

Investor Presentation

May 27, 2016



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Table of Contents

Section	Particulars	Page No.
1	Company Overview	4
2	Business Verticals	8
3	Key Financials	23
4	Key Strengths	28
5	Business Strategy	33
6	Way Forward	35



Section 1

Company Overview

Company Overview

Overview

About Visaka:

✓ 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) and Synthetic yarns for the textile segment. The shares of the Company are listed and actively traded on the Bombay and National Stock Exchanges.

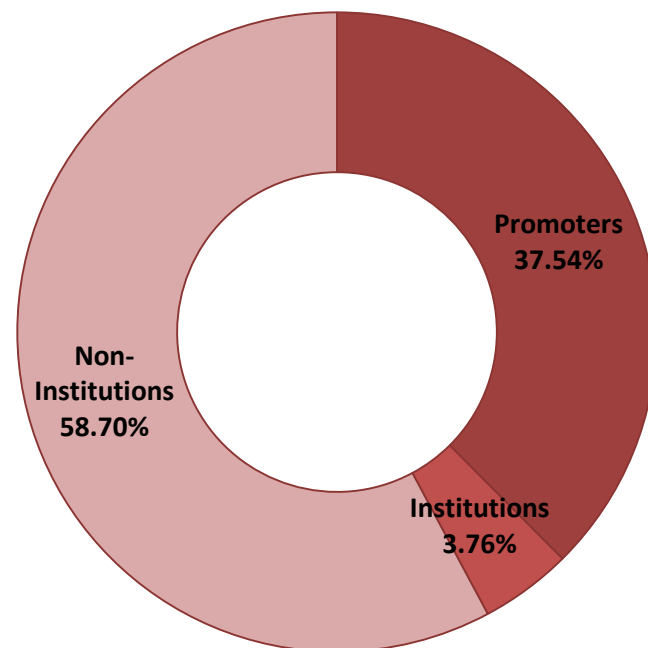
✓ As of May 19, 2016, Visaka had a market capitalisation of ₹216 crore. The promoters held 37.54% of the Company's equity share capital.

✓ 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 9,300 tonnes of yarn per annum. The Company's manufacturing units are supported by nine pan-India marketing offices.

Financial Highlights:

- ✓ Clocked 12% growth in V-Next products volume and 20% growth in net sales.
- ✓ Clocked 9% growth in overall exports.
- ✓ Netted a 15% net profit growth (PAT).
- ✓ Registered an EBIDTA margin of 9.75% and cash profit of Rs 76.67 crore.

Shareholding Structure as on 31st March, 2016



Board of Directors



Shri Bhagirat B. Merchant
Non Executive Independent Director
Chairman
Dr. G. Vivekanand
Non – Executive Non–Independent Director
Vice Chairman
Smt. G. Saroja Vivekanand
Managing Director
Shri Nagam Krishna Rao
Non – Executive Non-Independent Director
Shri Gusti J Noria
Non – Executive Independent Director
Shri V. Pattabhi
Non – Executive Independent Director
Shri P. Abraham, I.A.S. (Retired)
Non – Executive Independent Director
Shri G.Vamsi Krishna
Whole Time Director
Shri V.Vallinath
Whole Time Director & CFO
Shri J. P. Rao
Whole Time Director
Shri P.Srikar Reddy
Non-Executive Professional Director



Awards & Certificates

- ✓ SILVER Winner for the Best Presentation of Annual Report 2011-12 from LACP(League of American Communications Professionals)



- ✓ Bags award for “Best Practices in Investor Relations in Fibre Cement Sheets Industry Category – 2012 by the IR Society”



- ✓ Awareness Centre of Environment- World Environment Day in 2006



- ✓ AP Distinguished Industrial Award from Exhibition Society in the year 2003



- ✓ All India Manufacturers Association - Best performance in Large and Medium scale in 2001

- ✓ BEST INDUSTRIALIST AWARD from the Government of Tamil Nadu for the year 2000



- ✓ Council for Industrial Development & Trade - Industrial Promotion Gold Medal Award in 1990

- ✓ Best Management Award from the Government of Andhra Pradesh in 1987



- ✓ Productivity Award from the Andhra Pradesh Federation of Chamber of Commerce in 1987



Section 2

Business Verticals

Business Verticals

Cement Asbestos

- Corrugated Cement Fiber Sheets
- Close Fitting Adjustable Ridges
- Apron Piece
- Cladding/Walling
- North Light Ridges
- Barge Boards
- North Light Curve
- Serrated Adjustable Ridges
- Roof Lights
- Ridge Finials

V-Next Products

- V-Board
- V-Premium
- V-Designer
- V-Plank
- V-Panel

Yarn

- Cotton-Touch Airjet Spun Polyester yarns



Building Products - Cement Asbestos

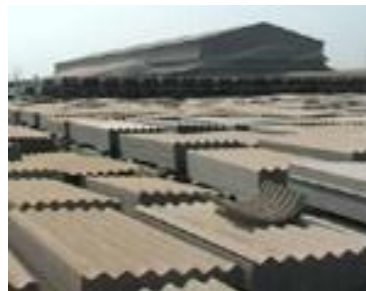
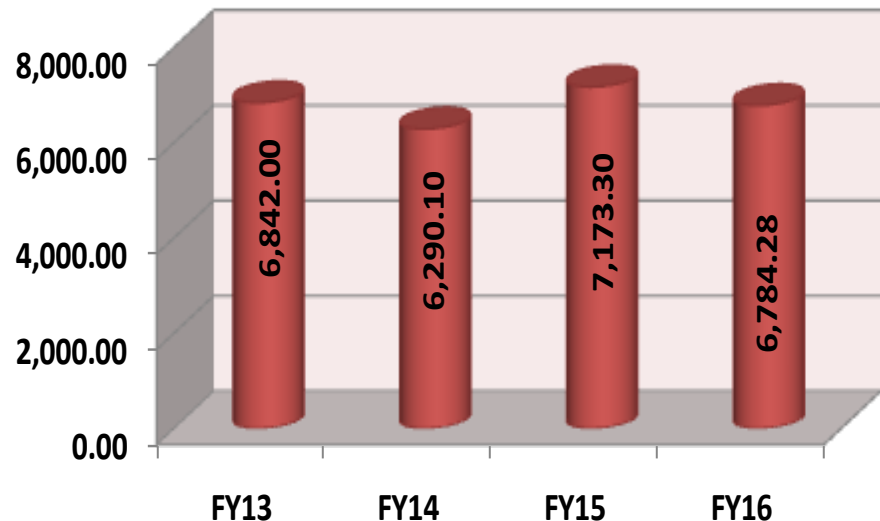
Overview

The Company possessed 802,000 TPA of installed capacity of cement asbestos products. The company has depots in 36 major cities and towns, country-wide to ensure smooth supply of its products.

The Company's revenues from this division accounted for 69% of its total revenue for 2015-16. The Company retained its position as the second largest cement asbestos product manufacturer in India.

The division continues to make the product superior in terms of load bearing capacity with a performance of 650-700 kgs per centimetre square, consistently exceeding the ISI requirement of load bearing capacity of 525 kgs.

Net Revenue(Rs. in mn)



Building Products - Vnext

Overview

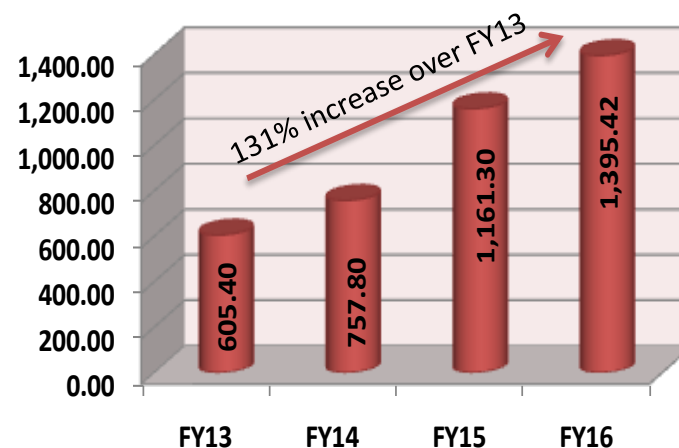
V-Next products come with unmatched quality, aesthetics, style and durability and is the ideal choice of smart and good looking interiors and exteriors. V-Boards and V-Panels have fire, water and termite resistance characteristics. Used for external as well as internal applications, V-Next products are non-asbestos and composed of a composite matrix containing special grade cellulose fibres, cement, silica and some mineral additives.

The Company established its V-Boards and V-Panels business with HPSC technology, conforming to IS 14862-2000 standards. These products are substitute for Plywood, Gypsum Boards and other masonry work. The demand for Plywood market is estimated currently at Rs. 20,000 crores. The product is expected to make significant inroads resulting in potential for exponential growth. The company has laid strong foundation in this segment and is ready to capitalize on this emerging opportunity. These products can be used for literally any application in a building.

Visaka invested in a second unit of 72,000 TPA near Pune following which the Company possesses an installed capacity of 129,750 TPA, one of the largest companies in India to manufacture these emerging generation products. The Sandwich Panel (V-Panel) Capacity is 9,750 TPA.

The Company's revenues from this division grew from 11% of its total revenue for 2014-15 to 14% in 2015-16 with 82% Capacity utilization of V-Boards and V-Panels. We are the 2nd largest manufacturer in India. V-Next products are exported to countries like Saudi Arabia, UAE, Qatar, Iraq, Iran, Bahrain, Sri Lanka.

Net Revenue(Rs. in mn)

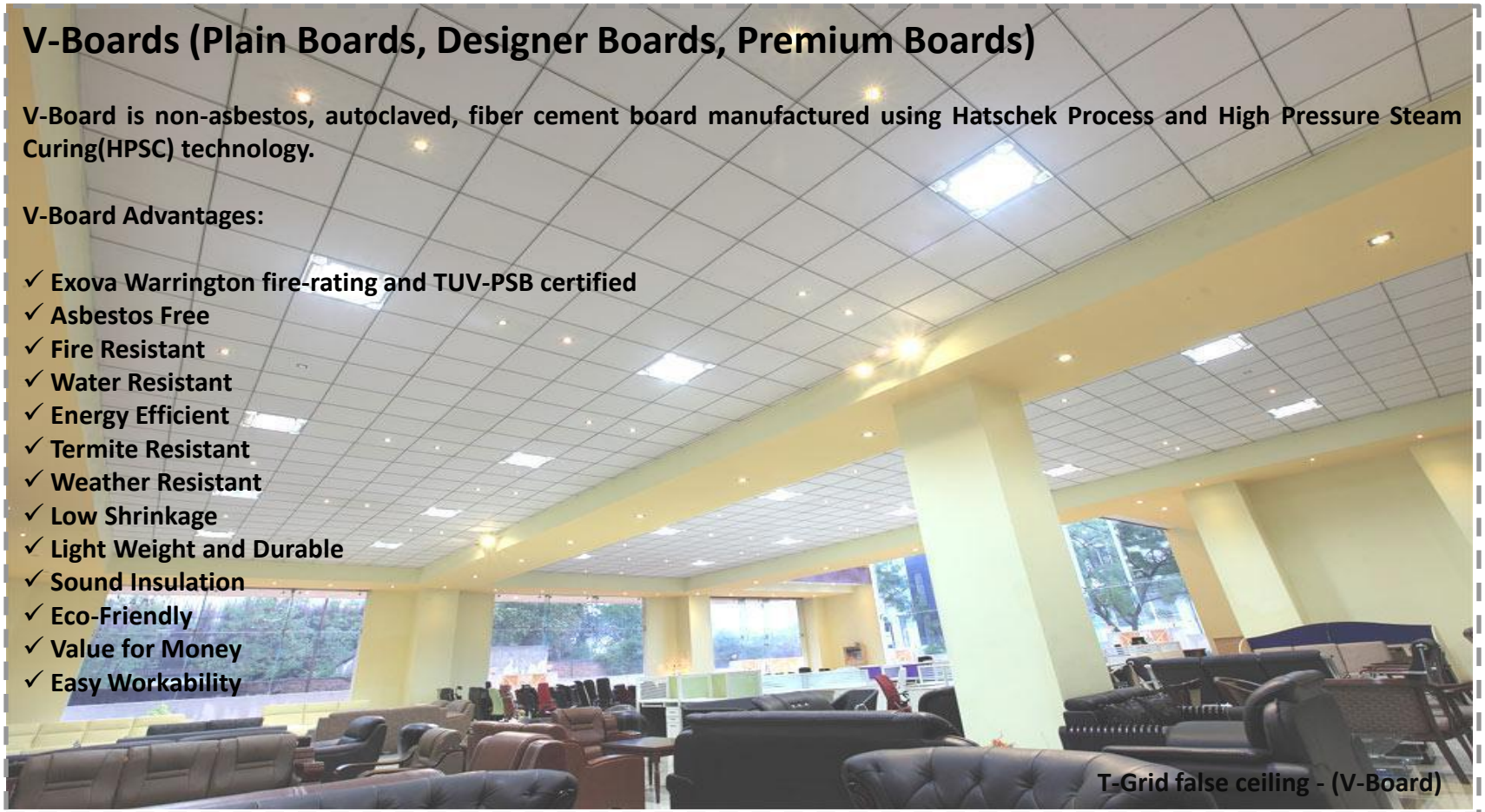


V-Boards (Plain Boards, Designer Boards, Premium Boards)

V-Board is non-asbestos, autoclaved, fiber cement board manufactured using Hatschek Process and High Pressure Steam Curing(HPSC) technology.

V-Board Advantages:

- ✓ Exova Warrington fire-rating and TUV-PSB certified
- ✓ Asbestos Free
- ✓ Fire Resistant
- ✓ Water Resistant
- ✓ Energy Efficient
- ✓ Termite Resistant
- ✓ Weather Resistant
- ✓ Low Shrinkage
- ✓ Light Weight and Durable
- ✓ Sound Insulation
- ✓ Eco-Friendly
- ✓ Value for Money
- ✓ Easy Workability





Roof Underlay - (V-Board - premium)



Mezzanine flooring - (V-Board)



Acoustic partitions - (V-Board)





Concealed Grid False Ceiling - (V-Board/V-Designer)



Wall Paneling - (V-Board)



Duct Covering - (V-Board - Premium)



Kitchen Cabinets and Shelves

The triple advantages-water, termite and fire resistance of V-Board can appropriately fulfill the conditions to make it an ideal application for kitchen cabinets and other moisture prone areas.(16mm, 18mm)



V-Planks

Good looking exteriors traditionally come at the cost of quality and are prone to moisture damage. Fibre cement boards are the answer to this problem. Being resistant to the elements of weather, these strong fibre cement boards are ideal for external embellishments to modern buildings.

V-Plank Advantages:

- ✓ Water Resistant
- ✓ Asbestos Free
- ✓ Energy Efficient
- ✓ Termite Resistant
- ✓ Weather Resistant
- ✓ Low Shrinkage
- ✓ Easy Workability
- ✓ Low Operational Cost
- ✓ Aesthetics with Durability
- ✓ Fire resistant
- ✓ Eco-Friendly
- ✓ Value for Money



External Façade - (V-Plank)





Gate Cladding - (V-Plank)



Garden Fencing - (V-Plank)



Façade - (V-Plank)



V-Panels

V-Panel can be used with the aim of achieving cost effective and time saving solution for construction of dry walls. V-Panel has all the advantages of a masonry wall with added qualities preferred for construction. V-Panel is a user friendly product for installation and proves to be a better substitute for conventional walls and any other dry wall solutions.

V-Panel Advantages:

- ✓ Fire Rating 50mm – 60min
- ✓ Fire Rating 75mm – 120min
- ✓ Asbestos Free
- ✓ Light Weight
- ✓ Time Saving
- ✓ Space Saving
- ✓ Easy Workability
- ✓ Easy to Dismantle and Relocate
- ✓ Thermal Insulation
- ✓ Sound Insulation
- ✓ Water Resistant
- ✓ Termite Resistant
- ✓ High Strength
- ✓ Eco- Friendly



Internal Partition - (V-Panel)





Internal partition - (V-Panel)



**Internal Partitions for a School
- (V-Panel)**



Internal partition - (V-Panel)



External Walls for a Resort - (V-Panel)



Roof Top Extension - (V-Panel)



Textile Products - Yarn

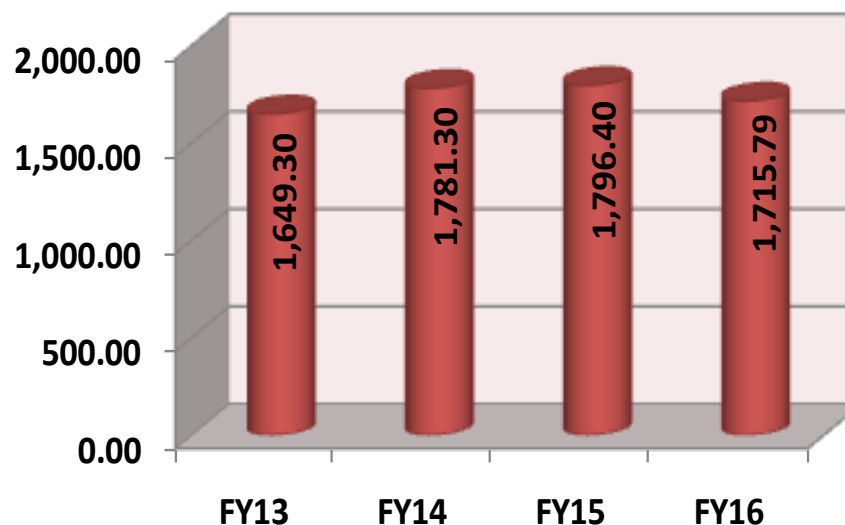
Overview

The textile division manufactures yarns using state-of-the-art twin air jet spinning machines (Murata, Japan) with 33 MTS Machines (equivalent to 58,500 ring spindles) where yarn quality is superior to conventional ring frame yarn. The Company produces about 9,300 tonnes of yarn per year and exports about 2,400 tonnes.

Visaka has 2,176 spinning positions capacity installed. Expansion of capacity by 26% at a cost of 70 crore is underway, expected to commence production by Sept. 2016.

Average realisations across production increased from Rs. 178 per kg in 2011-12 to Rs. 186 per kg in 2015-16.

Net Revenue(Rs. in mn)



Textile Products - Yarn

- ✓ In an ever changing landscape of customer demands, managed to diversify into niche sector, with better contributions without stock accumulation.
- ✓ Quality conscious customers – many customers continuing to be with us for more than 5 years.
- ✓ Cream of customers in Automobile Industry, Awnings Fabric Industry, Table Linens, Apparels, Sun Protection Fabrics, Institutional Workwear continue to be with us for more than 10 years.
- ✓ Utilization of 96% plus with efficiency of 95% plus continuously for the last 10 years.
- ✓ ISO 9001:2008 & ISO 50001:2011 certified for Quality and Energy Management.
- ✓ Highest Operating Margins for any spinning mill of similar size in the Country.
- ✓ Wide Count Range and Dope Dyed Yarns offer Visaka as one-stop shop for any weaving mills.
- ✓ Significant contribution to cash flow without much additional capital requirement year on year.
- ✓ Average cash generation for the last 3 years were Rs. 256 Mn.
- ✓ Textile products are exported to countries like Germany, Egypt, Italy, Taiwan, USA, Syria, South Africa, Peru, Turkey, UK.



Textile Products - Yarn

- ✓ Anti-pilling nature of yarn makes Visaka yarn a perfect ingredient for Home Textiles and Automotive Fabrics.
- ✓ Cotton-Touch and Wicking properties of Visaka yarn are the salient features of the Table Linen Fabrics used in Hospitality Industry and the sheer curtains used in developed countries.
- ✓ Yarn Regularity and Matte look of Visaka yarns add value to the Sun Protection Fabrics and Venetian Blinds.
- ✓ Dope Dyed Visaka yarns help the Institutional Workwear Manufacturers reduce their fabric dyeing capacity and to become environment friendly.
- ✓ Papyrus Fabrics and Overalls in Egypt are manufactured with Visaka yarns.
- ✓ One of the leading manufacturers of hospitality products in the USA use Visaka yarns for their premium fabrics.
- ✓ IKEA factories in Turkey use Visaka yarns for their Furniture Manufacturing.
- ✓ No return of any yarn from any Customer Abroad or Domestic Customer.
- ✓ No Bad-Debts at any points of time.
- ✓ Consistent Quality and Timely Delivery of yarns help scheduling of the weaving capacity of the customers and timely delivery of their fabrics to the Garment Manufacturers which gave us repeat business.

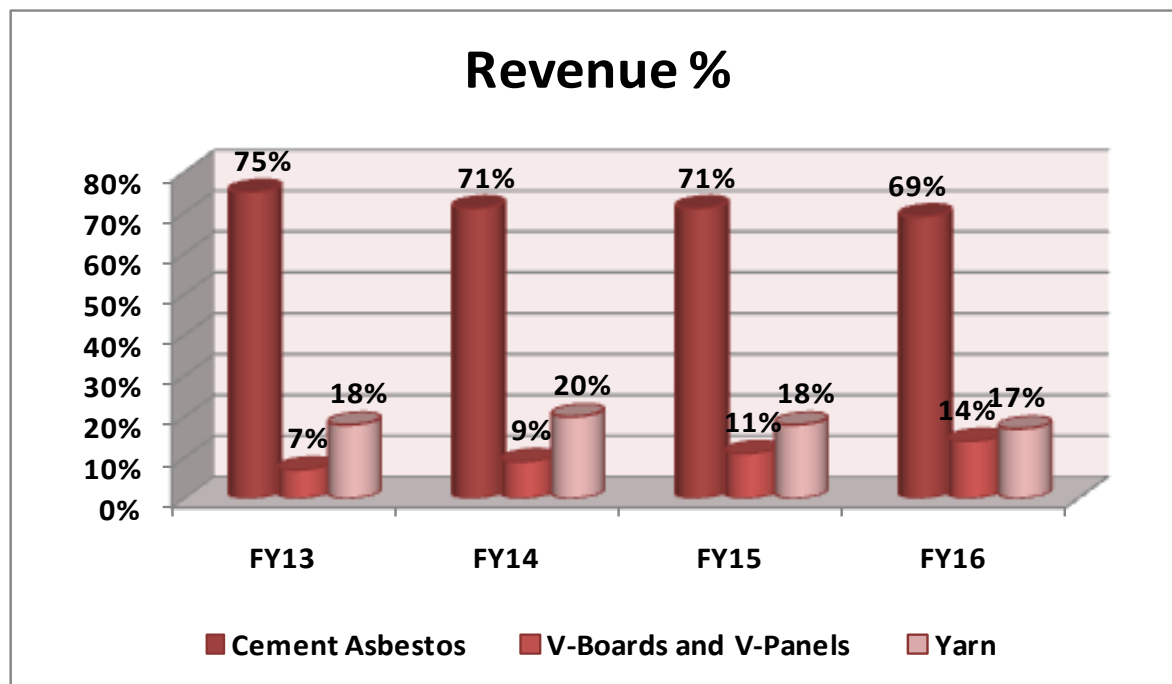


Section 3

Key Financials

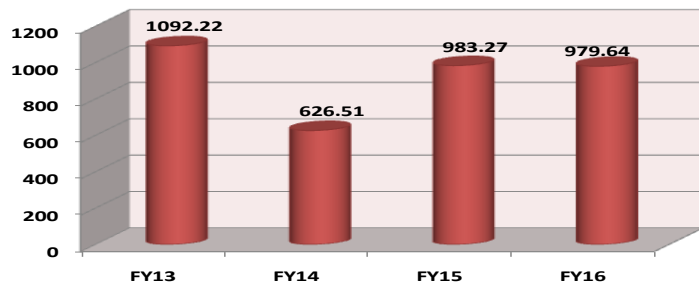
Revenue Breakup Business Wise

Business Segments	FY13		FY14		FY15		FY16	
	Rs in Mn	%	Rs in Mn	%	Rs in Mn	%	Rs in Mn	%
Cement Asbestos	6842.00	75%	6290.00	71%	7173.30	71%	6784.28	69%
V-Boards and V-Panels	605.54	7%	757.87	9%	1161.15	11%	1395.42	14%
Yarn	1649.30	18%	1781.30	20%	1796.40	18%	1715.79	17%
Total	9096.84	100%	8829.17	100%	10130.85	100%	9895.49	100%

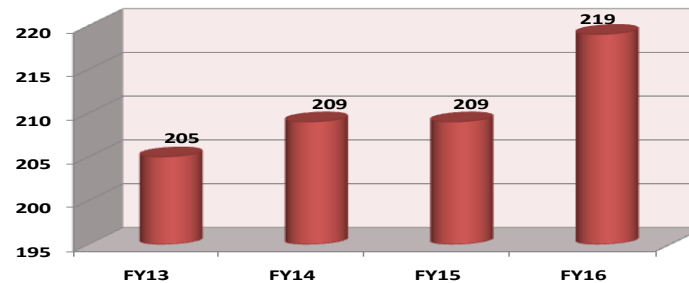


Key Financial Indicators

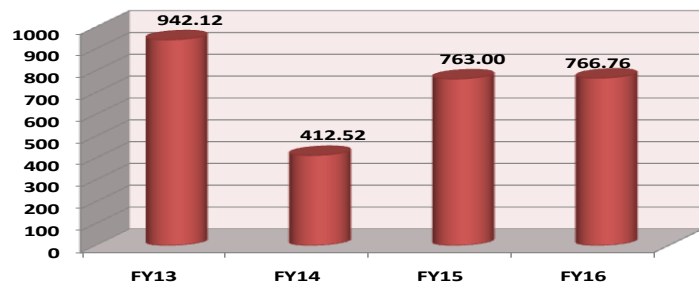
EBIDTA(Rs in Mn)



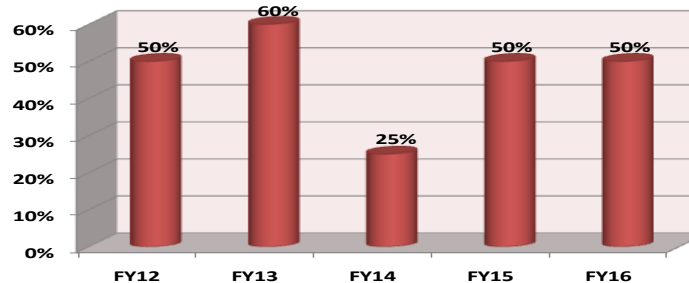
Book Value of Share(Rs.)



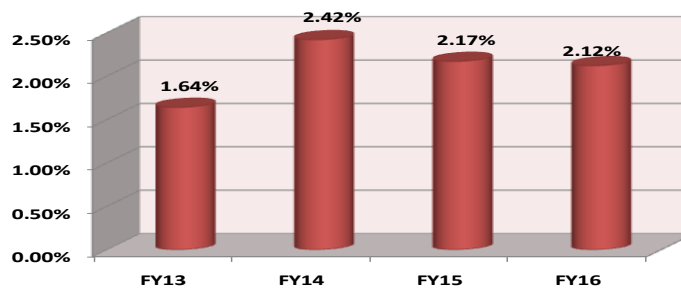
Cash Profit(Rs in Mn)



Dividends %



Interest % on Income from Operations



Yearly Financial Highlights

Profit & Loss (INR in Mn)		FY2013	FY2014	FY2015	FY2016
Income from Operation		9,156.03	8,921.03	10,211.32	10,048.53
Other Income		25.56	53.59	24.20	27.27
Total Income		9,181.59	8,974.62	10,235.52	10,075.80
	Growth %	21.58	(2.25)	14.05	(1.56)
Operating Expenses		8,089.37	8,348.11	9,252.26	9,096.16
EBIDTA		1,092.22	626.51	983.27	979.64
	Margin %	11.93	7.02	9.63	9.75
Depreciation		195.76	224.56	430.91	363.05
EBIT		896.46	401.94	552.36	616.59
Financial Charges		150.10	213.99	220.27	212.88
Interest %		1.64	2.40	2.16	2.12
PBT		746.36	187.95	332.10	403.71
	Margin %	8.15	2.11	3.25	4.02
Tax		239.48	68.28	119.74	159.36
PAT		506.88	119.68	212.36	244.35
	Margin %	5.54	1.34	2.08	2.43
EPS		31.92	7.54	13.37	15.39
Balance Sheet Extracts (INR in Mn)		FY2013	FY2014	FY2015	FY2016
Equity Share Capital		159.21	159.21	159.21	159.21
Reserves & Surplus		3,101.26	3,174.48	3,162.63	3,311.41
Long Term Borrowing		297.28	725.00	669.78	536.69
Net Fixed Assets		2,663.10	3,554.36	3,125.65	2,981.96
Current Assets		4,189.57	3,406.43	4,437.84	4,834.04
Current Liabilities		3,364.82	2,692.29	3,386.49	3,628.48



Production, Turnover & Operating Margin(EBIDT) – Segment Wise

Building Products	FY 13	FY 14	FY 15	FY 16
Installed Capacity (TPA)	809,750	881,750	931,750	931,750
Production (MT)	796,948	664,437	855,293	797,157
Turnover (Rs. Millions)	7,447	7,048	8,334	8,180
Operating Margin (%) - EBIDT	11.69	4.87	8.86	8.86

Yarn	FY 13	FY 14	FY 15	FY 16
Installed Capacity (TPA)	1,816	1,816	2,032	2,176
Production (MT)	7,897	8,614	8,900	9,290
Turnover (Rs. Millions)	1,649	1,781	1,796	1,716
Operating Margin (%) - EBIDT	13.45	15.90	13.64	16.11

Company as a Whole	FY 13	FY 14	FY 15	FY 16
Turnover (Rs. Millions)	9,096	8,829	10,130	9,895
Operating Margin (%) - EBIDT	12.01	7.10	9.71	9.90



Section 4

Key Strengths

Key Strengths

Corporate

- ✓ **Product Profile:** The Company manufactures products that capitalise on an ongoing improvement in lifestyle standards in India and abroad.
- ✓ **Diversified:** Visaka is a diversified company engaged in the manufacture of building products and synthetic blended yarn. The former accounted for 83% of revenues and the latter 17%, in 2015-16; the former accounted for 2.24% of profit before tax and the latter 12.86%, in 2014-15.
- ✓ **Growth:** A combination of aggression and conservatism translated into CAGR in revenues of 6% in the five years leading to 2015-16.
- ✓ **Wide Market:** The Company addresses a range of customers – rural Indians who buy cement asbestos sheets, global institutional customers who buy the Company's yarn and individual cum institutional customers through its fibre cement flat products under the name of V-Board and V-Panels.
- ✓ **Gearing:** The Company is relatively under-borrowed; its gearing was 1.00 at the end of 2015-16, which coupled with an interest cover of 2.90, represent adequate fiscal comfort. The average cost of the Company's debt was 9.03% in 2015-16. There is a growing reliance on cash to fund operations and derive the best procurement bargains.
- ✓ **Management Bandwidth:** The Company's professional management comprises rich experience and stability in its senior management (the majority have been with the Company for more than 15 years), the process is mediated through chalking out, annual business plans and setting targets (revenues and profits) and defining employee responsibilities.
- ✓ **Intellectual capital:** The Company's 4,400 employees represent the best industry talent in the areas of engineering, finance, production, marketing, commercial, regulatory and quality management capabilities.
- ✓ **Technology:** The Company has progressively invested in modern technologies across each of its business – its fibre cement plants are fully automated; V-Next board plants employ the latest HPSC Technology; its yarn manufacturing units use state-of-the-art twin air jet spinning technology (Murata). The Company has implemented Oracle ERP Solutions for all its operations.
- ✓ **Dividends:** The Company has been paying dividends consistently for the last 28 years, the latest year dividend being 50%.



Key Strengths

Building Products Division

- ✓ **Position:** The Company was the seventh largest cement asbestos product manufacturer in India in 1996; it is the second largest today.
- ✓ **Technological excellence:** Visaka's automated fibre cement plant incorporates sophisticated technologies; its consistency in properties and strengths exceed ISI standards; the Company's manufacturing plants consume the lowest electricity per tonne.
- ✓ **Efficient distribution chain:** The Company generally markets directly to retailers as opposed to the conventional company-distributor-retailer model; this facilitates a better knowledge of marketplace realities.
- ✓ **Distribution network:** The Company possesses a strong distribution network of 6000 retailers in rural and semi urban markets; it derives 85% of its sales from these markets while the rest 15% is derived from institutional sales to the government, industries and poultry farms.
- ✓ **Sizeable market share:** The Company's Visaka and Shakti brands account for a significant share (17%) of India's organised cement asbestos market.
- ✓ **Fabrication capability:** The Company's rich engineering competence is reflected in an ability to design and fabricate cement asbestos manufacturing equipment for six of its eight plants, reducing the overall cost compared with the industry benchmark by 20% and shrinking commissioning time. The Company demonstrated the commissioning of cement asbestos product capacity (100,000 TPA) within nine months of ground breaking; rated capacity utilisation was achieved within four months of start-up.
- ✓ **Manufacturing presence:** The Company's cement asbestos product manufacturing facilities are dispersed nationally which helps address regional needs – four in South India, one in North India, two in East India and one in West India.
- ✓ **De-risked product mix:** The Company's building products division also comprises fibre cement boards (non- asbestos) used in urban and semi-urban interiors ensuring a well spread out product mix. The Non-Asbestos component of overall business is growing, an increase from 29% last year to 32% in 2015-16. It is expected to breach 50% from the current 32% in the next 3 years.



Key Strengths

Building Products Division

- ✓ **Superior quality:** The Company's fibre cement plant is certified by the ISI. The V-Board division possesses HPSC technology conforming to IS 14862-2000 norms.
- ✓ **Advantages of ACS over metal sheets:** Sound proof, Fire proof, rust proof. Life of this product once laid would be 50 years as against 3 to 4 years for metal sheets.
- ✓ **Comparison of V-Next Products with Plywood:**

S.No.	Parameter	V-Next Products	Plywood Products
1	Cost	Cheaper by nearly 40%	Costly as compared to V-Next Products
2	Durability/Life	15-20 years	Nearly 5-10 years
3	Resistance to Weathering	Yes	No
4	Environmental Friendly	Yes	No
5	Time Saving	Yes	Yes in some cases
6	Aesthetics	Excellent	Require other material

- ✓ **The only company** to locate V-Next plants independent of Cement Asbestos Plants.



Key Strengths

Textiles Business

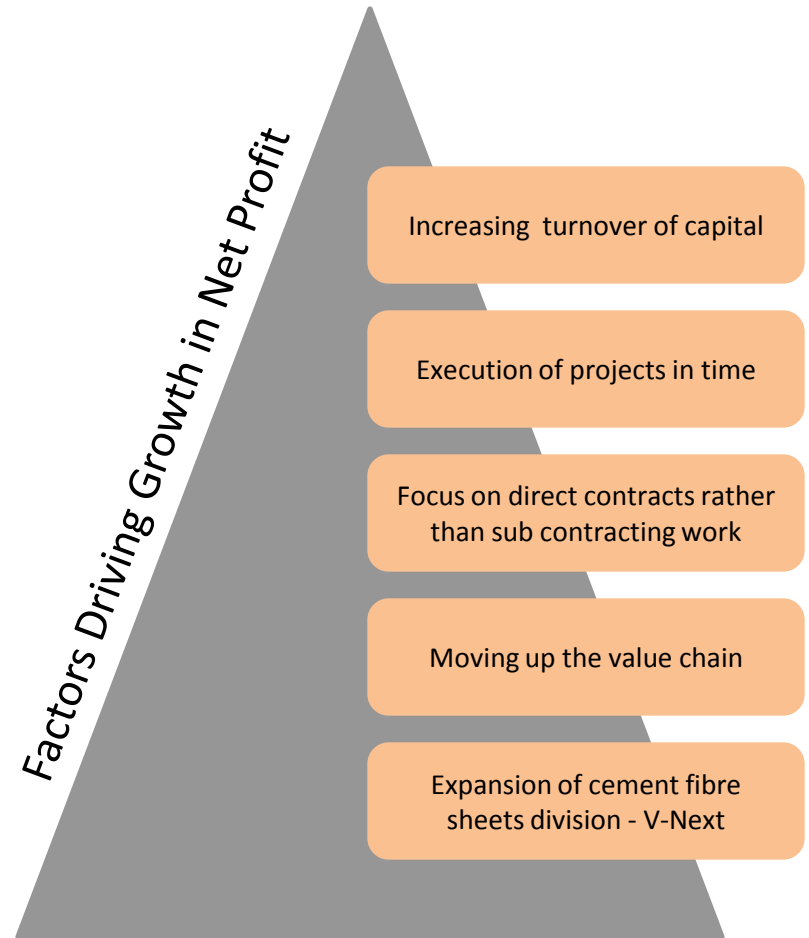
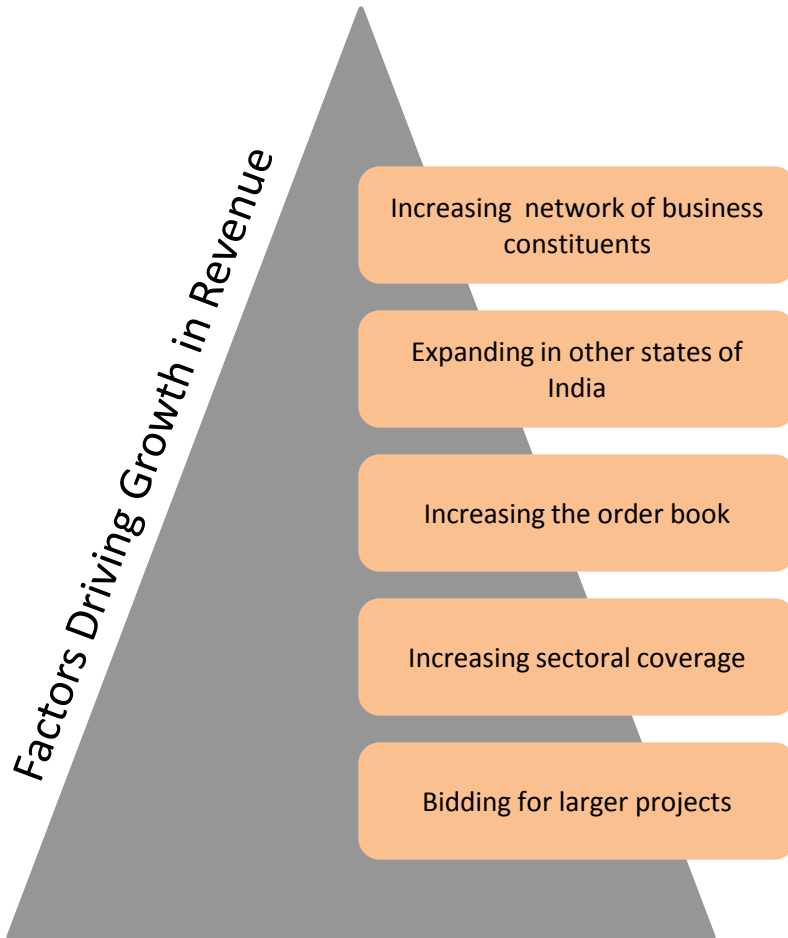
- ✓ **High margins:** The Company manufactures value-added yarn, enjoying some of the highest margins in its segment.
- ✓ **Engineering excellence:** The Company successfully produced dyed yarn at speeds higher than the equipment manufacturer's recommendation.
- ✓ **Large scale:** The Company enjoys an attractive scale; it possesses the single largest Twin Airjet Equipment installation in India and one of the biggest such installations in the world.
- ✓ **Excellent product standard:** The Company's products figure in the top five percentile of Uster Standards in the world.
- ✓ **Niche:** The Company selected to specialise in the niche segment of a commodity business (polyester spun yarns as well as products from 30s to 76s counts - double yarn).
- ✓ **Benchmark productivity:** The Company's Twin Airjet productivity is quoted as the benchmark by Machinery Manufactures (Murata of Japan).
- ✓ **Reputed clientele:** The Company's domestic textiles clients comprise brand-enhancing names like Grasim Industries, Siyaram Silk Mills Ltd, S.Kumar Nationwide Ltd, Shreekar Polyester Pvt. Ltd, Puneet Syntex Pvt. Ltd, Anand Silk Mills, G.M. Knitting Industries Pvt. Ltd, D.C.Textiles, Kalpesh Synthetics Pvt. Ltd, Raj Rajendra Industries Ltd.
- ✓ **Superior quality:** Visaka's yarns are environment-friendly and OEKO-TE certified. The Company's adherence to stringent quality processes resulted in the ISO certification.



Section 5

Business Strategy

Overview : Business Strategy



Section 6

Way Forward

Way Forward

- Going by the positive statistics on macro data - GDP, IIP, Inflation and Policy rates - by the IMF and the World Bank, there is likely to be an upward surge in housing and infrastructure sector resulting in higher utilization levels for its asbestos cement product business coupled with very strong growth momentum in V-Boards segment.
- In India, still 54% people stay in Thatched, Tiled roofs and Plastic roofs which are yet to convert to good roofing. The top 4 players account for above 50% of the Industry. This provides vast long term opportunity for Cement Asbestos Products.
- Fiber Cement Boards have taken the international market by storm. The strong portfolio of advantages make the product widely endorsed and appreciated by architects and customers worldwide; many of them are replacing plywood which is a 20,000 crore industry. This provides a great long term opportunity to V-Next products (V-Board, V-Designer Board, V-Plank, V-Premium, V-Panel).
- The Company is focusing strongly on V-Next product business for the future.
- Freight costs too are expected to remain stable as diesel prices have cooled down.
- Landmark milestones are expected to be crossed soon: V-Board sales may cross Rs 150 crore mark; and sales of Synthetic yarn segment may cross Rs 200 crore mark. V-Next products grew YOY from FY15 to FY16 by 12% in volume and 20% in value.
- **The Non-Asbestos Segment(V-Boards, V-Panels and Spinning) is expected to reach 50% in 2 to 3 years from the current 32%.**



Thank You

