Rating Rationale

Brickwork Ratings assigns 'BWR B+' rating for the Bank Loan Facilities amounting to ₹5.50 Cr of Vichoor Bitu Chemicals

Brickwork Ratings has assigned the following **Rating**[1] for the long term and short term bank loan facilities amounting to Rs.5.50 Crs (Rupees Five crores and Fifty Lakhs Only) of Vichoor Bitu Chemicals :

Facility	Limits (₹ Cr)	Tenure	Ratings
Fund Based : Cash Credit	5.50	Long Term	**BWR B+** (Pronounced BWR B Plus) **(Outlook – Stable)**
Total	**5.50**	**(INR Five Crores and Fifty Lakhs Only)**	

BWR has essentially relied upon the audited financial results up to FY15, and projected financials up to FY17, publicly available information and information/clarification provided by the firm's management.

The rating has factored, interalia, partners experience in bitumen manufacture ,firm's established relationship with customers and suppliers , operational support from group concerns(Vinora Industries and Vinora Transports) . However, the rating is constrained by thin profitability margins , fragmented bitumen market which limits the pricing flexibility and susceptibility of profit margin to volatile raw material (crude oil) prices.

Background

Vichoor Bitu Chemicals (VBC) was established as partnership concern in 2002, Vichoor is engaged in the manufacture of industrial grade bitumen of various softening and penetration specifications, such as B85/25, B90/15 and B115/15. The firm is also engaged in the trading of straight grade bitumen such as VG10 and VG 30 Vichoor has manufacturing facilities located at SIDCO Industrial Estate - Chennai and Samayapuram, Trichy .

Other group entities where the promoter has interests include – Vinora Industries – engaged in the manufacture of steel barrels and bitumen emulsions, Vinora Transports – engaged in the transportation of bitumen and other heavy liquids .

Management Profile

Mr. S. Rajan and his wife, Mrs Uma Maheshwari are the partners to this firm managing the day to day operations of the firm.

[1] ***Please refer to www.brickworkratings.com for definition of the Ratings***

Financial Performance:

As per the audited financial statements of FY15, the firm has achieved sales of Rs.107.97 crs against Rs.107.14 crores in FY 14, witnessing a de growth of 0.76 %. PAT remained stable at Rs 1.38 Crs in FY 15 , when compared to Rs. crs in FY 14. As on FY 15 Partners capital was at Rs. 6.34 crs against total debt of Rs. 8.64 Crs resulting in a debt equity of 1.36 times as on FY15.

Rating Outlook:

The rating outlook is expected to be stable over the current year. Going forward, the ability of the firm to increase its scale of operations, improve profitability margins and strengthen its capital would be the key rating sensitivities.

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