

12th February, 2024

VCL/SE/143/2023-24

To
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001
Scrip Code: 516072
Through: BSE Listing Centre

To
National Stock Exchange of India Limited
Exchange Plaza, Bandra-Kurla Complex
Bandra (East), Mumbai 400 051
Symbol: VISHNU
Through: NEAPS

Sub: Q3FY24 Earnings Release - Regulation 30 of SEBI (LODR) Regulations, 2015

Dear Sir,

Further to outcome of Board Meeting held on 12th February, 2024, Earnings Release with regard to Un-Audited Standalone & Consolidated Financial Results for the third quarter ended 31st December, 2023 is enclosed.

A copy of this disclosure is uploaded on the website of the Company www.vishnuchemicals.com

Kindly take the same on record and disseminate on your website.

Thanking You.

Yours faithfully,

For Vishnu Chemicals Limited

Vibha Shinde
Company Secretary & Compliance Officer



Q3FY24 Earnings Release

February 12, 2024

Vishnu Chemicals Limited (BSE: 516072, NSE: VISHNU), epitomises manufacturing of high-performance specialty chemicals, has reported its unaudited financial results for the quarter and nine months ended 31st December 2023.

FINANCIAL HIGHLIGHTS

In Rs Cr	Consolidated			Standalone		
	Q3FY24	Q2FY24	QoQ change	Q3FY24	Q2FY24	QoQ change
Total Income	308	311	(1)%	258	269	(4)%
Gross Profit	134	139	(3)%	109	112	(3)%
Gross Margin	44.3%	45.2%	(90) bps	43.1%	42.3%	+75 bps
EBITDA	45	49	(8)%	39	40	(3)%
EBITDA Margin	14.6%	15.7%	(109) bps	15.1%	15.1%	+3 bps
PAT	21	24	(13)%	22	24	(6)%
PAT Margin	6.7%	7.7%	(97) bps	8.6%	8.8%	(24) bps

CONSOLIDATED HIGHLIGHTS:

- While various micro and macro factors led to an overall tough quarter, we can see things improving in the chemistries we operate. With the completion of stabilisation period in Q4FY24 for our new projects, we are confident of achieving an improved performance in the quarters to follow.
- A well-balanced geographical mix of 53:47 minimizes reliance on any single market.
- Consistent gross margin trend continues:

	FY21	FY22	FY23	9MFY24
Consolidated Gross Margin	45%	45%	46%	45%

- Export sales showed a slight improvement of 3.5% compared to Q2FY24. The recovery in exports is expected to be gradual as customers internationally are adopting a cautious approach to prevent accumulating inventories.
- Regarding the Red Sea crisis, shipping & forwarding expenses as a % of sales rose by 145 basis points qoq. This increase was driven by the abrupt nature of the crisis, causing prices on certain routes such as

Asia to Europe, to surge nearly five-fold. Adjustments are made with existing and new contracts as the freight price increase is pass-through in nature.

- The company restored operations swiftly at its plants in Andhra Pradesh post the temporary disruption due to Cyclone Michaung in December 2023. While there was a loss in production time, our contingency measures and timely action ensured quick restoration of operations while prioritizing safety assessments, undertaking immediate repairs to infrastructure and safeguarding our stocks.
- Care Ratings Limited has revised the rating of long term bank facilities of the company from CARE BBB to CARE A- and short term bank facilities from CARE A3+ to CARE A2+.
- The capex for the next financial year FY25 will prioritize high-potential categories, focusing on vertical/backward integration and volume expansion.
- Focused on building one of the most efficient chemical companies in India with strong emphasis on sustainability and ESG.
- Focus to improve Return on Capital Employed (ROCE) will continue as a key initiative.

CHROMIUM CHEMICALS

- Domestic demand remained robust in Q3FY24 with a sales mix of 53:47 in favour of domestic over exports.
- Volumes and prices remained at similar levels as the previous quarter.
- Vishnu continued its efforts and focused on optimizing expenses, achieving sizable efficiencies to mitigate the overall difficult business environment:
 - ✓ Gross margin improved by 75 basis points compared to Q2FY24.
 - ✓ Cost of consumables as % of operating revenues was 13.8% in Q3FY24 compared to 16.3% in Q2FY24.
 - ✓ Power costs as % of operating revenues was 4.7% in Q3FY24 compared to 5.2% in Q2FY24.
 - ✓ In comparison to FY23, the average consumption of key raw materials (in volume) has reduced by nearly 10% offsetting the increase in the cost of our primary raw material - chrome ore which has increased by nearly 10% consecutively over the past three quarters.
- Our offer to acquire a strategic chrome ore beneficiation plant with reserves has been accepted by the Seller. Further details will be shared upon the signing of necessary documents.
- The company is set to recoup its entire investment in the backward integration project at Visakhapatnam by Q1FY25, marking it as a significant success.

BARIUM CHEMICALS:

Update on Precipitated Barium Sulphate or Blanc Fixe

- In June 2023, we commissioned a new capacity of manufacturing Precipitated Barium Sulphate (PBS) or Blanc Fixe first time ever in India. 100% of the raw materials used in production are sourced from our own country.
- Good support received from large organised customers. The PBS plant is built to meet the stringent quality requirements of multinational paint companies.

- Ramping up of new capacity is expected to improve as Vishnu plans to counter cheaper imports from China by offering superior quality Precipitated Barium Sulphate in India along with best-in-class technical assistance, packaging and logistics support.

Update on Ramadas Minerals Acquisition

- Upgradation of equipment and infrastructure completed in newly acquired baryte beneficiation plant. Plant stabilised in February, sizable benefits and cost savings expect to flow over the quarters.

Summary of Barium Chemicals

- Overall, export sales grew 36% qoq while domestic sales remained the same as Q2FY24.
- Capacity utilisation in Barium Chemistry was similar to Q2FY24.
- Depreciation has surged by 89% year-over-year, exerting a short-term impact on profitability.

MANAGEMENT COMMENTS

Mr. Ch. Krishna Murthy, CMD, Vishnu Chemicals Limited said, “With a disciplined approach, we will continue our focus on key priorities to operate sustainably and create long term value through our execution and ROCE accretive projects.”

“Despite challenges in the past nine months, we observe positive developments in the operational landscape. As the stabilisation period for our new projects concludes in Q4FY24, we express confidence in achieving enhanced performance in the upcoming quarters.” **said Mr. Ch. Siddartha, JMD, Vishnu Chemicals Limited.**

About Vishnu Chemicals Limited

Vishnu Chemicals Limited epitomises manufacturing of high-performance speciality chemicals, with strong market leadership and an intelligent symphony of forward and backward integration to produce world-class products that are focused on diverse needs and aspirations of its customers across 50+ countries.

For further information, please connect with us on investors@vishnuchemicals.com

Safe harbour

Certain statements in this release concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause our actual results to differ materially from those in such forward-looking statements. The conditions caused by the multiple local and global factors including and not limited to COVID-19 pandemic could decrease customer’s spending, affecting demand for our services, delaying prospective customer’s purchasing decisions, and impact of pandemic on health of people; all of which could adversely affect our future revenue, margin and overall financial performance. Our operations may also be negatively affected by a range of external factors that are not within our control. We do not undertake to update any forward-looking statement that may be made from time to time by us or on our behalf.