



**Press Release**  
**KISAN IRRIGATIONS AND INFRASTRUCTURE LIMITED**  
**June 19, 2024**  
**Rating Assigned and Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	3.34	ACUITE BBB+   Stable   Assigned	-
Bank Loan Ratings	54.56	ACUITE BBB+   Stable   Reaffirmed	-
Bank Loan Ratings	5.06	-	ACUITE A2   Assigned
Bank Loan Ratings	55.44	-	ACUITE A2   Reaffirmed
<b>Total Outstanding Quantum (Rs. Cr)</b>	<b>118.40</b>	<b>-</b>	<b>-</b>

**Rating Rationale**

Acuite has reaffirmed the long term rating to '**ACUITE BBB+**' (read as **ACUITE BBB plus**) and the short term rating of '**ACUITE A2**' (read as **ACUITE A two**) on the Rs. 110.00 Cr. bank facilities of Kisan Irrigation And Infrastructure Limited (KIIL). The outlook is '**Stable**'.

Acuite has assigned the long term rating to '**ACUITE BBB+**' (read as **ACUITE BBB plus**) and the short term rating of '**ACUITE A2**' (read as **ACUITE A two**) on the Rs. 8.40 Cr. bank facilities of Kisan Irrigation And Infrastructure Limited (KIIL). The outlook is '**Stable**'.

**Rationale for rating**

The rating recommendation is majorly on account of long track record and established position of the company in the pipes and fittings industry along with extensive experience of the promoters. The rating also factors in the augmentation in the scale of operations reflected by improvement in revenue from operations, profitability, healthy financial risk profile, moderate working capital operations and adequate liquidity. The rating is however constrained by exposure to intense competition in a fragmented industry and susceptibility in profitability towards volatility in raw material prices.

**About the Company**

Mumbai based, Kisan Irrigations and Infrastructure Limited was incorporated in 1973 by Mr. Ramesh Jagannath Aggarwal and family. The company is engaged in manufacturing a wide range of pipe fittings including PVC, HDPE, LDPE, CPRC, CPVC, Suction hoses, flexible hoses, etc. These products find application in different sectors including water resource management, agriculture, building & construction, infrastructure, telecommunication, and micro-irrigation, etc. The company mainly sells products through a network of around 1000 dealers & distributors spread across the country and sells under the brand name Kisan & KSR. It also supplies to private companies and contractors who undertake infrastructure projects.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuité has considered standalone business and financial risk profile of Kisan Irrigation and Infrastructure Limited to arrive at the rating.

## Key Rating Drivers

### Strengths

#### **Augmentation in scale of operations and improvement in profitability**

The business risk profile of the company witnessed growth over the years led by improvement in revenue from operations. The operations of the company reported growth in operating income to Rs 651.16 cr. in FY24(Prov) as against to Rs. 635.44 cr. in FY23 as against Rs. 485.14 cr. in FY22. The improvement was majorly on account of improvement in demand for plastic pipes and fittings.

The company offers wide range of products categorised into segments namely PVC pipes & fittings, HDPE & others, CPVC and some trading activities as well. Major portion of the revenues come from HDPE segments which contributes ~52% each to the overall revenues. Moreover, there is improvement in profitability of the company. The operating profit margin of the company stood at 7.01% in FY24 as against to 5.80% in FY23 and 6.42% in FY22. Also, there is improvement in PAT margins of the company which stood at 3.85% in FY24 (Prov) as against 2.82% in FY23 and 3.01% in FY22.

Acuité believes that the ability of the company to maintain its scale of operations and improve in profitability will going to remain a key monitorable over the medium term.

#### **Healthy financial risk profile**

The financial risk profile of the company is healthy marked by high net worth, low gearing, and comfortable debt protection metrics. The tangible net worth of the company stood high at Rs 124.33 cr. in FY24 (Prov) as compared to Rs. 99.26 cr. in FY23 and Rs. 81.34 cr. in FY22 resp. The total debt of the

company stood at Rs 30.94 crores as on 31<sup>st</sup> March 2024(Prov) as against Rs. 31.85 cr. as on 31<sup>st</sup> March 2023 and Rs 50.13 cr. as on 31<sup>st</sup> March 2022. The debt outstanding of the company comprises of long-term debt (including Current Portion of Long-Term Debt) of Rs. 24.10 cr. and Rs. 6.84 cr. of short-term debt as on 31<sup>st</sup> March 2024. The Debt-equity (gearing) stood comfortable at 0.25 times in FY24 (Prov) as against 0.32 times in FY2023 and 0.62 times in FY2022. The TOL/TNW improved and stood at 1.03 times as on 31<sup>st</sup> March 24 (Prov) as against 1.18 times as on 31<sup>st</sup> March 2023 and 1.57 times as on 31<sup>st</sup> March 2022. The debt protection metrics remains comfortable with debt service coverage ratio of 2.49 times in FY24 (Prov) and interest coverage ratio stood at 6.91 times as against 2.33 times and 5.43 times in FY23 and 1.98 times and 4.62 times in FY22 respectively.

Acuité believes that the financial risk profile of the company will continue to remain healthy on account of steady cash accruals and no major debt funded capex plans.

#### **Moderate working capital operations**

The working capital management of the company is marked by Gross Current Assets (GCA) of 96 days as on 31<sup>st</sup> March 2024(Prov) as compared to 84 days on 31<sup>st</sup> March 2023 and 110 days on 31<sup>st</sup> March 2022. This level of GCA days is majorly on account of receivable days of 49 days for FY24 (Prov) as against 35 days for FY23 and 43 days for FY22. The inventory levels of the company stood at 45 days during the same period compared against 43 days for FY23. The creditor days of the company stood at 39 days for FY24 compared against 36 days for FY23. The average credit period allowed to the customers is 40-45 days. In case of domestic suppliers, the company receives a credit period of 30 to 45 days. The company maintains inventory of raw material for a period of 15-25 days and finished goods for around 45 days. The average bank limit utilisation by the company remained moderate for fund-based facilities stood at ~38.52% and ~49.41% for non-fund-based facilities for the FY24.

Acuité believes that the working capital management from the company will remain a key rating sensitivity going ahead.

### Weaknesses

#### **Susceptibility of profitability to input price volatility and forex rates**

The company is vulnerable to adverse fluctuations in raw material prices and foreign

currencies. The raw materials (Resin, high density polyethylene) are predominantly crude oil derivatives, and their prices move in line with crude oil rates. Also, the company imports ~20% to 30% of the raw material which are associated with foreign currency fluctuation risk. However, the company has mitigated such risk to some extent by passing the same to end user. Acuité believes that any major fluctuations in the raw material prices and foreign currency will likely to impact the profitability of the company going ahead.

#### **Exposure to intense competition in a fragmented industry**

The company faces intense competition due to many unorganised firms with local presence in the piping industry, as well as several large, organised players in the country. Due to intense pricing competition among the many unorganised businesses in the market, there is intense competition among the already established players.

#### **Rating Sensitivities**

- Increase in scale of operations with sustainability of profitability margins.
- Any elongation in working capital cycle resulting in stretch liquidity position.

#### **Liquidity Position**

##### **Adequate**

The liquidity position of the company remained adequate on account of adequate net cash accruals against matured debt obligations. The net cash accruals of the company stood at Rs. 31.53 cr. against matured debt obligations of Rs. 7.92 cr. during the FY24 (Prov). Also, the company maintains a cash balance of Rs. 3.08 cr. as on 31st March 2024. The current ratio stood at 1.65 times as on March 31, 2024. The average bank limit utilisation by the company remained moderate for fund-based facilities stood at ~38.52% and ~49.41% for nonfund-based facilities for the FY24. Acuité believes that the liquidity position of the company will continue to remain adequate on account of adequate net cash accruals against its matured repayment obligations.

#### **Outlook: Stable**

Acuité believes that outlook on the company will continue to remain 'stable' over the medium term on account of established track record of operations in the pipes and fittings industry with experienced management.

#### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	651.16	635.44
PAT	Rs. Cr.	25.08	17.92
PAT Margin	(%)	3.85	2.82
Total Debt/Tangible Net Worth	Times	0.25	0.32
PBDIT/Interest	Times	6.91	5.43

### 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>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite'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](http://www.acuite.in)

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
22 Mar 2023	Bank Guarantee (BLR)	Short Term	0.50	ACUITE A2 (Assigned)
	Bank Guarantee (BLR)	Short Term	2.25	ACUITE A2 (Assigned)
	Cash Credit	Long Term	17.00	ACUITE BBB+   Stable (Assigned)
	Cash Credit	Long Term	13.50	ACUITE BBB+   Stable (Assigned)
	Letter of Credit	Short Term	20.75	ACUITE A2 (Assigned)
	Letter of Credit	Short Term	24.25	ACUITE A2 (Assigned)
	Proposed Long Term Bank Facility	Long Term	13.38	ACUITE BBB+   Stable (Assigned)
	Term Loan	Long Term	0.70	ACUITE BBB+   Stable (Assigned)
	Term Loan	Long Term	2.39	ACUITE BBB+   Stable (Assigned)
	Term Loan	Long Term	3.82	ACUITE BBB+   Stable (Assigned)
	Term Loan	Long Term	0.07	ACUITE BBB+   Stable (Assigned)
	Term Loan	Long Term	2.08	ACUITE BBB+   Stable (Assigned)
	Term Loan	Long Term	3.82	ACUITE BBB+   Stable (Assigned)
	Term Loan	Long Term	5.49	ACUITE BBB+   Stable (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
SVC Co-Op Bank Limited	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.50	ACUITE A2   Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	2.25	ACUITE A2   Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	17.00	ACUITE BBB+   Stable   Reaffirmed
SVC Co-Op Bank Limited	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	13.50	ACUITE BBB+   Stable   Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	13.00	ACUITE BBB+   Stable   Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	7.69	ACUITE A2   Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	24.25	ACUITE A2   Reaffirmed
SVC Co-Op Bank Limited	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	20.75	ACUITE A2   Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	5.06	ACUITE A2   Assigned
Punjab National Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Jun 2025	Simple	1.02	ACUITE BBB+   Stable   Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Oct 2025	Simple	2.04	ACUITE BBB+   Stable   Reaffirmed
SVC Co-Op Bank Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Jul 2024	Simple	0.30	ACUITE BBB+   Stable   Reaffirmed
SVC Co-Op Bank Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Feb 2028	Simple	3.53	ACUITE BBB+   Stable   Reaffirmed

SVC Co-Op Bank Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Feb 2028	Simple	4.17	ACUITE BBB+   Stable   Reaffirmed
Indusind Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Dec 2026	Simple	3.34	ACUITE BBB+   Stable   Assigned



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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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