



Press Release

Viraj Profiles Private Limited (VPPL) **(Erstwhile Viraj Profiles Limited)** **March 05, 2025**

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<u>Complexity Indicator</u>
Long term Bank Facilities	135.00	IVR A/ Stable (IVR A with Stable outlook)	-	Rating Assigned	Simple
Short term Bank Facilities	668.00 (Reduced from 881.50)	IVR A1 (IVR A One)	IVR A1 (IVR A One)	Rating Reaffirmed	Simple
Long Term/Short term Bank Facilities	775.00 (Enhanced from 641.50)	IVR A/ Stable/ IVR A1 (IVR A with Stable outlook; IVR A One)	IVR A/ Stable/ IVR A1 (IVR A with Stable outlook; IVR A One)	Rating Reaffirmed	Simple
Long Term/Short term Bank Facilities - Proposed	336.00	IVR A/ Stable/ IVR A1 (IVR A with Stable outlook; IVR A One)	-	Rating Assigned	Simple
Total	1914.00	(Rupees One thousand nine hundred fourteen crore only)			

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has reaffirmed its rating assigned to the bank facilities of VPPL as it derives its comfort maintenance of strong credit profile, healthy scale of operations, diversified product profile, experienced promoters with expertise in managing operations, and diversified clientele in terms of geographic location & end user industries. However, these rating strengths are partially offset by intense competition in export markets and vulnerability of business to changes in regulations, government policies, profitability susceptible to volatility in raw material prices and cyclical nature of Steel Industry.



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The outlook is “Stable” on account of sustained improvement in total operating income along with the benefit derived from experienced promoter.

Key Rating Sensitivities:

Upward Factors

- Sustained improvement in revenue along with improvement in EBITDA margins while maintaining the current credit profile.

Downward Factors

- Any significant decline in revenue and EBITDA margins and/or any major debt fund led capex and/or any deterioration in working capital cycle leading to deterioration in credit profile on a sustained basis.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Sustained strong credit profile**

VPPL's credit profile remained strong with overall gearing was at 0.46x in FY24 (period refers to 01st April 2023 to 31st March 2024) (FY23:0.47x); while TOL/TNW also remained strong and at 0.90x in FY24 (FY23:0.80x) driven by a strong tangible net worth of Rs. 2,187.80 crore in FY24 (FY23: Rs. 2,186.29 crore). Infomerics expects credit profile to remain strong through FY25-FY27 with absence of debt led capex and expected stable EBITDA margins.

- **Healthy Scale of Operations**

Revenue grew at a CAGR of 17% from FY21 to FY24, reflected by the strong scale of operation with the total revenue of Rs. 8,575.73 crore in FY24. However, revenue remained stable at Rs. 8,575.73 crore in FY24 (FY23: Rs. 8,538.69 crore) despite an increase in sales volume, primarily due to lower realization, resulting in an EBITDA per tonne of Rs. 16,965 in FY24 (FY23: Rs. 19,614). VPPL has demonstrated sustained operational performance, achieving revenue of Rs. 6,294 crore in 9M FY25.

- **Experienced promoters with expertise in managing operations.**



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Mr. Neeraj Kochhar has over four decades of experience in stainless steel manufacturing industry. He is accompanied by a team of qualified and expert management team under which the company has establish strong relationships with customers and suppliers, withstand industry cycles, diversifying the product profile, increased its scale of operations and expand capacity.

Key Rating Weaknesses

- **Muted EBIDTA margins, decline in EBITDA per tonne**

EBIDTA margins of VPPL declined to 6.52% in FY24 from 6.84% in FY23 on account of lower realization per MT resulting in an percentage decline of ~14% in EBITDA per tonne due to higher supply from China. Infomerics expect EBITDA margin to improve in FY25, driven by implementation of solar captive power plant.

- **Profitability vulnerable to volatility in raw material prices.**

VPPL's profitability is exposed to fluctuations in raw material prices, which forms a significant percentage of the average selling price. Nickel forms ~10% to 15% of the stainless steel in terms of weight but constitutes up to 60% of the total cost of in terms of value. Thus, the Company's profitability is exposed to fluctuations in nickel prices.

- **Intense competition and vulnerability to changes in regulations, government policies and competition in export markets**

Indian stainless-steel manufacturers and exporters such as VPPL face stiff competition from the Chinese and Taiwanese exporters in key markets including the EU and the USA. In addition, the operations are exposed to cyclicity faced by the downstream users of VPPL's users. The Company derives ~80% of the revenue from the exports and hence its operations are exposed to changes in duty structures in the importing countries. Any substantial change in the anti-dumping duties, either in the US or EU, can expose the Company's business risk profile.

- **Macro-economic factors and Cyclicity in the Steel Industry**



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The steel industry is cyclical in nature and is closely linked to economic activities. The companies in the Steel industry is susceptible to cyclicity in demand and fluctuations in realizations. Further, the company's operations are vulnerable to any adverse change in the global demand-supply dynamics.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition and Post-default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Strong

The liquidity of VPPL remains strong with gross cash accruals of Rs. 390.95 crore in FY24. The expected gross cash accruals for FY25-FY27 will remain in the range of at Rs. 466.14 crore - Rs. 626.50 crore, against the negligible repayment obligations of Rs.2.21 crore in FY25 and Rs.1.23 crore in FY26. The company is also generating strong cashflow from its operations, which stood at Rs. 671.02 crore for FY24. The company has modest cash & bank balance of Rs. 78.92 crore (Free cash + margin money) as on March 31, 2024. along with fixed deposit receipts of Rs. 90.50 crore as of 31 December 2024.

About the Company

Viraj Profiles Private Limited (VPPL), incorporated in 1996 is engaged in the business of manufacturing and exporting of stainless steel engineered long products that include Wire Rods, Wires, Welding Wires, Flanges, Fasteners, Bright bars and Profiles. The company is promoted by Mr. Neeraj Kochhar with an experience of around 40 years in stainless-steel industry.



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Financials: Standalone

(Rs. crore)		
For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	8538.69 [^]	8575.73
EBITDA	583.63	559.44
PAT	249.88	268.03
Total Debt	1018.65	995.16
Tangible Net Worth	2186.29	2187.80
EBITDA Margin (%)	6.84	6.52
PAT Margin (%)	2.91	3.10
Adjusted Overall Gearing Ratio (x)	0.47	0.46
Interest Coverage (x)	5.28	4.20

* Classification as per Infomerics' standards.

[^] In FY24 audited financials, the FY23 financials were restated. The one-time export duty impact of Rs. 343 crore, which was initially recorded as an expense in FY23, has been reclassified in the FY24 annual report. As a result, FY23 revenue was adjusted by this amount, reflecting the non-recurring nature of the expense.

Status of non-cooperation with previous CRA:

Brickwork moved the rating to Issuer Not Cooperating category based on best available information vied PR dated February 12, 2024, due to unavailability of information for monitoring of rating.

Any other information: Not Applicable



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Rating History for last three years:

Sr. No	Name of Security/Facilities	Current Ratings (2024-25)			Rating History for the past 3 years					
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24			Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	
					Date (March 07, 2024)	Date (sept 28, 2023)	Date (April 07, 2023)	-	Date (Jan 10, 2022)	Date (Dec 27, 2021)
1	Fund-based bank facility – PC/PCFC	Long term/Short term	775.00 (Enhanced from 641.50)	IVR A/ Stable / IVR A1	IVR A/ Stable / IVR A1	IVR A-/ Stable / IVR A2+	IVR A-/ Stable / IVR A2+	-	IVR A- / CWDI* / IVR A2+ / CWDI*	IVR BBB+/ Positive / IVR A2
2	Fund-based bank facility – FBP/FCBD/FBN/FCFBN	Short term	479.00 (Reduced from 603.50)	IVR A1	IVR A1	IVR A2+	IVR A2+	-	IVR A2+ / CWDI*	IVR A2
3	Non-fund based bank facility – LC/BGs	Short term	189.00 (Reduced from 278.00)	IVR A1	IVR A1	IVR A2+	IVR A2+	-	IVR A2+ / CWDI*	IVR A2
4	Fund-based bank facility – Proposed	Long term / Short term	0.00	-	IVR A/ Stable / IVR A1	IVR A-/ Stable / IVR A2+	IVR A-/ Stable / IVR A2+	-	IVR A- / CWDI* / IVR A2+ / CWDI*	IVR BBB+/ Positive / IVR A2
5	Non-fund based bank	Short term	0.00	-	IVR A1	IVR A2+	IVR A2+	-	IVR A2+ / CWDI*	IVR A2



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		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24			Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	
					Date (March 07, 2024)	Date (sept 28, 2023)	Date (April 07, 2023)	-	Date (Jan 10, 2022)	Date (Dec 27, 2021)
	facility – Proposed									
6.	Fund based bank facility – Cash credit	Long Term	135.00	IVR A/ Stable	-	-	-	-	-	-
7.	Fund/Non-Fund based Bank Facility	Long term / Short term	336.00	IVR A/ Stable / IVR A1	-	-	-	-	-	-

* Credit Watch with Developing Implications

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About Infomerics:

Infomerics Valuation and Rating Ltd (Formerly Infomerics Valuation And Rating Pvt. Ltd.) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit



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ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

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Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Fund Based Bank Facilities – Cash Credit	-	-	-	-	135.00	IVR A/ Stable
Short term Non-Fund based Bank Facilities – Bank Guarantee	-	-	-	-	65.00	IVR A1
Short term Non-Fund based Bank Facilities – Letter of credit					124.00	IVR A1
Short term Fund based Bank Facilities – Post Shipment Credit	-	-	-	-	479.00	IVR A1
Long Term/Short term Bank Facilities - Proposed	-	-	-	-	336.00	IVR A/ Stable/ IVR A1



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Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term/Short term Bank Facilities - Fund Based - Packing Credit	-	-	-	-	775.00	IVR A/ Stable/ IVR A1

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-VirajProfiles-mar25.pdf>

Annexure 3: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated analysis: Not applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.