INDIA

HOLD

CENTRUM

Visaka Industries

Building materials

Result Update   15 November 2017

Strong earnings continue

Visaka Industries (VIL) continues to deliver strong earnings, as its Q2FY18 EBITDA/ PAT rose 20%/44% YoY, driven by robust performance of its Asbestos Cement Sheet (ACS) segment. While the ACS drove the show during H1FY18, the other two businesses - Cement boards/panels (CBP) and Yarn are expected to gain momentum H2FY18 onwards, thus leading to all round performance uptick going forward. We remain positive on the long term prospects of all three business segments, thus leading to further strengthening of its return ratios. We increase our TP to Rs671, as we upgrade earnings, factoring in strong earning beat. However, the sharp run-up of 20%/75% over past 3/6months leave limited upside in near term. Thus, we downgrade to HOLD.

- **Building product (BP) – stellar show continues**: Segmental volume rose 8% YoY led by strong ACS demand, owing to good monsoon. A 10% tax cut under GST also bolstered sales. VIL delivered industry leading 10% volume growth in ACS segment, led by sturdy offtake in its east and south markets. Domestic sales of CBP rose a modest 5% YoY during the quarter, but the growth momentum has picked up in Q3FY18. Robust demand also led to 6% YoY rise in BP segment's net realization (NSR), ~7% ahead of our est. High utilization along with strong realization uptick buoyed segmental EBITDA margin by 363bps YoY to 18.8% (vs our est of 14.7%) – *VIL's highest segmental margin in last 22 quarters and its highest in last 10 years during Sep quarter*. Segmental EBITDA rose 41% YoY to Rs317mn (vs our est of Rs233mn).
- **Yarn segment – temporary drag on account of GST**: In Q2FY18, segmental revenue fell 35% YoY and 35% QoQ owing to weak demand post GST implementation. Under GST, Yarn attracted 18% tax vs 5% of fabric. Later in October, the government narrowed the difference by reducing the GST on Yarn to 12%. Thus, offtake is expected to increase H2FY18 onwards. Lower utilization in Q2FY18 led to sharp 60% YoY fall in segmental EBITDA to Rs25mn leading to subdued 8% OPM. Despite weak yarn profits, strong uptick in the BP segment' performance propelled total profit growth.
- **All businesses set to deliver:** In our view, VIL's ACS sales and profitability will remain robust owing to improving demand (further aided by lower tax), manufacturers' increased sales effort, and stable raw materials costs. Lower tax will also accelerate CBP's (a low cost superior product) penetration in tier-2/tier 3 markets (retail sales). VIL's 40% CBP capacity increase through green-field expansion in the north will boost segmental revenue growth and reduce lead distance, thus driving margin expansion. Even the Yarn segment is seeing demand recovery post rationalisation of GST rate of yarn. VIL is also focussing on steadily improving its working capital, thereby further strengthening its balance sheet.
- **Valuation and recommendation**: We upgrade our PAT estimates by 12%/13% respectively for FY18/19E factoring in strong estimates beat in H1FY18 and sustenance of our strong outlook. Thus, we increase our TP to Rs671, valuing it at 5.9% AOCF/EV yield on its FY15-19E avg AOCF of Rs727mn. Our valuation yield implies 10% premium to its long term yield. The stock has delivered 370% return over the last two years, since our **initiation in Oct 2015**. Over the last one year also, it delivered 190% return. We remain positive on the long term prospects of all three businesses of VIL, and on VIL's efficient capital allocation strategy towards growing the high potential CBP business. However, amid limited upside on our revised TP in near term, we downgrade to HOLD. Key downside risks: prolonged drag of GST on demand offtake, spike in fibre costs and cement prices, delays in CBP project commissioning.

Y/E Mar (Rs mn)	Q2FY18	Q2FY17	*YoY (%)*	Q1FY18	*QoQ (%)*	Q2FY18E	*Variance %*
Net Sales	2,011	1,987	*1.2*	3,092	*(35.0)*	1,939	*3.7*
Op. cost	1,678	1,709	*(1.9)*	2,625	*(36.1)*	1,680	*(0.1)*
EBITDA	333	277	*20.1*	467	*(28.7)*	260	*28.3*
EBITDA margin (%)	*16.6*	*14.0*	*261bps*	15.1	*146bps*	*13.4*	*318bps*
Depreciation	86	81	*6.5*	90	*(4.6)*	90	*(4.1)*
Other Income	10	11	*(6.0)*	16	*(36.1)*	2	*407.3*
Interest	40	38	*4.0*	40	*0.5*	30	*33.0*
Taxes paid	76	71	*6.8*	123	*(38.6)*	48	*57.1*
Adjusted PAT	141	98	*44.4*	230	*(38.4)*	94	*51.2*

Source: Company, Centrum Research Estimate

Target Price	Rs671	Key Data	
CMP*	Rs623	Bloomberg Code	VSKI IN
Upside	*8%*	Curr Shares O/S (mn)	15.9
Previous Target	Rs620	Diluted Shares O/S(mn)	15.9
Previous Rating	Buy	Mkt Cap (Rs bn/USDmn)	9.8/151
Price Performance (%)*		52 Wk H / L (Rs)	734/172.3
		5 Year H / L (Rs)	734/65.8
		Daily Vol. (3M NSE Avg.)	192151

	1M	*6M*	*1Yr*
VSKI IN	*(10.3)*	*75.3*	*216.0*
Nifty	*(0.5)*	*7.1*	*24.8*

**as on 15 November 2017; Source: Bloomberg, Centrum Research*

Shareholding pattern (%)*

	Sep-17	Jun-17	Mar-17	Dec-16
Promoter	*41.2*	*41.2*	*41.2*	*37.6*
FIIs	*6.5*	*5.7*	*3.6*	*3.6*
DIIs	*0.9*	*2.6*	*0.3*	*0.4*
Others	*51.4*	*50.5*	*54.9*	*58.3*

*Source: BSE, *as on 15 November 2017*

Segmental operational performance

	Q2FY18	Q2FY17	*YoY (%)*	Q1FY18	*QoQ (%)*
Building products (BP): Asbestos roofing (ACS)+ Cement boards (CBP)					
BP Sales vol (K-MT)	158	146	*8.4*	253	*(37.5)*
Rev (Rs mn)	1,694	1,497	*13.1*	2,607	*(35.0)*
EBITDA (Rs mn)	317	226	*40.6*	458	*(30.7)*
OPM (%)	*18.7*	*15.1*	*366*	*17.6*	*116*
Textiles/ Yarn Spinning					
Sales vol (K-MT)	1.74	2.52	*(31.1)*	2.65	*(34.3)*
Rev (Rs mn)	317	490	*(35.3)*	485	*(34.6)*
EBITDA (Rs mn)	25	63	*(59.7)*	25	*(0.3)*
OPM (%)	*8.0*	*12.8*	*(481)*	*5.2*	*274*

Source: Company, Centrum Research

Earning Revisions summary

Particulars (Rs mn)	FY18E			FY19E		
	New	Old	*Chg (%)*	New	Old	*Chg (%)*
Sales	10,374	10,521	*(1.4)*	11,606	11,540	*0.6*
EBITDA	1,429	1,320	*8.3*	1,625	1,527	*6.4*
Ebitda margin (%)	*13.8*	*12.5*		*14.0*	*13.2*	
Adj PAT	605	540	*12.0*	734	649	*13.2*

Source: Centrum Research Estimates

Rajesh Kumar Ravi, *rajesh.ravi@centrum.co.in*; 91 22 4215 9643
Vinay Menon, *vinay.menon@centrum.co.in*; 91 22 4215 9141

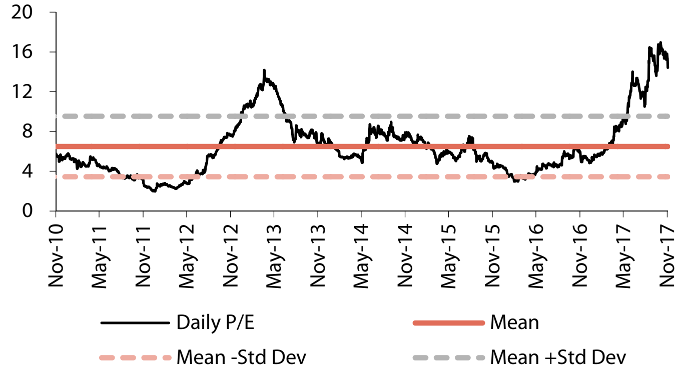
Y/E Mar (Rs mn)	Rev.	*YoY (%)*	EBITDA	*EBITDA (%)*	Adj PAT	*YoY (%)*	*FDEPS (Rs)*	*RoE (%)*	*RoCE (%)*	P/E (x)	EV/EBITDA (x)
FY15	10,211	*14.5*	959	*9.4*	212	*77.5*	*13.4*	*6.4*	*5.3*	8.3	5.0
FY16	10,049	*(1.6)*	997	*9.9*	289	*36.2*	*18.2*	*8.5*	*5.7*	6.8	4.8
FY17	9,667	*(3.8)*	1,249	*12.9*	509	*75.9*	*32.1*	*13.9*	*8.4*	5.7	4.0
FY18E	10,374	*7.3*	1,429	*13.8*	605	*18.8*	*38.1*	*14.7*	*10.4*	16.4	8.5
FY19E	11,606	*11.9*	1,625	*14.0*	734	*21.4*	*46.2*	*15.7*	*11.7*	13.5	7.0

Source: Company, Centrum Research Estimates

In the interest of timeliness, this document is not edited

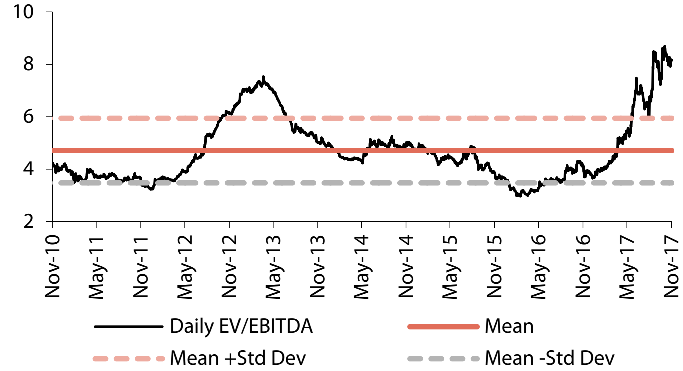
Valuation and key assumptions

Exhibit 1: 1-yr forward P/E chart



Source: Bloomberg, Company, Centrum Research Estimates

Exhibit 2: 1-yr forward EV/EBITDA chart



Source: Bloomberg, Company, Centrum Research Estimates

We expect VIL to deliver 5-year avg AOCF of Rs727mn during FY15-19E. During FY18/19E, we estimate VIL to deliver AOCF of Rs896mn/Rs857mn respectively (~20% higher than the five year mean that we factored in for our valuation). We apply target AOCF/EV yield of 5.9% (we apply a 10% premium to its historical average yield of 6.6%), leading to a TP of Rs671. Our TP implies 14.5x P/E and 7.5x EV/EBITDA on our FY19E estimates.

Exhibit 3: Cash flow-based valuation

Long term average AOCF/EV Yield (%)	6.6
Premium assigned to long term average- %	*10*
Target AOCF/EV Yield - %	*5.9*
5- yr avg. AOCF (Rs mn) - FY15-19E	727
Target EV (Rs mn)	12,232
Net Debt/(Cash) – FY19E (Rs mn)	1,559
Fair value Mkt Cap (Rs mn)	10,673
No. of shares (mn)	15.9
Fair Value/share (Rs)	**671**

Source: Company, Centrum Research Estimates

Key assumptions & cash flow based valuation

Exhibit 4: Key operational summary and assumptions – Building products and Yarn segments

Particulars	FY14	FY15	FY16	FY17	FY18E	FY19E
ACS Installed Capacity (K MT)	752.0	802.0	802.0	802.0	802.0	802.0
CBP Installed Capacity (K MT)	129.8	129.8	129.8	129.8	129.8	179.8
Building Product (ACS +CBP)						
Building product sales volume (K MT)	698	806	797	787	824	886
Blended Sales volume *YoY (%)*	*(4.5)*	*15.5*	*(1.1)*	*(1.2)*	*4.6*	*7.5*
Blended NSR *YoY (%)*	*(0.9)*	*2.4*	*(0.8)*	*(3.4)*	*3.1*	*1.3*
Segmental Revenue (Rs mn)	7,077	8,363	8,203	7,832	8,449	9,207
Segmental EBITDA (Rs mn)	344	726	740	1,074	1,180	1,246
Segmental *OPM (%)*	*4.9*	*8.7*	*9.0*	*13.7*	*14.0*	*13.5*
Textiles/ Yarn Spinning						
No of Twin-jet machines (Nos.)	31.0	31.0	33.0	41.0	41.0	41.0
Total Sales vol (K MT)	8.5	9.0	9.2	9.5	10.7	12.0
Total Sales vol *YoY (%)*	*3.3*	*5.1*	*2.7*	*2.8*	*13.0*	*12.0*
Blended NSR *YoY (%)*	*4.6*	*(4.1)*	*(7.0)*	*(0.9)*	*1.5*	*1.0*
Segmental Revenue (Rs mn)	1,781	1,796	1,715	1,746	2,003	2,266
Segmental EBITDA (Rs mn)	283	245	284	198	160	295
Segmental OPM (%)	*15.9*	*13.6*	*16.6*	*11.3*	*8.0*	*13.0*

Source: Company, Centrum Research Estimates

Quarterly financial trend

Exhibit 5: Quarterly financial trend

Y/E Mar (Rs mn)	Q3FY16	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18
Net Sales	**2,154**	**2,757**	**3,080**	**1,987**	**2,024**	**2,547**	**3,092**	**2,011**
Total Expenditure	1,989	2,481	2,717	1,709	1,808	2,244	2,625	1,678
Raw Materials	1,242	1,620	1,800	853	965	1,337	1,735	859
Employee	167	173	202	170	184	206	258	209
Others	580	687	715	687	659	700	632	610
EBITDA	**165**	**276**	**363**	**277**	**216**	**303**	**467**	**333**
Depreciation	90	83	81	81	87	91	90	86
EBIT	75	193	281	196	129	212	377	247
Interest	57	53	52	38	47	51	40	40
Other Income	5	4	28	11	4	5	16	10
PBT	22	145	258	169	86	166	353	217
Taxes	11	56	91	71	32	66	123	76
Exceptional inc/ (exp)	-	-	-	-	-	-	-	-
Reported PAT (post minority)	11	89	167	98	54	100	230	141
Adjusted PAT	**11**	**89**	**167**	**98**	**54**	**100**	**230**	**141**
YoY Growth (%)								
Revenue	*0.6*	*(3.3)*	*(4.2)*	*3.3*	*(6.0)*	*(7.6)*	*0.4*	*1.2*
EBITDA	*6.8*	*2.8*	*1.1*	*82.3*	*31.1*	*9.7*	*28.7*	*20.1*
Adj PAT	*326.5*	*46.8*	*22.5*	*1,153.7*	*386.4*	*12.1*	*37.7*	*44.4*
Margins (%)								
EBITDA	*7.6*	*10.0*	*11.8*	*14.0*	*10.7*	*11.9*	*15.1*	*16.6*
PBT	*1.0*	*5.3*	*8.4*	*8.5*	*4.2*	*6.5*	*11.4*	*10.8*
Adj PAT	*0.5*	*3.2*	*5.4*	*4.9*	*2.7*	*3.9*	*7.4*	*7.0*
Operational Trends								
Building products								
Revenue (Rs mn)	1,674	2,293	2,634	1,497	1,573	2,138	2,607	1,694
EBITDA (Rs mn)	111	217	329	226	173	281	458	317
OPM (%)	*6.6*	*9.5*	*12.5*	*15.1*	*11.0*	*13.1*	*17.6*	*18.8*
Total Vol (K MT)	166.7	230.3	264.3	145.8	158.5	218.6	252.8	158.1
YoY (%)	*(1.9)*	*(2.4)*	*1.7*	*4.3*	*(4.9)*	*(5.1)*	*(4.4)*	*8.4*
Blended NSR (Rs/MT)	10,043	9,956	9,988	10,223	9,928	9,800	10,314	10,693
YoY (%)	*(1.8)*	*(0.9)*	*(5.1)*	*(3.3)*	*(1.2)*	*(1.6)*	*3.3*	*4.6*
Synthetic Yarn								
Revenue (Rs mn)	409	446	446	490	436	396	485	317
EBITDA (Rs mn)	58	64	58	63	42	20	25	25
OPM (%)	*14.3*	*14.3*	*13.1*	*12.8*	*9.5*	*5.1*	*5.2*	*8.0*
Yarn Share in total EBITDA (%)	*34.5*	*22.8*	*15.0*	*21.7*	*19.4*	*6.7*	*5.2*	*7.4*
Sales volume (K MT)	2.2	2.5	2.4	2.5	2.4	2.1	2.6	1.7
YoY (%)	*15.2*	*6.5*	*5.8*	*17.6*	*5.3*	*(15.0)*	*8.5*	*(31.1)*
NSR (Rs/Kg)	183	177	183	194	185	185	183	182
YoY (%)	*(8.8)*	*(6.1)*	*(4.8)*	*(0.4)*	*1.3*	*4.6*	*0.3*	*(6.0)*

Source: Company, Centrum Research, Segmental EBITDA includes other income

Financials

Exhibit 6: Income Statement

Y/E March (Rsmn)	FY15	FY16	FY17	FY18E	FY19E
Revenues	**10,211**	**10,049**	**9,667**	**10,374**	**11,606**
Materials cost	5,775	5,716	4,940	5,083	5,722
% of revenues	*56.6*	*56.9*	*51.1*	*49.0*	*49.3*
Employee Cost	594	680	774	913	1,078
% of revenues	*5.8*	*6.8*	*8.0*	*8.8*	*9.3*
Others	2,884	2,656	2,705	2,948	3,181
% of revenues	*28.2*	*26.4*	*28.0*	*28.4*	*27.4*
EBITDA	**959**	**997**	**1,249**	**1,429**	**1,625**
EBIDTA Margins (%)	*9.4*	*9.9*	*12.9*	*13.8*	*14.0*
Depreciation & Amortisation	431	363	341	365	415
EBIT	**528**	**634**	**908**	**1,064**	**1,210**
Interest expenses	220	213	180	174	146
PBT from operations	**308**	**421**	**727**	**891**	**1,064**
Other Income	24	27	38	40	40
Exceptional loss/(gain)	-	(45)	(101)	-	-
PBT	332	404	664	931	1,104
Taxes	120	159	256	326	370
Effective tax rate (%)	*36.0*	*39.5*	*38.5*	*35.0*	*33.5*
Net Profit	212	244	408	605	734
Reported Net Profit	212	244	408	605	734
Adj Net Profit	**212**	**289**	**509**	**605**	**734**

Source: Company, Centrum Research Estimates

Exhibit 7: Key Ratios

Y/E March	FY15	FY16	FY17	FY18E	FY19E
Growth ratios (%)					
Revenues	*14.5*	*(1.6)*	*(3.8)*	*7.3*	*11.9*
EBIDTA	*67.4*	*4.0*	*25.2*	*14.5*	*13.7*
Adj Net Profit	*77.5*	*36.2*	*75.9*	*18.8*	*21.4*
Margin ratios (%)					
EBITDA Margin	*9.4*	*9.9*	*12.9*	*13.8*	*14.0*
PBT from operations Margin	*3.0*	*4.2*	*7.5*	*8.6*	*9.2*
Adj PAT Margin	*2.1*	*2.9*	*5.3*	*5.8*	*6.3*
Return Ratios (%)					
RoE	*6.4*	*8.5*	*13.9*	*14.7*	*15.7*
RoCE	*5.3*	*5.7*	*8.4*	*10.4*	*11.7*
RoIC	*5.2*	*5.9*	*8.8*	*10.5*	*11.8*
Turnover Ratios (days)					
Gross block turnover (x)	1.9	1.7	1.6	1.6	1.6
Debtors	46	53	59	55	54
Inventory	89	84	74	73	72
Creditors	21	23	29	28	28
Cash conversion cycle	114	115	104	100	97
Solvency Ratio					
Net debt-equity	0.9	0.8	0.5	0.5	0.3
Debt-equity	1.0	1.0	0.6	0.6	0.4
Interest coverage ratio	2.4	3.0	5.0	6.1	8.3
Gross debt/EBITDA	3.5	3.5	2.0	1.8	1.2
Current Ratio	4.6	5.3	3.9	3.6	3.5
Per Share (Rs)					
Adjusted EPS	13.4	18.2	32.1	38.1	46.2
BVPS	209.2	218.5	244.2	275.3	314.5
CEPS	40.5	41.1	53.5	61.1	72.4
DPS	5.0	5.0	6.0	6.0	6.0
Dividend payout %	*45.0*	*39.1*	*27.5*	*18.5*	*15.3*
Valuations (x)(Avg Mkt Cap)					
P/E (adjusted)	8.3	6.8	5.7	16.4	13.5
P/BV	0.5	0.6	0.7	2.3	2.0
EV/EBITDA	5.0	4.8	4.0	8.5	7.0
Dividend yield %	*4.5*	*4.0*	*3.3*	*1.0*	*1.0*
5 Yr Avg AOCF/EV yield %	*3.8*	*6.0*	*8.7*	*6.2*	*6.3*

Source: Company, Centrum Research Estimates

Exhibit 8: Balance Sheet

Y/E March (Rsmn)	FY15	FY16	FY17	FY18E	FY19E
Equity Share Capital	159	159	159	159	159
Reserves & surplus	3,163	3,311	3,719	4,212	4,834
Total Shareholders' Fund	**3,322**	**3,471**	**3,879**	**4,371**	**4,994**
Total Debt	3,309	3,530	2,501	2,536	1,889
Def tax liab. (net)	258	222	213	213	213
Total Liabilities	**6,889**	**7,222**	**6,593**	**7,121**	**7,096**
Gross Block	5,666	5,843	6,507	6,607	7,607
Less:- Accumulated Depreciation	2,545	2,902	3,239	3,604	4,019
Net Block	3,121	2,941	3,268	3,003	3,588
Capital WIP	5	41	117	1,017	67
Net Fixed assets	3,126	2,982	3,385	4,020	3,655
Investments	146	101	-	-	-
Inventories	2,501	2,320	1,960	2,075	2,286
Sundry Debtors	1,289	1,470	1,562	1,556	1,706
Cash & bank balances	281	750	383	243	330
Loans & Advances	560	554	400	436	476
Other Assets	-	-	-	-	-
Total current assets	4,631	5,094	4,305	4,309	4,799
Trade payables	587	625	763	799	905
Other current liabilities	309	278	274	342	371
Provisions	117	52	60	67	81
Net current assets	3,618	4,139	3,208	3,101	3,441
Total	**6,889**	**7,222**	**6,593**	**7,121**	**7,096**

Source: Company, Centrum Research Estimates

Exhibit 9: Cash Flow

Y/E March (Rsmn)	FY15	FY16	FY17	FY18E	FY19E
Op profit before WC changes	942	802	1,038	1,104	1,255
Working capital changes	(866)	90	479	(33)	(252)
Cash from Operations	**76**	**892**	**1,517**	**1,070**	**1,003**
Adj. OCF (OCF-Interest)	**(144)**	**683**	**1,341**	**896**	**857**
Net capex	(218)	(284)	(639)	(1,000)	(50)
Adj. FCF (AOCF-Capex)	(362)	399	702	(104)	807
Cash from investing	**(213)**	**(284)**	**(639)**	**(960)**	**(10)**
Cash from financing	**157**	**(139)**	**(1,246)**	**(251)**	**(905)**
Net change in cash	20	469	(367)	(141)	88

Source: Company, Centrum Research Estimates

Appendix A

Disclaimer

Centrum Broking Limited ("Centrum") is a full-service, Stock Broking Company and a member of The Stock Exchange, Mumbai (BSE) and National Stock Exchange of India Ltd. (NSE). Our holding company, Centrum Capital Ltd, is an investment banker and an underwriter of securities. As a group Centrum has Investment Banking, Advisory and other business relationships with a significant percentage of the companies covered by our Research Group. Our research professionals provide important inputs into the Group's Investment Banking and other business selection processes.

Recipients of this report should assume that our Group is seeking or may seek or will seek Investment Banking, advisory, project finance or other businesses and may receive commission, brokerage, fees or other compensation from the company or companies that are the subject of this material/report. Our Company and Group companies and their officers, directors and employees, including the analysts and others involved in the preparation or issuance of this material and their dependants, may on the date of this report or from, time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. Centrum or its affiliates do not own 1% or more in the equity of this company Our sales people, dealers, traders and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. We may have earlier issued or may issue in future reports on the companies covered herein with recommendations/ information inconsistent or different those made in this report. In reviewing this document, you should be aware that any or all of the foregoing, among other things, may give rise to or potential conflicts of interest. We and our Group may rely on information barriers, such as "Chinese Walls" to control the flow of information contained in one or more areas within us, or other areas, units, groups or affiliates of Centrum. Centrum or its affiliates do not make a market in the security of the company for which this report or any report was written. Further, Centrum or its affiliates did not make a market in the subject company's securities at the time that the research report was published.

This report is for information purposes only and this document/material should not be construed as an offer to sell or the solicitation of an offer to buy, purchase or subscribe to any securities, and neither this document nor anything contained herein shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. This document does not solicit any action based on the material contained herein. It is for the general information of the clients of Centrum. Though disseminated to clients simultaneously, not all clients may receive this report at the same time. Centrum will not treat recipients as clients by virtue of their receiving this report. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Similarly, this document does not have regard to the specific investment objectives, financial situation/circumstances and the particular needs of any specific person who may receive this document. The securities discussed in this report may not be suitable for all investors. The securities described herein may not be eligible for sale in all jurisdictions or to all categories of investors. The countries in which the companies mentioned in this report are organized may have restrictions on investments, voting rights or dealings in securities by nationals of other countries. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Persons who may receive this document should consider and independently evaluate whether it is suitable for his/ her/their particular circumstances and, if necessary, seek professional/financial advice. Any such person shall be responsible for conducting his/her/their own investigation and analysis of the information contained or referred to in this document and of evaluating the merits and risks involved in the securities forming the subject matter of this document.

The projections and forecasts described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. Projections and forecasts are necessarily speculative in nature, and it can be expected that one or more of the estimates on which the projections and forecasts were based will not materialize or will vary significantly from actual results, and such variances will likely increase over time. All projections and forecasts described in this report have been prepared solely by the authors of this report independently of the Company. These projections and forecasts were not prepared with a view toward compliance with published guidelines or generally accepted accounting principles. No independent accountants have expressed an opinion or any other form of assurance on these projections or forecasts. You should not regard the inclusion of the projections and forecasts described herein as a representation or warranty by or on behalf of the Company, Centrum, the authors of this report or any other person that these projections or forecasts or their underlying assumptions will be achieved. For these reasons, you should only consider the projections and forecasts described in this report after carefully evaluating all of the information in this report, including the assumptions underlying such projections and forecasts.

The price and value of the investments referred to in this document/material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. Future returns are not guaranteed and a loss of original capital may occur. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Centrum does not provide tax advice to its clients, and all investors are strongly advised to consult regarding any potential investment. Centrum and its affiliates accept no liabilities for any loss or damage of any kind arising out of the use of this report. Foreign currencies denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies effectively assume currency risk. Certain transactions including those involving futures, options, and other derivatives as well as non-investment-grade securities give rise to substantial risk and are not suitable for all investors. Please ensure that you have read and understood the current risk disclosure documents before entering into any derivative transactions.

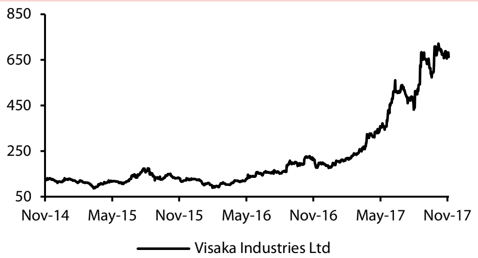
This report/document has been prepared by Centrum, based upon information available to the public and sources, believed to be reliable. No representation or warranty, express or implied is made that it is accurate or complete. Centrum has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed. The opinions expressed in this document/material are subject to change without notice and have no obligation to tell you when opinions or information in this report change.

This report or recommendations or information contained herein do/does not constitute or purport to constitute investment advice in publicly accessible media and should not be reproduced, transmitted or published by the recipient. The report is for the use and consumption of the recipient only. This publication may not be distributed to the public used by the public media without the express written consent of Centrum. This report or any portion hereof may not be printed, sold or distributed without the written consent of Centrum.

The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Neither Centrum nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information.

This document does not constitute an offer or invitation to subscribe for or purchase or deal in any securities and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. This document is strictly confidential and is being furnished to you solely for your information, may not be distributed to the press or other media and may not be reproduced or redistributed to any other person. The distribution of this report in other jurisdictions may be restricted by law and persons into whose possession this report comes should inform themselves about, and observe any such restrictions. By accepting this report, you agree to be bound by the fore going limitations. No representation is made that this report is accurate or complete.

Visaka Industries price chart



Source: Bloomberg, Centrum Research

Disclosure of Interest Statement		
1	Business activities of Centrum Broking Limited (CBL)	Centrum Broking Limited (hereinafter referred to as "CBL") is a registered member of NSE (Cash, F&O and Currency Derivatives Segments), MCX-SX (Currency Derivatives Segment) and BSE (Cash segment), Depository Participant of CDSL and a SEBI registered Portfolio Manager.
2	Details of Disciplinary History of CBL	CBL has not been debarred/ suspended by SEBI or any other regulatory authority from accessing /dealing in securities market.
3	Registration status of CBL:	CBL is registered with SEBI as a Research Analyst (SEBI Registration No. INH000001469)

		Visaka Industries
4	Whether Research analyst's or relatives' have any financial interest in the subject company and nature of such financial interest	No
5	Whether Research analyst or relatives have actual / beneficial ownership of 1% or more in securities of the subject company at the end of the month immediately preceding the date of publication of the document.	No
6	Whether the research analyst or his relatives has any other material conflict of interest	No
7	Whether research analyst has received any compensation from the subject company in the past 12 months and nature of products / services for which such compensation is received	No
8	Whether the Research Analyst has received any compensation or any other benefits from the subject company or third party in connection with the research report	No
9	Whether Research Analysts has served as an officer, director or employee of the subject company	No
10	Whether the Research Analyst has been engaged in market making activity of the subject company.	No

Rating Criteria

Rating	Market cap < Rs20bn	Market cap > Rs20bn but < 100bn	Market cap > Rs100bn
Buy	Upside > 20%	Upside > 15%	Upside > 10%
Hold	Upside between -20% to +20%	Upside between -15% to +15%	Upside between -10% to +10%
Sell	Downside > 20%	Downside > 15%	Downside > 10%

Member (NSE and BSE)

Regn No.:
CAPITAL MARKET SEBI REGN. NO.: BSE: INB011454239
CAPITAL MARKET SEBI REGN. NO.: NSE: INB231454233
DERIVATIVES SEBI REGN. NO.: NSE: INF231454233
(TRADING & CLEARING MEMBER)
CURRENCY DERIVATIVES: MCX-SX INE261454230
CURRENCY DERIVATIVES:NSE (TM & SCM) – NSE 231454233

Depository Participant (DP)
CDSL DP ID: 120 – 12200
SEBI REGD NO. : CDSL : IN-DP-CDSL-661-2012

PORTFOLIO MANAGER

SEBI REGN NO.: INP000004383

Website: www.centrum.co.in
Investor Grievance Email ID: investor.grievances@centrum.co.in

Compliance Officer Details:
Kavita Ravichandran

(022) 4215 9842; Email ID: Compliance@centrum.co.in

Centrum Broking Ltd. (CIN :U67120MH1994PLC078125)	
Registered Office Address	**Corporate Office & Correspondence Address**
Bombay Mutual Building , 2nd Floor, Dr. D. N. Road, Fort, Mumbai - 400 001	Centrum House 6th Floor, CST Road, Near Vidya Nagari Marg, Kalina, Santacruz (E), Mumbai 400 098. Tel: (022) 4215 9000