



Rating Rationale

R M Drip & Sprinklers Systems Ltd.

27 March 2020

Brickwork Ratings downgrades the long term rating and reaffirms the short term rating of Rs. 12.30 Crores of R M Drip & Sprinklers Systems Ltd. based on best available information, as the issuer did not cooperate. Accordingly the rating for the said instrument is as under

Particulars

Facility	Amount (₹ Cr)		Tenure	Rating*	
	Previous	Present		Previous** (May 2018)	Present
Fund based (Proposed) Term Loan Cash Credit	5.80 5.00	5.80 5.00	Long Term	BWR BB- Stable	BWR B- Stable [Downgraded] Issuer Not Cooperating*
Non Fund based (Proposed) Bank Guarantee Letter of Credit	0.50 1.00	0.50 1.00	Short Term	BWR A4	BWR A4 [Reaffirmed] Issuer Not Cooperating*
Total	12.30	12.30	₹ Twelve Crores and Thirty Lakhs Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

**The rating was migrated to rating not reviewed category in Aug2019

Issuer did not cooperate; based on best available information

Details of Bank facilities provided in Annexure-I

RATING ACTION / OUTLOOK / NATURE OF NON-COOPERATION.

The rating of the Bank Loan Facilities of the company have been downgraded to the long term rating to BWR B-/Stable and reaffirmed short term rating BWR A4 under 'Issuer Not Cooperating' category from BWR BB-/ Stable , BWR A4. On the basis of public domain information , keeping in view of PAT losses in FY19 , Declining top line YOY, Deterioration of networth in FY19 , negative debt protection metrics, high gross current assets (H1 FY20) , high cash conversion cycle YOY , Continuous fall in the share price of the company. The company had also not submitted the NDS from last few months till date & the latest 6 months bank statement. BWR has been consistently following up with the entity management which has



remained non co-operative to submit the information/papers required for the review of rating despite our regular follow up.

The BWR has recommended the outlook ‘Stable’ on account of extensive experience of promoters in the industry.

BWR had initially rated Bank Loan facilities amounting to Rs.12.30 Crs in May, 2018 assigning rating of BWR BB-/ Stable , BWR A4. The rating was moved to RNR in Aug 2019. BWR took up with the issuer consistently to provide required information over emails and telephonically dated 24.02.2020, 2.03.2020 and 16.03.2020. Further, BWR also took follow up with the banker for conduct of account over various emails dated 24.02.2020, 2.03.2020 and 16.03.2020 for the conduct of accounts but the banker has not responded to provide the feedback. Despite the best efforts of BWR to get at least the minimum required information for a review, the entity has not provided the same. In the absence of adequate information from the firm, BWR is unable to assess the entity’s financial performance and its ability to service its debt and maintain a valid rating.

Limitations of the rating:

Information availability risk is a key factor in the assessment of credit risk as generally, noncooperation by the rated entities to provide required information for a review of the assigned rating may also be accompanied by financial stress. Users of the credit ratings should therefore take into account the possible deterioration in the credit quality of the rated entity arising from its non- transparency and withholding of information required for a review of the rating.

KEY FINANCIAL INDICATORS (in ₹ Cr) [AS AVAILABLE WITH BWR]

Particulars	Units	2016	2017
Result Type		Audited	Audited
Net Sales/Revenues	₹ Cr	11.76	28.34
EBITDA	₹ Cr	1.32	3.35
PAT	₹ Cr	0.10	1.36
TNW	₹ Cr	2.47	3.84
Total Debt : TNW	Times	1.68	3.19
Current Ratio	Times	1.11	1.32



COMPANY PROFILE

R M Drip and Sprinklers Systems Ltd. (RMDSSL) was initially incorporated as a partnership firm in 1996 under the name 'J K Industries' and subsequently converted to a private limited company, R M Drip and Sprinklers Systems Pvt. Ltd. The company subsequently got listed on the SME EMERG platform of NSE. RMDSSL is engaged in the manufacturing of micro irrigation systems and components. Its products are supplied to the agricultural and farming industries. The manufacturing facility is located at Nashik. RMDSSL is also the Original Equipment supplier to many irrigation companies and various irrigation sub assembly manufacturers. Geographical reach of the company is Gujarat, Karnataka, Madhya Pradesh and Maharashtra. The broad product profile of the company includes drip irrigation, sprinkler irrigation and filter systems.

Mr. Vijay Kumar Kshirsagar, Mr. Arjun Makani, Mr. Nivrutti Kedar and Mr. Shyam Sundar Dash are the key promoters .

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY: Issuer Non Cooperation Care BB-/Stable March 2020

Rating History

Facilities	Current Rating 2020							
Bank Loan	Current Rating			2019	14 May 2018		2017	
	FB	10.80	BWR B-Stable (Downgraded) Issuer Not Cooperating*	Not Rated	FB	10.80	BWR BB-Stable (Assigned)	NA
	NFB	1.50	BWR A4 (Reaffirmed) Issuer Not Cooperating*		NFB	1.50	BWR A4 (Assigned)	

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [What Constitutes Non-Cooperation](#)

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ANNEXURE I

R M Drip & Sprinklers Systems Ltd. Details of Bank Facilities rated by BWR

Sl.No.	Name of the Bank	Type of Facilities	Long Term [₹ Cr]	Short Term [₹ Cr]	Total [₹ Cr]
1.	State Bank of India, SME Nashik Branch	<u>Fund based</u> Term Loan Cash Credit	5.80 5.00	-	10.80
2.	State Bank of India, SME Nashik Branch	<u>Fund based</u> Bank Guarantee Letter of Credit	0.50 1.00	-	1.50
TOTAL					12.30



INR Twelve Crores and Thirty Lakhs Only

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DISCLAIMER Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons