



March 8, 2010

ICRA reaffirms the LBBB rating for bank facilities of Flowmore Limited

ICRA has reaffirmed the LBBB (pronounced L triple B) rating to the Rs. 622.5 million fund based limits and Rs 920 million non fund based limits of Flowmore Limited (Flowmore)[†]. The outlook for the long term rating is stable.

The reaffirmation of rating reflects the company's satisfactory business risk profile supported by favourable demand prospects for the products it manufactures driven mainly by expected investments in infrastructure and capital goods sector. This coupled with the company's established position and strong customer base in the pumps industry has resulted in a strong order book and healthy growth in the revenues, which is likely to be sustained in the medium term. The company's financial position is also satisfactory with moderate gearing and healthy debt protection indicators (with gearing at 0.90 times and NCA/TD at 35% in 2009) of the company. The rating is however constrained by the intense competition from both the organized and the unorganized sector which may have an impact on its margins. Further, the high working capital intensive nature of operations coupled with high growth have resulted in the cash flows from operations being negative in the past. The ratings also factor in the relatively high counterparty credit risks arising out of large sales to state government entities with weak credit profiles. Nonetheless ICRA has drawn comfort from adequate liquidity as measured by unutilized limits and promoters contribution by way of equity infusion to keep financial profile healthy in the past.

Company Profile

Flowmore Limited was started in 1950's by Mr. M.P.Gupta who started this company as Bijnor Udyog which was a Proprietary concern. It was subsequently converted into a partnership concern along with his brothers and renamed as Hindustan Industrial Corporation. Further on 27th July, 1967 Flowmore Private Limited was incorporated to carry on business of manufacturing of industrial pumps finding different applications. Flowmore Limited is a manufacturer of industrial pumps finding different applications. The company was earlier having association with Fairbanks Morse Pump Corporation of; USA for numerous applications including water supply & water treatment plants, Sewage and Waste Treatment, Drainage, Flood Control, , Lift Irrigation, Fire-services, power stations such as Cooling Water and Cooling Tower, Intake etc. Flowmore manufactures Vertical Propellers, Mixed-flow, Non-clog Solids-handling, Ash Slurry and Turbine pumps, Horizontal Split Case, End Suction, Sump Pumps, Submersible Sewage and Submersible Bore Well, covering capacity upto 5,00,000 liters per minute and heads up to 300 meters. For the year ending September 2009 Flowmore made PAT of Rs 133.12 million on Net sales of Rs 1752.75 million.

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ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

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

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