

March 24, 2025

## Viraj Impex Private Limited: Ratings downgraded to [ICRA] BB (Stable)/ [ICRA] A4

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term, fund-based facility – Cash credit	2.0	2.0	[ICRA] BB (Stable); downgraded from [ICRA] BB+ (Stable)
Short-term, non-fund-based facility	108.0	108.0	[ICRA] A4; downgraded from [ICRA] A4+
<b>Total</b>	<b>110.0</b>	<b>110.0</b>	

\*Instrument details are provided in Annexure I

### Rationale

The ratings downgrade of Viraj Impex Private Limited (VIPL) factors in the impending imposition of safeguard duty on steel imports amid concerns over cheap imports. The move would weaken the demand environment for importers of steel products in the near to medium term, evident from the lower steel imports in Q4 FY2025. The lower imports have impacted the entity's performance with the operating income expected at ~Rs. 190 crore in FY2025 compared to ~Rs. 211 crore in FY2024. The operating margin is expected to remain negative amid the lower scale of operation from the expected imposition of safeguard duty and higher administrative costs. The non-operating income will continue to support the profits, resulting in moderate net profits. An improvement in the scale of operation and operating profits will remain a key monitorable, going forward.

The ratings favourably factor in VIPL's sustained healthy liquidity profile, marked by investments in FDs, debt mutual funds, listed equity investments and cash and bank balances of Rs. 53.4 crore as on December 31, 2024. This apart, the fully undrawn fund-based working capital line of Rs. 2 crore in recent months and the absence of long-term debt repayment obligations provide additional liquidity comfort.

The ratings continue to derive comfort from the extensive experience of VIPL's promoters in the iron and steel trading business and their established relationships with reputed international suppliers, which ensure a smooth supply of traded steel. The company continues to follow a conservative approach while doing business by holding minimal inventory.

The ratings remain constrained by the company's exposure to foreign exchange (forex) fluctuation risks, given its dependence on imports for its traded steel purchases. However, the risks are partly mitigated by the hedging undertaken by the company in the form of derivative contracts. The profitability also remains sensitive to the counterparty credit risks as well as to the pricing pressure stemming from intense competition within the steel trading industry.

The Stable outlook on the long-term rating reflects ICRA's opinion that despite the pressure on operating profitability, VIPL will continue to generate adequate cash flows to meet its minimal debt servicing requirements and maintain a healthy liquidity position.

### Key rating drivers and their description

#### Credit strengths

**Extensive experience of promoters in iron and steel trading business** - VIPL trades in imported flat steel products such as hot-rolled (HR) and cold-rolled (CR) coils, sheets, plates, and steel bars, among others. The promoters have an extensive experience of over five decades in the steel trading business.

**Established relationships with reputed international suppliers** - The extensive experience of the promoters in the steel trading business has helped the company establish strong relationships with reputed overseas suppliers, which ensure a regular supply of traded steel.

**Healthy liquidity profile**– The cash flows have been consistent in FY2025, led by satisfactory operations and a prudent working capital management. Going forward, the cash flows are expected to remain adequate, supported by the non-operating income from investments and cash and bank balances of Rs. 53.4 crore as on December 31, 2024. Further, the fully undrawn fund-based working capital line of Rs. 2 crore and the absence of long-term debt repayment obligations will provide additional liquidity comfort.

### Credit challenges

**Adverse impact on earnings owing to uncertain business environment** – India’s hot-rolled coil (HRC) imports remained sluggish in Q4 FY2025 due to the impending safeguard duty amid concerns over cheap imports. While the company imports more than 90% of the total trade goods purchase, HRC accounts for more than 60% of the import portfolio. The lower imports have impacted the company’s performance with the operating revenue expected at Rs. 190 crore in FY2025 compared to Rs. 211 crore in FY2024. The operating margin is expected to remain negative amid the lower scale of operation and higher administrative cost. The non-operating income will continue to support the profits, resulting in moderate net profits. An improvement in the scale of operation and operating profits will remain a key monitorable, going forward.

**Vulnerable to price and forex risks and intensely competitive steel trading industry** – The company remains exposed to price risks because of the cyclicity inherent in the steel industry. The company’s margins are also exposed to forex fluctuation risk, given its dependence on imports for its traded steel purchases. However, the risks are partly mitigated by the hedging undertaken by the company in the form of derivative contracts. Moreover, the intensely competitive nature of the steel trading industry exerts pricing pressure and keeps the company’s margins under check.

**Exposure to counterparty credit risks** – As on December 31, 2024, ~34% of the company’s receivables amounting to Rs. ~1.91 crore (from one major debtor) remained outstanding for more than one year. While the receivables are expected to be recovered in the near to medium term, the possibility of write-offs due to the weak financial health of its customer cannot be ruled out.

### Liquidity position: Adequate

VIPL’s liquidity is adequate, supported by interest and dividend income from investments in FDs, mutual funds and listed equity instruments together with a prudent working capital management. Moreover, the company reported unencumbered cash and liquid investments of Rs. 53.4 crore as on December 31, 2024. The absence of long-term debt repayment obligations and a healthy cushion in the form of undrawn cash credit facility of Rs. 2 crore, provide additional comfort to VIPL’s liquidity position.

### Rating sensitivities

**Positive factors** – ICRA may upgrade VIPL’s ratings if there is a notable improvement in its revenues and operating profitability, leading to an improved financial risk profile. A sustained improvement in its interest coverage to above 2.5 times would also be a positive rating factor.

**Negative factors** – Pressure on VIPL’s ratings may arise in case of any sharp correction in earnings, impacting the debt protection metrics and liquidity position.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

## About the company

Viraj Impex Private Limited (VIPL) was incorporated as trading concern in 1988. It is involved in the trading of imported steel products. The company imports flat products such as hot-rolled (HR) & cold-rolled (CR) coils/sheets/plates, steel bars, mild steel billets, among others, and sells them to the local end-users. VIPL is promoted by the Didwania family, having over five decades of experience in the steel trading industry.

### Key financial indicators (audited)

VIPL	FY2023	FY2024	9M FY2025*
Operating income	26.6	211.3	187.7
PAT	1.7	9.6	2.9
OPBDIT/OI	-13.6%	-0.5%	-0.1%
PAT/OI	6.4%	4.6%	1.5%
Total outside liabilities/Tangible net worth (times)	0.2	0.2	0.1
Total debt/OPBDIT (times)	0.0	0.0	0.0
Interest coverage (times)	(35.2)	-10.2	(1.7)

Source: Company, ICRA Research; \* Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

### Status of non-cooperation with previous CRA: Not applicable

### Any other information: None

## Rating history for past three years

Current (FY2025)				Chronology of rating history for the past 3 years					
				FY2024		FY2023		FY2022	
Instrument	Type	Amount rated (Rs. crore)	Mar 24, 2025	Date	Rating	Date	Rating	Date	Rating
Cash credit	Long term	2.0	[ICRA] BB (Stable)	Mar 28, 2024	[ICRA] BB+(Stable)	Apr 07, 2022	[ICRA] BB (Stable)	-	-
				Apr 06, 2023	[ICRA] BB (Stable)				
Letter of credit	Short term	108.0	[ICRA] A4	Mar 28, 2024	[ICRA] A4+	Apr 07, 2022	[ICRA]A4	-	-
				Apr 06, 2023	[ICRA] A4				

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund-based limits- Cash credit	Simple
Short-term - Non-fund based limits	Very simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

**Annexure I: Instrument details**

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Cash credit	NA	NA	NA	2.0	[ICRA]BB (Stable)
NA	Letter of credit	NA	NA	NA	108.0	[ICRA] A4

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure II: List of entities considered for consolidated analysis – Not Applicable**

## ANALYST CONTACTS

**Girishkumar Kadam**

+91 22 6114 3441

[girishkumar@icraindia.com](mailto:girishkumar@icraindia.com)

**Vikarm V**

+91 40 6939 6410

[vikram.v@icraindia.com](mailto:vikram.v@icraindia.com)

**Sumit Jhunjunwala**

+91 33 7150 11111

[sumit.jhunjunwala@icraindia.com](mailto:sumit.jhunjunwala@icraindia.com)

**Rohit Shahu**

+91 22 6169 3300

[rohit.shahu@icraindia.com](mailto:rohit.shahu@icraindia.com)

**Devanshu Gupta**

+91 124 4545 321

[devanshu.gupta@icraindia.com](mailto:devanshu.gupta@icraindia.com)

## RELATIONSHIP CONTACT

**L. Shivakumar**

+91 22 6114 3406

[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

## HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

[info@icraindia.com](mailto:info@icraindia.com)

## ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit [www.icra.in](http://www.icra.in)

## ICRA Limited



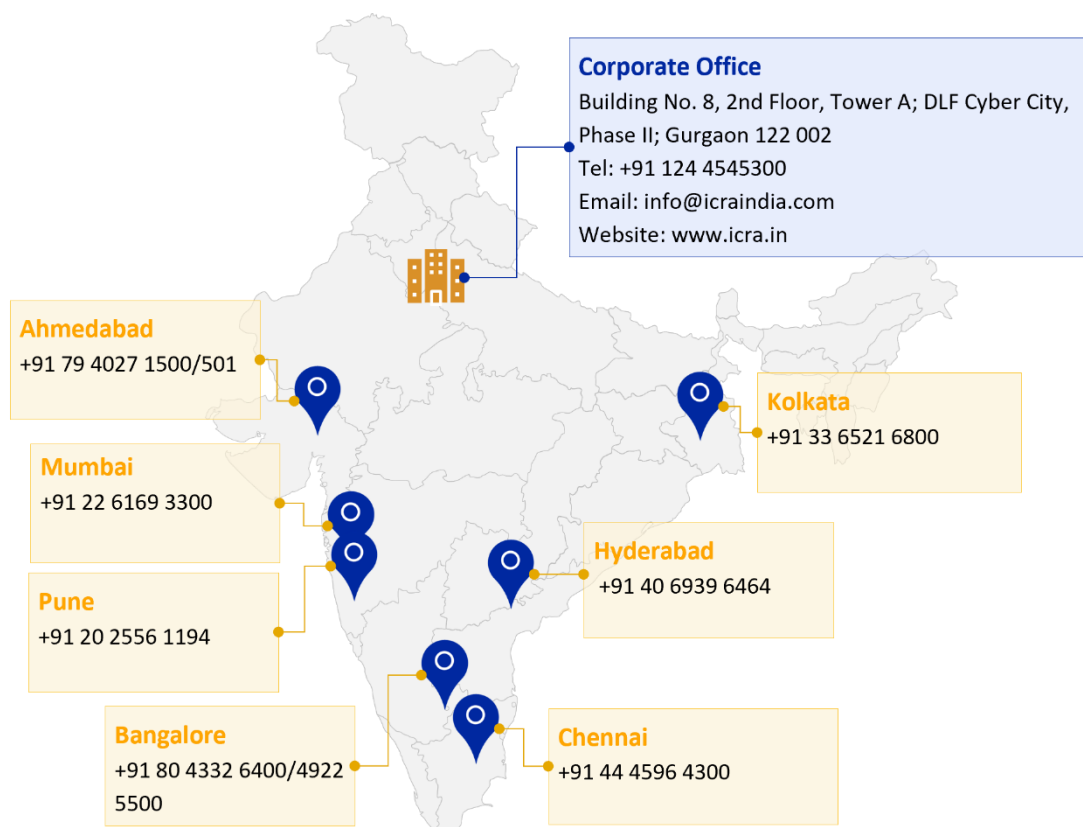
### Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



### Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.