

Baroda Equipment and Vessels Private Limited

October 20, 2020

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Rating Action
Long term/ Short term Bank Facilities	5.50	CARE B/ CARE A4; ISSUER NOT COOPERATING* (Single B /A Four; ISSUER NOT COOPERATING)	Issuer not cooperating; Revised from CARE BB-/ CARE A4; Issuer not co-operating(Double B Minus/ A Four; Issuer not co-operating); On the basis of best available information
Short Term Bank Facilities	4.20	CARE A4; ISSUER NOT COOPERATING* (A Four; ISSUER NOT COOPERATING)	Issuer not cooperating; Based on best available information
Total Facilities	9.70 [Rupees Nine crore and Seventy lakh only]		

Details of facilities in Annexure-1

Detailed Long term/ Short term Bank Facilities Rationale & Key Rating Drivers

CARE had, vide its press release dated August 21, 2019 placed the ratings of Baroda Equipment and Vessels Private Limited (BEVPL) under the 'issuer non-cooperating' category as BEVPL had failed to provide information for monitoring of the ratings as agreed to in its Rating Agreement. BEVPL continues to be non-cooperative despite repeated requests for submission of information through phone calls and emails dated May 13, 2020, May 18, 2020, October 08, 2020 and October 13, 2020. In line with the extant SEBI guidelines, CARE has reviewed the ratings on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.

The ratings assigned to the bank facilities of BEVPL have been revised on account of non-availability of requisite information.

Detailed description of the key rating drivers

At the time of last rating done on August 21, 2019 the following were the rating strengths and weaknesses (updated for publically available information).

Key Rating Weaknesses

Modest scale of operations and moderate with net losses

The scale of operations of BEVPL declined however continued to remain modest as marked by Total Operating Income (TOI) of Rs.20.13 crore in FY19 against TOI of Rs.23.84 crore in FY18. Despite decline in the TOI, the profitability position of BEVPL improved and remained moderate marked by PBILDT of 8.10% during FY19 as against 2.46% during FY18 mainly due to decline in the cost of materials consumed during FY19. Consequently, BEVPL had booked net loss of Rs.0.39 crore during FY19 as against net loss of Rs.1.30 crore during FY18.

Moderate debt coverage indicators

The debt Coverage indicators of BEVPL improved marginally however continued to remain moderate marked by TDGCA of 5.08 years as on March 31, 2019 as against 6.50 years as on March 31, 2018. Further, Interest coverage ratio also improved however continued to remain moderate at 2.93 times in FY19 as against 1.34 times during FY18 led by increase in the PBILDT during FY19.

Susceptibility of profit margins to volatility in stainless steel prices and foreign exchange fluctuation risk

BEVPL is mainly in the business of designing, fabricating, assembling and selling pressure vessels, heat exchangers mainly in power projects, metal, oil and gas, chemicals and petrochemicals industries and chemical industry. The turnover of BEVPL is largely driven by the orders bagged from new customers and orders from the existing customers in case of expansion being

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

*Issuer did not co-operate; based on best available information

undertaken. Hence, in case of economic slowdown, BEVPL operation remains exposed to risk as companies tends to cancel or defer their capital expenditures plans. Furthermore, being a small player, it has limited bargaining power over customers and thereby has to bear the adverse movement in the raw material prices. Also, in absence of any active hedging policy, profit margins of BEVPL also remained exposed to the foreign exchange fluctuation risk.

Key Rating Strengths

Experienced promoters

BEVPL is jointly promoted by five technocrats Mr Keith Harmer and his associates having wide experience in the heavy engineering industry in global markets. Mr Lekshminarayanan S., Managing Director of BEVPL, has experience of more than 25 years in this field and looks after the company's overall operations in India. The promoters are also assisted by a well-qualified second tier team of engineers having wide experience in this industry.

Comfortable capital structure

Capital Structure of company continued to remain comfortable with overall gearing of 0.19 times as on March 31, 2019 against 0.03 times as on March 31, 2018. The marginal deterioration in the overall gearing ratio is mainly due to higher utilization of working capital bank borrowings as on the balance sheet date.

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Rating Methodology - Manufacturing Companies](#)

[Financial ratios – Non-Financial Sector](#)

[Criteria for Short Term Instruments](#)

About the Company

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.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	23.84	20.13
PBILDT	0.59	1.63
PAT	(1.30)	(0.39)
Overall gearing (times)	0.03	0.19
Interest coverage (times)	1.34	2.93

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure- 2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT/ ST-CC/Packing Credit	-	-	-	5.50	CARE B / CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-BG/LC	-	-	-	3.00	CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantees	-	-	-	1.20	CARE A4; ISSUER NOT COOPERATING*

*Issuer did not co-operated; Based on best available information

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT/ ST-CC/Packing Credit	LT/ST	5.50	CARE B / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE BB- / CARE A4; ISSUER NOT COOPERATING* (21-Aug-19)	1)CARE BB / CARE A4; ISSUER NOT COOPERATING* (07-Jun-18)	-
2.	Non-fund-based - ST-BG/LC	ST	3.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (21-Aug-19)	1)CARE A4; ISSUER NOT COOPERATING* (07-Jun-18)	-
3.	Non-fund-based - ST-Bank Guarantees	ST	1.20	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (21-Aug-19)	1)CARE A4; ISSUER NOT COOPERATING* (07-Jun-18)	-

*Issuer did not co-operated; Based on best available information

Annexure 3: Complexity level of various instruments rated for this company

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT/ ST-CC/Packing Credit	Simple
2.	Non-fund-based - ST-Bank Guarantees	Simple
3.	Non-fund-based - ST-BG/LC	Simple

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Contact us

Media Contact

Name - Mradul Mishra
Contact no. – +91-22-6837 4424
Email ID – mradul.mishra@careratings.com

Analyst Contact

Name - Ms. Shreedha Shah
Contact no. – +91-79-40265636
Email ID- shreedha.shah@careratings.com

Relationship Contact

Name - Mr. Deepak Prajapati
Contact no. – +91-79-40265656
Email ID: deepak.prajapati@careratings.com

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over nearly two decades; it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook 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.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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