

OCTOBER 09, 2015

CARE REVISES/REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF BARODA EQUIPMENT AND VESSELS PRIVATE LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term/Short-term Bank Facilities	5.50	CARE BB /CARE A4 (Double B)/ (A Four)	Revised from CARE BB-/ CARE A4 (Double B Minus / A Four)
Short-term Bank Facilities	3	CARE A4 (A Four)	Reaffirmed
Total Facilities	8.50 (Rupees Eight crore and Fifty lakh only)		

Rating Rationale

The revision in the long term rating assigned to the bank facilities of Baroda Equipment and Vessels Private Limited (BEVPL) was primarily on account of increase in its scale of operations and improved cash accruals along with the consistent equity infusion leading to comfortable capital structure and strong debt coverage indicators during FY15 (refers to the period April 1 to March 31).

The ratings continue to remain constrained on account of its modest scale of operations in the highly capital-intensive industry coupled with working capital intensive nature of its operations marked by long operating cycle. The ratings were further constrained due to susceptibility of the operating margins to volatile raw material prices and foreign exchange rate fluctuations.

The ratings, however, continue to draw strength from the experienced and resourceful promoters, well-established clientele, certified product portfolio and moderate order book position.

The ability of BEVPL to increase its scale of operations, strengthening its order book along with efficient working capital management and improving its profitability are the key rating sensitivities.

Background

Incorporated in October 2007, Vadodara based BEVPL is engaged in manufacturing of wide range of customized products like pressure vessels, heat exchangers, pressure piping, storage tanks, boiler pressure parts, skid mounted assemblies and miscellaneous static equipment for process plants. The manufacturing unit of BEVPL is located at Padra, Vadodara. The plant is approved for the manufacture of pressure vessels, heat exchangers and other static equipments. BEVPL is an approved shop under Indian Boiler Regulations, 1950, for manufacturing of boiler pressure parts under IBR Stamp. BEVPL also complies with the requirement of quality management system as specified under ISO 9001:2008 and Occupational Health and Safety Management System as specified under OHSAS 18001: 2007 by Bureau Veritas.

As per the audited results of FY15, The BEVPL reported profit after tax (PAT) of Rs.0.19 crore on a total operating income (TOI) of Rs.23.61 crore as against net loss of Rs.1.81 crore on a TOI of Rs.13.70 crore.

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**For detailed Rationale Report and subscription information, please contact us at www.careratings.com

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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