

JULY 28, 2014

## CARE REAFFIRMS THE RATINGS ASSIGNED TO BANK FACILITIES OF BARODA EQUIPMENTS AND VESSELS PRIVATE LIMITED

**Ratings**

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long-term/Short-term Bank Facilities	5.50 (Reduced from 6.50)	CARE BB-/CARE A4 (Double B Minus/A Four)	Re-affirmed
Short-term Bank Facilities	3.00	CARE A4 (A Four)	Re-affirmed
<b>Total</b>	<b>8.50</b>		

**Rating Rationale**

The ratings assigned to the bank facilities of Baroda Equipments and Vessels Private Limited (BEVPL) continue to remain constrained on account of its short track record of operations in the highly capital-intensive industry and decline in total operating income coupled with net losses during FY14 (refers to the period April 1 to March 31). The ratings are further constrained by the working capital intensive nature of its operations marked by long operating cycle and 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 along with comfortable capital structure and debt coverage indicators.

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

**Background**

Incorporated in October 2007, Vadodara-based (Gujarat) BEVPL is engaged in the 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 and heat exchangers under the particular rules specified by TUV-Nord Systems GmbH. BEVPL is an approved shop under Indian Boiler Regulations, 1950, for manufacturing of boilers and 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.

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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.

<sup>1</sup> Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

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