

Press Release
RIVULIS IRRIGATION INDIA PRIVATE LIMITED
December 31, 2024
Rating Reaffirmed



Product	Quantum (Rs. Cr)	Long Term Rating	Short T
Bank Loan Ratings	66.00	ACUITE A- Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	66.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating to '**ACUITE A-' (read as ACUITE A minus)** on the Rs.66.00 crore bank facilities of Rivulis Irrigation India Private Limited (RIIPL). The outlook is '**Stable**'.

Rationale for rating

The rating factors the improvement in operations of the company wherein the revenue of the company stood at Rs. 268.94 Cr. in FY24 as against Rs. 223.12 Cr. in FY23. The operating profitability of the company has also improved from 4.39% in FY23 to 5.76% in FY24. However, the rating is constrained by extensive working capital management as apparent from GCA of 382 Days in FY24 and highly leveraged capital structure of the company as reflected by debt equity of 3.97 times and TOL/TNW of 12.74 times in FY24.

The company is getting strong support from its parent Rivulis Irrigation Limited, Israel (which is further a subsidiary of Temasek Holdings Private Limited, Singapore) in the form of 100% equity share holding, time to time support through equity and USL and shared brand name. Acuite further notes that there is existence of SBLC through the sanction letters issued by the lender's of the company which implies a written commitment from parent.

About the Company

Rivulis Irrigation India Private Limited (RIIPL) was incorporated in 2014 at Pune as a wholly owned subsidiary of Rivulis Irrigation Limited, Israel and 100% step down subsidiary of Temasek Holdings Private Limited. The company is involved in manufacturing of irrigation products such as micro sprinklers, plastic import sprinkler, T tape Drip tape, Hydrodrip, drip line etc. The company has manufacturing facility in Vadodara, Gujarat. The company is a wholly owned subsidiary of an Israel based company Rivulis Irrigation Limited. The Current directors of the company are Mr Kaushal Kumar Jaiswal, Mr Manoj Kumar Bhatia, Mr Eran Ossmy and Mr Ram Weingarten.

About the Group

RIIPL is Pune based company which was incorporated in the year 2014. The company is a wholly owned subsidiary of Rivulis Irrigation Limited, Israel (RIL), which is the second largest player, globally in micro drip irrigation solutions products. The company has been able to access large market in India across various states. During May 2022, Temasek , a Singapore based global investment company owned by Government of Singapore has acquired 100% stake in RIL, hence making RIIPL a wholly owned step down subsidiary.

Unsupported Rating

ACUITE BB/ Stable

Analytical Approach

ACUITE has considered the standalone business and financial risk profiles of Rivulis Irrigation India Private Limited to arrive at the standalone rating. To arrive at the final rating, Acuite has notched up the standalone rating by factoring in the parent support extended by Rivulis Irrigation Limited, Israel.

Key Rating Drivers

Strengths

Strong Parent Support

RIIPL is Pune based company which was incorporated in the year 2014. The company is a wholly owned subsidiary of Rivulis Irrigation Limited, Israel (RIL), which is the second largest player, globally in micro drip irrigation solutions products. The company has been able to access large market in India across various states. During May

2022, Temasec, a Singapore based company has acquired 100% stake in RIL, hence making RIPL a wholly owned step down subsidiary. RIPL has been receiving support from RIL in the form of SBLCs extended in its favour by RIL issued by Rabo Bank. Further, RIL has also extended unsecured loans in the past to support operations of the company.

Improvement in Revenue and Profitability

The company has shown a growth in the revenue which stood at Rs.268.94 Cr. in FY2024 as against Rs.223.12 Cr. in FY2023. The operating profitability of the company has also improved to 5.76% in FY2024 as against 4.39% in FY2023. Further, the improvement in operations during FY24 is due to the diversification of customer portfolio among other states of India. However, during FY25 the operating profile of the company has been impacted due to the central election, I.e., Andhra Pradesh election and Maharashtra election. Also, the PAT margin of the company stood at 0.94% in FY24 against 0.08% in FY23. Going forward, the current financial year of the company is expected to remain in the same range, however, FY26 is expected to be profitable in near to medium term.

Weaknesses

Moderate Financial Risk Profile

The financial risk profile of the company is moderate marked by moderate net worth, moderate debt protection metrics and average gearing level. The tangible net worth of the company stood at Rs.21.77 Cr. as on March 31, 2024 as against Rs.19.20 Cr. as on March 31, 2023. The increase in the net-worth is due to accumulation of profits into reserves. The gearing level of the company stood at 3.97 times as on March 31, 2024 as against 3.38 times as on March 31, 2023. The debt protection metrics of the company are moderate marked by interest coverage ratio of 1.78 times as on March 31, 2024 as against 1.68 times as on March 31, 2023. The DSCR of the company is average due to high debt obligation which the company has repaid to its parent entity resulted into below unity which stood at 0.71 times as on March 31, 2024 as against 1.69 times as on March 31, 2023. Acuite believes that the financial risk profile of the company will remain moderate in near to medium term.

Intensive Working capital operations

The working capital operations of the company are intensive marked by high GCA days. The GCA days of the company stood at 382 in FY2024 as against 323 in FY2023. The high GCA days are followed by high debtors of 313 days in FY2024 as against 239 days in FY2023 and inventory days stood at 45 days in FY24 against 54 days in FY23. The creditor days of the company stood at 342 days in FY2024 as against 261 days in FY2023. Acuite believes that the operations of the group will continue to remain working capital intensive over the medium term due to nature of operations.

Rating Sensitivities

- Movement in operational performance of the company
- Movement in financial risk profile
- Movement in working capital operation
- Timely support from parent entity

All Covenants

Not Applicable

Liquidity Position

Stretched

The liquidity profile of the company is stretched marked by the company generated net cash accrual of Rs. 6.48 Cr. in FY2024 against Rs.12.77 Cr. debt obligations. RIL has infused funds as an unsecured loan to pay the debt obligation. The average bank limit utilisation of the company stood at 85.55% or the eleven months ended on Nov 2023. The Current ratio of the company stood at 1.07 in FY24 against 1.04 in FY23.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	268.94	223.12
PAT	Rs. Cr.	2.52	0.17
PAT Margin	(%)	0.94	0.08
Total Debt/Tangible Net Worth	Times	3.97	3.38
PBDIT/Interest	Times	1.71	1.68

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Group And Parent Support: <https://www.acuite.in/view-rating-criteria-47.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
03 Oct 2023	Cash Credit	Long Term	30.00	ACUITE A- Stable (Upgraded from ACUITE BBB Stable)
	Cash Credit	Long Term	13.00	ACUITE A- Stable (Upgraded from ACUITE BBB Stable)
	Secured Overdraft	Long Term	19.90	ACUITE A- Stable (Upgraded from ACUITE BBB Stable)
	Proposed Long Term Bank Facility	Long Term	3.10	ACUITE A- Stable (Upgraded from ACUITE BBB Stable)
05 Jul 2022	Letter of Credit	Short Term	10.00	ACUITE A2 (Downgraded from ACUITE A2+)
	Letter of Credit	Short Term	10.00	ACUITE A2 (Downgraded from ACUITE A2+)
	Bills Discounting	Short Term	8.00	ACUITE A2 (Downgraded from ACUITE A2+)
	Cash Credit	Long Term	13.00	ACUITE BBB Stable (Downgraded from ACUITE A- Stable)
	Working Capital Demand Loan (WCDL)	Long Term	5.00	ACUITE BBB Stable (Downgraded from ACUITE A- Stable)
	Cash Credit	Long Term	20.00	ACUITE BBB Stable (Downgraded from ACUITE A- Stable)
27 Sep 2021	Working Capital Demand Loan (WCDL)	Long Term	5.00	ACUITE A- Stable (Assigned)
	Cash Credit	Long Term	13.00	ACUITE A- Stable (Assigned)
	Cash Credit	Long Term	20.00	ACUITE A- Stable (Assigned)
	Letter of Credit	Short Term	10.00	ACUITE A2+ (Assigned)
	Bills Discounting	Short Term	8.00	ACUITE A2+ (Assigned)
	Letter of Credit	Short Term	10.00	ACUITE A2+ (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	30.00	Simple	ACUITE A- Stable Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	13.00	Simple	ACUITE A- Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.10	Simple	ACUITE A- Stable Reaffirmed
Axis Bank	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	19.90	Simple	ACUITE A- Stable Reaffirmed

*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

Sr. No	Company Name
1	Rivulis Irrigation Limited, Israel
2	Rivulis Irrigation India Private Limited

Contacts

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About Acuité Ratings & Research

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