

Jain Irrigation Systems Limited

January 06, 2021

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	2,433.20	CARE D; ISSUER NOT COOPERATING* (Single D: Issuer Not Cooperating*)	Rating moved to Issuer Not Cooperating category
Short Term Bank Facilities	2,220.00	CARE D; ISSUER NOT COOPERATING* (Single D Issuer Not Cooperating*)	Rating moved to Issuer Not Cooperating category
Total Bank Facilities	4,653.20 (Rs. Four Thousand Six Hundred Fifty-Three Crore and Twenty Lakhs Only)		

**Issuer did not cooperate; Based on best available information*

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

Jain Irrigation Systems Limited (JISL) has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. In line with the extant SEBI guidelines, CARE's rating on JISL's bank facilities will now be denoted as CARE D; Issuer Not Cooperating*.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings factor in classification of the account as NPA. CARE takes cognizance of the fact that company is undergoing restructuring and a resolution plan.

Detailed description of the key rating drivers

At the time of last rating on October 10, 2019 the following was the key rating weakness:

Ongoing delays in debt servicing

As a part of CARE's due diligence process, CARE had interacted with JISL's bankers and had also obtained 'Default if any' statement from the company which mentioned delays in debt servicing on the working capital and term loan availed by the company. As per the management, the delays in debt servicing is on account of slowdown in collection of receivables leading to cash flow issues in the company. Further, the lenders of JISL have also signed an Inter-Creditor agreement due to the ongoing stress in the account. CARE also notes that JISL is in discussion with banks for increase in working capital limits to address their immediate liquidity concerns which are yet to be sanctioned by banks.

Analytical approach: Consolidated

CARE has analyzed JISL's credit profile by considering the consolidated financial statements of the company owing to financial and operational linkages between the parent and subsidiaries. The details of the subsidiaries, associate and joint venture which have been consolidated as on March 31, 2020 are given in Annexure 3.

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[CARE's Policy on Default Recognition](#)

[Rating Methodology: Factoring Linkages in Ratings](#)

[CARE's methodology for manufacturing companies](#)

[Financial ratios – Non-Financial Sector](#)

About the Company

Established in the year 1986, JISL operates in diverse segments of the agri-business and also offers products in renewable energy segment. The micro-irrigation systems (MIS) (drip and sprinkler) is the flagship product of the company wherein JISL offers end-to-end water solution projects. The company also manufactures polyethylene (PE) pipes, polyvinyl chloride (PVC)

pipes and plastic sheets. Other business segment of the company includes, agro-processing (dehydrated onions & vegetables, processed fruits, mango pulp and Bio Gas), tissue culture and solar systems (solar water heating systems, solar panels and solar water pumps). The company (including subsidiaries) has 33 manufacturing bases with 11 manufacturing facilities and 5 demo and research development farms in India and 17 plants located across four continents.

Brief Financials (Rs. crore)	FY19 (A)	FY20 (A)
Total operating income	8826.10	6306.88
PBILDT	1174.97	31.96
PAT	254.22	(719.45)
Overall gearing (times)	1.33	2.45
Interest coverage (times)	2.28	0.04

A: Audited

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	July 2022	752.20	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - ST-BG/LC	-	-	-	2100.00	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Cash Credit	-	-	-	1650.00	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan	-	-	July 2022	31.00	CARE D; ISSUER NOT COOPERATING*
Fund-based - ST-Term loan	-	-	-	120.00	CARE D; ISSUER NOT COOPERATING*

*Issuer did not cooperate; Based on best available information

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	752.20	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (10-Oct-19) 2)CARE B+; Stable (08-Aug-19) 3)CARE BB; Stable (12-Jun-19) 4)CARE BBB+; Stable (05-Apr-19)	1)CARE A-; Stable (28-Sep-18) 2)CARE A-; Stable (05-Apr-18)	1)CARE A-; Stable (16-Jun-17)
2.	Non-fund-based - ST-BG/LC	ST	2100.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (10-Oct-19) 2)CARE A4 (08-Aug-19) 3)CARE A4 (12-Jun-19) 4)CARE A3+ (05-Apr-19)	1)CARE A2 (28-Sep-18) 2)CARE A2 (05-Apr-18)	1)CARE A2 (16-Jun-17)
3.	Fund-based - LT-Cash Credit	LT	1650.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (10-Oct-19) 2)CARE B+; Stable (08-Aug-19) 3)CARE BB; Stable (12-Jun-19) 4)CARE BBB+; Stable (05-Apr-19)	1)CARE A-; Stable (28-Sep-18) 2)CARE A-; Stable (05-Apr-18)	1)CARE A-; Stable (16-Jun-17)
4.	Fund-based - LT-Term Loan	LT	31.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (10-Oct-19) 2)CARE B+; Stable (08-Aug-19)	1)CARE A-; Stable (28-Sep-18) 2)CARE A-; Stable (05-Apr-18)	1)CARE A-; Stable (16-Jun-17)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
						3)CARE BB; Stable (12-Jun-19) 4)CARE BBB+; Stable (05-Apr-19)		
5.	Fund-based - ST-Term loan	ST	120.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D (10-Oct-19) 2)CARE A4 (08-Aug-19) 3)CARE A4 (12-Jun-19) 4)CARE A3+ (05-Apr-19)	-	-

Annexure 3: List of subsidiaries/associates

Group entities	Country of Incorporation	% ownership of JISL as on March 31, 2020
Subsidiaries		
JISL Overseas Limited	Mauritius	100%
Jain International Trading B.V.	Netherlands	100%
Jain Overseas B.V	Netherlands	100%
Jain (Israel) B.V	Netherlands	100%
JISL Global SA	Switzerland	100%
JISL System SA	Switzerland	100%
Jain America Foods Inc	USA	100%
Jain America Holdings Inc.	USA	100%
Jain (Europe) Ltd.	UK	100%
Jain Irrigation Holding Corp., (Consolidated)	USA	100%
Jain Irrigation Inc., (Consolidated)	USA	100%
Cascade Specialities Inc.	USA	100%
Naandan Jain Irrigation Ltd, Israel	Israel	100%
The Machines Yvonand S.A.	Switzerland	100%
Jain International Foods Ltd.	UK	100%
Sleaford Quality Foods Ltd.	UK	100%
Jain Mena DMCC	Dubai	100%
Jain Distribution holdings Inc. (Consolidated)	USA	100%
Jain Farm Fresh Holdings SPRL,(Consolidated)	Belgium	88.81%
ProTool AG	Switzerland	75%
Ex-Cel Plastics Ltd	Ireland	100%
Gavish Control Systems Ltd	Israel	51%

Group entities	Country of Incorporation	% ownership of JISL as on March 31, 2020
Excel Plastics Piping Systems SAS	France	100%
Driptech India Pvt. Ltd.	India	75%
Jain Farm Fresh Foods Ltd. (JFFFL)	India	89%
Jain Processed Foods Trading & Investments Private Ltd	India	100%
Joint Venture		
Dansystems S.A	Chile	50%
Associate		
Sustainable Agro-Commercial Finance Ltd	India	49%

Annexure-4: Detailed explanation of covenants of the rated instrument / facilities: Not Applicable

Annexure 5: Complexity level of various instruments rated for this Company

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Fund-based - LT-Term Loan	Simple
3.	Fund-based - ST-Term loan	Simple
4.	Non-fund-based - ST-BG/LC	Simple

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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