

## Virgo Aluminium Limited

Instrument	Amount Rated (Rs crore)	Rating Action
Term Loans	2.97	[ICRA] BBB+ (Stable) ; assigned
Fund Based WC	22.25	[ICRA] BBB+ (Stable) ; assigned
Non Fund Based WC	27.75	[ICRA] A2; assigned
Unallocated Limits	2.03	[ICRA] BBB+ (Stable) ; assigned
<b>Total</b>	<b>55.00</b>	

ICRA has assigned a rating of [ICRA] BBB+ (pronounced ICRA triple B plus)<sup>1</sup> to the Rs. 27.25 crore<sup>2</sup> long term bank facilities (including unallocated limits) of Virgo Aluminium Limited (VAL). ICRA has also assigned a rating of [ICRA] A2 (pronounced ICRA A two) to the Rs. 27.75 crore short term bank facilities of the company. The Outlook on the long term rating is Stable.

The assigned ratings are based on a consolidation of the business and financial risk profiles of VAL with its group entities Virgo Industries (VI) and Virgo Laminates Ltd (VLL), collectively referred to as the 'Virgo Group' on account of common management and common brand name. The ratings are supported by the established promoter group and the strong position of the Virgo brand particularly in the domestic laminate industry and its presence through a widespread distribution network. The ratings also factor in consistent growth in operations in VAL and also at a consolidated level with stable profitability margins. Both VAL and the group have a moderate financial risk profile with minimal long term debt and comfortable liquidity position.

VAL's ratings are however constrained by the company's relatively short track record of operations and promoter's limited experience in the aluminum industry which is characterized by working capital-intensive nature of operations and risks related to fluctuation in prices of raw material. Going forward, the group's ability to ramp up production while improving profitability amid competitive pressures and the level of working capital intensity will remain key rating sensitivities.

### Company Profile

VAL manufactures aluminium sheets and coils which find usage in various end user industries such as power, automobiles, consumer durables, furniture and architecture application etc. VAL's plant achieved COD in April 2011, and became fully operational in October 2011. The plant manufactures aluminium sheets and coils with an installed capacity of 18,000 MT per annum of sizes varying from 0.1mm to 4mm.

The Virgo Group was started by Mr. R.P. Arora, in 1975 by setting up a rice mill in the Mogha district of Punjab. The group has since moved into manufacturing and currently has a diversified presence in plywoods, boards, decorative laminates and aluminium sheets and coils. The group is one of the largest players in the domestic laminates market with a total annual capacity of around 108 lakh sheets of laminates.

### Recent Results

VAL reported an OI of Rs 150.5 crore and a PAT of Rs 2.6 crore in FY15 as compared to an OI and PAT of Rs 145.8 crore and Rs 2.1 crore respectively in FY14. On a provisional basis, the company reported an OI of Rs 78.7 in H1 FY16.

**March 2016**

<sup>1</sup> For complete rating definition please refer to ICRA Website [www.icra.in](http://www.icra.in) or any of the ICRA Rating Publications

<sup>2</sup> 100 lakh = 1 crore = 10 million



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