

About the Company

Chromium and barium compounds are produced and sold in India by Vishnu compounds Limited. The business sells chrome chemicals such barium carbonate, basic chromium sulfate, sodium sulfate, potassium dichromate, chromic acid, and chrome oxide green. Products from this company are utilized in a variety of industries, including steel, glass, pharmaceuticals, pigments & dyes, leather, and others. Additionally, the company exports its goods to Asia, China, South East Asia, Europe, the UK, North America, South and Central America, Africa, and other countries. Hyderabad, India serves as the corporate headquarters of Vishnu Chemicals Limited, which was established in 1989.

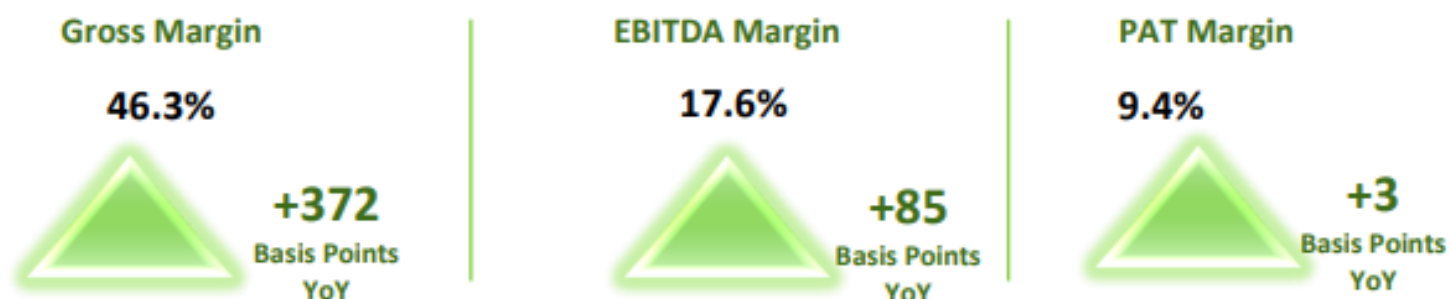
Recent Quarter Highlights

- A 53:47 ratio of domestic sales to export sales across all geographies. Increasing domestic market demand resulted in higher blended realizations. ☒
- Consolidated Due to the company's capacity to pass costs forward to its clients and the continued strength of the market, the gross margin and EBITDA margin increased by 3.7% and 0.8% on a year-over-year basis, respectively. ☒
- Barium chemicals has a successful quarter, achieving its biggest tonnage quarterly production. Barium's EBITDA Margin was 17.1%, the highest in the previous six quarters.
- Chromium Chemicals production decreased when the business announced its asset optimization and maintenance schedule closure in June 2023. Positives for the independent enterprise, however, included:
 - Stable gross margin trend continues
 - No major variation in absolute spreads at unit level as the company delivered resilient EBITDA Margin 17.7% on standalone basis and 17.6% on consolidated basis.
 - Higher blended realisation per tonne on a qoq basis.
- The focus on cost management and process enhancements resulted in a 14.7% qoq decrease in consolidated conversion costs, from 103.3 crores in Q4FY23 to 88.0 crores in Q1FY24.
- In the medium run, shipping costs are anticipated to hold steady at their current levels. In the ensuing quarters, interest expenses need to go down.

- Release of 32.2% promoter pledge by our lenders validates our fundamental improvement and a very strong manufacturing asset.
- Precipitated barium sulphate facility was successfully commissioned in Q2 of FY24, and production has already started. This will open the door for new applications in the paint and battery sectors. Future business growth is anticipated to be boosted by sales of this product.
- Update on Inorganic Expansion: Ramadas Minerals Private Limited was acquired in Q2FY24, aligning with our aim to create high-quality materials for our prestigious customers around the world while lowering our cost of raw materials. It will take a few quarters for this plant to reach its maximum asset utilisation levels after it is fully integrated with our current operations.
- 200 crore of funds were successfully raised through a QIP in the second quarter of FY24, and the response from blue-chip investors around the world was positive.
- The company is in the process of planning its upcoming capital expenditures, and in the ensuing quarters, the investing community will be informed of the plans.
- Global headwinds are still present and are predicted to last the entire year. The business is well-positioned to service its clients, and we are improving our capacity to take advantage of contemporary developments. Because of our reach, ability to operate across several sites, procurement tactics, and customer-focused philosophy, our market share is growing.

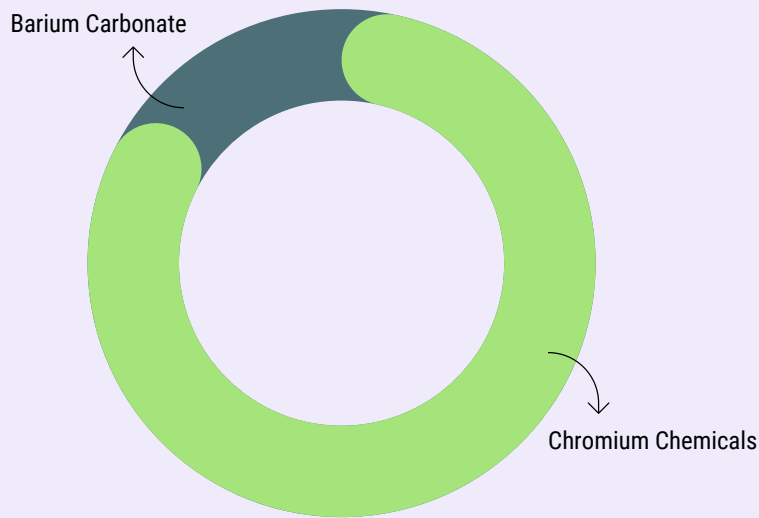
Sources: Comp. presentations

CONSOLIDATED FINANCIAL HIGHLIGHTS

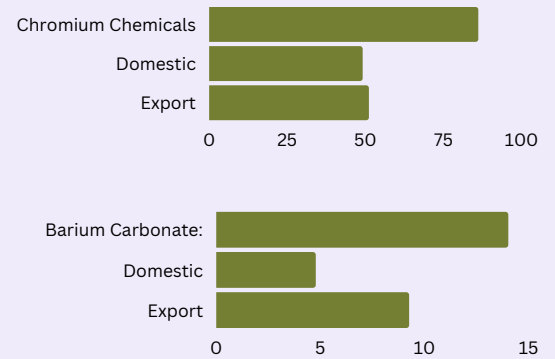


- Emphasis on cost control & value added mix.
- No major variation in absolute spreads at unit level as the company delivered resilient EBITDA Margin 17.7% on standalone basis and 17.6% on consolidated basis.

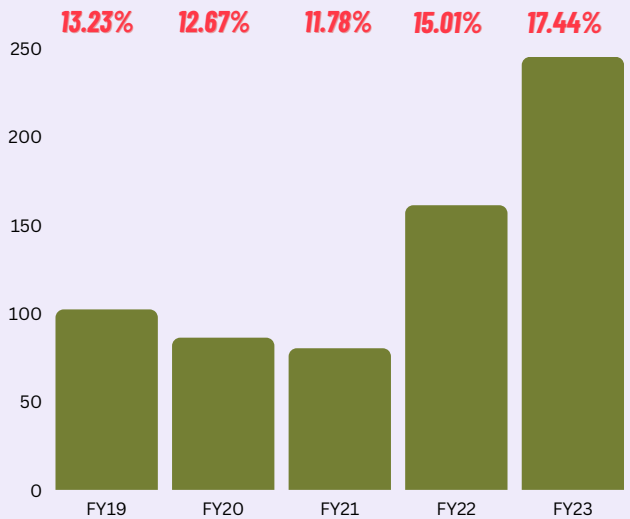
REVENUE MIX



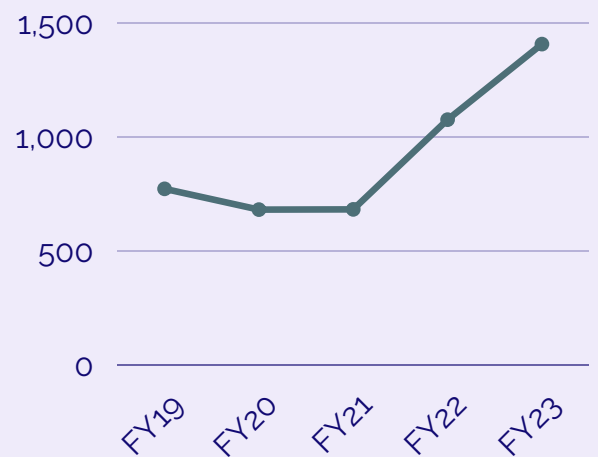
REVENUE BREAKOUT



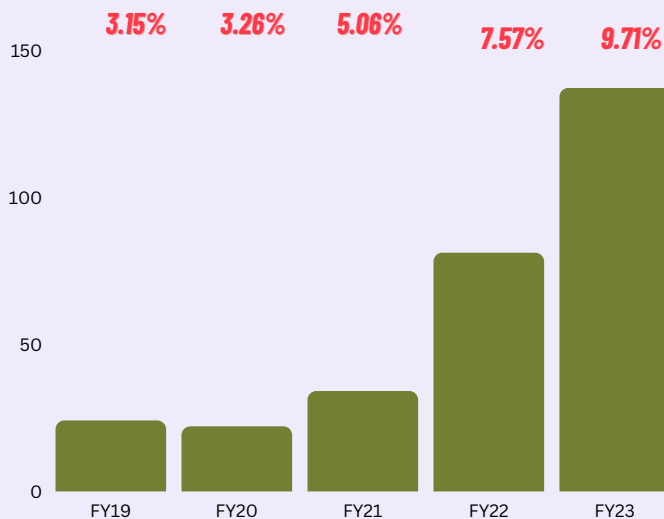
EBITDA VS MARGINS



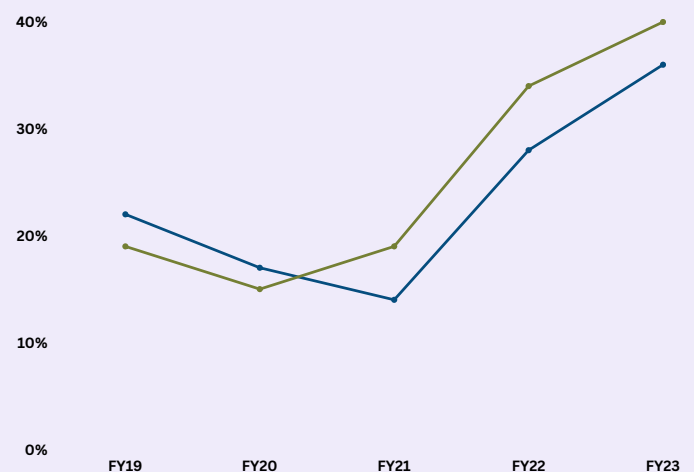
TOTAL REVENUE



PAT VS MARGINS












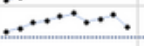


ROCE & ROE



Historical Financial Statement - VISHNU CHEMICALS LTD					
Years	Mar-20	Mar-21	Mar-22	Mar-23	LTM
Income Statement					
Sales	₹ 673.5	₹ 678.7	₹ 1,069.0	₹ 1,391.0	₹ 1,332.6
Sales Growth	-12.46%	0.77%	57.51%	30.12%	-4.20%
COGS	₹ 488.4	₹ 512.3	₹ 767.0	₹ 1,003.6	₹ 1,109.7
COGS % Sales	72.51%	75.49%	71.75%	72.15%	83.28%
Gross Profit	₹ 185.12	₹ 166.35	₹ 301.97	₹ 387.35	₹ 222.86
Gross Margins	27.49%	24.51%	28.25%	27.85%	16.72%
Selling & General Expenses	₹ 102.73	₹ 87.59	₹ 144.39	₹ 156.01	
S&G Exp % Sales	15.25%	12.91%	13.51%	11.22%	0.00%
EBITDA	₹ 82.39	₹ 78.76	₹ 157.58	₹ 231.34	₹ 238.04
EBITDA Margins	12.23%	11.60%	14.74%	16.63%	17.86%
Interest	₹ 39.21	₹ 27.28	₹ 28.02	₹ 34.64	₹ 35.23
Interest % Sales	5.82%	4.02%	2.62%	2.49%	2.64%
Depreciation	₹ 20.19	₹ 20.30	₹ 22.98	₹ 26.46	₹ 27.00
Depreciation%Sales	3.00%	2.99%	2.15%	1.90%	2.03%
Earnings Before Tax	₹ 23.0	₹ 31.2	₹ 106.6	₹ 170.2	₹ 175.8
EBT % Sales	3.41%	4.59%	9.97%	12.24%	13.19%
Tax	₹ 8.1	(₹ 0.5)	₹ 30.9	₹ 48.9	₹ 44.7
Effective Tax Rate	35.15%	-1.57%	29.03%	28.71%	25.43%
Net Profit	₹ 14.9	₹ 31.7	₹ 75.6	₹ 121.4	₹ 131.1
Net Margins	2.21%	4.67%	7.08%	8.72%	9.84%
No of Equity Shares	5.97	5.97	5.97	5.97	5.97
Earnings per Share	₹ 2.50	₹ 5.30	₹ 12.67	₹ 20.33	₹ 21.96
EPS Growth %	-29.93%	112.41%	138.84%	60.44%	8.03%
Dividend per Share	₹ 0.2	₹ 0.2	₹ 0.4	₹ 0.4	-
Dividend payout ratio	8.05%	3.79%	3.16%	1.97%	0.00%
Retained Earnings	91.95%	96.21%	96.84%	98.03%	100.00%

Historical Financial Statement - VISHNU CHEMICALS LTD				
Years	Mar-20	Mar-21	Mar-22	Mar-23
Balance Sheet				
Equity Share Capital	₹ 12.0	₹ 12.0	₹ 12.0	₹ 12.0
Reserves	₹ 148.1	₹ 184.2	₹ 264.9	₹ 402.4
Borrowings	₹ 251.7	₹ 258.9	₹ 288.2	₹ 302.8
Other Liabilities	₹ 324.0	₹ 318.4	₹ 350.6	₹ 334.7
Total Liabilities	₹ 735.7	₹ 773.4	₹ 915.6	₹ 1,051.8
Fixed Assets Net Block	₹ 338.4	₹ 387.5	₹ 463.3	₹ 464.7
Capital Work in Progress	₹ 36.4	₹ 24.0	₹ 5.4	₹ 98.0
Investments	₹ 1.2	₹ 1.0	₹ 2.7	₹ 1.7
Other Assets	₹ 45.3	₹ 43.3	₹ 69.7	₹ 77.3
Total Non Current Assets	₹ 421.2	₹ 455.8	₹ 541.0	₹ 641.6
Receivables	₹ 91.0	₹ 115.7	₹ 190.8	₹ 180.9
Inventory	₹ 208.0	₹ 191.3	₹ 168.5	₹ 208.3
Cash & Bank	₹ 15.4	₹ 10.7	₹ 15.3	₹ 21.0
Total Current Assets	₹ 314.5	₹ 317.7	₹ 374.6	₹ 410.2
Total Assets	₹ 735.7	₹ 773.4	₹ 915.6	₹ 1,051.8
Check	TRUE	TRUE	TRUE	TRUE
Cash Flow Statements				
Cash from Operating Activities	₹ 49.2	₹ 67.4	₹ 94.4	₹ 134.3
Cash from Investing Activities	(₹ 22.0)	(₹ 51.8)	(₹ 85.8)	(₹ 118.4)
Cash from Financing Activities	(₹ 23.6)	(₹ 19.1)	(₹ 8.6)	(₹ 15.6)
Net Cash Flow	₹ 3.6	(₹ 3.6)	₹ 0.0	₹ 0.3

RATIO ANALYSIS

Debtor Turnover Ratio	7.40x	5.87x	5.60x	7.69x		0.00x	0.00x
Creditor Turnover Ratio	2.08x	2.13x	3.05x	4.16x		0.00x	0.00x
Inventory Turnover	3.24x	3.55x	6.35x	6.68x		3.68x	3.54x
Fixed Asset Turnover	1.99x	1.75x	2.31x	2.99x		1.95x	2.10x
Capital Turnover Ratio	4.21x	3.46x	3.86x	3.36x		3.99x	4.13x
Debtor Days	49	62	65	47		60	64
Payable Days	176	171	120	88		154	173
Inventory Days	113	103	58	55		88	102
Cash Conversion Cycle (in days)	-14	-6	3	14		-6	-6
CFO/Sales	6.26%	10.20%	11.61%	5.13%		9.55%	10.70%
CFO/Total Assets	6.69%	8.71%	10.31%	12.76%		8.25%	9.51%
CFO/Total Debt	19.56%	26.02%	32.74%	9.75%		20.20%	21.14%


WHAT SHOULD INVESTORS DO?

On CAPEX Points, Debottlenecking has increased the capacity of the chromium company by 10,000 TPA, or 14% more than the capacity of the present plant. Production commenced in Q2FY23. A total of Rs 30 Cr was needed for the upgrade. It is anticipated that the Brownfield expansion for the Barium company, which will bring a new specialty chemical to help Barium portfolio diversification, will be completed by Q1FY24. The necessary investment is Rs 90 Cr.

With more volumes, Vishnu Chemical hopes to increase its market share and increase operating leverage and profitability. It keeps emphasizing flexible product mix and innovative product development.


By keeping a view on future business growth and industry needs, Vishnu Chemical is able to maintain its profit margin. The stock is adequately valued and still has some potential for an upward rise, according to our valuation criteria. we provide the **target price of 410.**



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