Vishnu Chemicals Limited

November 21, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	478.28 (Enhanced from 166.28)	CARE A-; Stable	Reaffirmed
Short-term bank facilities	83.10	CARE A2+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation in ratings assigned to bank facilities of Vishnu Chemicals Limited (VCL) continues to reflect the company's strong revenue supported by flexible product portfolio and healthy capacity utilisation across facilities in FY25 (Audited; FY refers to April 01 to March 31) and H1FY26 (unaudited). Despite facing challenges such as marginal decline in selling prices of chrome products, rising raw material costs and elevated shipping costs, VCL's profitability margins moderated slightly but remained at comfortable levels in FY25, supported by cost-reduction initiatives and partial backward integration.

CARE Ratings Limited (CareEdge Ratings) notes VCL's strategic investment through a definitive agreement to acquire a chrome ore mining complex via its subsidiary, Vishnu South Africa (Pty) Limited (VSAPL). Transfer of the mining entity is underway, and operations are expected to commence by end of Q4FY26, later than the earlier timeline of September 2025. Backward integration of chrome ore mine expected to improve the operating margins at consolidated levels in coming years.

VCL acquired Jayansree Pharma Private Limited (JPPL), now renamed as Vishnu Strontium Private Limited (VSPL), with a total investment of ~₹52 crore, funded through a mix of debt and equity. VSPL commercialised operations in Q2FY26, one month ahead of the planned schedule, launched a new product with applications across glass, ceramics, electric vehicle batteries, medical devices, and paints and pigments, enhancing product diversification. The company's liquidity is adequate; however, it has higher build-up of inventory for three years ended FY25, which is resulting in continuous reliance on working capital requirement despite of growing gross cash accruals (GCA) levels.

VCL has proposed a debt-funded capex of ₹320 crore for new production lines for dimethyl sulfoxide (DMSO) and chrome oxide green (COG), expected to be commercialised by end of Q3FY27 and Q4FY27 respectively. The project is to be funded through ₹240 crore term debt and ₹80 crore internal accruals. Financial closure has been achieved, though term debt disbursement is pending.

At the consolidated level, total debt stood at ₹450 crore, including borrowings for investment reimbursement and replacement of optionally convertible debentures (OCDs) with and debt availed under step down subsidiary, Ramadas Minerals Private Limited (RMPL) for expansion, leading to increased leverage. CareEdge Ratings expects the financial risk profile to moderate in the near term. Timely project completion within envisaged cost and schedule, and efficient working capital management, remain key monitorable.

However, rating strengths are constrained by susceptibility of profit margins to raw material price volatility, foreign exchange fluctuation risk, competition from imports, and environmental, social and governance (ESG) risks inherent to the chemical industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained improvement in profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin exceeding 18% and return on capital employed (ROCE) above 20%.
- Reduction in operating cycle below 90 days on a sustained basis, leading to lower dependence on working capital borrowings.
- Total debt to PBILDT ratio remaining below 2x.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Negative factors

- Significant decline in PBILDT margin below 13%.
- Elongation in operating cycle beyond 120 days on a sustained basis, leading to higher dependence on working capital borrowings.
- Total debt/PBILDT ratio deteriorating to 3.00x
- Adverse changes in pollution control or environmental regulations, or regulatory ban on production and sale of specific chemicals, significantly affecting business operations and profitability.

Analytical approach: Consolidated

CareEdge Ratings adopted a consolidated analytical approach for assessing the credit profile of VCL. This approach considers financials of VCL and its subsidiaries, as the entities operate in similar business segments and have strong operational and financial linkages. Accordingly, group entities are collectively referred to as VCL in the analysis. Please refer to Annexure 6 for further details.

Outlook: Stable

The Stable outlook assigned to ratings of VCL reflects CareEdge Ratings' expectation of sustained operational and financial performance, supported by a comfortable financial risk profile and steady cash flow generation in the medium term.

Detailed description of key rating drivers:

Key strengths

Improved operational and financial performance in FY25

At the consolidated level, the company's revenue grew by 19% in FY25 to ₹1,453.08 crore, primarily driven by a ~9% increase in sales volumes in VCL, despite a marginal decline in selling prices of chromium products. The subsidiary, VBPL also posted robust performance, with its contribution to the consolidated total operating income (TOI) rising to ~25% in FY25 (from 17% in the previous year). This was supported by a ~36% increase in sales volumes and steady improvement in average realisations, reflecting strong market acceptance of its chromium and barium product portfolio. Despite a challenging global business environment, elevated shipping costs, and marginal softening in chromium prices, the company's profitability remained comfortable. The PBILDT margin stood at 16.37% in FY25 (PY: 17.16%), while in absolute terms, PBILDT and profit after taxation (PAT) improved to ₹237.87 crore and ₹126.64 crore, registering growth of 14% and 25%, respectively, over the previous year. From an operational standpoint, the company maintained healthy capacity utilisation, with sodium dichromate operating at ~85%, while barium carbonate and barium sulphate recorded utilisation levels of ~67% and 53%, respectively.

In H1FY26, the company's TOI recorded at ₹745.78 crore with PBILDT and PAT margins at 15.23% and 8.71% respectively.

Chrome ore mine acquisition to strengthen backward integration

In FY25, VCL, through its subsidiary VSAPL, entered a definitive agreement to acquire a chrome ore mining complex with estimated reserves of ~10 million tonnes for ~₹58 crore. The management has confirmed that all regulatory and environmental approvals are in place, and clearance for transfer to the subsidiary has been received. The acquisition is aimed at mitigating the impact of chrome ore price volatility on profitability margins. Of the total reserves, ~4,00,000 tonnes are open-accessible, sufficient to meet VCL's requirements for ~2.5–3 years.

Transfer of the mining entity is underway, with operations now expected to commence by end-Q4FY26, revised from the earlier timeline of September 2025. Backward integration is expected to support margin improvement at the consolidated level in the medium term. From FY27, VSAPL plans to undertake undercast mining, which is expected to be funded primarily through internal accruals. Delays in asset transfer or unexpected debt for operations may impact the financial risk profile and will be closely monitored.

Product diversification and integration through new subsidiaries

VCL has been expanding its product portfolio in the last 3-4 years, focusing on import substitutes to strengthen its market position. In Q1FY24, through its subsidiary Vishnu Barium Private Limited (VBPL), the company launched precipitated barium sulphate and sodium sulphide, targeting industries such as paints, powder coatings, pigments, and dyes. These products contributed ~25% to TOI in FY25, reducing product concentration risk.

In Q2FY25, VCL acquired JPPL for ₹52 crore, funded through a mix of equity and debt. The entity was renamed VSPL and commercialised operations in Q2FY26, manufacturing strontium-based products used in glass, ceramics, EV batteries, medical devices, and paints.

The acquisition of RMPL for barytes supply to the subsidiary and plans for chrome ore acquisition are expected to support backward integration. Forward integration through new products including chrome oxide green and another new speciality chemical product, DMSO are expected to enhance profitability in the medium term, supported by increasing demand from across industries.

Experienced promoters and professional management team supporting global scale
VCL is promoted by Ch Krishna Murthy, who has over three decades of experience in manufacturing, marketing, and exporting chromium chemicals globally. His family, Ch Manjula and Ch Siddhartha, are the company's co-promoters. Ch Siddhartha serves as Joint Managing Director of VCL and Managing Director of VBPL. He has contributed to the company's growth through his experience in international marketing, sourcing, and team building, helping VCL expand its global footprint. The group is supported by a professional management team comprising qualified chartered accountants, engineers, and MBAs. VCL caters to over 15 industries across over 50 countries.

Diversified geographical presence and established customer relationships
VCL has a well-established presence in domestic and international markets. The company exports to over 50 countries, with key markets including Brazil, the US, Mexico, South Korea, Italy, Germany, Australia, Bangladesh, Argentina, and Egypt. In FY25, exports contributed ~45.70% to TOI, compared to 46.81% in the previous year. The company has also been increasing its share in the domestic market, with domestic sales accounting for ~54% of total sales in FY25, up from 53% in the previous year. VCL caters to domestic and export markets based on demand dynamics. It has long-standing relationships with reputed clients such as Solara Active Pharma Sciences Limited, IOL Chemicals and Pharmaceuticals Limited, and Montana Quimica Limited. At a standalone level, top 10 customers contributed 43% to TOI in FY25. However, the expanding customer base in domestic and export markets helped mitigate customer concentration risk to some extent.

Key weaknesses

Debt-funded capex to moderate financial risk profile in the near term
As on March 31, 2025, VCL's capital structure remained healthy with overall gearing at 0.45x (PYE: 0.40x), despite increased debt levels, supported by strong net worth. Interest coverage ratio and total debt to GCA (TD/GCA) stood comfortable at 5.91x and 2.42x, respectively, in FY25.

The company is undertaking a ₹320 crore capex for setting up a DMSO plant and a new chrome oxide green production line, funded through ₹240 crore term debt and ₹80 crore internal accruals. Financial closure has been achieved, though disbursement is pending. In addition to project debt, incremental borrowings through VBPL to redeem VCL's OCDs and debt funded capex undertaken in step down subsidiary, RMPL will increase debt at consolidated levels. Consequently, CareEdge Ratings expects the overall financial risk profile and debt coverage indicators to moderate in the near term. Timely completion of the project within envisaged cost and schedule, and efficient working capital management, remains a key monitorable.

Exposure to raw material price volatility, mitigated through backward integration in barytes and chrome ore segments
Raw materials constitute a major cost component for the company, contributing ~44–50% of cost of sales. Key raw materials used in manufacturing chromium and barium products include chrome ore, soda ash, and barytes, which are subject to price volatility. In FY25, chrome ore prices rose by 9.42% year-on-year, while selling prices remained largely flat compared to FY24. The company was able to pass on most of the input cost increase through cost reduction measures and production efficiency, resulting in moderate impact on profitability. In the last two years, VCL focused on cost optimisation to sustain profitability despite raw material price volatility. To mitigate raw material price risk, VCL has set up a beneficiation plant under its step-down subsidiary and entered a definitive agreement to acquire a chrome ore mine. The mine is expected to be commercialised by end-FY26 and is likely to ensure stable supply and improve consolidated margins.

Working capital intensive operations
Operations are working capital intensive, as VCL imports 100% of its chrome ore requirements and maintains higher raw-material inventory to ensure uninterrupted production. Payments to overseas suppliers are made either in advance or through 90-day LCs,

while the company extends 60–90 days of credit to repeat customers. Consequently, operating cycle increased to 109 days in FY25 from 60 days in FY23 due to higher inventory levels and a longer collection period.

Exposure to foreign exchange fluctuation risk
VCL imports part of raw material, Chrome ore from South Africa and exports products resulting in foreign exchange fluctuation risk. However, VCL (on a consolidated level) is a net exporter of speciality chemicals, currency is mitigated through natural hedge. In FY25, VCL (on a consolidated level) has gained on foreign exchange fluctuations amounting to ₹6.52 crore in FY24 (PY: ₹6.92 crore).

Exposure to import competition and regulatory changes
The Indian chemical industry faces competition from cheaper imported chemicals. However, trade conflicts among the US, China, and Europe offer opportunities for Indian manufacturers. Supply chain disruptions and anti-pollution measures in China further strengthen India's position. Changes in regulatory norms, geopolitical developments, and trade policies may impact VCL's performance in the medium term.

ESG risks mitigated through waste utilisation initiatives
VCL manufactures chromium products, and the resulting chrome sludge is hazardous. Stringent environmental regulations govern disposal and emissions of chrome sludge, and non-compliance may lead to legal repercussions and reputational damage. To address these risks, VCL has implemented pollution control measures, waste management protocols, and complies with environmental regulations. Investments in cleaner production technologies are expected to reduce the environmental footprint of chromium products. VCL has developed a solution to use chrome sludge as raw material in cement manufacturing, approved by the National Council for Cement & Building Materials (NCCBM). The company has received approval to transfer sludge to cement industries or treatment, storage, and disposal facilities (TSDF) across all its manufacturing units. This initiative is expected to help VCL transition towards a zero-waste manufacturing model.

Liquidity: Adequate

The company's liquidity position is adequate marked by GCA of ₹172.55 crore against repayment obligations of ~₹20.63 crore in FY26. The company has a cash and bank balance of ₹58.20 crore (including escrow deposit of ~₹56 crore) as on March 31, 2025. Average utilisation of working capital limits stood at ~81% for 12 months ended August 2025. The company generated positive cash flow from operations ₹87.69 crore, however, for three years ended FY25, inventory levels have been on an increasing trend resulting in increased working capital requirements. CareEdge Ratings expects liquidity to remain adequate in the near term, supported by healthy accrual generation to meet capex and working capital requirements.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks

Environment: VCL strictly adheres to all government mandated environmental regulations. Each facility upholds rigorous safety protocols to mitigate potential risks effectively. It handles hazardous materials in accordance with established safety guidelines. VCL actively identifies potential water-saving projects, particularly those involving freshwater such as adopting new operational techniques to achieve Zero Liquid Discharge (ZLD), installing Effluent Treatment Plants (ETP), and implementing multiple-effect evaporators. Currently, the company is successful in implementing these ZLD at two locations.

Social: The company ensures a safe and healthy workplace. Imparting awareness in every shift, work permit system, safety awareness, providing PPE kits to all employees are some of the measures taken by the company.

Governance: Continuous monitoring, reporting and corrective/ preventive actions are taken, when required

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments
Consolidation-and-Combined-Approach

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Chemicals	Chemicals & petrochemicals	Specialty chemicals

Incorporated on March 27, 1989. VCL is manufacturing, marketing and exporting chromium chemicals, Barium compounds and other specialty chemicals worldwide. The company is serving over 15 industries across 50+ countries globally. Barium compounds are produced under its subsidiary VBPL. The company has four manufacturing units, one in Telangana, two in Andhra Pradesh and one unit in Chhattisgarh with a total installed capacity of 231,000 metric tonne per annum (MTPA). VCL caters to export markets in Europe, Asia, Africa, North America, and South America among others.

<u>About Subsidiaries:</u>

- VBPL is the largest manufacturer of Barium chemical in India. It has its manufacturing plant at Srikalahasti, Andhra Pradesh with an installed capacity of 60,000 MTPA of Barium Carbonate, 7,800 MTPA of Sulphur and 33000 MTPA of Precipitated Barium Sulphate.
- In FY24, VBPL has acquired a company named RMPL, which is in to barytes beneficiation, and it acts as a backward integration to VBPL. The acquired plant is in the process of beneficiating the C & D grade Barytes and convert the same into A grade barytes.
- VSPL is wholly owned subsidiary of VCL, which is manufacturing Strontium carbonate and commercialised operations in the current fiscal.
- VSAPL is a wholly owned subsidiary of VCL and in the process of acquiring a chrome ore mine as part of a backward integration initiative to secure raw material requirements for VCL.

VCL – Consolidated:

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	1,016.97	1,103.88	748.06
PBILDT	164.65	151.60	113.92
PAT	94.27	80.24	65.11
Overall gearing (times)	0.20	0.25	0.42
Interest coverage (times)	6.45	5.59	6.41

A: Audited UA: Unaudited; Note: these are latest available financial results

VCL – Standalone:

Particular	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	1016.97	1103.88	567.33
PBILDT	164.65	151.60	74.80
PAT	94.27	80.24	37.54
Overall gearing (times)	0.20	0.25	NA
Interest coverage (times)	6.45	5.59	4.05

A: Audited UA: Unaudited; NA: Not available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	162.00	CARE A-; Stable
Fund-based - LT-Term Loan		-	-	November 2033	316.28	CARE A-; Stable
Fund-based - ST-Standby Line of Credit		-	-	-	8.45	CARE A2+
Non-fund-based - ST-BG/LC		-	-	-	70.00	CARE A2+
Non-fund-based - ST-Credit Exposure Limit		-	-	-	4.65	CARE A2+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	162.00	CARE A-; Stable	-	1)CARE A-; Stable (03-Jan-25)	1)CARE A-; Stable (27-Nov-23)	1)CARE BBB; Stable (10-Feb-23)
2	Non-fund-based - ST-BG/LC	ST	70.00	CARE A2+	-	1)CARE A2+ (03-Jan-25)	1)CARE A2+ (27-Nov-23)	1)CARE A3+ (10-Feb-23)
3	Fund-based - LT-Term Loan	LT	316.28	CARE A-; Stable	-	1)CARE A-; Stable (03-Jan-25)	1)CARE A-; Stable (27-Nov-23)	1)CARE BBB; Stable (10-Feb-23)
4	Fund-based - ST-Standby Line of Credit	ST	8.45	CARE A2+	-	1)CARE A2+ (03-Jan-25)	1)CARE A2+ (27-Nov-23)	1)CARE A3+ (10-Feb-23)
5	Non-fund-based - ST-Credit Exposure Limit	ST	4.65	CARE A2+	-	1)CARE A2+ (03-Jan-25)	-	-

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - ST-Standby Line of Credit	Simple
4	Non-fund-based - ST-BG/LC	Simple
5	Non-fund-based - ST-Credit Exposure Limit	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Vishnu Barium Private Limited	Full	Subsidiary
2	Vishnu South Africa (Pty) Limited	Full	Subsidiary
3	VCHEM Global Inc.	Full	Subsidiary
4	Vishnu International Trading FZE	Full	Subsidiary
5	Vishnu Strontium Private Limited	Full	Subsidiary
6	VCHEM Trading FZE	Full	Step down Subsidiary
7	Ramadas Minerals Private Limited	Full	Step down Subsidiary

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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