



Viraj Impex Pvt. Ltd.

Instrument	Amount rated	Rating Action
Fund Based Limits (Cash Credit)	Rs. 2.00 crore	[ICRA]BBB(stable) re-affirmed
Non-Fund Based Limits (LC)	Rs. 248.00 crore	[ICRA]A3+ re-affirmed

ICRA has re-affirmed the long-term rating of [ICRA]BBB (pronounced ICRA triple B) assigned to Rs. 2.00 crore¹ fund based facilities of Viraj Impex Private Limited (VIPL). The outlook on the long-term rating is 'Stable'. ICRA has also re-affirmed the short-term rating of [ICRA]A3+ (pronounced ICRA A three plus) assigned to the non-fund based facilities of VIPL aggregating to Rs. 248.00 crore¹.

For the purpose of arriving at the ratings of VIPL, ICRA has taken a consolidated view of Viraj Group of Companies viz. Viraj Impex Private Limited (VIPL), Kavi Commercial Company Limited (KCCL) and Vinayaga Marine Petro Limited (VMPL) in view of significant operational, managerial and financial synergies among them.

The reaffirmation of the ratings continue to factor in the long experience of the promoters in the Iron & Steel trading business, established relationships with reputed international suppliers, wide product profile & diversified customer base, as well as benefits accruing from overall economies of scale on consolidated group basis. The ratings also factor in the comfortable capital structure of the group supported by low working capital requirements and limited fixed capital intensity.

The ratings are however constrained by vulnerability of group's profitability margins to adverse fluctuations in input commodity price cycles owing to large inventory requirements to meet demand, and adverse forex movements. ICRA however notes that while earlier only ~40% of the overall forex exposure was hedged by the group, from FY 2015 the same has increased to ~60-70% which has mitigated the forex related risks to some extent. The ratings are further constrained by high competitive pressures & limited value addition in the business operations leading to low profitability margins. Ability of the group to effectively manage its inventory position and forex exposure will remain key sensitivities from a rating perspective.

Company Profile

Viraj Impex Private Limited (VIPL) was incorporated in the year 1988 as a trading concern and since then the company has been involved in the business of importing and trading Iron & Steel materials. Currently the company imports flat products such as Hot Rolled & Cold Rolled Coils/Sheets/Plates, Galvanized Steel Coils/Sheets, Steel Rods, Heavy Melting Scraps, M.S. Billets, etc. from countries such as Ukraine, Russia, Iran, China, Europe, the U.S.A., South Africa, Japan, etc. and sells to local manufacturers and resellers. The promoters of the company have a long experience of more than fifty years in the industry and have established excellent business relationships with some of the reputed international steel players which have been supplying to the company for a long period of time.

Recent Results

For the year FY 2014, the company reported loss of Rs.2.81 crore on an operating income of Rs 297.75 crore. For FY 2015, the company reported profit after tax of Rs.6.04 crore on an operating income of Rs 332.24 crore (provisional).

June 2015

¹ 100 lakh = 1 crore = 10 million

¹ For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications



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