

## Jain Irrigation Systems Ltd — 28 Oct 2025 Credit Rating Summary

Section	Details
Agency	CRISIL Ratings
Rating Change	Reaffirmed at <b>BBB-</b> (Long Term) / <b>A3</b> (Short Term)
Outlook (Current vs Previous)	<b>Stable vs Stable</b>
Key Drivers of Change	<ol style="list-style-type: none"> <li><b>Revenue Volatility:</b> Standalone revenue de-grew 14% in FY25 (Plastics -26%, Agri -9%) due to lower Jal Jeevan Mission spending; however, Q1FY26 saw a 30% recovery in Agri segment.</li> <li><b>Debt Structure:</b> Total debt of ₹2,662 Cr (as of June 2025), includes ₹831 Cr "unsustainable debt." Scheduled repayments are heavy in FY27 (₹464 Cr).</li> <li><b>Leverage Improvement:</b> Net Debt/OPBITDA expected to improve to 3.0x–3.2x by FY27 from a high 5.7x currently.</li> <li><b>Capital Infusion:</b> ₹150 Cr warrant conversion in May 2025 provided a liquidity buffer for working capital.</li> </ol>
Rated Instruments	<ul style="list-style-type: none"> <li><b>Fund-Based Facilities:</b> ₹1,504.94 Cr</li> </ul>
Key Observations	<p><b>Strengths:</b></p> <ul style="list-style-type: none"> <li>Market leader in domestic Micro Irrigation Systems (MIS).</li> <li>Extensive network of 4,000+ dealers.</li> <li>Shift to dealer-led model (no new EPC orders since 2019) reduces risk.</li> </ul> <p><b>Concerns:</b></p> <ul style="list-style-type: none"> <li>High working capital: EPC receivables stuck at ₹924 Cr (June 2025) vs ₹887 Cr (March 2025).</li> <li>Significant interest burden; sustainable debt repayment remains a medium-term challenge.</li> <li>Susceptibility to volatile raw material (PVC/Polyethylene) prices.</li> </ul>
Investor Impact	<p><b>Growth:</b> Recovery in Q1FY26 (+30% Agri) suggests the bottom may be in.</p> <p><b>Margins:</b> Expected to hold at 13–14% due to better product mix.</p> <p><b>Leverage:</b> High (5.7x) but trajectory is downward.</p> <p><b>Dilution Risk:</b> Low in the near term following the May 2025 warrant conversion, but asset monetization (land sales) is the next critical trigger.</p>
Agency / Cross Analysis	<p><b>Same Agency:</b> Reaffirmed previous stance.</p> <p><b>What Changed:</b> Recognition of FY25 revenue de-growth due to macro factors (elections/spending delays) balanced by the positive Q1FY26 rebound and successful warrant conversion.</p> <p><b>Conclusion: Improvement in Business Model</b> (Dealer focus) but <b>Stagnation in Liquidity</b> (EPC receivables recovery is slower than expected).</p>
Final Inference	<p><b>Real improvement in core operations (MIS)</b> is masked by the legacy EPC debt burden. For equity investors, the stock is a "Liquidity Recovery" play: value unlocks only if the ₹924 Cr stuck receivables are converted to cash to meet the ₹464 Cr FY27 debt cliff.</p>