



Gumpro Drilling Fluids Private Limited

Instrument	Amount	Rating Action
Long-term: Fund-based limits	Rs 4.50 crore (reduced from Rs. 5.00 crore)	[ICRA]BBB (Stable) <i>reaffirmed</i>
Long-term: Term Loans	Rs. 8.63 crore (enhanced from Rs. 6.20 crore)	[ICRA]BBB (Stable) <i>reaffirmed</i>
Short-term: Fund-based limits	Rs. 10.00 crore (enhanced from Rs. 9.50 crore)	[ICRA]A3+ <i>reaffirmed</i>
Short-term: Non-fund-based limits	Rs. 5.00 crore (enhanced from Rs 3.40 crore)	[ICRA]A3+ <i>reaffirmed</i>

ICRA has reaffirmed the long-term rating of [ICRA]BBB (pronounced ICRA triple B) assigned to term loan facilities and fund based working capital facilities aggregating to Rs 13.13 crore* (enhanced from Rs 11.20 crore) of Gumpro Drilling Fluids Private Limited (GDFPL). ICRA has also reaffirmed the short-term rating of [ICRA]A3+ (pronounced ICRA A three plus) assigned to the fund based and non-fund based facilities aggregating to Rs 15.00 crore (enhanced from Rs 12.90 crore) of GDFPL. The long term rating has a stable outlook.

For the purpose of arriving at the ratings, ICRA has taken a consolidated view of GDFPL and its subsidiaries viz. ASAP Fluids Private Limited (AFPL) and Gumpro Drilling Fluids FZE (GDFF) in view of the synergies in their operations, besides corporate guarantee extended by GDFPL for AFPL's bank facilities.

The reaffirmation of ratings takes into account the company's healthy financial profile characterized by robust profitability margins, comfortable gearing levels and debt coverage indicators, and its favourable market position in supply of drilling fluid additives and reputed customer base, which includes major global companies in the oilfield services space with strong credit profile. The ratings also take into account the company's strong in-house product development capabilities as evident from the advances made by the company in the oil based additives category including the recently launched powder emulsifiers for which the company has applied for patents in the USA and India. ICRA further notes that expansion of company's manufacturing operations through setup of a subsidiary in Dubai is expected to augment the company's scale of operations as well as ensure prompt client servicing to large Middle East based clients.

The ratings are, however, constrained by the company's modest scale of operations, high working capital intensity in operations and high global competition from established players. The company's revenue growth remains exposed to the investment cycle of the oil exploration and production industry, which is expected to remain affected for the near term given the significant fall in international crude oil prices over the past year. . The ratings also take into account the vulnerability of the operations to foreign exchange fluctuations given the high share of the exports, though the same is partly mitigated by the imports of part of raw material requirements. While the company has seen a healthy growth in scale of operations on a consolidated basis in the recent past, AFPL's order book position remains subdued presently which would hamper the revenue growth for the near term; thus, AFPL's ability to win new orders and execute them in a timely manner would be critical from a credit perspective.

* 100 lakh = 1 crore = 10 million



Company Profile

Gumpro Drilling Fluids Private Limited (GDFPL) was established in 1995 as Gumpro Chem Bombay, a proprietorship concern, and reconstituted as a private limited company in 2008 under its present name. The company is promoted by Mr. Anand Gupta. GDFPL primarily manufactures drilling fluid (also referred to as drilling mud) additives used to facilitate the process of drilling oil and/or natural gas from hydrocarbon reserves, both onshore and offshore.. In February 2010, GDFPL spun off its services division to form a subsidiary ASAP Fluids Private Limited (AFPL) which provides the supply of drilling fluids and onsite engineering services to customers involved in the exploration & production (E&P) for oil and natural gas. In FY 2015, the company commissioned a subsidiary in Dubai, viz. Gumpro Drilling Fluids, FZE, for manufacturing powder based additives.

Recent Results

On standalone basis, for FY 2015, GDFPL reported operating income of Rs 55.16 crore and profit after tax of Rs 6.27 crore. For FY 2014, the company had reported operating income of Rs. 52.02 crore and profit after tax of Rs. 7.02 crore.

September 2015

For further details please contact:

Analyst Contacts:

Mr. K. Ravichandran, (Tel. No. +91-44-45964301)

ravichandran@icraindia.com

Relationship Contacts:

Mr. L. Shivakumar, (Tel. No. +91-22-61143406)

shivakumar@icraindia.com

© Copyright, 2015, 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: 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: 9821086490

Email: shivakumar@icraindia.com

1802, 18th Floor, Tower 3,
Indiabulls Finance Centre,
Senapati Bapat Marg,
Elphinstone, Mumbai 400013,
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: 9845022459

Email: jayantac@icraindia.com

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

Bangalore**Bangalore****Mr. Jayanta Chatterjee**

Mobile: 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: 989986490

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: 989986490

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 99, CTS 3909, Range Hills
Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: 9845022459

Email: jayantac@icraindia.com

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