

March 13, 2024

Vasant Chemicals Private Limited : Placed on Rating Watch with Developing Implications

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term fund-based cash credit	33.50	33.50	[ICRA]BBB Placed on Rating Watch with Developing Implications
Long term fund-based term loan	26.50	26.50	[ICRA]BBB Placed on Rating Watch with Developing Implications
Short term non-fund based	7.25	7.25	[ICRA]A3+ Placed on Rating Watch with Developing Implications
Long term/Short term unallocated	10.75	10.75	[ICRA]BBB Placed on Rating Watch with Developing Implications /[ICRA]A3+ Placed on Rating Watch with Developing Implications
Total	78.00	78.00	

*Instrument details are provided in Annexure-I

Rationale

As per media articles dated March 5, 2024, International Chemical Investors Group (ICIG) has completed the acquisition of a majority stake in Vasant Chemicals Private Limited (VCPL). The company is set to be integrated into the WeylChem Group the fine Chemicals platform of ICIG.

The ratings of VCPL have been placed on 'Rating Watch with Developing Implications' based on the above development as clarity on impact of the change in shareholding on the company's operations (if any), and structure of the transaction is yet to emerge. ICRA will assess the impact of the transaction on the company's credit profile and will conclude the ratings when more clarity emerges.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities, and key financial indicators [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for Entities in Chemical industry Rating Methodology for Entities in Pharmaceuticals
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings are based on the standalone financials of VCPL

About the company

VCPL was established as a partnership firm by Mr. G. K. B. Chowdhary in 1978 and was later converted into a private limited company in 1988. It was involved in manufacturing dye intermediates till 2004, after which the unit was sold to Deepak Nitrite

Ltd, and the company commenced manufacturing speciality chemicals and pharmaceutical intermediates. VCPL's manufacturing units are at Jeedimetla, Hyderabad, and APSEZ, Visakhapatnam.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2024)		Chronology of rating history for the past 3 years				
		Amount rated (Rs. crore)	Amount outstanding as on Sep 30, 2023 (Rs. crore)	Date & rating in FY2024		Date & rating in FY2023	Date & rating in FY2022	Date & rating in FY2021
				March 13, 2024	October 30, 2023	Sep 23, 2022	June 1, 2021	Sep 15, 2020
1 Cash credit	Long Term	33.50	-	[ICRA]BBB&;	[ICRA]BBB(Stable)	[ICRA]BBB+(Stable)	[ICRA]A-(Stable)	[ICRA]BBB(Positive)
2 Term loans	Long Term	26.50	26.50	[ICRA]BBB&;	[ICRA]BBB(Stable)	[ICRA]BBB+(Stable)	[ICRA]A-(Stable)	[ICRA]BBB(Positive)
3 Non-fund-based facilities	Short Term	7.25	-	[ICRA]A3+&;	[ICRA]A3+	[ICRA]A2	[ICRA]A2+	[ICRA]A3+
4 Unallocated	Long Term / Short Term	10.75	-	[ICRA]BBB&/[ICRA]A3+&;	[ICRA]BBB(Stable)/[ICRA]A3+	[ICRA]BBB+(Stable)/[ICRA]A2	[ICRA]A-(Stable)/[ICRA]A2+	[ICRA]BBB(Positive)/[ICRA]A3+
5 Fund based	Short-term	-	-	-	-	-	-	[ICRA]A3+

& Rating Watch with Developing Implications

Complexity level of the rated instrument

Instrument	Complexity Indicator
Cash credit	Simple
Term loans	Simple
Non-fund based facilities	Very Simple
Unallocated	Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analyzing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: [Click Here](#)

Annexure-I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term loan 1	FY2021	NA	FY2025	1.21	[ICRA]BBB; Rating Watch with Developing Implications
NA	Term loan 2	FY2022	NA	FY2026	2.61	[ICRA]BBB; Rating Watch with Developing Implications
NA	Term loan 3	FY2020	NA	FY2026	2.55	[ICRA]BBB; Rating Watch with Developing Implications
NA	Term loan 4	FY2022	NA	FY2029	14.67	[ICRA]BBB; Rating Watch with Developing Implications
NA	Term loan 5	FY2022	NA	FY2031	5.46	[ICRA]BBB; Rating Watch with Developing Implications
NA	Cash credit	NA	NA	NA	33.50	[ICRA]BBB; Rating Watch with Developing Implications
NA	Letter of credit	NA	NA	NA	7.00	[ICRA]A3+; Rating Watch with Developing Implications
NA	Bank guarantee	NA	NA	NA	0.25	[ICRA]A3+; Rating Watch with Developing Implications
NA	Unallocated	NA	NA	NA	10.75	[ICRA]BBB Placed on Rating Watch with Developing Implications / [ICRA]A3+; Rating Watch with Developing Implications

Source: Company

Annexure-II: List of entities considered for consolidated analysis: Not applicable

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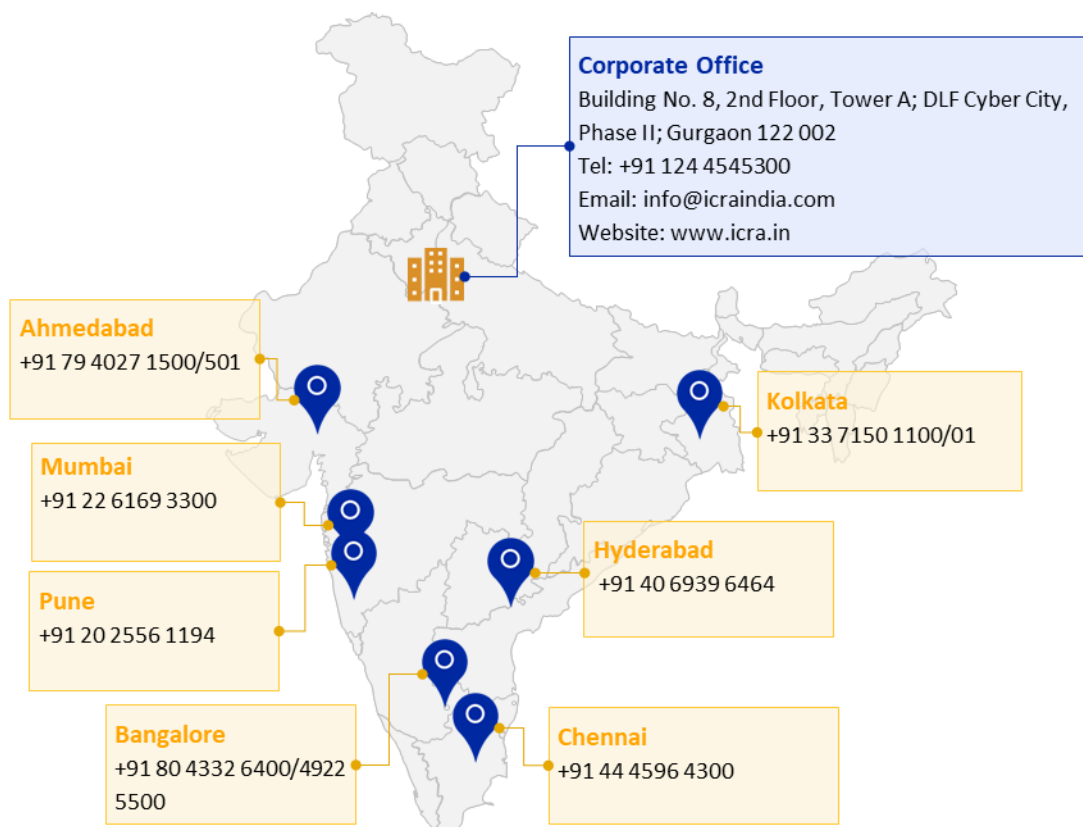


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