

## B Fouress Private Limited

Instrument	Amount	Rating Action
	In Rs. crore	May 2016
Cash Credit	4.00	Revised to [ICRA]BBB (Stable) from [ICRA]BBB+ (Stable)
Non Fund Based Limits	138.00	Revised to [ICRA]A2 from [ICRA]A2+

ICRA has revised the long term rating to [ICRA]BBB (pronounced ICRA triple B) from [ICRA]BBB+ (pronounced ICRA triple B plus) for Rs. 4.00 crore<sup>1</sup> cash credit facilities of B Fouress Private Limited (BFPL)<sup>†</sup>. ICRA has also revised the short term rating to [ICRA]A2 (pronounced ICRA A two) from [ICRA]A2+ (pronounced ICRA A two plus) for Rs. 138.00 crore non fund based facilities of BFPL. The outlook on the long term rating is stable.

The rating revision factors in the deterioration in the financial profile of the company as reflected by weak profitability and coverage metrics over the last two years. This followed a slow down in the order execution in its core business of manufacture and sale of hydroelectric turbines as well as developmental expenditure incurred for expansion of its business in the overseas markets where operations are yet to stabilize. While FY2017 is expected to show some improvement in terms of profitability at operating level on account of improved supply, and commissioning of turbine units, the profitability is expected to remain at moderate levels. The ratings continue to be constrained by the tardy pace of execution of the small hydro projects in the domestic market given the delay in approvals, operations in difficult terrain, delay in completion of civil works and funding issues. ICRA also notes the moderate size of the company's operations and net worth in comparison to global peers; and high competition from domestic and international equipment manufacturers both in the domestic and export markets.

However, ICRA positively factors in the healthy order book position of the company, order book/operating income of 2.8 times as on Nov 30, 2015, which provides revenue visibility in the medium term. Although profitability and consequently the cash accruals have been on a declining trend, ICRA notes that the company's borrowings are low and further the liquidity profile continues to remain favorable as reflected by average unutilized bank lines of 50% during the last one year and BFPL's favorable working capital intensity as a result of healthy inflow of mobilization advances from fresh orders. The ratings continue to positively factor in the long track record of operations of the company in the turnkey project execution over last three decades in small hydro power sector in domestic and overseas market, helped by BFPL's past long term relationship with GE Hydro, BFPL's independent turbine technology, competitively priced products and experienced management and globally spread cost effective supply chain (which includes exclusive suppliers for some of the key components like generators).

Going forward, the company's ability to improve the pace of execution of the order book and improve its profitability while maintaining low working capital intensity will remain the key rating sensitivities.

### Company Profile

B Fouress Private Limited (BFPL, formerly known as Boving Fouress Private Limited) is a part of the Fouress Group of Companies. BFL was formed in 1983 as 62:38 joint venture between the Fouress Group and Boving & Company limited, UK to operate in small hydro business. Later, the share of Boving & Company Limited was acquired by GE Energy, Norway. Subsequently, BFL bought share back from GE Energy in September 2008 and company was renamed B Fouress Private Limited in 2010.

BFPL is a turnkey contractor for the design, supply and commissioning of projects in the small hydro power segment, in both domestic and international markets. BFL manufactures hydro turbines for small hydro power plants and has a fully fledged manufacturing facility near Bangalore. Its product range includes small hydro turbines of both configurations (i.e., Horizontal and Vertical) of all kinds that include Kaplan, Semi-Kaplan, Propeller, Francis and Pelton turbines. The unit turbine capacity ranges from 250 KW to 20,000 KW.

<sup>1</sup> 100 lakh = 1 crore = 10 million

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

**Recent Results**

According to the provisional financials of FY2016, BFPL reported an operating income of Rs. 190.14 crore and PBT of Rs. 1.09 crore. In FY2015, BFPL reported an operating income of Rs. 177.83 crore and net loss of Rs. 2.32 crore as against an operating income of Rs. 159.77 crore and net profit of Rs. 1.49 crore in FY2014.

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