

February 11, 2016

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	2.74	SMERA BB+/Stable (Assigned)
Cash Credit	5.00	SMERA BB+/Stable (Assigned)
Letter of Credit	0.50	SMERA A4+ (Assigned)
Bank Guarantee	1.25	SMERA A4+ (Assigned)
Forward Cover Limit	0.25	SMERA A4+ (Assigned)

SMERA has assigned ratings of '**SMERA BB+**' (**read as SMERA double B plus**) on the Rs.7.74 crore fund based bank facilities and short term rating of '**SMERA A4+**' (**read as SMERA A four plus**) on the Rs.2.00 crore non-fund based bank facility of Oriental Engineering Works Private Limited (Oriental Engineering). The outlook is '**Stable**'. The ratings are supported by the company's comfortable financial risk profile marked by moderate profitability and return indicators. The ratings also take into account the efficient working capital management reflected in the working capital cycle of ~29 days in FY2014-15 and the extensive experience of the promoters. However, the ratings are constrained by the small scale of operations and inherent cyclical in the end user industry (heavy construction).

Outlook: Stable

SMERA believes Oriental Engineering will maintain a stable business risk profile over the medium term. The company will continue to benefit from its established operations and experienced management. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and net cash accruals. The outlook may be revised to 'Negative' in case of significant deterioration in the financial risk profile and liquidity position.

Rating Sensitivity Factors

- Improvement in profitability margins
- Scaling up of operations

About the Company

Oriental Engineering, incorporated in 1933 as Karma Engineers (in Lahore) transferred its operations to India after 1947. The company is engaged in the manufacture of high pressure cylinders, pumps and hydraulic systems upto 700 bar (10,000 PSI) at its manufacturing facility at Yamuna Nagar, Haryana.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.

The company reported net profit of Rs.0.80 crore on total income of Rs.26.47 crore for FY2014–15, as compared with net profit of Rs.1.36 crore on total income of Rs.28.87 crore in FY2013–14. The net worth stood at Rs.6.96 crore as on March 31, 2015, as against Rs.6.49 crore a year earlier.

Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Suman M National Sales Head – Emerging Corporate Group Tel No: 022 67141151 Cell: 9892306888 Email: suman.m@smera.in	Parimal Thakker Associate Vice President – Corporate Ratings Tel: +91-11-4973 1312 Email: parimal.thakker@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.