



## Press Release

**Worldwide Oilfield Machine Private Limited**

**January 03, 2023**

### **Ratings**

<b>Instrument / Facility</b>	<b>Amount (Rs. Crore)</b>	<b>Ratings</b>	<b>Rating Action</b>	<b><a href="#">Complexity Indicator</a></b>
Long Term Bank Facilities	22.50	IVR BBB- / Negative Outlook [IVR Triple B Minus with Negative Outlook]	Assigned	Simple
Short Term Bank Facilities	40.00	IVR A3 [IVR A Three]	Assigned	Simple
Long Term / Short Term Bank Facilities (Proposed)	77.50	IVR BBB- / Negative Outlook / IVR A3 [IVR Triple B Minus with Negative Outlook / IVR A Three]	Assigned	Simple
<b>Total</b>	<b>140.00 (Rupees Hundred Forty Crore Only)</b>			

**Details of Facilities are in Annexure 1**

### **Detailed Rationale**

The rating assigned to the bank facilities of Worldwide Oilfield Machine Private Limited (WOMPL) derives strength from extensive experience of the promoter in oil and gas industry, strong relationships with reputed clientele base ensuring repeated orders, innovative patented products and new product designs and modest scale of operation backed by healthy order book position coupled with moderate profitability margins and comfortable debt coverage indicators. The rating is however constrained on account of moderate capital structure, high working capital requirements.

The “Negative” outlook is on account of large amount of long-standing payables and receivables from the group companies. Infomerics Ratings has taken cognisance of the action plan of the company which is submitted to the lender in order to settle such payables and receivables under envisaged timelines. The outlook may be revised to 'Stable' if the company



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is able to set-off such payables and receivables from the group companies as per plan of action submitted to AD bank.

### **Key Rating Sensitivities:**

#### **Upward Factors**

- Improved financial risk profile marked by improvement in the working capital cycle and TOL/TNW (below 5 times)

#### **Downward Factors**

- Stretch in working capital cycle or large capital expenditure, weakening the financial risk profile
- Any decline in revenue and/or profitability leading to deterioration in debt protection metrics
- Delay in order execution resulting in weaker-than-expected operating performance

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

- **Extensive experience of the promoter in oil and gas industry**

The promoter (Mr. Sudhir Puranik) is a technocrat and has over four decades of experience in the valves and pressure control products used across wide application in the Oil & Gas industry. WOMPL has state of the art manufacturing facility located at Pune and is benefited with its group companies operating across globe – Worldwide Oilfield Machine Inc. USA, UK, Dubai & Singapore. Further the company has a long standing and established relationship with globally reputed oil drilling companies and its ability to meet the most stringent safety regulations and industry norms.

- **Strong relationships with reputed clientele base ensuring repeated orders**

WOMPL receives majority of orders from Worldwide Oilfield Machine Inc. USA through its subsidiaries companies based in UAE, UK and Singapore, and these companies in turn sell their final products to marquee clients namely Halliburton Group, Schlumberger Group, Etude TE Production France, Aban Singapore Pte Ltd., Shell Oil Company, Maersk Drilling Deepwater AS, Helix Energy Solutions Group, Inc., Diamond Offshore Company etc. The



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group companies get their receivables collected in 60-90 days period from their end customers. Further, the company enjoys long standing relationships with marquee global clients in the oil and gas industry ensuring repeated orders.

- **Innovative patented products and new product designs**

WOMPL has a vertically integrated manufacturing facility and various product patents that have unsurpassed quality, reliability, and minimal filed maintenance. The company is also constantly innovating its product designs and has recently started catering to the Defence segment. The company has a NABL accredited testing lab and ISO certifications.

- **Modest scale of operation backed by healthy order book position coupled with moderate profitability margins**

The company's total operating income witnessed a ~10% year-on-year growth from Rs.375.39 crore in FY21 to Rs.413.66 crore in FY22 mainly on account of increase in sales and services revenue from domestic market as compared to export market. Further tangible networth stood at Rs.50.31 crore as on March 31, 2022. Moreover, during 7MFY23, the TOI continued to remain higher at Rs.380.14 crore which is about ~57% of projected income for FY23.

As on October 10, 2022, WOMPL had a healthy outstanding order book of Rs.308.39 crore, the current order book position comfortably provides medium-term revenue visibility, given that an order's average execution tenure is six to nine months. Further, demand prospect from the domestic oil and gas sector, exports, nuclear power and other general industries remain stable.

The EBITDA margin of the company has improved significantly by 229 bps and stood at 7.19% in FY22 (vis-à-vis 4.89% in FY21) mainly due to decrease in the raw material cost as a percentage of net sale from 62.36% in FY21 to 48.55% in FY22. However PAT margin has declined from 4.10% in FY21 to 2.24% in FY22 mainly due to the company has incurred forex loss of Rs.8.77 crore in FY22 (as against forex gain of Rs.11.19 crore in FY21).



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- **Comfortable debt coverage indicators**

The debt coverage indicators marked by interest coverage ratio has improved and stood healthy at 40.62 times (as against 28.34 times in FY21), mainly on account of increase in operating profit. Further total debt to gross cash accruals and debt service coverage ratio remained comfortable due to nil borrowings as on March 31, 2022.

### **Key Rating Weaknesses**

- **Moderate capital structure**

WOMPL's financial profile is reflected in its debt-free position, along with healthy cash accruals as on March 31, 2022. Additionally, its adequate liquidity is marked by unencumbered cash and cash equivalents of Rs.25.70 crore as on March 31, 2022. However, the TOL/TNW stood high at 16.49 times as on March 31, 2022 (vis-à-vis 17.91 times as on March 31, 2021) mainly on account of high creditors and non-current liabilities mainly from its group affiliates.

- **High working capital requirement**

The gross current assets stood high at 500 days in FY22 as compared to 423 days in FY2021 on account of high receivables and payables from and to its group concerns. The company purchases raw material and sells the products via group concerns. Working capital requirement is majorly funded through credit period extended by group concerns for purchases, with no dependence on bank debt. Improvement in working capital cycle will have a bearing on the capital structure and shall remain a key monitorable.

**Analytical Approach:** Standalone Approach

### **Applicable Criteria:**

[Criteria of Rating Outlook | Infomerics Ratings](#)

[Rating Methodology for Manufacturing Companies](#)

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



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### Liquidity – Adequate

The liquidity profile of WOMPL is expected to remain adequate, as the company has nil long term debt repayment as on March 31, 2022. Further, it expected to generate sufficient cash accruals in the range of Rs.36 crore to Rs.55.00 crore for its projected figures. The liquidity is supported by comfortable current ratio of 4.19 times of and free cash balance of about Rs.28.00 crore as on March 31, 2022. The company primarily uses non-fund-based limits for bank guarantees issued to clients to undertake long-term contracts. The average utilisation of non-fund-based limits for the 12 months ended in November 2022 remained minimal of less than 2% of the sanctioned limits, providing ample scope for undertaking fresh contracts.

### About the Company

Worldwide Oilfield Machine Private Limited was incorporated in the year 1985 and is promoted by Mr. Sudhir Puranik. It is a part of WOM Group and has manufacturing setup located at Pune, with a backward integration facility in Forging and Casting.

The company is a vertically integrated and specializes in in the design and manufacturing of pressure control products used in various applications including high-pressure and extreme temperature environments mainly catering to Oil & Gas sector. WOMPL offers various sizes and pressure ratings up to 20K psi gate valves, BOPs, well-heads, choke and kill manifolds, subsea intervention systems, well containment cap, and variety of other products to serve the on-shore, off-shore, and subsea oil and gas industry for drilling, production and well-testing.

The WOM Group of companies consists of Worldwide Oilfield Machine Inc. – (Texas, USA) known as a parent company, and it has four subsidiaries located at different part of worlds, namely Worldwide Oilfield Machine Middle East – (Dubai, UAE), Worldwide Oilfield Machine (UK) Ltd. – (UK), Magnum Technology Center FZE – (Dubai, UAE), WOM Valves and Controls Intl FZE – (Dubai, UAE) and WOM Asia Pacific Pte. Ltd. - (Singapore).

### Financials (Standalone)\*:

For the year ended / As on	(Rs. Crore)	
	31-Mar-2021 (Audited)	31-Mar-2022 (Audited)
Total Operating Income	375.39	413.66
EBITDA	18.37	29.73
PAT	15.92	9.09
Total Debt	0.00	0.00





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For the year ended / As on	31-Mar-2021 (Audited)	31-Mar-2022 (Audited)
Tangible Net worth	41.26	50.31
EBITDA Margin (%)	4.89	7.19
PAT Margin (%)	4.10	2.24
Overall Gearing Ratio (times)	0.00	0.00

*\*Classification as per Infomerics standards*

**Status of non-cooperation with previous CRA:** Nil

**Any other information:** None

**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	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1.	Cash Credit	Long Term	22.50	IVR BBB- / Negative	–	–	–
2.	Letter of Credit / Bank Guarantee	Short Term	40.00	IVR A3	–	–	–
3.	Proposed	Short Term	77.50	IVR BBB- / Negative / IVR A3	–	–	–

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### About Infomerics:

Infomerics Valuation and Rating Private Limited (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).



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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](http://www.infomerics.com)

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term – Fund Based – Cash Credit	–	–	–	22.50	IVR BBB- / Negative
Short Term – Non-Fund Based – Letter of Credit / Bank Guarantee	–	–	–	40.00	IVR A3
Long Term / Short Term Bank Facilities (Proposed)	–	–	–	77.50	IVR BBB- / Negative / 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-WOMPL-jan23.pdf>



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**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 [www.infomerics.com](http://www.infomerics.com).

