

Baroda Equipments and Vessels Private Limited

June 07, 2018

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Rating Action
Long term Bank Facilities/ Short term Bank Facilities	5.50	CARE BB/CARE A4; ISSUER NOT COOPERATING* (Double B/ A Four; ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on 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	9.70 (Rupees Nine crore and Seventy Lakh only)		

Details of instruments/facilities in Annexure -1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Baroda Equipments and Vessels Private Limited (BEVPL) to monitor the ratings vide e-mail communications/letters dated April 20, 2018, May 23, 2018, May 28, 2018 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating of Baroda Equipments and Vessels Private Limited's bank facilities will now be denoted as **CARE BB/CARE A4; ISSUER NOT COOPERATING**.

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 take into account its modest scale of operations and deterioration in profitability in FY17 (refers to the period April 1 to March 31). The ratings, however, derives strength from the experienced promoters along with comfortable capital structure and debt coverage indicators and moderate liquidity position in FY17. BEVPL's ability to increase its sales of operations along with improvement in profitability and capital structure would be the key rating sensitivities.

Detailed description of the key rating drivers

At the time of last rating on March 30, 2017 the following were the rating strengths and weaknesses (updated for the information available from Registrar of Companies)

Key Rating Weaknesses

Modest scale of operations

Scale of operations declined by 31.70% and remained at modest level at Rs.20.08 crore during FY17 as against Rs.29.40 crore during FY16. Also, GCA deteriorated to Rs.1.78 crore in FY17 compared to Rs.2.92 crore in FY16.

Deterioration in profitability

Operating profitability of BEVPL marginally improved viz. increase in PBILDT margin by 36 bps to 11.17% during FY17 as against 10.81% in FY16. However, PAT margin deteriorated by 334 bps to 1.35% in FY17 as compared to 4.69% during FY16 owing to higher depreciation and interest expense as percentage of TOI in FY17.

Key Rating Strengths

Comfortable capital structure and debt coverage indicators

Solvency position continued to remain comfortable as indicated by an overall gearing of 0.14 times as on March 31, 2017 which is same as previous year. Interest coverage ratio of the company deteriorated but continued to stand comfortable at 4.89 times during FY17 as against 12.16 times during FY16 due to decrease in operating profit coupled with increase in interest expense. Total debt to GCA remained moderate at 2.29 times as on March 31, 2017 as against 1.44 times as on March 31, 2016.

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

*Issuer did not cooperate; Based on best available information

Moderate Liquidity Indicators

As on March 31, 2017, BEVPL's current ratio stood improved and stood comfortable at 2.57 times (FY16 2.11 times). Quick ratio also improved to 1.28 times during FY17 as against 1.25 times during FY16 on account of increase in receivables and inventory as on balance sheet date. However, working capital cycle elongated at 237 days in FY17 as against 161 days in FY16 on the back of increase in collection period and inventory period.

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](#)

[CARE's methodology for 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 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.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	29.40	20.08
PBILDT	3.18	2.24
PAT	1.38	0.27
Overall gearing (times)	0.14	0.14
Interest coverage (times)	12.16	4.89

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History (Last three years): Please refer Annexure-2

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.

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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.

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 BB / CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-BG/LC	-	-	-	3.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-Bank Guarantees	-	-	-	1.20	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

**Issuer did not cooperate; 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 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - LT/ ST-CC/Packing Credit	LT/ST	5.50	CARE BB / CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE BB / CARE A4; ISSUER NOT COOPERATING* (30-Mar-17)	1)CARE BB / CARE A4 (10-Mar-16) 2)CARE BB / CARE A4 (09-Oct-15)
2.	Non-fund-based - ST-BG/LC	ST	3.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE A4; ISSUER NOT COOPERATING* (30-Mar-17)	1)CARE A4 (10-Mar-16) 2)CARE A4 (09-Oct-15)
3.	Non-fund-based - ST-Bank Guarantees	ST	1.20	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1)CARE A4; ISSUER NOT COOPERATING* (30-Mar-17)	1)CARE A4 (10-Mar-16)

*Issuer did not cooperate; Based on best available information

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CIN - L67190MH1993PLC071691