

MAY 5, 2015

**CARE REVISES THE RATING ASSIGNED TO THE LT BANK FACILITIES  
AND ASSIGNS 'CARE A4+' TO THE ST BANK FACILITIES OF  
VISHNU CHEMICALS LIMITED**

**Ratings**

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Remarks
Long-term Bank Facilities	159.95	CARE BB+ (Double B Plus)	Revised from CARE BB- (Double B Minus)
Short-term Bank Facilities	115.00	CARE A4+ (A Four Plus)	Assigned
<b>Total</b>	<b>274.95</b>		

**Rating Rationale**

The revision in the rating of Vishnu Chemical Limited (VCL) takes in to account improved operational performance during 9MFY15 (refers to the period April 01 to December 31) at the back of improvement in capacity utilization levels, increase in the total operating income and profitability and marginal improvement in gearing levels.

The rating continues to be constrained by the volatile raw material prices, foreign exchange fluctuation risk, working capital-intensive nature of business with extended operating cycle, project implementation risk and leveraged capital structure despite improvement. The rating is, however, underpinned by the promoter's experience and long track record of the company, diversified revenue profile with wide geographical presence catering to both domestic and international markets, long-standing association with reputed clientele and moderate scale of operation with an increase in turnover and profitability in FY14 (refers to the period April 1 to March 31).

The ability of the company to further improve its scale of operation and profitability with subsequent improvement in the liquidity position and capital structure are the key rating sensitivities.

**Background**

VCL, was originally incorporated on March 27, 1989, was merged into Keystone Industries Limited (KSIL), a company which was incorporated on January 15, 1993, in Maharashtra. The registered office of the KSIL was shifted to that of the then Andhra Pradesh on May 27, 2005, and subsequently the name was changed to the current nomenclature on January 02, 2006. Promoted by Mr Ch Krishna Murthy (present Chairman and Managing Director), VCL is engaged in the manufacturing of chrome chemicals, specialty chemicals and peptides. The company also undertakes custom synthesis services. The product profile includes sodium dichromate, basic chromium sulphate, potassium dichromate, chromic acids, sodium saccharin, saccharin insoluble, and menadione. The company has one manufacturing unit in Telangana, one in Andhra Pradesh and one unit in Chhatisgarh with a total installed capacity of 86,000 metric tonne per annum (MTPA). Furthermore, the company has set up a research and development facility at Jeedimetla in Telangana.

During FY14, VCL has earned PAT of Rs.13.12 crore (Rs.7.33 crore in FY13) on a total operating income of Rs.348.64 crore (Rs.320.62 crore in FY13). Furthermore, during 9MFY15 (Un-audited), the company registered total operating income of Rs.296.65 crore with profit of Rs.12.10 crore.

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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