



## Rating Rationale

Conmat Oil & Gas Pvt Ltd

19-March-2019

**Brickwork Ratings revises/reaffirms the ratings for the Bank Loan Facilities of ₹. 6.43 Crores of Conmat Oil & Gas Pvt Ltd. (“COGPL” or “The Company”)**

### Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Jan, 2017)	Present
Fund based	5.24	4.93	Long Term	BWR BB (Pronounced as BWR Double B) Outlook:Stable	BWR BB (Pronounced as BWR Double B) Reaffirmed Outlook:Stable
Non Fund Based	1.00	1.50	Short Term	BWR A4+ (Pronounced as BWR A Four Plus)	BWR A4+ (Pronounced as BWR A Four Plus) Reaffirmed
<b>Total</b>	<b>6.24</b>	<b>6.43</b>	<b>INR Six Crores and Forty Three Lakhs Only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

### Ratings: Reaffirmed

#### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the company's audited FY18, 11 month provisional results of 2019, projected financials upto FY21 and publicly available information and the information/clarifications provided by the company's management.

The ratings draws strength from the company's unique line of activity, comfortable profit margins and adequate debt protection matrix. The rating also factors in the strong customer base with prominent clientele. However, the rating are constrained by moderate level of operations and the revenues linked based on order availed..



The ability of the company to obtain healthy order book to improve its operating scale shall be the key rating sensitivity.

### **Description of Key Rating Drivers**

#### **Credit Strengths:**

- Unique line of activity with near term monopoly in the Indian market.
- A strong customer base with prominent names like Tata Steel, RIL,ONGC, IOCL & HPCL.
- OPM & NPM at 35.05% & 18.02% is quiet comfortable.
- Low Gearing level providing financial flexibility of the company
- The ISCR & DSCR stands at 6.48x & 2.40x indicating ideal capacity to meet its debt obligations

#### **Credit Risks:**

- Low level of operations.
- Decline observed in revenues of Provisional 2019 on account of low order book.
- The top line is likely to remain stagnant over the years if company is unable to obtain export orders.

### **Analytical Approach**

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

#### **Rating Outlook: *Stable***

BWR believes the **Conmat Oil & Gas Pvt Ltd** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

### **About the Company**

Conmat Oil & Gas Private Ltd. (COGPL) was incorporated as a Private Limited Company on 19/04/2011. COGPL provides services for Hot Tap, Line Stop, In-line welding services, Hydrocarbon recovery services & Field Machine service and manufacturing of Hot Tap Fittings, Accessories & Equipment. COGPL provides turnkey services to its clients. The services require customised manufacturing and fitting of various pipelines as per design specifications provided by the client.

### **Company Financial Performance**

The company achieved Sales of Rs 15.30crs in FY18 and recorded 38.34% growth vis a vis FY17( 11.06 crs ).The firm achieved a sales of Rs 6.29 crs till February 2019.EBITDA margins have improved from 29.69% in FY17 to 35.05% in FY18.



### Rating History for the last three years

S.No	Facility	Current Rating			Rating History		
		Type	Amount (₹ Crs)	Rating	07, Aug 2018	19th Jan 2017	2016
1	Fund Based	Long Term	4.93	BWR BB (Pronounced as BWR Double B) Reaffirmed Outlook:Stable	Rating Moved to Not Reviewed Category	BWR BB (Pronounced as BWR Double B) Outlook:Stable	-
2	Non Fund Based	Short Term	1.50	BWR A4+ (Pronounced as BWR A Four Plus) Reaffirmed	Rating Moved to Not Reviewed Category	BWR A4+ (Pronounced as BWR A Four Plus)	-
<b>Total</b>			<b>6.43</b>	<b>₹ Six Crores Forty Three Lakhs Only</b>			

Status of non-cooperation with previous CRA (if applicable)-CARE BB/A4+- Rating Withdrawn

### Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	₹ Cr	13.05	9.77
EBITDA	₹ Cr	4.97	2.90
PAT	₹ Cr	2.35	1.17
Tangible Net worth	₹ Cr	7.10	4.76
Total Debt/Tangible Net worth	Times	0.93	1.50
Current Ratio	Times	1.15	0.98

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)



- [Approach to Financial Ratios](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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**For print and digital media**

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**Note on complexity levels of the rated instrument:**

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

**About Brickwork Ratings**

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

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