

December 29, 2023

Bliss Anand Private Limited: Ratings assigned

Summary of rating action

Instrument*	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund-based- Others	25.00	[ICRA]BBB(Stable); assigned
Long-term/short-term - Non fund based - Bank guarantee	100.00	[ICRA]BBB(Stable)/[ICRA]A3+; assigned
Total	125.00	

*Instrument details are provided in Annexure-1

Rationale

The ratings assigned to the bank lines of Bliss Anand Private Limited (BAPL) considers the expected stability in its credit profile, given its established presence as a valve and fields instruments manufacturer (which finds application in the oil and gas industry), and its ability to secure orders from reputed engineering procurement contractors (EPC) and oil and gas majors on the back of product accreditations and the vast experience of its promoters. The ratings also consider the company's healthy order book position and entry barriers due to stringent approval processes and quality control. BAPL had a pending order book of ~Rs. 183.0 crore in October 2023 and has witnessed stable inflow of orders from domestic and international clients. These strengths are, however, offset by the BAPL's moderate scale of operations, which are exposed to risks associated with tender-based business, high customer concentration and continuous and high dependence on bank guarantees. BAPL's ability to demonstrate sustained revenue growth while maintaining its debt protection metrics and strengthen the liquidity position will be critical monitorables.

The Stable outlook reflects ICRA's expectations that its credit profile will remain supported by its strong order book and favourable demand outlook of the end-user industry.

Key rating drivers and their description

Credit strengths

Established track record in valve manufacturing business backed by extensive experience of promoters – BAPL has been manufacturing level gauges equipment used for flow and level measurement, and control and safety relief valves used in various industries since 1975. It manufactures a diverse product portfolio of valves and field instruments which find application in various process and power industries such as oil and gas, petro-chemicals, power and energy. The promoters have been involved in this business for more than four decades and have established relationships with customers and suppliers.

Entry barrier due to stringent approval process and quality control – The company manufactures various field instruments, the use of which is critical, especially in the oil and gas sector. BAPL is one of the few Indian entities to have approval from almost all oil and gas majors in the Middle East. The approval process and quality controls are very stringent in this industry, along with the requirement of technical know-how and certifications. Hence, it is extremely difficult for new entrants in the industry to establish a foothold.

Revenue visibility supported by healthy order book position – BAPL had an unexecuted order book position of Rs. 183 crore in October 2023, which provides near-term revenue visibility. The order turnaround time is estimated at three to eight months. The revenue growth is expected to remain stable with healthy order intake on an ongoing basis.

Credit challenges

Moderate scale of operations; exposed to risks associated with tender-based business – Although the scale of operations improved in the last two years, the same remains moderate. Higher scale provides the benefits of influencing business trends, credit terms and pricing within the industry, develop competitive cost structure and an efficient vendor and distribution network. Further, the company's revenues and earnings are susceptible to the risks associated with the tender-based business.

High customer and supplier concentration – In FY2023, BAPL's revenues were largely dependent from a single customer – L&T Limited, which accounted for ~85% of the total revenues. There has been some diversification observed in the current year, although sustenance of the same remains to be seen. Supplier concentration is also high (75% from top-three suppliers). The company's focus on expanding its customer base through various successful tender bids will be imperative in diversifying its customer concentration, going forward.

Continuous and high dependence on bank guarantees – Inherent to the nature of business contracts, the company needs to provide financial/performance bank guarantee (BG). BAPL provides BGs for about 10% of the project cost as a financial performance guarantee to some of its major clientele with an average period of ~18-36 months. At present, the company utilises 100% of its sanctioned BG limits of Rs. 32.8 crore and due to its nature of business, it sometimes requires additional BGs against 100% cash margin (FDs). ICRA notes that the company is enhancing its BG limits; timely enhancement will be critical to achieve business growth, going forward.

Liquidity position: Adequate

BAPL's liquidity is adequate with estimated retained cash flows of ~Rs. 20.0 crore in FY2024, along with adequate free cash and bank balances of ~Rs. 30 crore and undrawn lines of ~Rs. 5 crore as on November 30, 2023. In relation to these sources of cash, BAPL has capex commitments of ~Rs. 8.0-10.0 crore per annum in the near term (to be funded through internal accruals) and debt repayments of Rs. 1.9 crore in FY2024 and Rs. 1.5 crore in FY2025. Overall, ICRA expects BAPL to be able to meet its near-term commitments through internal accruals and cash.

Rating Sensitivities

Positive factors - ICRA could upgrade the ratings if the company demonstrates a sustained growth in its revenues, while maintaining healthy profitability margins and credit profile.

Negative factors - ICRA may downgrade the ratings if any significant decline in scale or profitability weakens the key credit metrics, or if a stretch in the working capital cycle or a larger-than-projected debt-funded capex adversely impacts the liquidity profile on a sustained basis. A specific credit metric that could lead to a downgrade is the total debt/OPBDITA increasing to more than 2.50 times, on a sustained basis.

Analytical Approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings are based on the standalone financial profile of the company.

About the company

Bliss Anand Private Limited, incorporated in 1975 by Mr. Prem Anand, manufactures level gauges equipment used for flow and level measurement, and control and safety relief valves for the application in the oil and gas sector. The company has two manufacturing facilities in India – Bawal (Haryana) and Coimbatore (Tamil Nadu) along with a warehouse in Manesar, Haryana. At present, the business is being run by Mr. Prem Anand's son, Mr. Vikas Anand. The Bliss Group has presence in the Middle East, Europe, and USA and those entities are handled by the brothers of Mr. Vikas Anand. BAPL India is the main manufacturing arm of the Bliss Group with about 300-350 employees at present.

Key financial indicators (audited)

Bliss Anand Private Limited	FY2022	FY2023
Operating income (Rs. crore)	269.0	317.3
PAT (Rs. crore)	39.6	41.4
OPBDIT/OI (%)	22.4%	19.2%
PAT/OI	14.7%	13.1%
Total outside liabilities/Tangible net worth (times)	2.4	1.1
Total debt/OPBDIT (times)	0.5	0.3
Interest coverage (times)	13.7	18.6

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation.

Status of non-cooperation with previous CRA: CRISIL had moved the ratings assigned to the bank facilities of Bliss Anand Private Limited to CRISIL B+/Stable ISSUER NOT COOPERATING on August 25, 2020. The rating continues to remain at Issuer Not Cooperating as per the release dated January 23, 2023.

Infomerics Ratings has moved the ratings assigned to the bank facilities of Bliss Anand Private Limited to IVR BB+/Negative ISSUER NOT COOPERATING on October 31, 2023.

Any other information: None

Rating history for past three years

	Instrument	Current rating (FY2024)				Chronology of Rating History for the past 3 years		
		Type	Amount rated (Rs. crore)	Amount outstanding as of Sep 30, 2023 (Rs. crore)	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022	Date & rating in FY2021
					Dec 29, 2023			
1	Fund-Based Limits	Long-term	25.00	9.70	[ICRA]BBB(Stable)	-	-	-
2	Non-Fund Based Limits	Long-term / Short-term	100.00	32.80	[ICRA]BBB(Stable)/[ICRA]A3+	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Fund-Based Limits	Simple
Non-Fund Based Limits	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long-Term Fund Based -Others	-	-	-	25.00	[ICRA]BBB(Stable)
NA	Long-Term/Short-term Non-Fund Based – Bank Guarantee	-	-	-	100.00	[ICRA]BBB(Stable)/[ICRA]A3+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis – Not Applicable

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Branches



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