



# Persistence pays



VISAKA INDUSTRIES LIMITED | ANNUAL REPORT 2014-15

## FORWARD-LOOKING STATEMENT

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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Notice





For a couple of years, consumer sentiment was weak and demand for building products muted.

Visaka Industries kept faith. The Company augmented its production capacity, strengthened its portfolio and enhanced its operating efficiency.

The result is that as soon as consumer sentiment revived in 2014-15, Visaka reported a significant 14.7% revenue growth and 77% net profit surge in, making the fiscal year one of its best ever.

Persistence  
pays



Visaka Industries Limited.

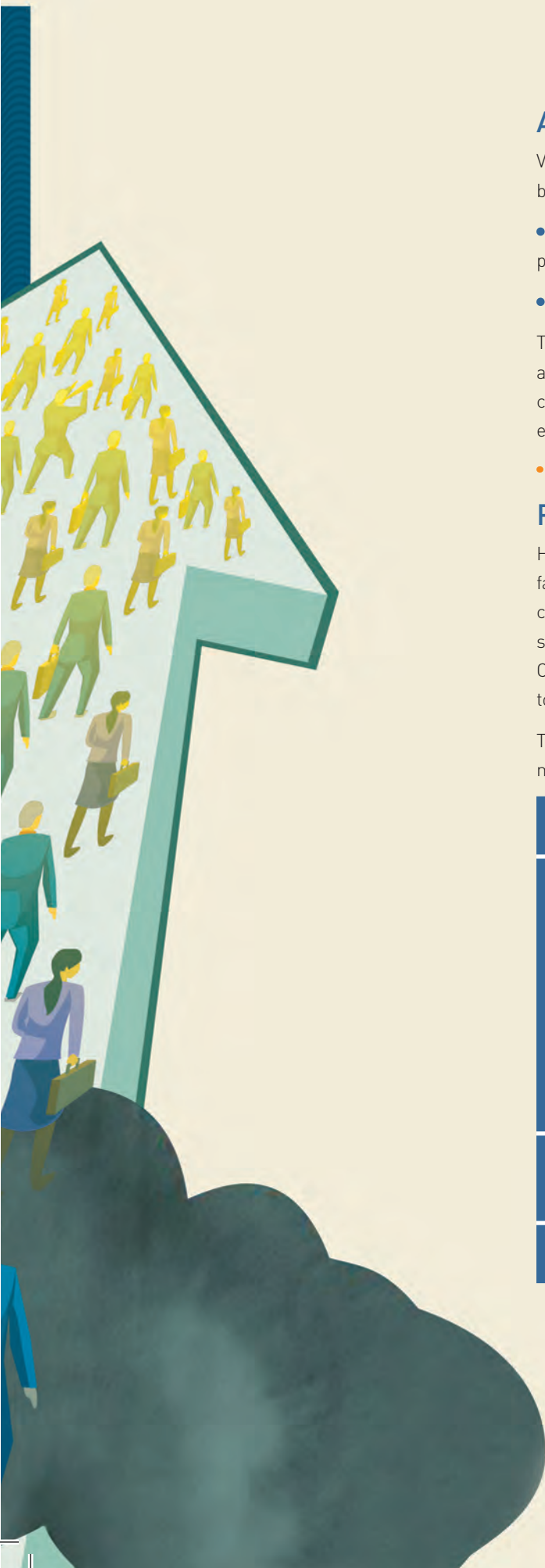
Established a robust presence in India's building products and textile yarn segments.

Strengthened sustainability with timely investments in plants and processes.

Harnessed the economic turnaround with attractive revenues, margins and profits.

The story of resurgence at Visaka Industries has just begun...





## About us

Visaka Industries, established in 1985, is engaged in two attractive businesses.

- Building products - cement asbestos products and fibre cement flat products (V-Boards and V-Panels)
- Synthetic yarns for the textile segment

The shares of the Company are listed and actively traded on the Bombay and National Stock Exchanges. As of March 31, 2015, Visaka had a market capitalisation of ₹146 crore. The promoters held 37.54% of the Company's equity share capital.

## Presence

Headquartered in Hyderabad, Visaka Industries has 11 manufacturing facilities across India. These plants possess an aggregate production capacity (annual) of about 8,02,000 tonnes of corrugated cement asbestos sheets and 1,29,750 tonnes of fibre cement flat board products. The Company also comprises a spinning plant capable of producing 9,000 tonnes of yarn per annum.

The Company's manufacturing units are supported by nine pan-India marketing offices.

Product	Manufacturing unit	Installed capacity	Capacity utilisation
Cement asbestos products	<ul style="list-style-type: none"><li>• Patancheru (Telangana)</li><li>• Vijayawada (Andhra Pradesh)</li><li>• Paramathi (Tamil Nadu)</li><li>• Tumkur (Karnataka)</li><li>• Midnapore (West Bengal)</li><li>• Rae Bareli (Uttar Pradesh)</li><li>• Pune (Maharashtra)</li><li>• Sambalpur (Odisha)</li></ul>	8,02,000 metric tonnes	96%
Fibre cement flat products	<ul style="list-style-type: none"><li>• Miryalguda (Telangana)</li><li>• Delwadi (Maharashtra)</li></ul>	1,29,750 metric tonnes	68%
Textiles	<ul style="list-style-type: none"><li>• Nagpur (Maharashtra)</li></ul>	31 MTS machines	96%



# Resurgent Visaka

*Responding to the sectoral rebound*

Visaka's robust business model is adequately prepared to capitalise on its industry prospects, validated by its performance in FY 2014-15.



**14.7%** revenue growth

₹883 crore in 2013-14 to ₹1,013 crore in 2014-15

... **The result** of an increase in product demand leading to higher sales volumes

**57%** EBIDTA growth

₹62.65 crore in 2013-14 to ₹98.33 crore in 2014-15

... **The result** of cost optimisation and enhanced utilisation

**77%** net profit growth

₹11.97 crore in 2013-14 to ₹21.24 crore in 2014-15

... **The result** of economies-of-scale and margins accretion

**7.5%** gross block growth

₹526.94 crore in 2013-14 to ₹566.60 crore in 2014-15

... **The result** of a reinvestment of our surplus towards capacity addition

**280bps** ROE growth

3.59% in 2013-14 to 6.39% in 2014-15

... **The result** of an accruals-driven investment in the business

**77%** EPS growth

₹7.54 in 2013-14 to ₹13.37 in 2014-15

... **The result** of improved profits on a stable equity base

**1.00** debt-equity ratio as on March 31, 2015

0.87 as on March 31, 2014

... **The result** of prudent financial planning and timely debt repayment

# Rejuvenating Visaka

*Making our presence felt across segments and geographies*

At Visaka, we reported profitable growth in 2014-15, a testimony of the strength of our brand and how we are equipped to unleash attractive value.

## PERFORMANCE, 2014-15

Strengthened revenues by

**14.7%**

from ₹883 crore in 2013-14 to ₹1,013 crore

Enhanced profit before tax by

**77%**

from ₹18.80 crore in 2013-14 to ₹33.21 crore

Enhanced profit after tax by

**77%**

from ₹11.97 crore in 2013-14 to ₹21.24 crore

## PROFITABILITY, 2014-15

261 bps increase in EBITDA margins from 7.10% in 2013-14 to

**9.71%**

115 bps increase in net profit margins from 2.13% in 2013-14 to

**3.28%**

252 bps increase in ROCE from 6.12% in 2013-14 to

**8.64%**

### Building products division

#### Revenues

This segment reported 18% revenue growth to ₹834 crore and contributed 82% to the Company's overall topline.

#### Production

- Production grew by 28% for the cement asbestos segment with a capacity utilisation of 96% (80% in 2013-14).
- Production of V-Board grew by 42%.

#### Sales

- Sales grew by 12.5% for the cement asbestos segment.
- Sales volumes for V-boards grew by 57%.
- Exports of V-boards grew by 109%.

### Textile division

#### Revenues

This segment reported revenues of ₹180 crore (against ₹178 crore in 2013-14), contributing 18% to the Company's topline.

#### Production

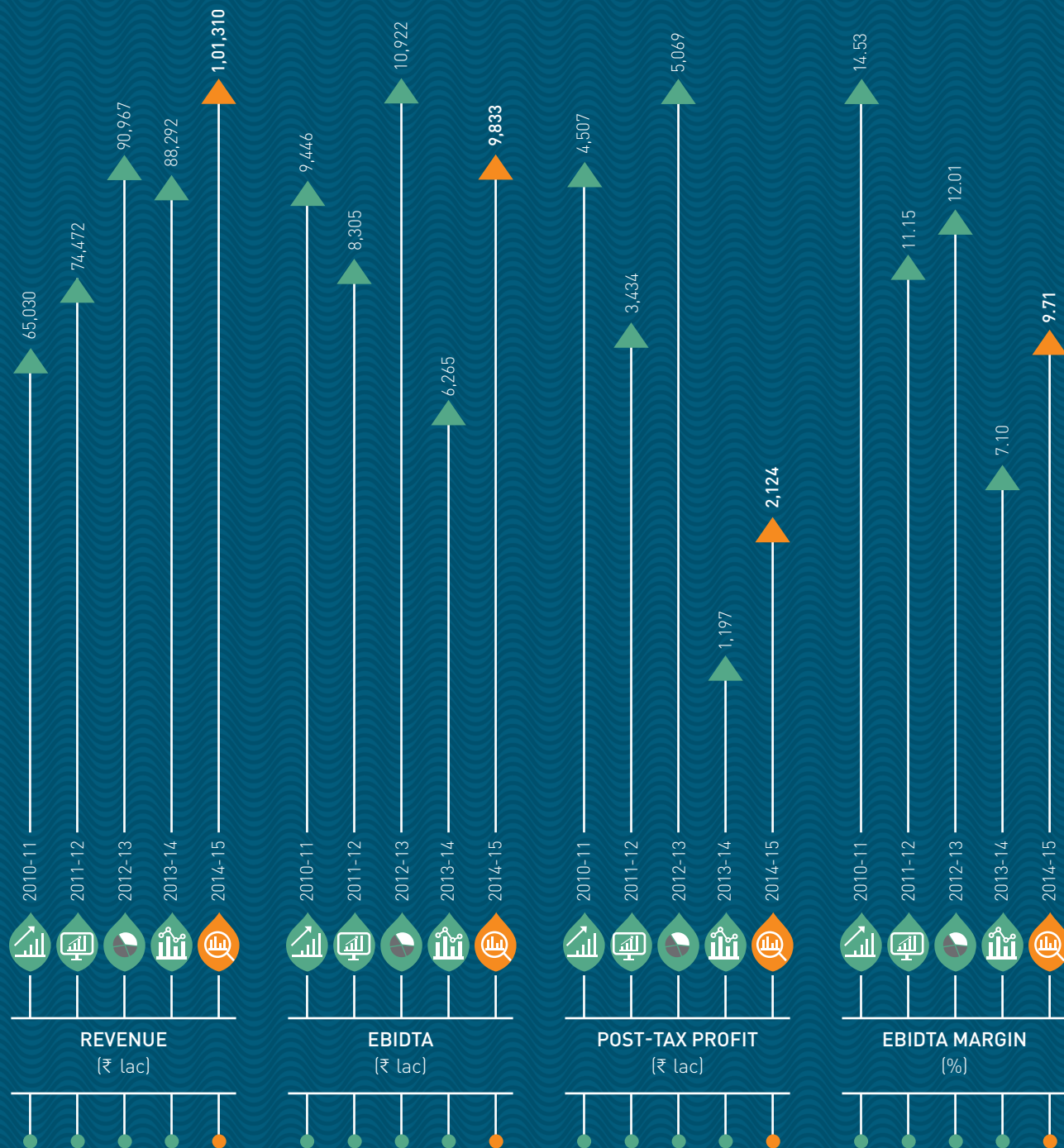
Production grew 3.3% to 8,900 metric tonnes (8,614 metric tonnes in 2013-14); capacity utilisation stood at 96%.

#### Sales

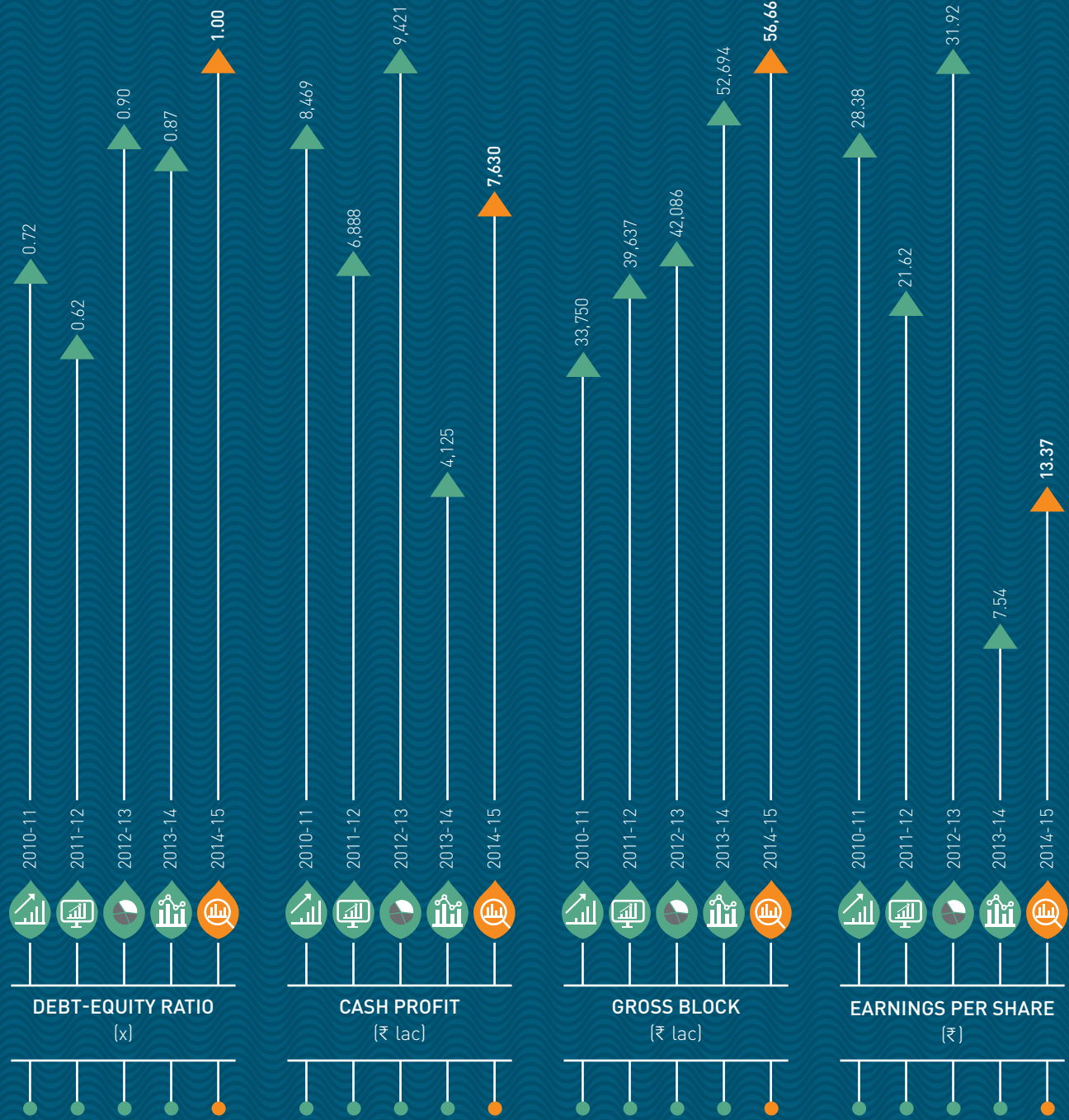
Domestic sales stood at 6,863 metric tonnes as against 6,913 metric tonnes in 2013-14. Exports stood at 2,095 metric tonnes as against 1,609 metric tonnes in 2013-14.

# Rebounding Visaka

*Reporting creditable numbers across key financial metrics*







# Robust Visaka

*Widening the moat*

## Customer-centricity

### Diversity

Visaka is present along multiple product and service lines (building products and synthetic blended yarns), de-risking itself from adverse developments in any niche. The proportion of revenues from its asbestos cement business declined to

71% in 2014-15.

### Presence

Visaka's extensive presence makes it possible to service diverse customer requirements – rural, urban and international – cutting across geographic and socio-economic divides.

### Quality

Visaka manufactures products benchmarked with demanding international standards and certifications (granted by internationally-respected quality standards authorities).

## Operational focus

### Foresight

Visaka made prudent and proactive investments in augmenting production capacity to address emerging opportunities. The result of this proactive responsiveness is that the Company possesses one of the most competitive cement asbestos capacities in India (expressed in one of the lowest capital costs per tonne within its sector).

suffered cost increases due to the power crises in Andhra Pradesh, Telangana and Tamil Nadu, Visaka commissioned a 2.5-megawatt solar power plant, facilitating access to cheap, captive and renewable energy.

twisting machines, making this one of the world's largest installations of its kind (producing about 8,900 metric tonnes of yarn per annum).

### Integration

At a time when most companies

### State-of-the-art

The Company's fully-automated plants enhanced operational efficiency and consistency. The yarn manufacturing units utilise 31 state-of-the-art twin air jet spinning technology machines from Murata and 111 two-for-one

### Efficiency

The Company's shopfloor competence guarantees that products conform to relevant ISI recommendations. The Company's building products manufacturing plants are one of the lowest electricity consumers per tonne of production.

## People-friendly

### Balance

The Company's management brings to the table a potent combination of experience and stability. A significant proportion of the senior managerial personnel have been with the Company for more than 15 years. The

Company is driven by annual business plans coupled with prudent delegation that makes it possible to realise aspirations.

### Aptitude

The Company's pool of talented,

experienced and committed professionals from engineering, finance, production, marketing, commercial, regulatory and quality domains ensure that Visaka remains competitive across market cycles.