

Jain Irrigation Systems Limited

October 10, 2019

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Rating Action
Long-term Bank Facilities – Term loan	783.20	CARE D (Single D)	Revised from CARE B+; Stable (Single B Plus; Outlook: Stable)
Long term bank facilities – Working capital	1,650.00	CARE D (Single D)	Revised from CARE B+; Stable (Single B Plus; Outlook: Stable)
Short-term Bank Facilities	2,220.00	CARE D (Single D)	Revised from CARE A4 (A Four)
Total Facilities	4,653.20 (Rupees Four Thousand Six Hundred Fifty Three crore and Twenty lakh only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The revision in the ratings assigned to the bank facilities of Jain Irrigation Systems Limited (JISL) is on account of ongoing delays in its debt servicing due to delay in collection of receivables, leading to cash flow issues in the company.

Detailed Rationale & Key Rating Drivers**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, 2019 are given in **Annexure 3**.

Applicable Criteria

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

[Criteria on assigning Outlook to Credit Ratings](#)

[Criteria for Short Term Instruments](#)

[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.

¹ Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	8014.07	8826.10
PBILDT	1057.72	1174.97
PAT	221.29	254.22
Overall gearing (times)	1.17	1.33
Interest coverage (times)	2.21	2.28

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
Non-fund-based - ST-BG/LC	-	-	-	2100.00	CARE D
Fund-based - LT-Cash Credit	-	-	-	1650.00	CARE D
Fund-based - LT-Term Loan	-	-	July 2022	31.00	CARE D
Fund-based - ST-Term loan	-	-	-	120.00	CARE D

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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Commercial Paper	ST	-	-	-	-	-	1)Withdrawn (19-Apr-16)
2.	Fund-based - LT-Term Loan	LT	752.20	CARE D	1)CARE B+; Stable (08-Aug-19) 2)CARE BB; Stable (12-Jun-19) 3)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)	1)CARE BBB+; Stable (17-Feb-17) 2)CARE BBB- (19-Apr-16)
3.	Non-fund-based - ST-BG/LC	ST	2100.00	CARE D	1)CARE A4 (08-Aug-19) 2)CARE A4 (12-Jun-19) 3)CARE A3+ (05-Apr-19)	1)CARE A2 (28-Sep-18) 2)CARE A2 (05-Apr-18)	1)CARE A2 (16-Jun-17)	1)CARE A3+ (17-Feb-17) 2)CARE A3 (19-Apr-16)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
4.	Fund-based - LT-Cash Credit	LT	1650.00	CARE D	1)CARE B+; Stable (08-Aug-19) 2)CARE BB; Stable (12-Jun-19) 3)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)	1)CARE BBB+; Stable (17-Feb-17) 2)CARE BBB- (19-Apr-16)
5.	Fund-based - LT-Term Loan	LT	31.00	CARE D	1)CARE B+; Stable (08-Aug-19) 2)CARE BB; Stable (12-Jun-19) 3)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)	1)CARE BBB+; Stable (17-Feb-17) 2)CARE BBB- (19-Apr-16)
6.	Fund-based - ST-Term loan	ST	120.00	CARE D	1)CARE A4 (08-Aug-19) 2)CARE A4 (12-Jun-19) 3)CARE A3+ (05-Apr-19)	-	-	-

Annexure -3: Details of the subsidiaries, associates and joint venture which have been consolidated:

Group entities	Country of Incorporation	% ownership of JISL as on March 31, 2019
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	100%

Group entities	Country of Incorporation	% ownership of JISL as on March 31, 2019
ProTool AG	Switzerland	75%
Ex-Cel Plastics Ltd	Ireland	100%
Gavish Control Systems Ltd	Israel	51%
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%
<u>Joint Venture</u>		
Dansystems S.A	Chile	50%
<u>Associate</u>		
Sustainable Agro-Commercial Finance Ltd	India	49%

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.

Contact us

Media Contact

Name- Mr, Mradul Mishra
 Contact no: +91-22-6837 4424
 Email ID: mradul.mishra@careratings.com

Analyst Contact

Name – Mr. Arunava Paul
 Contact no.- 022 6754 3667
 Email ID- arunava.paul@careratings.com

Business Development Contact

Ms. Meenal Sikchi
 Cell: + 91 98190 09839
 E-mail: meenal.sikchi@careratings.com

Mr. Ankur Sachdeva
 Cell: + 91 98196 98985
 E-mail: ankur.sachdeva@careratings.com

Ms. Rashmi Narvankar
 Cell: + 91 99675 70636
 E-mail: rashmi.narvankar@careratings.com

Mr. Saikat Roy
 Cell: + 91 98209 98779
 E-mail: saikat.roy@careratings.com

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 the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. 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. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, 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. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**