



Press Release

Vishnu Barium Pvt Ltd (VBPL)

October 06, 2020

Ratings

Sl. No.	Instrument/Facility	Amount (INR Crore)	Rating Assigned
1.	Long Term Fund Based Facility – Cash Credit	14.00	IVR BBB-/Stable Outlook (IVR Triple B Minus with Stable Outlook)
2.	Long Term Fund Based Facility – Term Loan	3.75	IVR BBB-/Stable Outlook (IVR Triple B Minus with Stable Outlook)
3.	Long Term Fund Based Facility – CELC*	1.40	IVR BBB-/Stable Outlook (IVR Triple B Minus with Stable Outlook)
4.	Short Term Non Fund Based Facility – Letter of Credit	5.00	IVR A3 (IVR A Three)
	Total	24.15	

*CELC stands for Common COVID-19 Emergency Credit Line

Details of Facilities are in Annexure 1

Detailed Rationale

The aforesaid rating assigned to the bank facilities of the entity derives comfort from their extensive experience of promoters and reputed promoter group, diversified product basket having multi-industry applications with wide geographical presence, improving capital structure and adequate liquidity position. However, moderate working capital cycle coupled with high working capital utilisation and susceptibility to volatility in raw material prices are the rating constraints.

Key Rating Sensitivities

Upward factors:

- Substantial & sustained improvement in revenue backed by volume growth while maintaining the Profitability & debt protection metrics.

Downward factors:

- Any decline in revenue & profitability leading to deterioration in debt protection metrics.



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Key Rating Drivers with detailed description

Key Rating Strengths

Experienced promoters and reputed promoter group

Mr. Ch. Krishna Murthy (CMD), along with his family members, laid the foundation of the VCL and has been instrumental in helping VCL establish itself in the industry. He started the company in 1989 and over the years the group has established itself as one of the leaders in the specialty and fine chemicals industry. VBL is a 100% subsidiary of VCL and was established in 1989. The strategy and international marketing efforts of the group is led by Mr Ch. Siddhartha, the Joint Managing Director. He holds a B. Tech in industrial biotechnology and has completed MBA from USA and is having an experience of over 15 years in the industry.

Diversified product basket having multi-industry applications with wide geographical presence

The major products of the group which includes Barium Compounds and Chromium Compounds have varied applications across industries such as pharmaceuticals, leather, automobile, ceramics, glass, pigments and dyes, metallurgy and in the steel industry. The group has diversified revenue profile with presence in both domestic and export markets. As of 31st March 2020, the group's total exports accounted for ~48% of total revenues and the balance 52% was from the domestic market. Majority of the exports are to Mexico, Belgium, Uganda, Brazil, Italy, China, Korea etc.

Improving capital structure and adequate liquidity position

The capital structure indicated by the overall gearing ratio has improved from 1.00x in FY19 to 0.92x in FY20, largely owing to reduction in long term debt from INR88.17 crore in FY19 to INR85.40 crore in FY20. The group's liquidity profile is also adequate, marked by gross cash accruals of INR43.24 crore and against an interest outlay of INR35.77 crore in FY20. Moreover, the current ratio stands at 1.05x and the quick ratio stands at 0.45x, the adjusted current ratio (excluding the current portion of long term debt) stands at 1.09x in FY20.



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Key Rating Weaknesses

Moderate working capital cycle coupled with high working capital utilisation

The consolidated working capital cycle of the group increased to 103 days in FY2020 as against 82 days in FY19 mainly on account of higher inventory holding days. The average working capital utilisation levels was high at 99.5% for the past 12 months period ended Aug. 2020.

Susceptible to volatility in the raw material prices

The raw materials constitute around 58% of the total cost in FY2020 on a consolidated basis. The prices of its key raw materials such as barites, CO2 and pet coke are driven by domestic as well as international demand-supply situation. However, this is mitigated by the company's ability to pass on price increase to its customers.

Analytical Approach: Consolidated

Infomerics has considered the consolidated financial profiles of Vishnu Chemicals Ltd, Vishnu Barium Pvt Ltd, Vishnu South Africa (Pty) Ltd and Vishnu Renewable Energy Pvt Ltd to arrive at the rating. Vishnu South Africa (Pty) Ltd and Vishnu Renewable Energy Pvt Ltd are yet to commence their operations. The consolidation is on account of common management and operational and financial linkages.

Applicable Criteria

Rating Methodology for Manufacturing Companies

Financial Ratios & Interpretation (Non-financial Sector)

Liquidity - Adequate

Liquidity is adequate, with the group having an above unity current ratio of 1.05x which is expected to improve in the future. The group has a total debt outlay amounting to INR48.70 crore (interest + CPLTD) in FY20 as against cash accruals of INR58.62 crore (including GCA + cash and cash equivalents) leaving the group with an adequate cushion cover against any contingencies.



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About the company

Vishnu Barium Pvt. Ltd. (VBPL) was originally incorporated on 29th May 2001 in the name of Vishnu Barium Chemicals Pvt. Ltd. The company is engaged in manufacturing Barium carbonate, a chemical compound processed from mineral ore, Sulphur is a by-product produced during the production process. The unit has an installed capacity of 40,000 MTPA for Barium Carbonate. VBPL is a wholly owned subsidiary of VCL.

Financials (Standalone)*:

(INR crore)

For the year ended/ As On	31-03-2018	31-03-2019	31-03-20
	(Audited)	(Audited)	(Audited)
Total Operating Income	92.86	106.77	110.03
EBITDA	13.31	17.83	13.93
PAT	7.07	12.17	9.01
Total Debt	27.73	21.59	23.78
Tangible Net-worth	18.92	39.01	48.00
Ratios			
EBITDA Margin (%)	14.33	16.70	12.66
PAT Margin (%)	7.58	11.30	8.05
Overall Gearing Ratio (x)	1.47	0.98	0.72

*Unsecured loans from promoters amounting to INR7.22 crore has been treated as quasi equity.

* Classification as per Infomerics' standards

Financials (Consolidated)*:

(INR crore)

For the year ended/ As On	31-03-2018	31-03-2019	31-03-20
	(Audited)	(Audited)	(Audited)
Total Operating Income	642.97	769.39	676.72
EBITDA	78.53	99.17	78.92
PAT	14.45	24.37	22.22
Total Debt	304.70	246.49	243.49
Tangible Net-worth	187.79	244.13	261.72
Ratios			
EBITDA Margin (%)	12.21	12.89	11.66
PAT Margin (%)	2.22	3.15	3.25
Overall Gearing Ratio (x)	1.59	1.00	0.92

*Unsecured loans from promoters amounting to INR25.09 crore has been treated as quasi equity.

* Classification as per Infomerics' standards



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Status of non-cooperation with previous CRA: None

Any other information: None

Rating History for last three years:

Sl. No.	Name of Instrument/ Facilities	Current Rating (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (INR crore)	Rating	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1.	Long Term Fund Based Facility – Cash Credit	Long Term	14.00	IVR BBB-/ Stable Outlook	--	--	--
2.	Long Term Fund Based Facility – Term Loan	Long Term	3.75	IVR BBB-/ Stable Outlook	--	--	--
3.	Long Term Fund Based Facility – CELC	Long Term	1.40	IVR BBB-/ Stable Outlook	--	--	--
4.	Short Term Non Fund Based Facility – Letter of Credit	Short Term	5.00	IVR A3	--	--	--

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.

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.



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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (INR Crore)	Rating Assigned/ Outlook
Long Term Fund Based Facility – Cash Credit	NA	NA	Revolving	14.00	IVR BBB-/ Stable Outlook
Long Term Fund Based Facility – Term Loan	NA	NA	Up to May 2022	3.75	IVR BBB-/ Stable Outlook
Long Term Fund Based Facility – CELC*	NA	NA	Up to 2 years	1.40	IVR BBB-/ Stable Outlook
Short Term Non Fund Based Facility – Letter of Credit	NA	NA	Up to 1 year	5.00	IVR A3

*CELC stands for Common COVID-19 Emergency Credit Line