

Falcon Pumps Private Limited

Instrument	Amount Rated	Rating Action
Cash Credit	Rs 32.50 crore (enhanced from Rs. 23.50 crore)	[ICRA]BBB+ (Stable) reaffirmed
Term Loans	Rs 1.45 crore (enhanced from Rs. 1.17 crore)	[ICRA]BBB+ (Stable) reaffirmed
Non Fund Based Limits	Rs 0.28 crore	[ICRA]A2 reaffirmed

ICRA has reaffirmed the long term rating at [ICRA] BBB+ (pronounced ICRA triple B plus) to the Rs 32.50 crore cash credit facility (enhanced from Rs. 23.50 crore) and Rs 1.45 crore term loan facility (enhanced from Rs. 1.17 crore) of Falcon Pumps Private Limited (FPPL)[†]. The long term rating carries 'Stable' outlook. ICRA has also reaffirmed the short term rating of [ICRA]A2 (pronounced ICRA A two) to the Rs 0.28 crore non fund based facility of FPPL.

The reaffirmation of ratings continues to draw comfort from the company's relatively comfortable financial risk profile characterized by comfortable debt coverage and capital structure indicators besides its ability to maintaining satisfactory profitability and return indicators, with a steady recovery in sales in FY2015 and current fiscal on account of deficit in rainfall and marketing initiatives. Further, the ratings favorably take into account the longstanding experience and established track record of the promoters in the submersible pump industry; well established and wide distribution network of the company; and the favorable long term demand potential for submersible pump sets catering towards agriculture and domestic user segments.

The ratings however continue to remain constrained by the highly competitive and fragmented nature of the submersible pump industry, with intense competition from organized as well as unorganized players; vulnerability of the company's profitability to raw material price fluctuations and its high working capital intensity of operations on account of large inventory maintained owing to a long production cycle. The performance of the company also remains exposed to better monsoons which adversely impacts the demand for submersible pumps, although FPPL's diverse product profile comprising of bore well as well as open well submersible pumps mitigates this risk to some extent.

Company's Profile

Falcon Pumps Pvt. Ltd. (FPPL) was incorporated in the year 1995 under the leadership of Mr. Dhirajlal Sugaviya and Mr. Kamalnayan Sojitra. FPPL is an ISO 9001-2008 certified company and is mainly involved in the business of manufacturing of Submersible pump sets (open well as well as bore well) and Self Priming Mono-block pumps. Since inception, FPPL's focus has been on continuous innovation in its designs and technology and over the years, it has been awarded with various awards like Udyog Bharti Award and Udyog Ratna Award by the Government of India for research in pump technology.

Recent Results

For the year ended March 31, 2015, the company reported an operating income of Rs 139.87 crore and profit after tax of Rs 6.12 crore as against Rs 132.26 crore of operating income and Rs 5.64 crore of profit after tax for the financial year FY2014. In 9M FY16 (as per the provisional financials), FPPL has reported an operating income of Rs. 122.33 crore and a profit before depreciation and tax of Rs 15.18 crore.

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* 100 lakhs = 1 Cr = 10 million

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



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