



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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At Visaka Industries, we have strengthened our business model in the recent past through focused initiatives.

Addition of a business. Strengthening our businesses. Value-addition.



The result is that we reported profitable growth in a challenging 2016-17.

Revenues remained stable; profit after tax jumped

67 per cent.



Visaka's business model was validated by investors; market capitalisation crossed the

Rs 500 cr mark.

Graduating the company to the next level.

At Visaka Industries, **'the next level'** is more than a neat statement. It is our business philosophy.



The statement stands for continuous growth.



The statement stands for ongoing improvement.



The statement stands for making the good even better.



The statement stands for an unceasing quest for excellence.



With the singular focus of enhancing value for our stakeholders.

Our vision

Committed to be a 'Credible, Passionate and Innovative' solutions providing company.

Our mission

- To be a complete cost effective and qualitative building solution provider.
- To identify potential products which add value to the societal needs.
- To explore and enhance our niche textile markets.
- To create value and trust among all the stake holders.

Our values

- Initiative, Responsibility and Accountability
- Care, Compassion and Courtesy
- Ethical Functioning, Fairness and Transparency
- Trust, Good Faith and Integrity



Cement asbestos

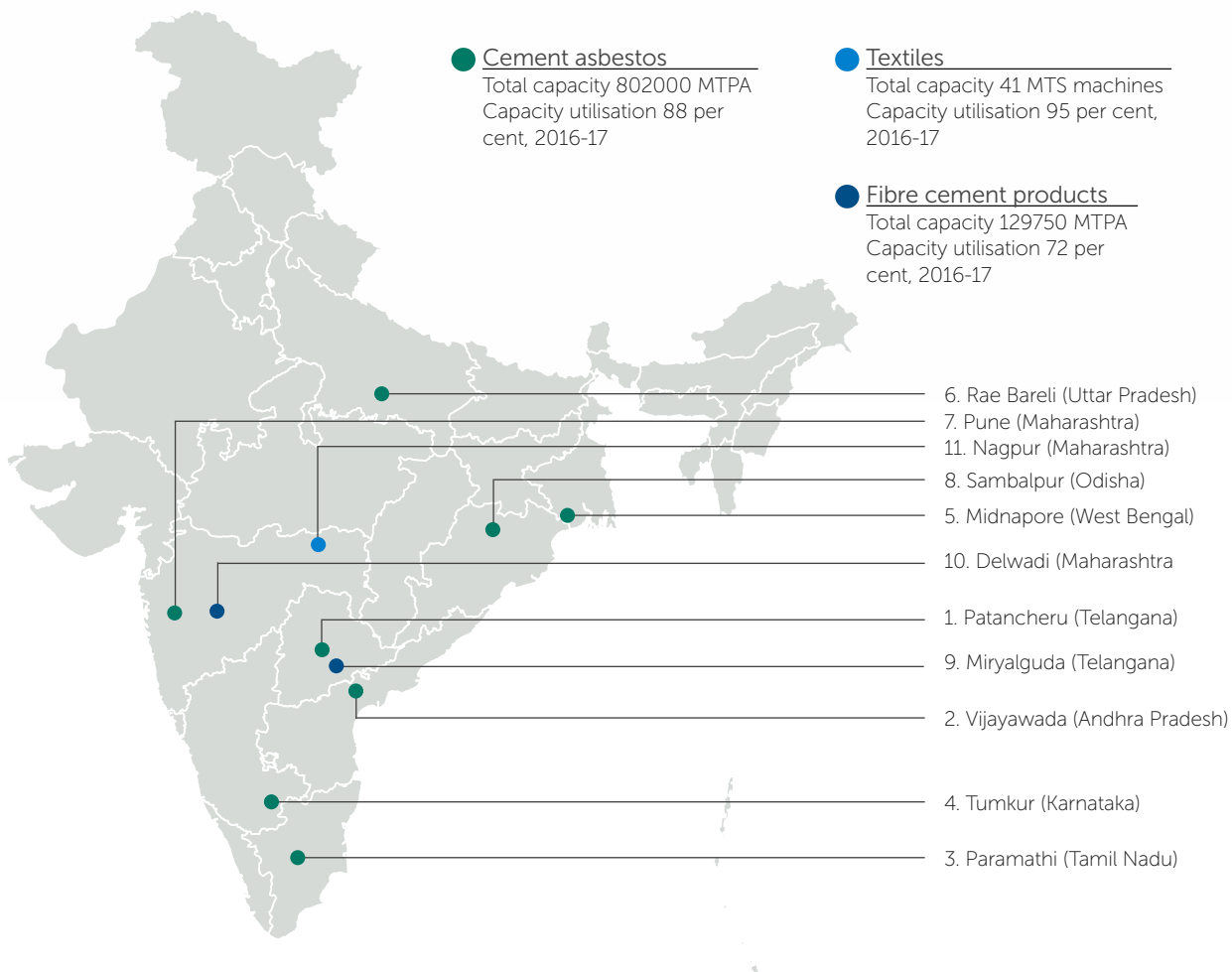
Total capacity 802000 MTPA
Capacity utilisation 88 per cent, 2016-17

Textiles

Total capacity 41 MTS machines
Capacity utilisation 95 per cent, 2016-17

Fibre cement products

Total capacity 129750 MTPA
Capacity utilisation 72 per cent, 2016-17





Who we are

Visaka Industries Limited was established in 1981 by Mr. G. Vivekanand, a first generation entrepreneur. We commenced the manufacture of corrugated cement fibre sheets in 1985. Seven years later, we diversified into the manufacture of synthetic yarn. In 2008 we forayed in to the V-Next products (Fibre cement Boards) under the brand name of V-Board.

The result is that the Company is now engaged in two businesses:

- Building products: Cement asbestos products and fibre cement boards (V-Boards and V-Panels)
- Synthetic yarns

The Company was the seventh largest cement asbestos product manufacturer in India by volume in 1996; it is number two today accounting for 18 per cent of India's market share. It is a leader in twin air-jet spun yarn. It is a significant player in the V-Next products.

FINANCIAL HIGHLIGHTS, 2016-17



Revenues

Building products division

This segment reported revenue of Rs 782 crores and contributed 82 per cent (83 per cent in 2015-16) to the Company's overall revenues.



Production

Textile division

This segment reported revenue of Rs 175 crores and contributed 18 per cent (17 per cent in 2015-16) to the Company's overall revenue.



Production

Building products division

- Production volume increased 2.40 per cent for the cement asbestos segment in 2016-17 with a capacity utilisation of 88 per cent (86 per cent in 2015-16).
- Production of V-Board 8panels declined by 12 per cent during the year 2016-17 mainly on account of decline in Middle East market.

Succession

The Company smoothly transitioned to the second generation with Mr G Vamsi Krishna joining the Company 6 years ago. Mr Vamsi Krishna, son of Dr. G. Vivekanand and Smt. Saroja Vivekanand, did part of his schooling in India and Singapore and graduated from Purdue University, USA. Having worked as Chief Business Strategist from 05.07.2012 to 31.05.2014 and Whole Time Director from 01.06.2014 to 05.05.2017, the Board recommended his elevation to Joint Managing Director at its meeting held on May 5th, 2017.

Mr Vamsi Krishna has been the force behind the development of V-Next business. He is well positioned to take the Company to the next level

Performance

In 2016-17, Visaka derived 82 per cent of its revenues from building products and 18 per cent from textiles.

Where we are

Visaka is a pan-india company (11 manufacturing locations) headquartered out of Hyderabad.

The Company's building products facility possesses an annual aggregate production capacity of 802000 tonnes of cement asbestos sheets and 129750 tonnes of fiber cement flat board products.

The Company's yarn spinning plant comprises an annual production capacity of 2752 twin air-jet spinning positions equivalent to 82560 spindles. The Company's manufacturing units are supported by 13 marketing offices across India.

Our reach

Visaka's products are available pan-India through a distribution channel that comprises more than 6000 dealer outlets in multiple cities, districts and villages. Nearly 90 per cent of the Company's cement asbestos product revenues are derived from semi-urban

and rural India, making it an excellent proxy of national growth. Nearly 100 per cent of our V-Next Products (V-Boards and V-Panels) revenues are derived from urban markets, making the building products presence pan-India.

Visaka's products are also exported; building products were exported to approximately 15 countries and textile yarns to 17 countries. Visaka's exports accounted for 7.1 per cent of revenues.

Our listing

Visaka's equity shares are listed and actively traded on the Bombay and National Stock Exchanges. The Company enjoyed a market capitalisation of Rs. 430 crores as on March 31, 2017. The promoters owned 41.22 per cent of the Company's equity share capital on that date. As on the date of release of the report, the market capitalisation exceeded Rs 500 crores; the promoters increased their stake from 37.64 per cent to 41.22 per cent during the year.

Our big numbers in FY17 at a glance



Production

Textile division

Production volume grew 7 per cent.



Sales

Building products division

- Sales volume declined 1.50 per cent for the cement asbestos segment in 2016-17.
- Total sales volume for V-Board grew 3.7 per cent; though exports for the fibre cement V-Boards declined by 43.7 per cent.



Textile division

Domestic sales volume increased by 3.1 per cent in 2016-17 and exports increased by 1.81 per cent by volume in 2016-17.

This is how we have grown over the years

3.30 per cent decline in revenues, FY17



Revenues (₹ / crores)

Definition

Growth in the Company's sales net of taxes and excise duties.

Why we measure

This is a direct proof about our ability and expertise in understanding markets and customer needs and efficiently supply products accordingly. This decline mirrors the overall building products industry scenario in the country during the last four years. This trend is expected to reverse from this year.

Performance

Our aggregate sales decreased by 3.30 per cent to Rs 957 crores in FY17.

21 per cent growth in EBITDA, FY17



EBITDA (₹ / crores)

Definition

Earning before the deduction of fixed expenses (interest, depreciation, extraordinary items and tax).

Why we measure

It is an index that showcases the Company's ability to optimise business operating costs despite inflationary pressures, which can be easily compared with the respective average and sectoral peers.

Performance

The Company reported a 21 per cent increase in its EBITDA in FY17 – an outcome of the efforts of its team in improving operational efficiency.

249 bps growth in EBITDA margin, FY17



EBITDA margin (per cent)

Definition

EBITDA margin is a profitability ratio used to measure a company's pricing strategy and operating efficiency. The higher the operating margin, the better for the Company.

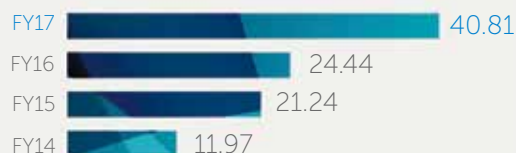
Why we measure

The EBITDA margin gives an idea of how much a company earns (before accounting for interest and taxes) on each rupee of sales.

Performance

The Company reported a 249 bps increase in EBITDA margin in FY17. This was the result of enriching its product basket with superior products and improved operating efficiency across the business.

67 per cent increase in net profit, FY17



Net Profit (₹ / crores)

Definition

Profit earned during the year after deducting all expenses and provisions.

Why we measure

It highlights the strength in the business model in generating value for its shareholders.

Performance

The Company reported a 67 per cent increase in its Net Profit in FY17. This reflects the efficiency of the business model that the Company follows, which led to a consistent growth in profits despite adverse industry conditions.

422 bps growth in ROCE, FY17



ROCE (per cent)

Definition

It is a financial ratio that measures a company's profitability and the efficiency with which its capital is employed in the business.

Why we measure

ROCE is a useful metric for comparing profitability across companies based on the amount of capital they use - especially in capital-intensive sectors.

Performance

The Company reported a 422 bps increase in ROCE in FY17 - a showcase of prudently investing every rupee in profitable spaces that generate higher returns for shareholders.

38 bps decrease in gearing, FY17



Debt-equity ratio

Definition

This is derived through the ratio of debt to net worth (less revaluation reserves).

Why we measure

This is one of the defining measures of a company's financial health, indicating the ability of the Company to remunerate shareholders over debt providers (the lower the gearing the better). In turn, it indicates the ability of the Company to sustain growth in profits, margins and shareholder value.

Performance

The Company's gearing moderated from 1.02 in FY16 to 0.64 in FY17. We recommend that this ratio be read in conjunction with net debt/operating profit (declining, indicating a growing ability to service debt).

25 bps decrease in debt cost, FY17



Average debt cost (per cent)

Definition

This is derived through the calculation of the average cost of the consolidated debt on the Company's books.

Why we measure

This indicates our ability in convincing bankers and other debt providers of the robustness of our business model, translating into a progressively lower debt cost (potentially leading to higher margins).

Performance

The Company's debt cost progressively declined from a peak 10.08 per cent in FY14 year to 8.75 per cent in FY17. We recommend that this ratio be read in conjunction with our rising interest cover (rising, indicating higher liquidity).

Increase in interest cover, FY17



Interest cover (x)

Definition

This is derived through the division of EBITDA by interest outflow.

Why we measure

Interest cover indicates the Company's comfort in servicing interest, the highest the better.

Performance

The Company strengthened its interest cover from 4.6 in 2015-16 to 6.6 in 2016-17.

The background of the slide is composed of large, overlapping, curved shapes in various shades of green and blue. The shapes are organic and fluid, creating a sense of movement and growth. The colors range from light, airy blues and greens to deeper, more saturated tones. The overall effect is modern and dynamic.

The Next Level

At Visaka, 'The Next Level' is not only about a growth in revenues and financials. It is also about a strategic graduation.