



Press Release

Worldwide Oilfield Machine Private Limited

March 18, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator (Simple/ Complex/ Highly complex)
Long Term Bank Facilities	100.00 (Enhanced from Rs. 22.50 Cr.)	IVR BBB- / Negative Outlook [IVR Triple B Minus with Negative Outlook]	Rating reaffirmed	Simple
Short Term Bank Facilities	40.00	IVR A3 [IVR A Three]	Rating reaffirmed	Simple
Total	140.00 (Rupees Hundred Forty Crore Only)			

Details of Facilities are in Annexure 1

Detailed Rationale

Infomerics has reaffirmed its rating on bank facilities due to improved financial performance, overall improvement in working capital cycle coupled with reduction in long standing payables and receivables from group companies. The rating continues to derive strengths from extensive experience of the promoter in oil and gas industry, increase in revenues aided by better order flow, strong relationships with reputed clientele base ensuring repeated orders and innovative patented products. The rating is however constrained on account of moderate capital structure, high working capital requirements.

The “Negative” outlook continues on account of large amount of long-standing payables to its group companies. We understand that the company is taking measures to pay-off the long-standing payables and for the same is awaiting Authorized Dealer (AD) Bank approval and shall clear them in the near future. The outlook may be revised to 'Stable' if the company is able to clear off such payables and improve the overall working capital cycle.



Press Release

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

- Elongation in the working capital cycle or huge debt funded capex.
- Decline in the operating performance, resulting in cash losses.

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 4 decades of experience in the valves and pressure control products used across wide application in the Oil & Gas industry. WOM India 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. 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.

Increase in revenues aided by better order flow

During the year FY23, the total operating income stood at Rs. 632.21crs. as compared to Rs. 413.66 crs. an increase of ~48% on a Y-o-Y basis driven by strong demand from export markets. The companies' exports are mainly through its sister concerns across USA, UK, Dubai & Singapore which in turn sells to the end customers in the Oil & Gas drilling sector. The total exports stood at Rs. 499.03 crs (Rs. 328.12 crs in FY22) and total domestic income stood at Rs. 111.86 crs. (Rs. 67.96 crs. in FY22). The company has a healthy order book of ~Rs. 216.52 crores which is to be executed over the next 6-9 months. Company received orders from defence ministry for Mountain Foot Bridge and Bomb Shell. Company also started manufacturing of Grease required for domestic and commercial consumption.



Press Release

Strong relationships with reputed clientele base ensuring repeat 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 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 repeat orders.

Innovative Patented products and new product designs:

WOM India 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.

Key Rating Weaknesses

Moderate capital structure:

The company has a moderate capital structure as reflected in its higher Total Outside Liabilities / Tangible Net worth in past years mainly on account of higher total liabilities which is on account of current liabilities and non-current liabilities (long standing payables to Progressive Manufacturing Inc. USA.).

Further, during FY23 WOM India have invested Rs. 64.29 crores in Magna Casting and Machine Works Pvt. Ltd. (MC) which is 69.2% held by WOM India. With the said investment MC commissioned steel manufacturing plant in the factory premises and thereby WOM India will benefit from in-house supply of raw material at competitive price and reduction in the lead time which shall improve turnaround time for final order execution and reduction in cost of raw material thereby improving operating margins going forward. As per Infomerics standards, the investment in the subsidiary has been adjusted from TNW and accordingly, the adjusted tangible networth of the company stood negative at Rs. -6.44 Cr. in FY23.



Press Release

High working capital requirement:

The gross current assets stood high at 311 days in FY23 as compared to 505 days in FY22 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 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:

[Rating Methodology for Manufacturing Companies](#)

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

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

Liquidity –Adequate

The liquidity is adequate given that the company has nil long term debt repayments and current ratio stood comfortable at 2.34x. The cash & bank balance stood at Rs. 38.48 Cr. as of March 31st, 2023.

About the Company

Worldwide Oilfield Machine Private Limited was incorporated in the year 1985 and is promoted by Mr. Sudhir Puranik, and it is a part of WOM Group. It 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,



Press Release

namely Worldwide Oilfield Machine Middle East – (Dubai, UAE), Worldwide Oilfield Machine (UK) Ltd. – (UK), Magnum Technology Center FZE – (Dubai, UAE) and WOM Valves and Controls Intl FZE – (Dubai, UAE).

Financials (Standalone):

For the year ended / As on	(In Rs. Cr.)	
	31-Mar-2022 (Audited)	31-Mar-2023 (Audited)
Total Operating Income	413.66	632.21
EBITDA	29.73	51.56
PAT	9.09	7.63
Total Debt	0.00	22.04
Adj. Tangible Net worth	50.31	-6.44
EBITDA Margin (%)	7.19	8.16
PAT Margin (%)	2.24	1.27
Overall Gearing Ratio (times)	0.00	-3.42

*Classification as per Infomerics standards

Status of non-cooperation with previous CRA: None

Any other information: None

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 PR: Jan 03, 2023	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Fund Based – Cash Credit	Long Term	100.00 (Enhanced from Rs. 22.50 Cr.)	IVR BBB- / Negative	IVR BBB- / Negative	–	–
2.	Non-Fund Based – Letter of Credit / Bank Guarantee	Short Term	40.00	IVR A3	IVR A3	–	–



Press Release

Name and Contact Details of the Rating Analyst:

Name: Ms. Jyotsna Gadgil
Tel: (022) 62396023
Email: jyotsna.gadgil@infomerics.com

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.

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 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.



Press Release

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	Revolving	100.00	IVR BBB- / Negative Outlook
Letter of Credit / Bank Guarantee	-	-	-	40.00	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-Worldwide-Oilfield-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 www.infomerics.com