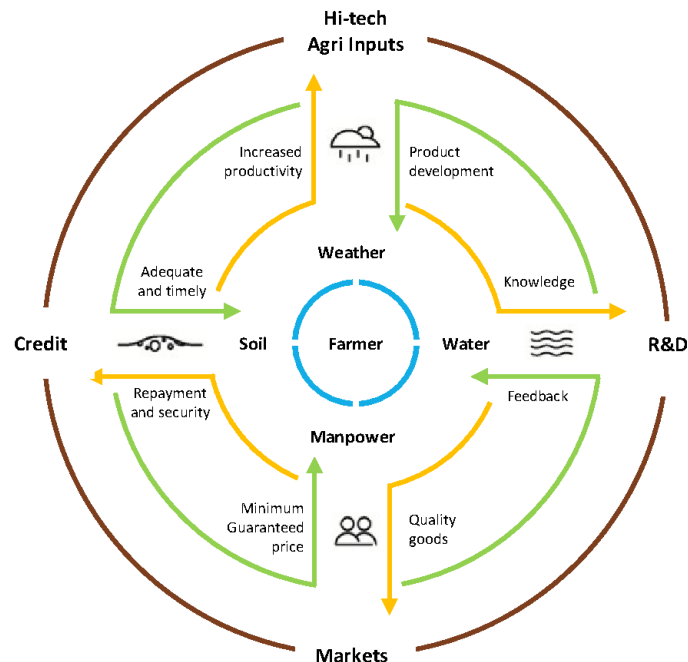
Well diversified business, technologically advanced product range and state of the art manufacturing facilities keeps us at the heart of customer needs

Hi-Tech Agri

- ▶ Drip & Sprinkler Systems Precision Farming Advisory
- ▶ Wide distribution presence – over 11,000 dealers / distributors in India and internationally
- ▶ Manufacturing base in India, Israel, Turkey, USA, Latin America and Europe
- ▶ R&D base in India, Israel, USA

Agro Processing

- ▶ Fruit pulps, concentrates, vegetable dehydrations, spice processing, etc.
- ▶ Globally No 1 in Mango processing and No. 3 in Onion dehydrations
- ▶ Catering to top global food companies
- ▶ Manufacturing in India, UK, USA and Turkey



Plastic

- ▶ PVC Pipes, fittings, Polyethylene Pipes Turnkey Projects, PVC Sheets
- ▶ Catering to Agricultural, Industrial & Infrastructural customer base
- ▶ Manufacturing primarily in India
- ▶ Forayed into urban markets by introducing plumbing systems
- ▶ Plastic Sheet Business manufacturing to Ireland, closer to customer base

Others

- ▶ Solar Thermal Products, Solar Photovoltaic Grid & Off-Grid Products
- ▶ Solar Power generation investments to reduce cost of power
- ▶ Agri R&D activities

Environmental & Social Impact



Farmers Reached

10 MN+ Cumulative up to March 2022



Water Savings

~170 BCM Cumulative impact of our products up to March 2022



Energy Savings

~31,170 GWh Cumulative impact of our products up to March 2022



Livelihoods

10,000+ Global Headcount



Carbon Footprint

43,000+ t-CO₂ per year reduction achieved through adoption of renewable energy and afforestation projects



Jain Focus: Shareholders and Stakeholders

“JISL has designed its agribusiness model on the concept of ‘Resources to Roots’, which addresses water, energy, and food security and helps smallholder farmers improve their income significantly. We have transformed the lives of millions of farmers with drip and sprinkler irrigation systems that save water, electricity, and fertilizers and increase the produce twofold or even threefold.”

- Anil Jain, Joint MD

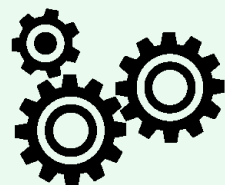
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Investment Merits





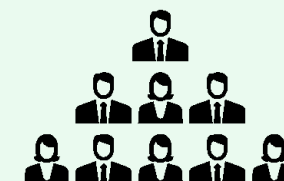
Well diversified across **126** countries, **20k+** SKUs and **6** channels



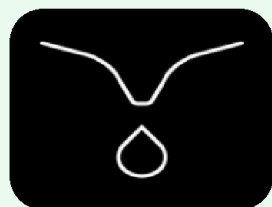
Uniquely positioned to provide **end-to-end solutions** to the farmers from technologically advanced inputs to post-harvest procurement



Ready-to-use domestic manufacturing capacity to accelerate **growth by 3x** without additional capex



Professionally managed values driven organization



#1 Micro Irrigation company in India and the USA



#1 In Tissue Culture production of banana and pomegranate globally



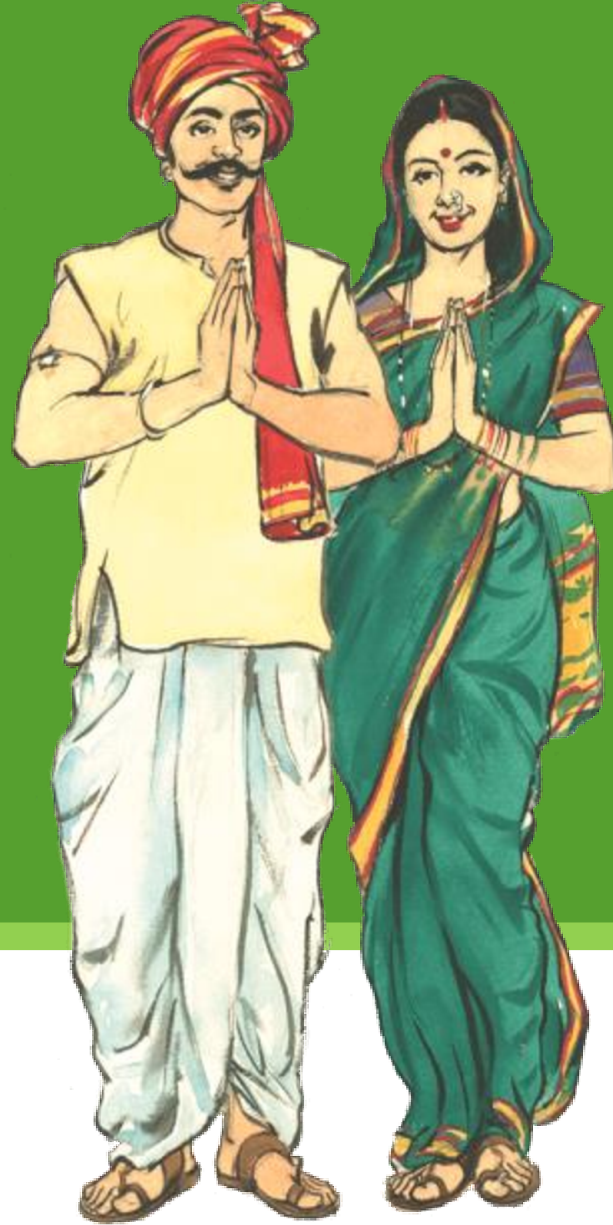
11,000+ Dealers and distributors globally



Sustainability focused operations, well ahead of ESG adoption curve

Disclaimer

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