

Oil And Gas Plant Engineers (India) Private Limited

June 10, 2021

Ratings

Facilities / Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	0.50	CARE BB-; Stable; ISSUER NOT COOPERATING* (Double B Minus; Outlook: Stable; ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	9.00	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING* (Double B Minus; Outlook: Stable/ A Four; ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Facilities	9.50 (Rs. Nine Crore and Fifty Lakhs Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated May 05, 2020 placed the ratings of Oil And Gas Plant Engineers (India) Private Limited (OGPE) under the 'issuer non-cooperating' category as OGPE had failed to provide information for monitoring of the rating. OGPE continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated March 21, 2021, March 31, 2021, April 10, 2021. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. Further banker could not be contacted.

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

The rating takes into account non-availability of information and no due-diligence conducted due to non-cooperation by OGPE with CARE'S efforts to undertake a review of the rating outstanding. CARE views information availability risk as a key factor in its assessment of credit risk. Further, the ratings continue to remain constrained owing to small though increasing scale of operations with low Net worth base, Fortunes linked to the oil and gas storage industry which is cyclical in nature risk associated with tender-based orders and Foreign exchange fluctuation risk.

The ratings, however, continue to take comfort from experienced promoters with long track record of operations, association with the reputed customer and comfortable capital structure and coverage indicators.

Detailed description of the key rating drivers

Please refer to PR dated [May 05, 2020](#)

(Updated for the information available from the Registrar of Companies)

Detailed description of the key rating drivers

Key Rating Weaknesses

Small though increasing scale of operations with low Net worth base

OGPE's scale of operations remained modest marked by total operating income of Rs. 42.62 crore and gross cash accruals of Rs. 1.74 crores during FY20 as against Rs. 31.36 crore and gross cash accruals of Rs. 0.92 crores during FY19 (refers to the period April 01 to March 31). Further, the company's net worth base was relatively moderate at Rs.13.46crore as on March 31, 2020. The modest scale limits the company's financial flexibility in times of stress and deprives it from scale benefits.

Fortunes linked to the oil and gas storage industry which is cyclical in nature risk associated with tender-based orders

Prospects of oil and gas storage industry are strongly co-related to economic cycles. Demand for oil and gas storage products is sensitive to trends of particular industries such as automotive, construction, infrastructure, etc., which are the key consumers of oil and gas storage products. These key user industries in turn depend on various macroeconomic factors, such as consumer confidence, employment rates, interest rates and inflation rates, etc., in the economies in which they sell their products. When downturns occur in these economies or sectors, these products may witness decline in demand, which may lead to decrease in metal putting pressure on the firm. The company also undertakes government

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

projects mainly oil and gas like IOCL, BPCL, HPCL, etc., which are awarded through the tender-based system. The company is exposed to the risk associated with the tender-based business, which is characterized by intense competition.

Foreign exchange fluctuation risk

The business operations of OGPE involve imports resulting in cash outflow in foreign currency. OGPE imports its raw material from USA, Japan, China and European countries which is 20% of total raw materials purchased. The company does not hedge its foreign currency risk and being initial cash outlay in foreign currency and realization in domestic currency, company's profitability margin are exposed to volatility in foreign exchange.

Key Rating Strengths

Experienced promoters with long track record of operations

OGPE has been engaged in setting up of LPG and other Gas storage Plants on Turnkey basis and supply of specifies equipment for Oil and Gas sector for almost two and half decade which aid in establishing a healthy relationship with both customers and suppliers. The company is promoted by Mr. Vivek Madan and Mr. Omkar Chadda. Operations of the company are currently being managed by Mr. Vivek Madan. He is B.Tech by qualification having experience of almost two and half decades in this industry through his association with OGPE. Further he is also assisted by qualified head of departments working for OGPE and has very extensive experience in their respective fields.

Association with the reputed customer

The OGPE has been into oil and gas storage business and has established relationship with numerous reputed customers in different industries. The customer base of the company comprises domestic corporates spread across various industries and also government departments like Maruti, Ashoka Leyland Honda, IOCL, BPCL and HOCL etc. The company has been getting the repetitive orders for from its clients. This long-term and close relationship with its clients is reflective of the company's demonstrated ability to provide quality products. The association with reputed customer ensures the quality of products sold by the company and results in higher revenue visibility and increased presence in the market.

Comfortable capital structure and coverage indicators

The capital structure of the company marked by overall gearing ratio stood comfortable as on past three balance sheet dates i.e. FY18-FY20 mainly on account of low reliance on external borrowings. Overall gearing stood comfortable at 0.10x as on March 31, 2020. Further, coverage ratios and GCA stood comfortable marked by interest coverage and total debt to GCA at 6.12x and 0.78x respectively as on March 31, 2020.

Analytical Approach: Standalone

Applicable criteria

[Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings](#)

[Policy in respect of non-cooperation by issuers](#)

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

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

[Liquidity Analysis of Non-Financial Sector Entities](#)

[Criteria for Short Term Instruments](#)

[CARE's methodology for manufacturing companies](#)

About the Firm

Oil And Gas Plant Engineers (India) Private Limited was incorporated in 1993 by Mr. Omkar Chadda and MR. Vivek Madan. OGPE is an Engineering, Procurement and Construction (EPC) Company engaged in the manufacturing & Installation of Bulk Storage Installations, LPG Storage Systems, Propane Storage Systems, Natural Gas Storage Systems, LPG Bottling plants, gas leak detectors etc. OPGE is involved in manufacturing and EPC (Engineering, Procurement and Construction) of Specialized Equipment as also setting up complete LPG , Oil and Natural Gas systems on the turnkey basis and has its manufacturing unit in Faridabad, Haryana.

Non BFSI

Brief Financials (Rs. crore)	FY19 (A)	FY20 (A)
Total operating income	31.36	42.62
PBILDT	1.50	2.81
PAT	0.71	1.48
Overall gearing (times)	0.14	0.10
Interest coverage (times)	5.93	6.12

A: Audited

Status of non-cooperation with previous CRA: NA

Any other information: Not Applicable

Rating History (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-Cash Credit	-	-	-	0.50	CARE BB-; Stable; ISSUER NOT COOPERATING*
Non-fund-based - LT/ ST-Bank Guarantees	-	-	-	6.00	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - LT/ ST-Bank Guarantees	-	-	-	3.00	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*

*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 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Fund-based - LT-Cash Credit	LT	0.50	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (05-May-20)	-	1)CARE BB; Stable (22-Mar-19)
2.	Non-fund-based - LT/ ST-Bank Guarantees	LT/ST	6.00	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING* (05-May-20)	-	1)CARE BB; Stable / CARE A4 (22-Mar-19)
3.	Non-fund-based - LT/ ST-Bank Guarantees	LT/ST	3.00	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING* (05-May-20)	-	1)CARE BB; Stable / CARE A4 (22-Mar-19)

*Issuer did not cooperate; Based on best available information

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: Not Applicable

Annexure 4: Complexity level of various instruments rated for this Company

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Non-fund-based - LT/ ST-Bank Guarantees	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.

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over 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

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