

**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 cyclicity 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.

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SMERA RATINGS LIMITED

## Oriental Engineering Works Private Limited (Oriental Engineering)

*Rating  
Rationale*

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.

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