



**Press Release**  
**Oriental Engineering Works Private Limited**  
**February 05, 2024**

**Rating Upgraded & Partly Withdrawn**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	22.42	ACUITE BBB-   Stable   Upgraded	-
Bank Loan Ratings	2.09	ACUITE BBB-   Upgraded & Withdrawn	-
Bank Loan Ratings	4.82	-	ACUITE A3   Upgraded
<b>Total Outstanding Quantum (Rs. Cr)</b>	27.24	-	-
<b>Total Withdrawn Quantum (Rs. Cr)</b>	2.09	-	-

**Rating Rationale**

Acuite has upgraded its long-term rating from '**ACUITE BB+ ' (read as ACUITE double B plus) to 'ACUITE BBB-' (read as ACUITE triple B minus)** and short term rating from '**ACUITE A4+ (read as ACUITE A four plus) to 'ACUITE A3' (read as ACUITE A three)** on the Rs.27.24 Cr. bank facilities of Oriental Engineering Works Private Limited(OEWPL). Outlook is '**Stable**'.

Acuite has further upgraded and withdrawn its long term rating from '**ACUITE BB+ ' (read as ACUITE double B plus) to 'ACUITE BBB-' (read as ACUITE triple B minus)** on Rs 2.09 crore. Rating withdrawal is as per Acuite's policy of withdrawal of ratings and request after the received from the company.

**Rationale for upgrade**

The rating action takes into account improved Business, Financial risk profile and adequate liquidity Position. Company reported growth in revenue from operations by ~19% in FY2023 to Rs 64.54 crore as against Rs. 54.07 crore for FY2022. Operating Profit Margin of company stood at 10.50% in FY2023 as against 11.99% in FY2022 likewise the net profit margin of the company stood at 6.16 percent in FY2023 as against 6.43 percent in FY 22.

Financial risk profile of the company improved with moderate net worth & comfortable coverage indicators. The Total Tangible net worth stood at Rs. 24 Cr as on 31st March 2023 as against Rs. 20.50 Cr a year earlier. Interest coverage ratio increased by 12 bps and stood at 7.10 times for FY2023 and Debt Service coverage ratio stood at 2.90 times for FY2023. However these strengths are underpinned by high working capital requirement, decrease in operating margin.

Acuite believes that the Company's ability to grow its scale of operations and profitability while maintaining a healthy capital structure with improvement in working capital operations remains a key rating indicator.

**About the Company**

Haryana-based Oriental Engineering Works Private Limited (OEWPL) was incorporated in 1933

as Karma Engineers in Lahore – India (undivided). Currently, the company is promoted by Mr. Raman Saluja, Mr. Satish Chandra Saluja, Mr. Gayatri Saluja, Ms. Divya Khanna, Ms. Sunita Saluja, and Ms. Samira Saluja. OEPL is into the manufacturing of hydraulic jacks, cylinders, pumps, power packs among others for the construction and mining industries via the

manufacturing facilities located in Yamuna Nagar (Haryana).

## Unsupported Rating

Not Applicable

## Analytical Approach

Acuité has considered the standalone view of the business and financial risk profile of OEWPPL to arrive at the rating.

## Key Rating Drivers

### Strengths

#### Established track record of operations supported by experienced promoters

OEWPPL is promoted by the Saluja family viz. Mr. Raman Saluja, Mr. Satish Chandra Saluja, Mr. Gayatri Saluja, Ms. Divya Khanna, Ms. Sunita Saluja, and Ms. Samira Saluja who have an experience of over two decades in the industry. The company has an established track record with more than eight decades of operations in the region of Haryana. The long track record of operations and experienced management has allowed the company to maintain healthy long-standing relations with its customers and suppliers. Acuité believes that OEWPPL will continue to benefit from its established presence in the aforementioned industry and the promoter's demonstrated ability to scale up the operations across various cycles

#### Business risk profile

OEWPPL's revenue from operations improved by ~19% in FY2023 to 64.54 crore as against Rs. 54.07 crore for FY2022. The operating profit margin of the company stood at 10.50% in FY2023 as against 11.99% in FY2022 likewise the net profit margin of the company stood at 6.16 percent in FY2023 as against 6.43 percent in FY 22. ROCE of the company stood at 16.02 percent in FY2023. Company has achieved operating income of Rs~43 crore during the 9 month of FY24. Company has current orders in hand of Rs~13 crore to be executed in next 2 month.

Company exports to USA, Germany, Saudi Arabia and Netherlands and imports from Germany. Total exports were ~27 percent of the total income of the company in FY 23 while Total imports were ~7 percent of total operating income.

## Financial Risk Profile

Company has healthy financial risk profile marked by moderate net worth, low gearing and strong coverage indicators. The Total Tangible net worth stood at Rs. 24 Cr as on 31st March 2023 as against Rs. 20.50 Cr a year earlier. Increase in net worth is on account of Profit accretion. Company follows conservative leverage policy marked by low gearing. Debt to Equity ratio stood at 0.45 times in FY 2023 as against 0.43 times in FY 22.

Interest coverage ratio increased by 12 bps and stood strong at 7.10 times for FY2023 as against 6.98 times in FY2022. However, Debt Service coverage ratio decreased by 139 bps and yet stood strong at 2.90 times for FY2023 as against 4.29 times in FY2022.

Total outside liabilities to total net worth (TOL/TNW) stood at 1.08 times as on FY2023 vis-à-vis 1.14 times as on FY2022. Debt-EBITA improved and stood at 1.61 times as on 31st March 2023 as against 1.35 times as on 31st March 2022. The Net Cash Accruals to Total debt stood at 0.51 times as on FY2023 and 0.58 times for FY2022. The financial risk profile of the company is expected to improve in near medium terms.

## Weaknesses

### Intensive working capital operations

Company has intensive working capital requirements as evident from gross current assets (GCA) of 194 days in FY2023 as compared to 190 days in FY2022. Intensiveness of Working capital is on account of High Receivable Days followed by inventory days. Debtors days stood at 116 days in FY 23 (119 days in FY22). Inventory days stood at 67 days in FY2023 as

against 53 days in FY 22.

### **Intense competition aggravated by fragmented nature of the industry**

The iron and steel industry is a highly fragmented industry and there is large number of organized and unorganized players which has led to high competition in the industry. The company faces competition from few large players as well as numerous players in the unorganized segment. Also, on account of its manufacturing nature of business, the entry barriers are low, leading to stiff competition for the company.

### **Rating Sensitivities**

Significant improvement in scale of operations, while improving its profitability margins.

Deterioration in the working capital cycle leading to stress on the debt protection metrics or the liquidity position of the entity.

### **Liquidity Position**

#### **Adequate**

Company has adequate liquidity marked by net cash accruals to its maturing debt obligations, current ratio, cash and bank balance. Company generated cash accruals of Rs. 5.57 crore for FY2023 as against obligations of Rs. 1.29 crores for the same period. Current Ratio stood at 1.80 times as on 31 March 2023 as against 1.71 times in the previous year. Fund based Working capital limits are utilized at ~19 per cent during the last six months ended Dec 23 while non fund based limit utilization is ~78 percent leaving additional cushion to meet contingencies. Cash and Bank Balances of company stood at Rs 1.34 crores as on March 31, 2023.

### **Outlook: Stable**

Acuité believes that OEWPL will maintain a 'Stable' outlook in the near to medium term on account of its stable business risk profile supported by its established position in the market and diversified revenue profile. The outlook may be revised to 'Positive' if the entity registers higher-than-expected growth in its scale of operations, while also improving its operating profitability and coverage indicators. Conversely, the outlook may be revised to 'Negative' in case the entity registers a significant decline in revenues or profitability indicators or if the financial risk profile deteriorates due to debt-funded capex/requirements or working capital requirements resulting in deterioration in the overall capital structure.

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	64.54	54.07
PAT	Rs. Cr.	3.97	3.48
PAT Margin	(%)	6.16	6.43
Total Debt/Tangible Net Worth	Times	0.45	0.43
PBDIT/Interest	Times	7.10	6.98

### Status of non-cooperation with previous CRA (if applicable)

Not Applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Entities In Manufacturing Sector:- <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in)

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
11 Apr 2023	Working Capital Term Loan	Long Term	1.29	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Term Loan	Long Term	0.94	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Standby Line of Credit	Short Term	0.50	ACUITE A4+ (Downgraded and Issuer not co-operating*)
	Cash Credit	Long Term	9.00	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Term Loan	Long Term	1.50	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Proposed Long Term Bank Facility	Long Term	11.60	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Bank Guarantee	Short Term	4.50	ACUITE A4+ (Downgraded and Issuer not co-operating*)
24 Jan 2022	Term Loan	Long Term	0.70	ACUITE BBB- (Withdrawn)
	Proposed Long Term Bank Facility	Long Term	11.60	ACUITE BBB-   Stable (Reaffirmed)
	Standby Line of Credit	Short Term	0.50	ACUITE A3 (Reaffirmed)
	Working Capital Term Loan	Long Term	1.29	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	0.80	ACUITE BBB- (Withdrawn)
	Bank Guarantee	Short Term	4.50	ACUITE A3 (Reaffirmed)
	Term Loan	Long Term	1.50	ACUITE BBB-   Stable (Assigned)
	Cash Credit	Long Term	9.00	ACUITE BBB-   Stable (Reaffirmed)
	Term Loan	Long Term	0.94	ACUITE BBB-   Stable (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	4.50	ACUITE A3   Upgraded
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	10.00	ACUITE BBB-   Stable   Upgraded
State Bank of India	Not avl. / Not appl.	Derivative Exposure	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.32	ACUITE A3   Upgraded
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	10.78	ACUITE BBB-   Stable   Upgraded
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	20 Mar 2028	Simple	0.60	ACUITE BBB-   Stable   Upgraded
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Oct 2026	Simple	0.02	ACUITE BBB-   Stable   Upgraded
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Oct 2026	Simple	0.92	ACUITE BBB-   Upgraded & Withdrawn
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	20 Mar 2028	Simple	0.90	ACUITE BBB-   Upgraded & Withdrawn
State Bank of India	Not avl. / Not appl.	Working Capital Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	05 Feb 2026	Simple	0.68	ACUITE BBB-   Stable   Upgraded
State Bank of India	Not avl. / Not appl.	Working Capital Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 May 2024	Simple	0.34	ACUITE BBB-   Stable   Upgraded
State Bank of India	Not avl. / Not appl.	Working Capital Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 May 2024	Simple	0.27	ACUITE BBB-   Upgraded & Withdrawn

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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