

**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.

**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](http://www.smera.in)) for the latest information on any instrument rated by SMERA.

**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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