



Nandi Irrigation Systems Limited

Instrument	Amount	Rating
	In Rs. crore	As on February 2015
Long Term Fund Based Limits	6.00	[ICRA]B- reaffirmed
Short Term Non Fund Based Limits	4.00	[ICRA]B- reaffirmed
Long/Short Term Unallocated Limits	2.00	[ICRA]B-/ [ICRA]A4 reaffirmed

ICRA has reaffirmed [ICRA]B- (pronounced ICRA B minus) to the Rs. 6.00 crore* long term fund based limits of Nandi Irrigation Systems Limited (NISL)[†]. ICRA has reaffirmed [ICRA]A4 (pronounced ICRA A four) to the Rs. 4.00 crore short term non-fund based limits of NISL. ICRA has also reaffirmed [ICRA]B-/ [ICRA]A4 to the Rs. 2.00 crore unallocated limits of NISL.

The re-affirmation of ratings takes into account the small scale of NISL's operations, highly competitive and fragmented nature of the industry which limits the pricing power. The ratings also factors in the high geographic concentration of the company with presence only in states of Andhra Pradesh and Telangana. Besides, the ratings also take into account the vulnerability in profitability due to volatility in raw material prices. The ratings are further constrained by weak financial profile as reflected in high gearing of 2.58 times as on 31st March 2014 and weak coverage indicators as reflected in with NCA/Debt at 3.2% and OPBDITA/Interest at 1.30 times as on 31st March 2014. The ratings also takes into account the significant delays in receivables from the government exerting pressure on the liquidity of the company which can be witnessed by the high utilization of the sanctioned working capital limits. The ratings however, favourably takes into account the vast experience of the promoters in the micro irrigation sector and favourable prospects for drip and sprinkler irrigation systems due to emphasis from government for micro irrigation.

Company Profile

Setup in July 2007, M/s Nandi Irrigation Systems Limited (NISL) is promoted by Mr. Sajjala Sreedhar Reddy and is engaged in the manufacturing of Polyvinyl-Chloride (PVC) pipes, lateral pipes and sprinklers used in Irrigation. The company has its plant located in Nandyal, Kurnool district of Andhra Pradesh. The company has an installed capacity of 6000 MTPA for manufacturing of pipes ranging between 40 mm & 60mm. NISL is a part of the Nandi group of Industries based out of Andhra Pradesh which is engaged in the manufacturing of PVC pipes, HDPE pipes, Water Storage containers, flexible hoses, agricultural pipes, casing pipes, Electrical, Plumbing and submersible pipes etc.

Recent Results

As per audited financials for FY14, NISL reported an operating income of Rs. 41.46 crore with net profit of Rs. 0.18 crore as against Rs. 41.61 crore of operating income with net profit of Rs. 0.24 crore in FY13.

February 2015

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* 100 lakh = 1 crore = 10 million

[†]For complete rating scale and definitions, please refer to ICRA's website <http://www.icra.in> or other ICRA Rating Publications.



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