

Botil Oil Tools India Private Limited

Instrument	Amount In Rs. Crore ^{1^}	Rating Action
Fund-based, short-term facilities	30.00	Revised from [ICRA]A2+ to [ICRA]A2
Non-fund based, short-term facilities	45.00	Revised from [ICRA]A2+ to [ICRA]A2

ICRA has revised the rating for the Rs 30.00 crore short term fund based limit and Rs 45.00 crore of short term non-fund based facilities of Botil Oil Tools India Pvt. Ltd (BOTIL) from [ICRA]A2+ (pronounced ICRA A two plus) to [ICRA]A2 (pronounced ICRA A two).^{2†}

The rating revision reflects the weak order book position and build-up of inventories on account of continued delay in shipping of one of the major orders leading to increase in working capital intensity of Botil. Delay in shipping of the same order had led to decline in revenues during FY2016 and the delay has continued in FY2017-till date. Further delay in shipping the order with continued high inventory levels may put pressure on the liquidity position of the company going forward. The ratings are also constrained by the subdued outlook for the upstream oil & gas capex given the low crude oil price and relatively small size of operations in comparison to the global players.

The rating continues to factor in the long experience of the management in the oil and gas exploration and production (E&P) industry and the company's established track record in the domestic oil tools industry, access to technology to manufacture oil drilling and production tools, and significant entry barriers in the form of a long product acceptance period. The rating also factors in the relatively efficient cost structure as compared to global counterparts, giving it a competitive advantage. The debt indicators have remained healthy despite undertaking significant capex due to low reliance on debt and moderate cash accruals.

The company's ability to secure new orders and execution of the large pending order within FY2017 will remain key rating sensitivities.

Company Profile

BOTIL Oil Tools India Private Limited (Botil) was set up as a joint venture company in 1985 with Mr. H.L. Khushalani and his family holding 60% stake and Baker Oil Tools, a subsidiary of Baker Hughes, acquiring the balance. Baker Hughes is a leading global oilfield services company. Botil commenced commercial production in 1989 with the technology obtained from Baker Hughes. In 1995, Baker Hughes sold its 40% stake in Botil to Hong Kong-based private equity investment company viz. White Horse Trading Limited. Botil is engaged in the manufacture of oil drilling and production tools such as bridge plugs, floating equipments, packers, liner hanger and flow control equipment. The company supplies these equipments to domestic oil and gas exploration and production companies such as ONGC and Oil India, as well as exports them to countries such as Algeria, Turkey, Syria, South East Asia, etc. The company's manufacturing facilities are located at Bilaspur, Gurgaon.

In 5M FY2017 (Prov.), the company earned a net profit of Rs 5.83 crore on an operating income of ~Rs 30 crore. In FY2016, the company earned a net profit of Rs 11.4 crore on an operating income of Rs 79.08 crore (un-audited results) against net profit of ~Rs. 24 Crore on an operating income of Rs. 103.4 Crore in FY2015.

September 2016

^{1^} 100 lakh = 1 crore = 10 million

^{2†} For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications



For further details please contact:

Analyst Contacts:

Mr. K. Ravichandran, (Tel. No. +91-44-45964301)
ravichandran@icraindia.com

Mr. Anoop Bhatia (Tel No +91-124-4545315)
anoopb@icraindia.com

Mr. Varun Gogia (Tel No +91-124-4545373)
varun.gogia@icraindia.com

Relationship Contacts:

Mr. Jayanta Chatterjee (Tel. No. +91-80-43326401)
jayantac@icraindia.com

© Copyright, 2016, ICRA Limited. All Rights Reserved
Contents may be used freely with due acknowledgement to ICRA

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion
Appasaheb Marathe Marg, Prabhadevi
Mumbai—400025,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax:
+91-79-25569231

Pune**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range
Hills Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-
25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500