

## Credit Update on Visaka Industries Limited

March 08, 2022

CARE Ratings has reviewed the ratings of Visaka Industries Limited (VIL) on account of the Russian invasion of Ukraine and the resultant economic sanctions being placed on Russia and certain Russian entities and persons.

VIL derives revenue of about 60% from Cement Asbestos, 20%-25% from Fibre boards and panels and remaining 15%-20% from Textile – Synthetic Yarn. The raw material consumption cost is the largest cost element accounting for about 53% of the total cost of sales for FY21. The key raw material of Asbestos Cement Sheet (ACS segment) i.e. Asbestos fibre (also called Chrysotile Fibre) constituted about 38% of the total raw material cost in FY21.

India imports almost all its asbestos fibre requirements from Russia, China, Brazil and Kazakhstan, which together produce around 90% of the world's asbestos fibre. VIL in FY21 imported around 99% of asbestos fibre from Russia and remaining from Brazil and Kazakhstan. As per the management the company has adequate inventory available with them as of now and it is in discussion with other suppliers for sourcing of the raw material.

CARE Ratings has taken note of the above situation and will continue to monitor development in this regard very closely to assess its impact on credit profile of the company.

### Contact us

#### Media Contact

Name: Mradul Mishra

Contact no.: +91-22-6754 3573

Email ID: mradul.mishra@careedge.in

#### Analyst Contact

Name: Naveen Kumar Dhondy

Contact no.: 8886097382

Email ID: dnaveen.kumar@careedge.in

#### Relationship Contact

Name: Ramesh Bob Asineparthi

Contact no.: +91 90520 00521

Email ID: ramesh.bob@careedge.in

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