

June 14, 2010

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF VISHAL STRUCTURALS PVT. LTD. (FOR ENHANCED AMOUNT)

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	15.62 (enhanced from Rs.8.55 crore)	'CARE BBB+' (Triple B Plus)	Reaffirmed
Short-term Bank Facilities	10.50 (enhanced from Rs.9.75 crore)	'PR3' (PR Three)	Reaffirmed
Total Facilities	26.12		

Rating Rationale

The ratings continue to derive strength from the promoter's significant experience in the industry, improving profitability levels, healthy order-book position and favourable outlook for investments in the oil & gas sector.

The ratings are however constrained by the small size of operations restricting VSPL's ability to procure larger orders, highly working capital intensive operation, limited financial flexibility on account of higher gearing level, stiff competition from leading organised players and inherent risks associated with the engineering and construction industry.

Timely execution of multiple orders and efficient working capital management are the key rating sensitivities.

Company Profile

VSPL was promoted by Mr. M.N.K. Moorthy as a proprietorship firm in 1976 and was subsequently converted into a private limited company in 1983. VSPL is engaged in the construction of tanks, factory-built tanks, pressure vessels, heat exchangers, self-supported chimneys, heavy structurals, petroleum terminals and laying pipelines.

In FY09, VSPL reported a PAT of Rs.2.19 crore on the total income of Rs.31.99 crore. For the period 9MFY10, the company achieved PAT of Rs.2.37 crore on a total income of Rs.31.83 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.

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

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