

March 15, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	2.75	SMERA BB+/Stable (Assigned)
Bank Guarantee	2.40	SMERA A4+ (Assigned)

SMERA has assigned long-term rating of '**SMERA BB+**' (**read as SMERA double B plus**) and short-term rating of '**SMERA A4+**' (**read as SMERA A four plus**) on the Rs.5.15 crore bank facilities of Waidhan Engineering and Industries Private Limited (Waidhan Engineering). The outlook is '**Stable**'. The ratings draw comfort from the extensive experience of the promoter, above average financial risk profile and reputed customer base. However, the ratings are constrained by the marginal decline in operating profit margins, tender based nature of business and working capital intensive operations.

Rating Sensitivity Factors

- Scaling up operations while maintaining margins
- Efficiently managing the working capital
- Future capital expenditure plans and its funding mix thereof

Outlook – Stable

SMERA believes that the outlook of the company will remain stable over the medium term on account of the experienced management and above average financial risk profile. The outlook may be revised to 'Positive' if the company reports substantial and sustainable growth in revenues or operating margins. Conversely, the outlook maybe revised to 'Negative' if the working capital cycle elongates further resulting in weakening of its financial risk profile especially liquidity.

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About The Company

Incorporated in 1986, Waidhan Engineering is promoted by Mr. D.N.Himmatramka and family of Madhya Pradesh. The company is engaged in the retreading and repairing of tyres especially off the road (OTR) tyres amongst others, repairing of conveyor belts and miscellaneous mechanical work related to the power, coal, aluminum, steel and cement industry.

For FY2014-15, Waidhan Engineering reported profit after tax (PAT) of Rs.0.37 crore, on operating income of Rs.22.07 crore, as compared with PAT of Rs.0.31 crore on operating income of Rs.20.69 crore in the previous year.

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