

July 13, 2010

CARE REVISES THE RATINGS ASSIGNED TO THE BANK FACILITIES OF VIRAJ PROFILES LTD.**Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	813.95 (reduced from Rs.1,779.16 crore)	'CARE BBB' (Triple B)	Revised from CARE BB
Short-term Bank Facilities	2,051.45 (enhanced from Rs.448 crore)	'PR3' (PR Three)	Revised from PR4
Total Facilities	2,865.40		

Rating Rationale

The rating revision is on account of the significant improvement in debt coverage indicators, profitability margins and cash accruals

The ratings derive strength from VPL's significant experience in manufacturing Stainless Steel (SS) products, its increasing focus on value-added products, and its geographically diverse operations that provide it a large customer base.

The ratings, however, are constrained by the project execution risk related to VPL's ongoing expansion, majority of the sales to European countries, the company's vulnerability to fluctuations in raw material prices and foreign exchange rate movements, corporate guarantees extended by the company to subsidiary company and the inherent cyclical nature of the steel industry.

VPL's ability to maintain its sales and profitability margins and the company's successful implementation of various projects within the proposed timeframe and the envisaged project cost are the key rating sensitivities.

¹Complete definition of the ratings assigned are available at www.careratings.com and in other CARE publications

Company Profile

VPL is a part of the Viraj Group, and is predominantly engaged in the production and export of value-added SS long products.

On a total income of Rs.3,109 crore in FY10 (FY09 Rs.3,423 crore), VPL earned a PAT of Rs.215 crore (FY09 Rs.26 crore).

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CARE classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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