



Press Release

Bvishal Oil & Energy Limited (BVOEL)

March 28, 2024

Ratings:

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Rating Action	Complexity Indicator
Long Term Fund Based Facilities	72.59 (Increased from 32.43)	IVR BBB- /Stable (IVR Triple B Minus with Stable Outlook)	Reaffirmed	Simple
Short Term Non-Fund Based Limits	49.47 (Increased from 28.46)	IVR A3 (IVR A Three)	Reaffirmed	Simple
Total	122.06	(Rupees One Hundred Twenty-Two crores and Six lakhs only)		

Details of Facilities are in Annexure 1

Detailed Rationale:

The reaffirmation in the rating to the bank facilities of BVOEL reflects overall improvement in the operational & financial parameters in FY23. The overall performance is expected to sustain in FY24 and beyond.

Further the ratings continue to derive strength from experienced promoters & qualified management team, healthy order book position indicating satisfactory 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.

Key Rating Sensitivities:

Upward Factors:

- Sustained & substantial improvement in revenue & profitability margins leading while maintaining the current credit profile

Downward Factors:

- Any decline in revenue and profitability and/or any unplanned debt led capex and/or any deterioration in working capital cycle leading to deterioration in credit profile and the liquidity.



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Key Rating Drivers with detailed description

Key Rating Strengths:

Improvement in operating risk profile:

There has been a constant improvement in the performance of BVOEL in terms of growth in revenue and EBITDA since last 3 years. The revenue had increased to Rs.97.94 crores in FY23 in comparison with Rs.85.80 crores in FY22. 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 operations EBITDA is improving continuously in the last three years and improved to Rs.36.20 crores in FY23 from Rs.31.20 crores in FY22 and the EBITDA margin remaining stable at 37.48% in FY23 from 37.19% in FY22.

During 9MFY24, the company has achieved a total revenue of Rs.72.12 crores as against Rs.60.16 crores in 9MFY23, the EBITDA and PAT margin remained healthy at 48.63% and 22.88% in 9MFY24 as compared to 40.54% and 20.96% in 9MFY23 due to increase in steady execution of order book.

Moderate financial risk profile:

The long-term debt to equity ratio remained moderate at 0.60x in FY23 (FY22: 0.59x) due to marginal increase in long term debt. Total net worth has increased to Rs.104.71 crore in FY23 (FY22: Rs.85.10 crore) due to profit accretion. ICR (interest coverage ratio) and DSCR (debt service coverage ratio) also remained moderate at 4.09x and 1.37x in FY23 respectively, due to increase in the interest payment with marginal improvement in absolute EBITDA as against 4.82x and 1.25x in FY22 respectively.

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

BVOEL has a healthy order book of Rs.547.19 crores and the unexecuted order book is around Rs.442.41 crores which is to be executed within next 2-3 years indicating comfortable revenue visibility in the near term.

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



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and an experienced management, BVOEL has been able to generate healthy relations with its reputed clientele.

Established relationship with reputed clientele backed by established foreign alliances:

BVOEL clientele includes major Oil and gas players such as Oil & Natural Gas Corporation Ltd, Oil India Ltd, Cairn India Limited, Schlumberger Limited, Joshi Technologies International Inc and it also 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.

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 increased and stood at 64 days each respectively while creditors' payment period have also increased to 48 days in FY23 as against 27 days in FY22. Further, net operating cycle of the company also improved & stood at 80 days in FY23 from 94 days in FY22.

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

Applicable Criteria:

[Criteria of Rating Outlook](#)

[Rating Methodology for Service Sector Companies](#)

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

[Policy on Default Recognition](#)



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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.23.27 Crore in FY23. Cash and cash equivalent amounted to Rs.11.53 Crore as on 31st March 2023. The average fund- based utilization for 12 months ended February 2024 stood at around 83%. The current ratio stood at 1.61x as on 31st March 2023.

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

	(Rs. crore)	
For the year ended/ As On	31-03-2022	31-03-2023
	(Audited)	(Audited)
Total Operating Income	86.93	97.94
EBITDA	31.20	36.71
PAT	15.94	17.19
Total Debt	65.74	82.45
Tangible Net-worth	82.33	104.72
Ratios		
EBITDA Margin (%)	36.36	37.48
PAT Margin (%)	18.34	17.55
Overall Gearing Ratio (x)	0.80	0.79

** Classification as per Infomerics standards*

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable



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Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 (Feb 23, 2023)	Date(s) & Rating(s) assigned in 2021-22 (Nov 24, 2021)	Date(s) & Rating(s) assigned in 2020-21
1.	Long Term Fund Based Facilities – Cash Credit	Long Term	16.00	IVR BBB-/ Stable	IVR BBB-/ Stable	IVR BB+/ Stable	--
2.	Long Term Fund Based Limit - Term Loan	Long Term	49.35	IVR BBB-/ Stable	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	7.24	IVR BBB-/ Stable	IVR BBB-/ Stable	IVR BB+/ Stable	--
4.	Short Term Non- Fund Based Limits - Bank Guarantee	Short Term	49.47	IVR A3	IVR A3	IVR A4+	--



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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations. Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary. 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	--	--	--	16.00	IVR BBB-/ Stable
Long Term Fund Based Limit - Term Loan	--	--	Up to 2026	49.35	IVR BBB-/ Stable
Long Term Fund Based Limit – ECLGS 2	--	--	Up to 2026	7.24	IVR BBB-/ Stable
Short Term Non- Fund Based Limits - Bank Guarantee	--	--	--	49.47	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-mar24.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/>.