



Press Release

Bvishal Oil & Energy Limited

February 23, 2023

Ratings:

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Rating Action	Complexity Indicator
Long Term Fund Based Facilities – Cash Credit	15.00	IVR BBB- /Stable (IVR Triple B Minus with Stable Outlook)	Revised	Simple
Long Term Fund Based Limit - Term Loan	8.38 (Reduced from 18.65)	IVR BBB- /Stable (IVR Triple B Minus with Stable Outlook)	Revised	Simple
Long Term Fund Based Limit - ECLGS	0.00 (Reduced from 0.33)	--	Withdrawn*	Simple
Long Term Fund Based Limit – ECLGS 2	9.05 (Increased from Rs.5.93)	IVR BBB- /Stable (IVR Triple B Minus with Stable Outlook)	Revised	Simple
Short Term Non-Fund Based Limits - Bank Guarantee	28.47 (Increased from 23.00)	IVR A3 (IVR A Three)	Revised	Simple
Total	60.90 (Rupees Sixty crore and Ninety lakh only)			

*Withdrawn since the facility has been repaid in full.

Details of Facilities are in Annexure 1

Detailed Rationale:

The revision in the rating to the bank facilities of Bvishal Oil and Energy Limited reflects overall improvement in the operational & financial parameters in FY22. The overall performance is expected to sustain in FY23 and beyond. Further the ratings continue to derive strength from experienced promoters & qualified management team, healthy order book position indicating satisfactory near to medium term revenue visibility, established relationship with reputed clientele and y-o-y improvement in revenue & EBITDA. The rating is however constrained by working capital intensive nature of operations and exposure of the intense competition and tender based job works.



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Key Rating Sensitivities:

Upward Factors:

- Improvement in revenue with improvement in profitability on a sustained basis
- Improvement in working capital management with improvement in operating cycle and liquidity

Downward Factors:

- Any decline in the scale of operation and profitability leading to deterioration of debt protection metrics.
- Deterioration in the working capital cycle leading to stress in the debt protection metrics or the liquidity position of the firm

Key Rating Drivers with detailed description

Key Rating Strengths:

Experienced promoters & Qualified management team:

The promoter, Mr. Bharat Chaudhary is having more than two-decade experience in the oil exploration industry. He is supported by, Mr. Vishal Chaudhary, and Ms. Raiben Chaudhary and an experienced management, BVOEL has been able to generate healthy relations with its reputed clientele.

Healthy order book position indicating satisfactory near to medium term revenue visibility:

Over the past years, the entity has successfully completed many projects in Gujarat and Assam & ensured timely completion of its projects. BVOEL has a healthy unexecuted order book is around Rs.374.28crores which is to be executed within next 2-3 years indicating comfortable revenue visibility in the near term.

Established relationship with reputed clientele backed by established foreign alliances:

BVOEL clientele includes major Oil and gas players such as Oil & Natural Gas Corporation, Oil India Ltd, Cairn India, Schlumberger Limited, Joshi Technologies International Inc and it also has entered into foreign alliances with - 3&1 enterprises T&R INC (LA), PH Machine Works, LLC, Viper Drill, Zhengzhou Yuanhua, Packer Service LLC, SMP LLC and SNKOIL LLC which mitigates the counterparty credit risk to some extent.



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Y-o-Y improvement in revenue & EBITDA:

There has been a constant improvement in the performance of the company in terms of growth in revenue and EBITDA since last 3 years. The revenue had increased to Rs.85.80 crores in FY22 in comparison with Rs.70.36 crore in FY21. The significant improvement in revenue is on account of steady inflow of orders and satisfactory execution of the same while maintaining a comfortable order book position. Moreover, with improvement in scale of operation, the EBITDA is improving continuously in the last three years and improved to Rs.31.20 crores in FY22 from Rs.26.15 crores in FY21. However, the EBITDA margin also remained stable at 36.36% in FY22 as against 37.70% in FY21, with improvement in the PAT margin to 18.34% in FY22 from 17.47% in FY21.

During 9MFY23, the company has achieved a total revenue of Rs.60.16 crores as against Rs.53.66 crores in 9MFY22, the EBITDA and PAT margin remained healthy however declined to around 40.54% and 20.96% in 9MFY23 as compared to 45.15% and 22.27% in 9MFY22 due to increase in operating and other manufacturing costs.

Key Rating Weaknesses:

Working capital intensive nature of operations:

The operations of the company remained working capital intensive as the average collection period and average inventory period deteriorated and stood at 83 days and 38 days respectively while creditors' payment period have reduced to 27 days in FY22 as against 34 days in FY21. Further, the operating cycle of the Company also remained stable at around 90-94 days.

Exposure of the intense competition and tender based job works:

The Company faces intense competition on account of customers being the same for all the players in the sector (i.e) the oil and gas companies, where the business depends on the ability to bid for contracts successfully. Risk has become more pronounced as tendering is based on minimum amount of bidding of contracts. However, this risk is mitigated to an extent on account of extensive experience of the management.

Analytical Approach: Standalone



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Applicable Criteria:

[Criteria of Rating Outlook](#)

[Rating Methodology for Service Sector Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

Liquidity – Adequate

The liquidity position of the company remains adequate as cash accruals are expected to remain sufficient to meet the repayment obligations. Further, the company had gross cash accruals of Rs.22.10 Crore in FY22. Cash and Cash equivalent amounted to Rs.6.38 Crore as on 31st March 2022. The average fund- based utilization for 12 months ended December 2022 stood at around 83%. The current ratio stood at 1.49 times as on 31st March 2022.

About the Company:

Bvishal Oil and Energy Limited was incorporated on November 17, 2017, to take over the existing operations of Vishal enterprises. The Gujarat – based Vishal enterprises was established in 1999 as a partnership firm by Mr. Bharat Chaudhary.

The company provides operations & Maintenance (O&M) services, charter hire service, well intervention services for oil exploration and production activities. The company is also engaged in the business of labour contracts and arranges trucks and tankers on commission basis.

Financials Standalone

For the year ended/ As On	(Rs. crore)	
	31-03-2021 (Audited)	31-03-2022 (Audited)
Total Operating Income	70.91	86.93
EBITDA	26.15	31.20
PAT	12.39	15.94
Total Debt	74.06	65.74
Tangible Net-worth	66.39	82.33
Ratios		
EBITDA Margin (%)	37.17	36.36
PAT Margin (%)	17.47	18.34
Overall Gearing Ratio (x)	1.12	0.80

Status of non-cooperation with previous CRA: Not Applicable



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Any other information: Not Applicable

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22 (Nov 24, 2021)	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1.	Long Term Fund Based Facilities – Cash Credit	Long Term	15.00	IVR BBB-/ Stable	IVR BB+/ Stable	--	--
2.	Long Term Fund Based Limit - Term Loan	Long Term	8.38	IVR BBB-/ Stable	IVR BB+/ Stable	--	--
3.	Long Term Fund Based Limit - ECLGS	Long Term	0.00	--	IVR BB+/ Stable	--	--
3.	Long Term Fund Based Limit – ECLGS 2	Long Term	9.05	IVR BBB-/ Stable	IVR BB+/ Stable	--	--
4.	Short Term Non- Fund Based Limits - Bank Guarantee	Short Term	28.47	IVR A3	IVR A4+	--	--



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About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

For more information visit www.infomerics.com

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Annexure 1: Details of Facilities:

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (INR Crore)	Rating Assigned/ Outlook
Long Term Fund Based Facilities –Cash Credit	--	--	--	15.00	IVR BBB-/ Stable
Long Term Fund Based Limit - Term Loan	--	--	Up to 2026	8.38	IVR BBB-/ Stable
Long Term Fund Based Limit – ECLGS 2	--	--	Up to 2026	9.05	IVR BBB-/ Stable
Short Term Non- Fund Based Limits - Bank Guarantee	--	--	--	28.47	IVR A3

Annexure 2: List of companies considered for consolidated analysis: Not Applicable

Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/Len-BvishalOil-feb23.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at <https://www.infomerics.com/>.