

KSB Pumps Limited

Instrument	Amount (Rs. Crore)	Rating Action October 2016
Long term Fund Based Limits	9.15	[ICRA]AA(Stable) reaffirmed
Short term Fund Based	56.60	[ICRA]A1+ reaffirmed
Short term Non-Fund Based Limits	151.00	[ICRA]A1+ reaffirmed

ICRA has reaffirmed the [ICRA]AA (pronounced as ICRA double A) rating to the Rs. 9.15 crore fund based facilities of KSB Pumps Limited (KSB/"the company"). The outlook on the long term rating is stable. ICRA has also reaffirmed [ICRA]A1+ rating (pronounced as ICRA A one plus) to the Rs. 56.60 crore fund based facilities and Rs. 151.00 crore non fund based limits of KSB.

The ratings takes into account KSB's relatively strong and established market position, a well diversified product portfolio spanning the entire pumps and valves industry and technological support from parent KSB AG, Germany a leading player in the global pump business. The ratings are also supported by the company's favourable cost structure arising from its backward integration into castings, robust capital structure and strong coverage indicators. While the current macro-economic scenario remains a significant drag on fresh order booking, the ratings derive comfort from KSB's leadership position in captive power plants, presence in cast and forged valves and the strong prospects for some of KSB's key user industries like Power and nuclear energy in the pumps business over the medium to long term. The ratings also factor in the company's vulnerability to the ferrous and non ferrous commodity cycles, increasing competition from established local and MNC players and demand cyclicity that is characteristic to most of its end-user industries. Moving forward, ICRA expects the KSB's financial risk profile to remain comfortable over the medium term supported by its favorable business risk profile and a conservative financial policy; though accrual from proposed debt funded capex, in line with ICRA estimates remains a key sensitivity.

Company Profile

KSB, a 40.5% subsidiary of the € 2.2 billion German company KSB AG, is the fourth largest player in the Indian industrial pumps and valves business. KSB manufactures a wide range of pumps used in the power, oil & gas and other industries. KSB has five plants located in Pune & Nasik in Maharashtra and Coimbatore in Tamil Nadu, with a total manufacturing capacity of 150,500 pumps, 186,000 valves and 9,200 tonnes of castings (Ferrous and non-ferrous).

Recent Results

For the year ending December 31, 2015, KSB reported a net profit of Rs. 64.13 crore on the back of a Operating Income of Rs.820.73 crore as opposed to net profit of Rs. 61.80 crore on the back of a Operating Income of Rs. 803.67 crore for year ending December 2014. KSB reported operating Income of Rs. 414.20 crore, OPBDITA of Rs. 49.32 crore and PAT of 31.41 crore for H1CY16.

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