



Vamsi Krishna

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You are expecting non-asbestos segment to reach 50% of revenue in coming two-three years from the current 32%. Can you share your strategy on how you are going to increase revenue?

We are into three businesses, namely, cement asbestos sheets, V-Next products (V-Board etc) and synthetic spun yarns. We are the second largest player in cement asbestos industry with a market share of 18%. We are the second largest player in V-Next products with a market share of 26%. We are the largest twin airjet spinning installation in the country and one of the largest in the world known for high quality yarns.

Currently, V-Next and spinning contribute about 32% of the total revenues. We have expanded the capacity of spinning by 26% during the end of FY17, the results of which will be visible in FY2017-19. The V-Next brand of products has been growing at a CAGR of 15% during the last 4 years, with the exception of FY17 due to fall in exports to Middle East. We expect this business to clock a CAGR of 20% plus for the next three years. We are expanding capacity in this business with a greenfield project in Haryana which will commence production in FY19. During FY18, the current capacity will reach 100% utilisation by which the expanded capacity will be in operation. All these initiatives should take our non-asbestos cement business to about 50% by 2020. Considering our significant play in all the spaces in which we operate, we are optimistic that we will be able to achieve our target.

Your V-boards products are innovative and are replacing plywood in residential and commercial space. Do you have any

“We expect V-Next business to be the next growth engine of the company”

plan to expand your geographical presence for these products?

It is true that V-Boards are making inroads into all the traditional methods of construction and substituting traditional construction materials. It can replace brick-and-mortar construction, gypsum board, plywood etc. These are fire, water and termite resistant, easy to assemble, give extra floor space, have good acoustic and thermal insulation properties. Hence, these are becoming very popular like in the western countries. To meet this growing demand, we are currently setting up a greenfield capacity of 50,000 MT in the state of Haryana at a capital cost of about Rs. 70 crores predominantly financed from internal accruals. Depending upon the need, we are prepared to expand capacities further. With the setting up of this unit, we will be the largest producer of this product in India. We already have a presence all over India in terms of marketing and we will deepen this further with these initiatives. This product is an eco-friendly product and has been accorded the Green-Pro and Green-Co accreditation by the Green Building Council of CII. This will be the product of choice for all multi-nationals and foreign funds pouring into India.

In the coming days, which segments do you expect will drive major revenue for your company?

While cement asbestos also has the potential to grow, we are driving the growth of V-Next brand of products in a big way. V-Next is our passion and we are taking a lot of initiatives including brand-building to drive the growth of this business. We expect this business to be the next growth engine of the company. As the visibility further improves, these products will be all-pervasive in their presence.

With implementation of GST, taxation level is expected to come down. Do you have any plan to pass on the benefit to customers? Also, are you prepared for the GST tax regime?

The current level of taxation for both our

cement asbestos business and V-Next business is 28%. This has come down to 18% under the GST. Hence, this will give an advantage over our competing products since there is no decrease in their taxation. We expect to pass on this benefit and drive growth in demand and our revenues. We have engaged Ernst & Young to advise us on the GST roll-out initiative. We are preparing for the new tax regime.

Can you brief us about overall outlook of the company?

The company which first started the manufacture of cement asbestos products under the leadership of Dr Vivekanand in 1985 has now grown into a multi-product, multi-location pan-india company with manufacturing facilities at 11 locations and 28 sales depots located all over the country. The turnover for FY2017 stood at Rs 967 cr. with a PAT of Rs 40 cr. The market cap as on June 15, 2017 is Rs 778 cr. We have implemented the latest technology in all our operations. We have robust monitoring systems and performance initiatives which can ensure sustainable growth of the company. The company is professionally managed with distinguished professionals managing various functions guided by an eminent Board of Directors.

The company has transitioned into the second generation with Mr. Vamsi Krishna (son of Dr. Vivekanand and Smt. Saroja Vivekanand) being elevated to the position of Jt. Managing Director from Whole Time Director. He has done his schooling partly in India and Singapore and graduated from Purdue University in the US. He is well-positioned and capable of driving the growth of the business. He is the force behind the V-Next business since its inception. His passion for this business is expected to drive growth of this business manifold in the years to come.

We are confident of growing the company significantly both in revenues and bottomline and create wealth for the shareholders in the years to come.