



VISAKA INDUSTRIES LIMITED[®]

CIN: L52520TG1981PLC003072

CORP. OFF.: "VISAKA TOWERS" 1-8-303/69/3, S.P. ROAD, SECUNDERABAD - 500 003.
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Ref: VIL/SEC/ST-EX/20176-17 Annual Report/2017-18/22

Date: 01.07.2017

To,

National Stock Exchange of India Limited, Exchange Plaza, 5 th Floor, Plot No. C/1G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051	BSE Limited, The Senior General Manager, Listing Compliances, Floor 25, P. J. Towers, Dalal Street, Mumbai – 400 001
Scrip Code – VISAKAIND	Scrip Code – 509055

Sub: Annual Report – 2016 - 17

Dear Sir/s,

In pursuance to Regulation 34 of the Securities and Exchange Board of India (LODR) Regulations, 2015, we submit herewith the soft copy of the Annual Report for the financial year 2016-17 duly approved and adopted by the shareholders of the Company at the 35th Annual General Meeting of the Company held on June 20, 2017.

This is for your information and records please.

Thanking you,

Yours faithfully,

for **VISAKA INDUSTRIES LIMITED**

I SRINIVAS

Assistant Vice President (Corporate Affairs)
& Company Secretary



Encl. a/a

Regd. Office & Factory: (A.C. Division I), Survey No. 315, Yelumala Village, R.C. Puram Mandal, Medak District - 502 300 (T.S.)
Factory: (A.C. Division II) : Behind Supa Gas Manikantham Village, Paramathi-Velur Taluq, Namakkala District - 637 207 Tamil Nadu.
Factory: (A.C. Division III) : 70/3A, 70/3, Sahajpur Industrial Area, Nandur (Village), Daund (Taluka), Pune District-412 020. Maharashtra.
Factory: (A.C. Division IV) : Changsol Mouza, Bankibundh, G.P.No. 4, Saliboniblock, Midnapore West (W.B.) 721147
Factory: (A.C. Division V) : No. 27/1, G. Nagenahalli Village, Kora Hobli, Tumkur - 572138, (Karnataka State)
Factory: (A.C. Division VI) : Vill. Kannawan, PS Bachrawan, Tehsil Maharajgunj, Dist Raibareli - UP-229 301
Factory: (A.C. Division VII) : Survey No. 385, 386, Jujjur Village, Veerullapadu Mandal, Near Kanchika Cherla, Krishna District-521 181 (A.P)
Factory: (A.C. Division VIII) : Plot No.2006, 1994, Khata No.450, At-Paramanapur Manejwan, Navamunda Village Sambalpur Dist.-768200
Factory: (Textile Division) : Survey No. 179 & 180, Chiruva Village, Mouda Taluk, Nagpur District, Maharashtra.
Factory: (V-Boards Division I) : Gajalapuram Village, Peddadevalapally Post, Tripuramam Mandal, Near Miryalaguda, Nalgonda Dist.-508 207. (T.S)
Factory: (V-Boards Division II) : Gate No: 262 to 269, Delwadi Village, Daund Taluq, Pune-Dist, Maharashtra-412 214.



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

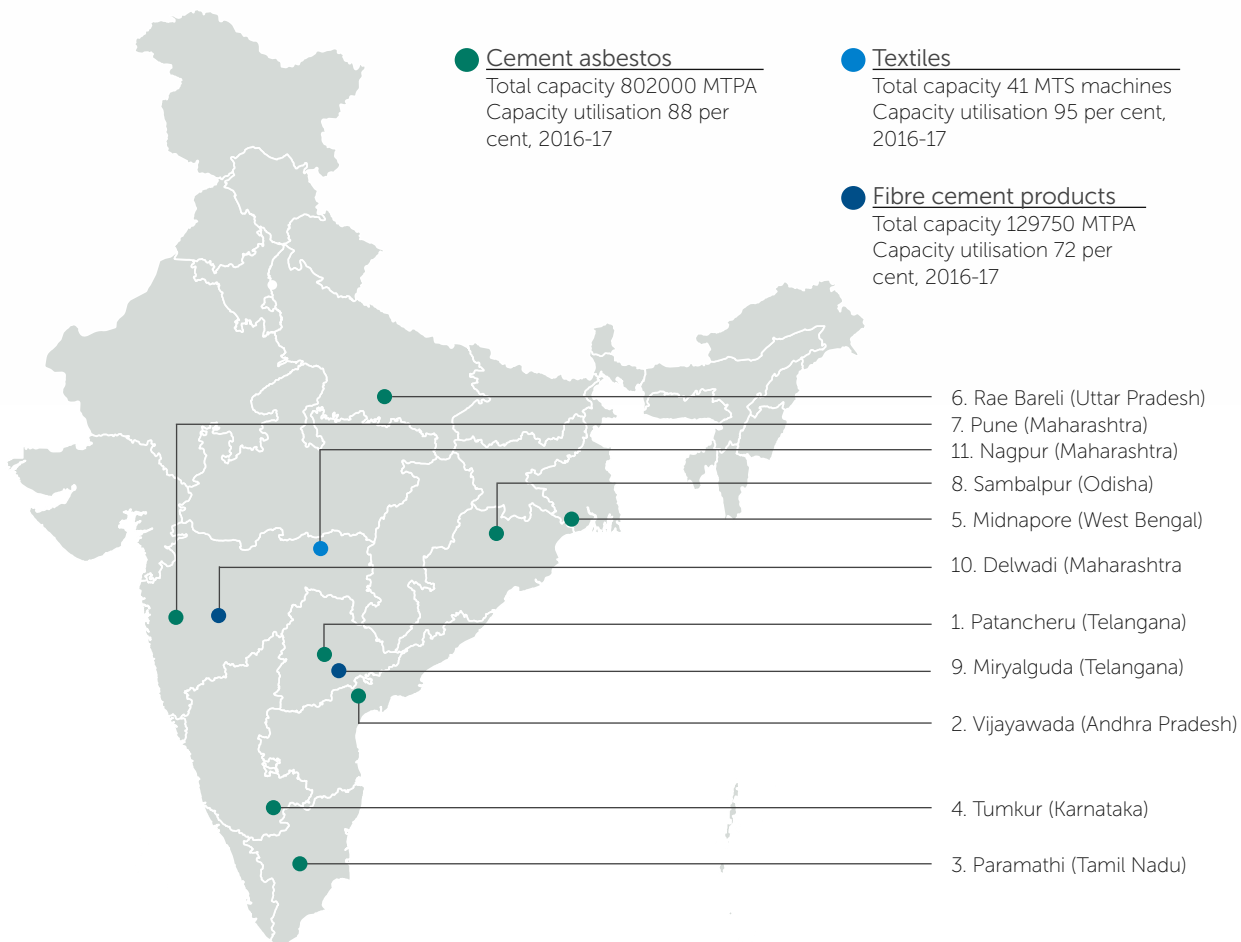
Committed to be a 'Credible, Passionate and Innovative' solutions providing company.

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





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.



Textile division

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 & panels 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.

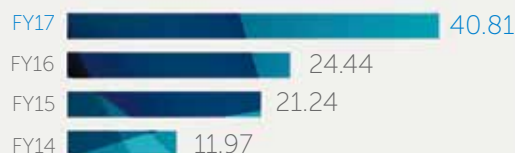
Why we measure

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.

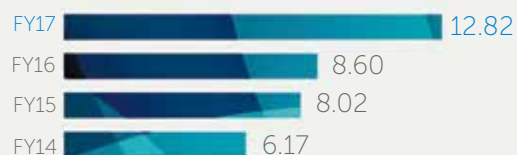
Why we measure

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 Next Level

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



At our Company, in no segment has this strategic graduation been more visible than in the progressive evolution of our product mix. In the year 2010, 97 per cent of our building product revenues were derived from cement asbestos sheets. In 2016-17, we moderated revenues from cement asbestos sheets to 82 per cent of building products segment revenues. Correspondingly, the proportion of revenues from non-asbestos cement board and panels from the building products segment revenues increased from 3 per cent in 2010 to 18 per cent during the financial year under review. This growth is expected accelerate going forward.

From a limited view, the addition of this one product will only incrementally add to revenues for the moment; from a wider perspective, the profitable diversification will enhance non-cement asbestos sheet revenues to about 40 to 50 per cent of the overall revenues by 2020.

Representing the building block of a new Visaka Industries. Taking the Company from one level to the next level.

The Company smoothly transitioned to the second generation with the elevation of Mr. G Vamsi Krishna as Joint Managing Director. He is positioned to take the Company to the next level.

Visaka's ability to grow a new business from scratch with speed is indicative of a number of realities.

One, the Company's ability to identify profitable opportunities from within the building products sector in India.

Three, the Company's ability to not merely service existing demand but to seed and create market categories from scratch.



Two, the Company's ability to productise and price correctly, translating into rapid market share accretion.

Four, the Company's ability to moderate its excessive building products dependence on one product and broad-base revenues.

Five, the Company's commitment to generate potential for margins higher than the prevailing product mix, lifting overall profitability and stakeholder value.

Managing Director's review

Dear Shareholders,

"A combination of robust business model, capacity investments and timely expansions translated into corporate stability in a challenging year."

Our performance

Visaka continued to perform credibly during the year under review. The Company reported a 67 per cent increase in profit after tax over the previous year even while maintaining flattish revenues in the challenging year under review. The Company would have performed better but for slower consumer traction in the second half of FY17 following India's currency demonetisation that affected consumer sentiment, sales and profits.

Visaka has been a consistent sectoral outlier; during the favourable sector years, the Company has achieved revenue and profit growth higher than the sectoral average; during the challenging

years, the Company's financials have been better than the broad sectoral and economic growth averages.

This outperformance was reflected in our performance during the year under review. The building products industry declined 4 per cent in FY17; Visaka de-grew 1.5 per cent. During the challenging third quarter, while the building products industry de-grew 10 per cent by volume, Visaka de-grew 5 per cent. I am pleased to report that the Company returned to near normalcy during the fourth quarter, indicating that the Company was able to resist the sectoral decline through extent and tenure followed by a reasonable rebound.

Transformation story

Until 2009, the proportion of revenues generated from the cement asbestos sheet business was 90 per cent

The Company invested in the fibre cement and textile business

The Company broadened business risks through value-addition in the alternative businesses

For years, the Company manufactured cement asbestos products in its Building Products division

In 2008, the Company extended to the contiguous manufacture of fibre cement boards

This represents a synergy since both products are used in home building

Our performance ambition

At Visaka, our performance ambition is to create a company respected for its ability to create sustainable value for stakeholders.

Overall goal

- Grow Revenues by 15 per cent CAGR for the next 3 years to about Rs. 1500 crores by 2020
- Moderate the proportion of cement asbestos sheet revenues from 67 per cent in 2016-17 to 50 per cent by 2020

Probable goal contributors

Non-cement asbestos capacity

growth: Increase the manufacturing capacities of fibre cement board businesses

Asbestos cement growth: Increase capacity utilisation from 88 per cent to 100 per cent.

Value-addition: Explore value-added product manufacture in niche segments that protect profitability

Measuring our performance ambition

Profitable growth

- **EBITDA margin:** Grew 249 bps to 12.39 per cent in 2016-17

Consistent value creation

- **Return on average invested capital:** Grew 422 bps to 12.82 per cent in 2016-17

Financial mechanics

- **Free cash:** Grew 115 per cent to Rs 56 crores in 2016-17
- **Average cost of debt:** 8.75 per cent, 2016-17
- **Debt-equity ratio:** 0.64 as on 31 March 2017
- **Interest cover:** 6.6x as on 31 March 2017

Our growth

At Visaka, 'the next level' is not just a reference to revenue or profit increase. It encapsulates our commitment to make improvements across our business with the overall objective of enhancing margins and profitability.

This commitment was visible during the challenging year under review.

In FY17, the Company moderated its debt burden from Rs.353 crores to Rs. 250 crores through timely repayment, stronger trade terms and more effective coupon rate negotiations with banks. The result was that even as revenues remained flattish in FY17, we moderated debt by Rs. 103 crores. The improvement in business health was reflected across the various parameters that analysts employ to appraise and re-rate

The Company is engaged in expanding capacities in these alternative businesses

The Company expects to grow the non-cement asbestos sheet component of the business from 33 per cent of its turnover to 50 per cent in three years mainly through the Fibre cement board (V-board business)

The Company leveraged procurement economies

The Company accounted for a larger share of intermediary wallet share

The Company is expanding the capacity of fibre cement boards

companies: one, the revenue generated from every rupee of debt employed in the business increased from Rs 2.80 to Rs 3.83; the debt-equity ratio strengthened to 0.64 from 1.02 per cent; average debt cost moderated from 9 per cent to 8.75 per cent; interest cover strengthened from 4.60 to 6.60.

The result is that even as the business environment became increasingly challenging, Visaka continued to strengthen its business.

Strengthening processes

Visaka is engaged in the building product business that manufactures products in 10 factories and markets products to thousands of consumers across locations through more than 6000 retail points. This also entails procurements of various materials and services across various plants. This extensive footprint makes it necessary to exercise a stronger control on processes.

During the course of the year, the Company engaged Price Waterhouse Cooper (PwC) to review systems and conduct a fraud risk assessment. A systemic review was conducted in respect of two major processes involving payment of funds and receipt of funds during the course of the business viz. procure to pay

and order to cash. The report was received and controls were strengthened with respect to procure-to-pay, while work is in progress respect to order-to-cash.

Besides, the Company engaged Ernst & Young to make processes GST-compatible and meet the readiness deadline of 1 July 2017 set by the Union government.

The Oracle applications ERP, which integrates planning, purchasing, inventory, sales, marketing, finance and human resources, is being graduated from the current version implemented in 2005 to the cutting-edge R12 version.

Consequent to the stipulation of the rotation of Statutory Auditors, the Board recommended the appointment of PwC as Statutory Auditors to the shareholders for approval.

Strengthening our asbestos sheet business

Visaka's flagship business is the manufacture and marketing of asbestos sheets. During the last few years, this business was affected by a combination of weak monsoons and rural inflation, which affected disposable incomes and the onslaught of colour coated steel sheets consequent to a drastic fall in steel prices. During FY17,

there was a gradual sectoral revival; monsoons were favourable; agricultural incomes rebounded; there was a perceptible shift from the use of colour coated steel sheets. Even as this business did not generate volume growth for the Company, I am pleased to report that capacity utilisation was maintained at around 88 per cent and profitability increased. Sales volumes from this business in FY17 declined by 1.50 per cent; profit (PBT) grew 198 per cent over the previous year. This was possible from an all-round control of costs and planned use of resources. The result is that even as the share of corporate revenues derived from the asbestos sheets business declined by 1.54 per cent over the previous year, there was an increase in the business' share of the corporate EBITDA from 53 per cent to 75 per cent.

Our fibre cement boards business

This business (V-Boards) continued to inspire optimism during the year under review. The business built further on the FY16 turnaround during the year under review. The business grew 3.70 per cent by volume and 1 per cent by revenues.

This product could prove to be a major growth driver for the Company

Transformation story

For years, the Company was considered a high-debt company

The Company's total debt reduced from Rs353 crs in FY16 to Rs. 250 crs in FY17. The debt/equity reduced from 1.02 in FY16 to 0.64 in FY17.

for some good reasons. This business services the growing need for decorative building material; this product is at a point in India where asbestos sheets were 40 years ago; the market for this product is no more than around 0.4 million TPA in India even as the market in smaller countries is twice as large; the application for this product extends from corporate interiors to residential applications; the product preference will extend from urban India to suburban and rural pockets; the product enjoys attributes over competing interior infrastructure products. This product can be used in any-and-every application in a building, whether commercial, industrial, or residential.

Visaka brings excellent value to its fibre cement board business. Over the last few years, the Company has been working extensively with opinion makers, interior designers and architects, educating them on the product's attributes and enhancing their skills in working with the material. Visaka launched multiple varieties of products to cater to various applications and needs.

During the year under review, this division's performance would have been better but for the decrease in oil prices, affecting export volume by 44 per cent. Visaka responded to

this reality with proactive speed; the Company widened its pan-India footprint, deepened distribution, increased marketing and promotion outlays, and grew consumer awareness of V-Board benefits.

There are a number of reasons why this business is poised to grow appreciably and transform construction industry dynamics. The Company's fibre cement boards business is currently present only in urban areas even as its application is nationally relevant. Presently, V-Boards compete with urban brick-and-mortar applications, plywood and gypsum boards. The products are likely to be increasingly used in rural areas as well for their utility and cost-effectiveness.

Growing our textiles business

The Company's textiles business reported 1.80 per cent growth in revenues to Rs. 175 crores in FY17; EBITDA derived from this business declined 5.84 per cent. The business was affected by the impact of currency demonetisation as a number of downstream institutional customers encountered weaker consumer offtake and resorted to active de-stocking. Even as the business was affected, the margins reported by the Company continued to be among the highest in India's yarn spinning sector. I am pleased to state that consumer

5 big messages that we wish to convey through this report

1 Visaka is a well-diversified company across three businesses (conducted through two business divisions)

2 We have demonstrated that it is possible to remain consistently profitable in a business marked by volatile realisations

3 We are an attractive national proxy of two large downstream businesses likely to remain relevant for decades

4 The proportion of cement asbestos sheet revenues is expected to decline from 67 per cent in FY17 to 50 per cent by FY20

5 We have protected our presence in large commodity spaces through cost leadership and customised value-added solutions

The Company mobilised concessional debt to fund textiles capacity increase

The proposed Fibre cement capacity is expected to be largely funded through accruals.

The Company strengthened its interest cover from 4.6 to 6.6

offtake has vastly improved and that a number of our customers are re-stocking to address growing demand.

During the year under review, the business embarked in growing its capacity. The business embarked on capacity expansion from 2176 twin air-jet spinning positions to 2752 spinning positions (26 per cent growth) for a capital outlay of Rs 70 crores. The Company commissioned this capacity by 1 November 2016 and the full impact of the expansion is expected to be visible during 2017-18. The expansion was funded largely through debt. We believe that this margin-accretive expansion in which the Company expects to capitalise on interest rebate incentive schemes announced by the Maharashtra government, will strengthen our value-added positioning and enhance our corporate profitability.

As consumer apparel requirements become increasingly sophisticated, textile fabric makers (technical textile and home furnishings) are willing to pay a premium for yarn makers that can deliver first-rate quality. The Company

continues to stand out through its boutique positioning in a large commodity space. The Company is margins-driven; the product comprises yarns that fetch the highest realisations coupled with enduring relationships-driven offtake.

Optimism

The Company's financial foundation continued to be robust through FY17.

The Company possessed Rs 109 crores in long-term debt against a net worth of Rs 388 crores as on 31 March 2017. The Company's average cost of funds declined 25 bps to around 8.75 per cent. The debt used to fund the textiles expansion was mobilised at a deeply discounted cost for seven years, promising attractive cash flows.

Of the Company's three businesses, two performed creditably in FY17, validating the business model. This combination of three businesses represents a diverse downstream relevance: the B2C asbestos sheets business addresses the largest consumer base at the bottom of the country's

pyramid; the B2B V-Boards business is currently urban; the B2B yarns business is value-added. We believe this business mix effectively addresses India's consumption-driven growth story, promising years of sustainable prospects.

From a short-term perspective, I am pleased that even in a challenging FY17, our downstream customers continue to grow their incomes or revenues. This holds out optimism that when the Indian economy rebounds, our performance will be considerably better.

Going ahead, we expect to grow the non-cement asbestos sheet component of our business from 33 per cent of turnover to 50 per cent in three years, generating a disproportionately higher increase in our margins and profits.

Our building products segment caters to the industrial, logistics and rural/suburban housing segment; growth in this business segment is likely to be driven by the government's Hous-

Transformation story

Until 2016, the Company possessed a yarn capacity of 2176 spinning positions.

The Company embarked on a capacity expansion by 26 per cent

This Rs 70 crores expansion was funded through concessional debt and accruals



V-Next products are expected to transform construction industry dynamics.

ing for All mission by 2022; besides, growing warehousing requirements and industrial revival could drive rural demand; the government's emphasis on rural development augurs well. Cement asbestos product offtake is likely to be catalysed by normal 2018 monsoons, strengthening rural and semi-rural offtake; the product continues to be cost-effective compared with alternatives available for rural residential solutions; the product has been used across generations, inspiring immediate preference at the time of new construction or replacement.

Visaka is attractively placed to capitalise. The Company possesses the second largest capacity for asbestos sheets in India; it possesses the largest capacity for non-asbestos cement boards and panels; the market for V Boards and panels is growing at a CAGR of 15 per cent; growth is likely to be sustained on account of increasing adoption in a wide variety of applications. The result is that this business intends to raise capacity utilisation from around 72 per cent, raising production from 94,000 tonnes in

FY17 to 110,000 tonnes in FY18. Visaka is taking this business ahead through an expansion in V-Boards and panel capacity with an investment of Rs 75 crores in FY 18 in greenfield capacity creation in North India.

Visaka expects to generate a superior performance from its textile business, riding an increase in capacity utilisation to 95 per cent with the 26 per cent capacity expansion done during FY17. The result is that we believe volumes will grow and EBITDA margins restored.

Over the last year, Visaka continued to proactively invest in pan-India product reach, wider and deeper than most competitors. This will make it possible to capitalise on any demand upturn across all its consumer-facing businesses.

Sincerely,
Smt. G. Saroja Vivekanand
Managing Director



The expansion was commissioned in November 2016

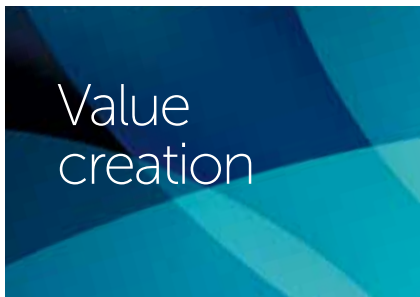
The expansion will address the manufacture of value-added yarns

A combination of low-cost expansion and high-return products will enhance business profitability

Strategy in action

At Visaka, we are engaged in enduring value-creation for all our stakeholders

At Visaka, we are engaged in enhancing value through proactive capacity cum capability investments coupled with comprehensive de-risking



Shareholders
 Progressive dividend policy
 Attractive market capitalisation growth
 Focus on free cash generation

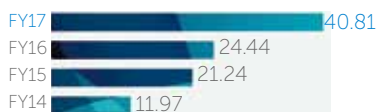
People
 Employee and vendor engagement
 Personal and professional development
 Fair and equitable wages / contracts

Retail customers
 Product durability
 Cost-competitive compared with alternatives
 Proximally accessible

The superior value that we generated from our business

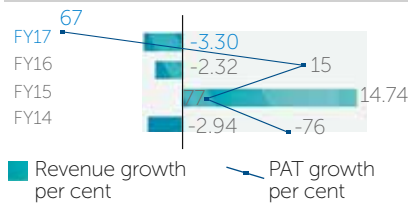
Consistently profitable

The complement of three businesses has made it possible for Visaka to report business sustainability across economic troughs and crests, enhancing predictability.



Profitable growth

Visaka focuses on profitable growth marked by a sharper percentage increase in profits over percentage revenue growth with the objective of making the business more profitable even as it becomes larger.



Margins consistency

Visaka has reported an EBITDA margin within the range of 7.10 per cent and 12.39 per cent during the four years ending FY17 in a business marked by price and realisations volatility.



Enhancing shareholder value at Visaka

Asset-light capacity growth / Lower capital cost per tonne

Lifestyle-enhancing products

Brand focus

Brand journey

Market leadership

Value creation at Visaka

11.97
Profit after tax, Rs crores, 2013-14

40.81
Profit after tax, Rs crores, 2016-17

50
CAGR 50 per cent, three years

Institutional customers

Strengthening customer business

Quality products and timely service

Relationship-driven

Communities

Environmentally safe operations

Responsible and ethical conduct

Corporate social responsibility

Business

Brands-driven

Focus on profitable growth

Ongoing reinvestment and sustainability

Society

Contribution to exchequer

Driving employment

Skilling people in complementary areas

Growing lifestyle aspirations

Growing investments

Strategic macro

- Alignment with national priority
- Diverse businesses (B2B and B2C)
- Fiscally conservative; opportunity-aggressive

Strategic micro

- Accelerating scale
- Technology investments
- High operational efficiency

Products

- Lifestyle-relevant
- Addressing improving lifestyles
- Customised (textiles) and commoditised (building products)

Financial

- Diverse revenue streams
- Prudent gearing; concessional debt
- Fiscal efficiency

Capital allocation

- Consistent plough-back
- Predominantly V-Next

Intangibles

- Intellectual capital
- Governance
- ERP-driven

Pricing power

Superior terms of trade

Profitable growth

Debt repayment

Surplus reinvestment

Business sustainability

These are the drivers of our business generating increasing stakeholder value

■ Strategic alignment

At Visaka, our business is aligned with national policy. The manufacture of cement asbestos sheets is aligned with enhanced home affordability for all; the manufacture of V-Panels is aligned with the national priority of enhancing home pride; the manufacture of synthetic yarns is aligned with the national priority of enhancing the consumer price-value proposition addressing a fundamental need (clothing).

■ Synergy

At Visaka, we believe in extending into contiguous business spaces to enhance share of consumer recall and wallet. For years, the Company manufactured cement asbestos products. In 2008, the Company extended to the contiguous manufacture of fibre cement boards - both products being used in the building of homes. Within the synthetic yarns business, the Company continued to progressively invest in additional capacity and related efficiency-enhancing investments.

■ Value-addition

At Visaka, we believe that value-addition makes it possible to graduate beyond competitive commodity margins. The Company manufactures niche yarns used in demanding fabric applications, generating realisations that are among the highest in the country's yarn sector. In the commoditised cement asbestos sheets segment, the branded nature of the Company's product helps accelerate product offtake. The Company introduced colour coated and designer versions of cement asbestos sheets. Besides, the Company's decision to brand fibre cement boards as V-Next Products helped create identity, trust and offtake.

■ Different businesses

At Visaka, we are engaged in three businesses (Asbestos sheets, V-Next and Synthetic yarn) under two business buckets (Building Products and Textiles). While the two business buckets enhance distribution synergies, the three businesses (B2C and B2B) have made it possible for

the Company to ride diverse demand drivers on the one hand and broaden corporate de-risking on the other.

■ Blend of businesses

At Visaka, some of our businesses are mature (yarn and asbestos cement sheets); others are nascent. The mature businesses are in large mature spaces; even as the nascent businesses belong to large business spaces, the nature of our differentiated product serves as a virtual niche – making it possible to capitalise on a large market opportunity without compromising margins. We focus on nurturing fledgling businesses (V-Boards) until they scale; thereafter, we will seek new fledgling businesses to grow.

■ Verticalisation

Our company is a coming together of Three different businesses. This strategic business unit (SBU) approach means that each is self-contained with all business supports; each has a separate P&L Account and Balance Sheet on which its

performance is appraised and managers rewarded. We believe this SBU-based verticalisation approach is scalable; we will look to relevant businesses addressing sunrise opportunities.

■ Relationships-driven

At Visaka, our businesses are relationship-driven. While the textiles business revolves around working with the same customers across the long-term, addressing their growing needs and capturing a larger wallet share, the building products business focuses on growing relationships with the Company's primary customers (dealers and distributors).

■ Range

At Visaka, we believe that success is derived from selling a range of products to the same customer, evolving a transaction into an ongoing engagement marked by a number of products. We believe that such a capability makes us a one-stop shop for a number of customers; this enhances loyalty among trade

partners who see their throughput and incomes increase; this makes it possible for the Company to evolve from products to solutions.

■ Competitive

At Visaka, we believe that long-term competitiveness is derived from cost leadership across market cycles, products and geographies. Over the decades, the Company has reinforced cost leadership through cutting-edge technology investments that have enhanced operating efficiencies, running our equipment at optimal utilisation (generating economies of production), competitive funds sourcing and superior terms of trade.

■ Integration

At Visaka, we believe that a successful business foundation is derived from the ability to fabricate equipment around the highest technology standards, commission equipment with speed and do so cheaper than the prevailing industry benchmark. The Company has done so for its

cement asbestos sheets business, commissioning assets quicker, better and cheaper, laying the foundation for a quicker break-even and sustained asset-driven cost leadership.

■ Technology

At Visaka, we believe that a one-time higher relatively larger investment in superior technology more than covers up for downtime that may have arisen out of cheap sub-standard assets. Over the years, the Company invested in the most advanced yarn manufacturing equipment - 41 state-of-the-art twin air-jet spinning technology machines from Murata of Japan and 119 two-for-one twisting machines; following this investment, the Company's yarn manufacturing unit emerged as one of the world's largest of its kind. Besides, the Company's products are benchmarked with international quality standards and internationally-respected quality certifications.

■ Scale

At Visaka, we believe that the benefits of scale translate into superior economies of scale, enhanced material with which to service a growing national appetite and a larger brand visibility that makes it possible to sell more and recruit better.

■ Locations

At Visaka, we believe that it is imperative to manufacture building products proximate to consuming locations as opposed to the alternative idea of one plant service Pan-India demand. The Company's cement asbestos plants are located in eight locations across eight different states, making it possible to service market needs faster and cheaper. The Company's cement asbestos sheet business generates 90 per cent of its revenues from customers located within a 500 km radius from its manufacturing locations.

■ Accruals-driven

At Visaka, we believe that the business must be robust enough to generate adequate cash profits for onward reinvestment. Over the last decade, the Company generated Rs 482 crores in accruals. The Company enjoyed a gearing of 0.64 at the close of 2016-17. During the last financial year, the cost of debt declined and the tenure of debt increased, enhancing prospective cash flows and accruals, a virtuous cycle. The new building products manufacturing facility in FY18 is proposed to be funded largely through accruals.

■ Futuristic spaces

At Visaka, even as we are present in large commodity spaces, we have either capitalised on our early-mover advantage to emerge as cost leaders (and hence, competitiveness across market cycles) or graduated to niches within large commodity spaces. For instance, the Company's fibre cement sheet division manufactures non-asbestos V-Boards that are likely to emerge as a game-changer in

the construction industry. Similarly, the Company graduated to the manufacture of niche synthetic yarns, it has successfully protected itself from sectoral commoditisation.

■ Operational efficiency

At Visaka, we believe that in competitive manufacturing-led businesses, business advantage is derived from operating efficiencies. At our Company, we invested in large capacity machines. This generated attractive economies of scale; we selected the best technologies; we ran plants at the highest utilisation. The result is that our manufacturing capacity is among the most efficient in India.

■ Prudent gearing

At Visaka, we believe that business stability is derived from prudent gearing; we believe that debt-base enhances shareholder value; on the other hand, we believe that debt needs to be balanced with accruals in

the interest of business sustainability. The Company's gearing has declined from 1.24 in 2007-08 to 0.64 in 2016-17, strengthening credit rating and subsequent debt mobilisation rounds. Visaka continued to be rated A+ for long term debt and A1+ for short term debt by CARE.

■ Financial efficiency

At Visaka, we believe that business competitiveness is best showcased in superior working capital management. As a Company we focused on quicker receivables and moderated inventories, which helped shrink the working capital cycle, enhance working capital productivity, liberate resources, enhance margins and increase investable funds. The efforts in this direction are continuing and we expect better results in the coming year.

■ Fiscal efficiency

At Visaka, we believe that the ability to mobilise low cost debt and keep

equity cost under control enhances business viability. At our Company we have done both; we moderated debt cost by 25 bps in FY17 while extending debt tenures (moderating costs further); besides, we reinvested accruals that enhanced our net worth.

■ Governance

At Visaka, we believe that business sustainability is derived most effectively by doing the right things in the right way. It reinforced its Board of Directors for prudent strategic direction, invested in processes, credible accounting practices, business transparency and communication. The result is a position of trust and respect across stakeholders.

■ Lifestyle focus

At Visaka, we believe that as disposable incomes rise, consumers will gravitate towards better lifestyles. In view of this, we will continue to

launch products that enrich these lifestyles. The products that we select will address niches within large market spaces – capitalising on the inherent demand that the products already enjoy while being adequately protected from competition through product differentiation. This will make it possible for us to outperform competition and market cycles.

Distribution- and service-driven

At Visaka, we believe that as disposable incomes rise across India and as consumption extends from the relatively saturated metro markets to the second and third tiers of urban India, there will be a premium on the ability to distribute products with speed and economy. We are investing in this critical intangible capital, building direct or distributor presence wide and deep across the country. This distribution pipeline – across our three business groups – will enhance throughput, revenues and market share.

Our business verticals

Business segment review

Building products division

150000 TPA
Cement asbestos capacity addition over the five years leading to 2015-16

72000 TPA
Fibre cement product capacity addition since inception, taking the total capacity to 129750 TPA



Textiles division

936
Spinning positions capacity added over 6 years leading to 2016-17

Building products division

2015-16 83 per cent Contribution to total revenue	2015-16 Rs. 818 crore Revenue	2015-16 8.6 per cent EBITDA Margin
2016-17 82 per cent Contribution to total revenue	2016-17 Rs. 782 crore Revenue	2016-17 12.86 per cent EBITDA Margin

Overview

Visaka's building products division went into business in 1985 through the manufacture of cement asbestos sheets. The Company is a prominent rural and semi-urban brand due to its high product durability and corporate endurance.

Even with the advent of technology and competition, cement asbestos product replacements have been few. The product continues to enjoy rural and semi-urban traction across India.

Besides cement asbestos sheets, the Company also manufactures fibre cement boards from 2008 (non-asbestos) addressing urban consumers and likely to re-define the construction industry.

Strengths

Over the last few decades, Visaka has emerged as one of the prominent building product brands in the country.

Leadership: The Company was the seventh largest cement asbestos product manufacturer in the country in 1996; it is the second largest today. The Company's Visaka and Shakti brands account for a significant 18 per cent per cent share of India's cement asbestos market.

Technological excellence: The Company's automated fibre cement plant was certified by ISI; these manufacturing plants consume the lowest electricity consumption per unit of production compared with the sectoral average.

Distribution network: The Company marketed products directly to retailers as against the conventional Company-distributor-retailer approach, which facilitated a better

understanding of marketplace realities. The Company created a distribution network comprising more than 6000 retailers in rural and semi-urban markets; it derived 90 per cent of its sales from these markets while 10 per cent was derived from institutional sales to the government, industry and poultry enterprises.

Manufacturing presence: The Company's cement asbestos manufacturing facilities are spread across the country, making it possible to address regional needs – four in South India, one in North India, two in East India and one in Western India. The Company V-Next facilities are located one in the south and one in the west. The third one is slated to come up in North India.

De-risked product mix: The Company's building products division comprised cement asbestos sheets that were largely consumed in rural India whereas fibre cement boards (non-asbestos) were consumed in urban and semi-urban markets – a prudent balancing. The non-asbestos component of overall business is growing and is expected to touch 50 per cent (currently 33 per cent) over the next three years.

Superior quality: The Company's fibre cement products are ISI-certified. The V-Board division invested in the superior HPSC technology.

1

Cement asbestos business

2015-16
69
Percentage of
total revenues

2016-17
67
Percentage of
total revenues

2015-16
802000
Installed capacity
(TPA)

2016-17
802000
Installed capacity
(TPA)

2015-16
86
Capacity utilisation
(per cent)

2016-17
88
Capacity utilisation
(per cent)

Overview

Cement asbestos sheets represent a convenient roofing product in rural and semi-urban India; nearly half the country's rural population lives in *kutchha* or semi-*pucca* dwellings where this product represents a convenient fit. The product addresses a large national sweep; 68 per cent of India's population is rural, translating into a market of around 83 crores consumers. In the last national census, 60 per cent of Indian houses were classified as *pucca*, 28 per cent semi-*pucca* and 12 per cent as *kutchha*. Among *pucca* houses, less than half used RCC slabs; the rest used ready-house roofing products (fibre cement roofing and metal roofing). The cost of fibre cement roofing was only a third of the cost of a RCC ceiling slab.

Visaka is the second largest manufacturer of cement asbestos sheets in India with a market share of 18 per cent. The Company has eight manufacturing locations spread across eight states in India, which addresses the demand of consumers all across India. Visaka also has depots in 35 different towns and cities to ensure smooth supply of its products. Cement asbestos sheets manufactured by the Company enjoy a favourable client recall.

Visaka possesses a production capacity of 8,02,000 tonnes per annum; most of the plant and equipment used was fabricated within, moderating costs. The cement asbestos sheet division engages with engineers, architects, farmers and governmental agencies to customise

products. The Company's brands possess a load bearing capacity of 575-625 Kgs per centimetre square, higher than the ISI required capacity of 525 kgs.

Strengths

The product's advantages were reflected in the following:

Durability: The mineral fibres of asbestos blended with cement enhance product longevity. For example, asbestos cement roof sheets last an average 50 years, which is longer than other sheeting materials (wood, plastic and steel).

Inexpensive: Asbestos minerals are naturally occurring and less expensive compared with other cement additives, which leads to a cheaper

Products manufactured under this division

Corrugated Cement Fibre Sheets

Close Fitting Adjustable Ridges

Apron Piece

Cladding/Walling

North Light Ridges

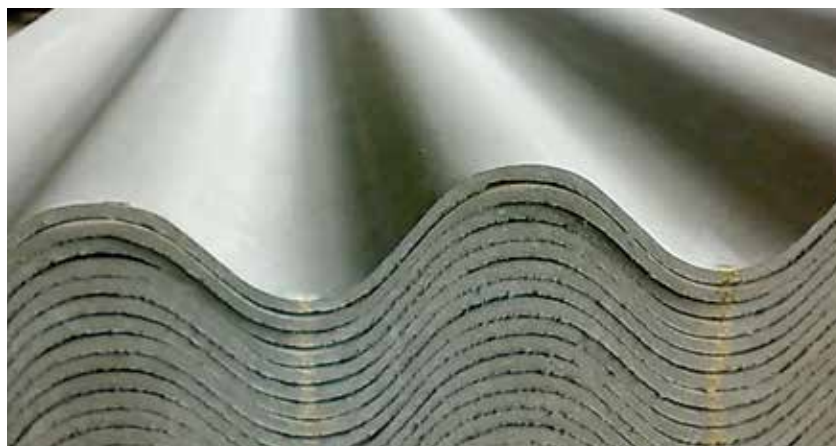
Barge Boards

North Light Curve

Serrated Adjustable Ridges

Roof Lights

Ridge Finials



construction price but with the same durability.

Fireproof: Asbestos fibres are resistant to fire and chemical damage, making them safe for homes and offices.

Performance highlights, 2016-17

- Muted volume growth; revenues decreased by 5.47 per cent; profits (PBT) grew 198 per cent on account of effective cost management.
- In the second half of the year, growth was slower than expected due to the demonetisation impact
- EBITDA margin grew by 621 bps, followed by interest cost reduction of Rs. 3.25 crores.

Outlook

- Following expectations of better monsoons and moderate inflation, sales growth of 6 per cent for FY18

is forecast with a corresponding increase in profits and protected margins.

- Decline in rural inflation is expected to increase rural cement asbestos products demand.
- Declining competition from colour coated steel sheets following an increase in steel prices.
- Consumers dissatisfaction with experience of functionality of colour coated sheets, adds to reconversion.

This is what makes Visaka different

- India's second largest cement asbestos sheet brand
- Pan-India presence
- Load bearing capacity higher than ISI benchmark
- Product life of more than 50 years
- Cost of manufacture one of the lowest in the sector

Advantages of cement asbestos products



2

Fibre cement Boards & Panels (non-asbestos)/V-Next

2015-16 14 Percentage of total revenues	2015-16 129750 Installed capacity (TPA)	2015-16 82 Capacity utilisation (per cent)
2016-17 15 Percentage of total revenues	2016-17 129750 Installed capacity (TPA)	2016-17 72 Capacity utilisation (per cent)

Overview

Visaka widened its product line and entered the niche segment of fibre cement boards in 2008. The Company invested in an installed capacity of 120000 tonnes for V-Boards (fibre cement flat sheets) and 9750 tonnes of V-Panels. The Company emerged as one of the largest in India to manufacture these products within a short time of going into business.

The Company ventured into the manufacturing of these alternative building products due to their rising preference among architects and users on account of economy, aesthetics, faster construction, higher carpet area, lesser weight as well as transportation convenience. They are also fire, water and termite-resistant.

Visaka generated Rs 141 crores from these products (V-Boards and V-Panels) in FY17, a growth of 1

per cent . The Company's V-Next products were exported to Saudi Arabia, UAE, Qatar, Iraq, Iran, Bahrain and Sri Lanka.

The products are expected to make significant inroads resulting in potential for exponential growth, over a long period of years.

V-Boards (Fibre cement flat sheets)

Installed capacity: 120000 tonnes per annum

The Company commissioned its V-Board business in May 2008.

V-Board is a non-asbestos, auto-claved, fibre cement board manufactured using Hatschek process and High Pressure Steam Curing (HPSC) technology. V-Board comprises a composite mix of non-asbestos cellulose fibres, ordinary Portland cement, fine silica, quartz, fly

ash and mineral additives. V-Board is manufactured as per IS 14862-2000 norms. The product is also delivered in textured surface finishes to address modern building applications.

The Company's V-Boards offer unmatched quality, style and durability, making it attractive for internal and external applications (false ceiling, internal walls, mezzanine flooring, partitions and doors, cup Boards ,shelves, wardrobes, Non-Movable furniture among others).

The products offer distinctive features (fire, water and termite-resistance, better acoustic properties and thermal insulation over plywood and particle boards), enhanced affordability, low maintenance costs, low installation costs, greater functionality, easy transportability (obviating the need for mixing on-site) and greater safety in seismic

Products manufactured under this division

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

Advantages of V-Next products

- Enova Warrington fire-rating and TUV-PSB certified
- Asbestos-free
- Fire-resistant
- Water-resistant
- Energy-efficient
- Termite-resistant
- Weather-resistant
- Low shrinkage
- Light and durable
- Sound insulation
- Eco-friendly
- Value for money
- Easy workability



College canteen



2 BHK house, Miryalaguda, 560 Sqf

zones. The result is that these fibre cement boards have been used in prominent buildings on account of the time and resource savings on the one hand and for reasons of safety and aesthetics on the other.

These boards possess a uniform, factory-maintained standard quality; they accelerate construction as they are easier to transport with a better floor area. They can also be used across a variety of uses (false ceilings, partitions, mezzanine flooring, wall panelling, making kitchen cabinets, wardrobes and shelves).

Performance highlights, 2016-17

- Decline in exports was balanced through increased domestic sales (exports declined 44 per cent in FY17 over FY16)
- Decline in margins by 176 bps due to a fall in exports and higher ad spends; corresponding decline in interest costs by Rs. 1.65 crores
- Extensive promotional campaigns, marked by an advertisement campaign

on radio and television in Maharashtra, Gujarat and Goa

- Capacity utilisation in term of sales maintained at 75 per cent despite 44 per cent fall in exports which are mainly to Middle East.

Outlook, 2017-18

- Probable revival in exports, strengthening EBITDA margins
- Increased capacity utilisation to 95 per cent due to growing demand.
- Commercialisation of Rs 75 crores greenfield project in North India (50,000 tonnes per annum), largely funded through accruals.

V-Planks

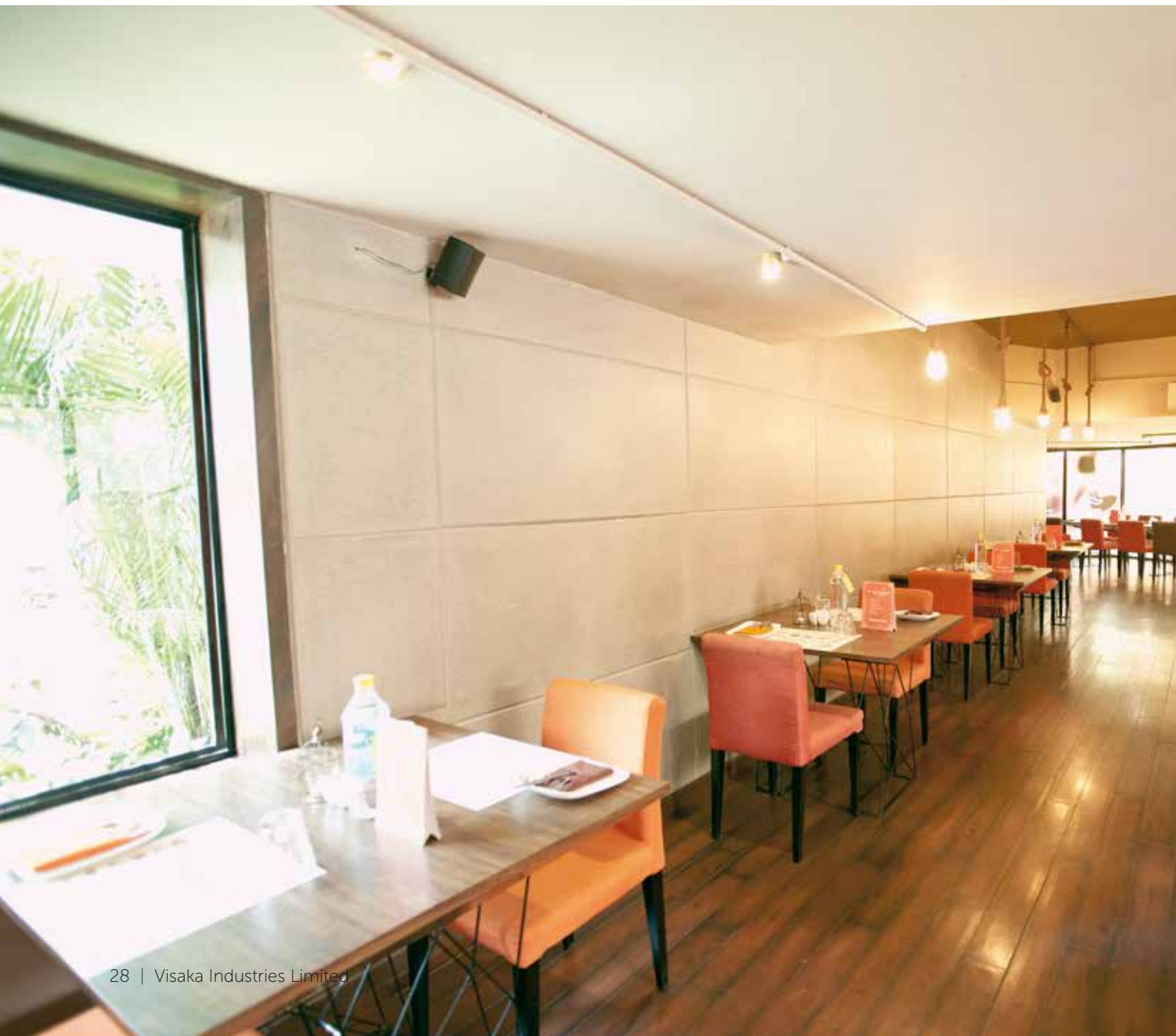
V-Plank is non-asbestos, autoclaved, fibre cement board; it is manufactured using Hatschek process and High Pressure Steam Curing (HPSC) technology. The product is a composite mix of non-asbestos cellulose fibres, ordinary Portland cement, fine silica, quartz and mineral additives.

V-Plank is ideal for a variety of applications - external facade, soffit covering, garden fences, compound wall cladding and gate cladding and looks exactly or even superior to plywood.

V-Panels

Installed capacity: 9750 tonnes per annum

The product is a cost-effective time-saving solution in dry wall construction - the advantages over masonry wall with construction advantages. This low-cost and space-efficient product is positioned as a dry wall substitute. This product enjoys superior size-weight ratio (lighter than bricks) that sufficiently matches wall strength around axial loads, can be erected by a few individuals and reused.



V-Panels are manufactured using a unique process, bonding fibre cement facing sheets and cementitious core with expanded polystyrene beads to make a composite light-weight drywall panel with a unique semi-circular tongue-groove profile for easy joining. V-Panels are manufactured to address international standards for partition walls.

Visaka possesses an installed capacity of 9750 TPA. The Company's V Panel clients comprise GMR Group, PunjLoyd, Shapoorji Pallonji, Soma Enterprises, TCS, Gujarat Ambuja port, Eenadu Group, Uranium Corporation

of India and Larsen & Toubro, among others.

Highlights, 2016-17

- Revenues of Rs 9.4 crores in FY17
- EBITDA stood at Rs. 1.43 crores (Rs. 1.32 crores in FY16)
- Capacity utilisation of 51 per cent in FY17 (78 per cent in FY16)

V-Panel advantages

- Fire rating 50mm – 60min
- Fire rating 75mm – 120min
- Asbestos-free
- Light
- Time-saving
- Space-saving
- Easy workability
- Easy-to-dismantle and relocate
- Thermal insulation
- Sound insulation
- Water-resistant
- Termite-resistant
- High-strength
- Eco-friendly

Thai Chain of Hotels, Chennai – Wall Panelling V-board



Hotel Memories, Kerala – Partitions V-board



This is what makes Visaka different

- Next-generation interior and exterior product
- Superior to plywood, particle boards and gypsum boards
- Attractive time and resource savings
- These could help re-design construction methods in the country



Roof underlay V-premium



House boat, partitions, false ceiling, mezzanine flooring, shelves V-Board

V-Next products versus plywood

Parameter	V-Next products	Plywood products
Cost	Cheaper by nearly 40 per cent	Costly as compared to V-next products
Durability/Life	Over 15-20 years	Nearly 5-10 years
Resistance to weathering	Yes	No
Environmental friendly	Yes	No
Fire/termite/water resistant	Yes	No
Time saving	Yes	Yes in some cases
Aesthetics	Excellent	Require other material

Products manufactured:
Cotton-touch
air-jet spun
polyester yarns

The Indian textile industry is estimated at US\$ 108 billion and estimated to reach US\$ 223 billion by 2021. The textile sector is one of the largest contributors to India's exports, approximately 11 per cent of its output being exported. India's textile exports for 2015-16 were nearly \$40 billion; this is expected to reach \$80 billion by 2020.

Yarns division

2015-16 17 per cent Contribution to total revenue	2015-16 Rs. 172 crore Revenue	2015-16 Rs. 27.64 crore EBITDA
2016-17 18 per cent Contribution to total revenue	2016-17 Rs. 175 crore Revenue	2016-17 Rs. 17.94 crore EBITDA



This is what makes Visaka different

- Manufactures niche, value-added years

- Productivity higher than global standard
- Multi-year client relationships
- Wide product range
- Concessional growth capital (debt)





Visaka commenced the manufacture of synthetic yarns in 1992. The Company invested in state-of-the-art equipment to address the niche value-added segment of a commodity business (polyester spun yarns as well as synthetic yarns from 30s to 76s counts – double yarn) to insulate from price-sensitive competition.

Visaka invested in twin air-jet Murata spinning machines, 41 MTS machines (equivalent to 82560 ring spindles) to produce yarn superior to what can be produced through the conventional ring frame yarn marked by low piling, no singeing and excellent dye pick-up, low picks per inch, low weaving costs, low value loss/fresher piece lengths, perspiration absorption, low shrinkage, smooth appearance and cotton-touch feel. The Company also produces yarns at a speed higher than rated recommendation.

The Company widened its product range to manufacture mélange yarns, high-twist yarns and specialty yarns across blends and

styles. Yarns manufactured by this division were ÖEKOTEX- certified (since 2008).

Visaka's clients comprised large and prominent downstream brands like Grasim Industries, Siyaram Silk, S. Kumar Nationwide, among others.

Performance highlights, 2016-17

- Revenue was Rs. 175 crores, 1.80 per cent higher than in the previous year.
- Spinning capacity expanded 26 per cent, which will enhance the manufacture of premium yarns with higher realisations and robust offtake.
- Profitability (PBT) declined on account of a sales slowdown from the third quarter.

Outlook, 2017-18

- Asset utilisation of the expanded capacity is projected at 95 per cent.
- Margins are expected to rebound; demand is likely to be better following trade normalisation.



Risk management

At Visaka Industries, we have countered business risk with enhanced focus.

The Company invested in our asbestos cement sheets business across market cycles. The result: Visaka is the second largest asbestos sheets manufacturer in India with one of the most competitive operating structures.

The Company invested patiently in niche yarn manufacture as opposed to the conventional strategy of forward integration. The result: Visaka enjoys one of the highest yarn business margins in India today.

The Company invested in the nascent space of V-Next Products ahead of the sectoral curve. The result: Visaka is among the fastest growing and among the most profitable V-Board brands in India today.

Risk	INDUSTRY SLOW-DOWN
Impact	Slower revenue and profit growth
Mitigation	The Company has a presence in two major sectors and manufactures diverse products. The Company is not excessively dependent on one industry. Visaka addresses consumers across income strata (rural, semi-urban and urban areas) resulting in robust offtake across demand cycles. This has enhanced business sustainability: when one business does not perform well, another from within the same company serves as a buffer. The nature of the combination – two unrelated businesses – serves as the basis of long-term business sustainability. Going ahead, the Company expects to grow the non-cement asbestos component of the business from 33 per cent of the turnover to 50 per cent in three years.
Risk	COMPETITION FROM ALTERNATE PRODUCTS (COLOUR COATED SHEETS)
Impact	Erosion of market share
Mitigation	The rising prices of steel and falling prices of cement asbestos have widened the gap of competitive advantage in our favour. The product withstood competition during the lowest prices of steel in the world which is creditable. The growing disenchantment in respect of functionality of steel sheets is leading to a reversion to cement asbestos sheets. Going ahead, the market share of cement asbestos sheets could increase.
Risk	THE 'BAN ASBESTOS' LOBBY
Impact	Product obsolescence
Mitigation	The asbestos used in sheet manufacture is only about 8 per cent; the white fibre used is not carcinogenic. The free-floating asbestos component is below the 0.1 fibres/cubic centimetre of air benchmark mandated by the Ministry of Environment. Regular safety audits ensure a safe work environment. On the other hand, the Company is optimistic of prospects of asbestos sheet products for a number of reasons: cost-effective product compared with alternatives; preferred in rural residential solutions; product traditionally used, incentivising its use whenever a roof is made or a previous sheet is replaced.

Risk	INCREASING FINANCING COSTS
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Impact	Profitability could be affected
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Mitigation	The Company has increasingly utilised accruals in business expansions. For instance, the proposed greenfield V-Boards expansion in North India is being funded largely through accruals. During the year under review, the Company moderated gearing by 38 bps and interest costs by Rs. 3.23 crores, largely mitigating this risk. The Company possessed Rs 109 crores in long-term debt against a net worth of Rs 388 crores as on 31 March 2017. The increase in debt mobilisation to fund the textiles expansion was conducted at deeply discounted interest cost for a tenure of seven years, prospectively reinforcing our high-margin commitment in that business.
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Risk	UNAVAILABILITY OF RAW MATERIALS
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Impact	Slower revenue and profit growth
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Mitigation	The Company fulfils its fibre appetite for its building products segment through imports from Russia, and Brazil not depending excessively on one country. Before initiating fresh contracts, a comprehensive assessment of raw material availability and supply is conducted. The Company has never encountered a raw material squeeze in the last number of years.
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Risk	CURRENCY FLUCTUATIONS
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Impact	Profitability could be affected
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Mitigation	The Company's focused team addresses forex volatility. The currency risk is partly neutralised by the fact that the Company imports raw material for its building products division and exports textile products and V-next products. The Company was never tempted towards forex loans for its domestic nature of business.
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Risk	LOGISTICAL INEFFICIENCY
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Impact	Large distance from consumers could affect Visaka's sales
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Mitigation	Most of the Company's customers are within a radius of 500 kilometres from manufacturing plants, moderating freight cost and increasing customer engagement. The plants are located in regions enjoying robust product demand. Visaka's depots in 26 towns and cities ensure timely product supply.
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Boards' Report

Dear members

Your Directors are pleased to present the 35th Annual Report of the Company with Audited Financial Statement for the year ended March 31, 2017. The financial highlights are as follows:

PARTICULARS	(Rs. in Lakhs)	
	2016 – 2017	2015 – 2016
Total Revenues	97050	100758
Profit before depreciation and Taxes	10047	7668
Profit before taxes	6640	4037
Provision for taxes (Incl. Deferred Tax)	2559	1594
Profit for the year after taxes	4081	2443
Balance brought forward from previous year	1041	1054
Profit available for appropriation	5291	3497

PERFORMANCE REVIEW AND THE STATE OF COMPANY'S AFFAIRS

The year gone by has been challenging at times, exciting, stressful and overall, is a mixed bag for the rural and semi-urban economy of the country. There was a normal rainfall unlike for the past two years, lead to a spurt. But the severe cash crunch, an outcome of demonetization and digitization, took away the initial agility. Particularly, unorganised sector of the country, considered to be the back bone of rural economy, has been drastically effected and the initial momentum generated during the first half of the year got disturbed.

Amidst such an economic environment, having major influence on your company's performance, strategies like aggressive ad campaign, improved operational efficiency, strengthening the Distribution reach, developing new markets and focusing more on high realisation applications coupled with reconversions happening from metal sheets to Asbestos Cement Sheets etc., helped to show a good performance during the financial year under review.

The Company's key performance indicators are as under:

- Revenue from operations decreased marginally by 3.8 per cent to ₹966 Crores from ₹1005 Crores of previous year.

- Cash Profit increased by 31 per cent to ₹100.47 Crores from 76.68 Crores of previous year.
- Net Profit increased by 67 per cent to ₹40.80 crores from ₹24.43 crores of previous year.
- The capital expenditure for 2016-17 was ₹67.03 Crores, which was principally on account of ongoing expansion undertaken at the Textile Plant at Nagpur and other normal capital expenditure at various units. There is no change of business during the year under review.

Your Company's shares are listed on the National Stock Exchange (NSE) and BSE Limited. Variations in the market capitalisation and price earnings ratio are provided hereunder:

Parameter	As at March 31, 2017	As at March 31, 2016
Market Capitalisation (in ₹ Crores)	430.05*	168.02**
P/E ratio	10.54	6.87

*based on closing price at National Stock Exchange Limited, being the higher of two exchanges

** based on the closing price at BSE Ltd., being the higher of the two exchanges

Your Company made its initial public offer of equity shares in 1984-85. The closing price (quoted on stock exchanges) of your Company's share of ₹10/- each fully paid-up as at March 31, 2017 and March 31, 2016, are 1354% and 529% respectively over the price of last public offer made in the year 1991-92.

No material changes and commitments occurred after the close of the year till the date of this Report, which affect the financial position of the Company.

DIVIDEND

Your Directors recommended payment of Final Dividend of ₹6/- (i.e. 60%) per share of ₹10/- each for the said financial year, as against ₹5/- per share (i.e. 50%) of previous year. The Company is absorbing Corporate Dividend Tax of ₹193.98 Lakhs on the said Dividend.

MANAGEMENT DISCUSSION AND ANALYSIS

Global economic overview:

Global economic growth picked up slightly and rose to 3.1% in 2016. It is expected to rise further to 3.4% in 2017 and 3.6% in 2018. The growth had gained momentum in the final quarter of 2016 on the back of gains in developed and emerging economies. The recovery of the global economic scenario is uneven as the developed nations are leading the upswing in the global growth with a favourable domestic demand aiding growth in the Euro area and the United States. The eurozone is benefitting from strong household spending and a decline in unemployment rates. While the US economy is growing due to gains in household wealth and a turnaround in investment as a result of a rebound in oil-drilling activity, in Japan, despite the slowed private consumption, the weakening of the yen and an improvement in the global scenario is accelerating economic activity.

China's booming real estate market and stronger global growth are boosting manufacturing output and investment. Most Asian economies are benefitting from strengthening of global trade. Latin America's growth remains sluggish due to vulnerabilities to external shocks and structural weaknesses. Despite this optimism, lot of events could threaten global economic growth:

- The Brexit process got triggered in 2017 and it will send European Union and the United Kingdom into uncharted waters.

- The right-wing populist Geert Wilders and his Party for Freedom (PVV) have been defeated in the elections in the Netherlands. The election of the new president for France is also expected to be a major highlight in 2017.
- The Federal Reserve recently made its second hike and it could lead to fuelling volatilities in the financial markets, particularly in the developing countries.

(Source: Focus Economics)

Indian economic overview:

India's GDP growth has improved phenomenally in the past couple of years and is being hailed as a 'bright spot' among the emerging economies. But it may soon lose its 'fastest-growing major economy' title to China after winning it from China in the previous fiscal. This would be a result of a downward revision of India's GDP by the IMF. India's projected GDP growth of 7.6% has now been revised downward to 6.6% by the IMF. This downward revision had happened primarily due to the cash shortages, payment disruptions in the wake of the demonetisation initiative. This is however expected to be a short-term effect which will strengthen the nation's fundamental structure in the long run. However, this effect is expected to gradually dissipate during FY 2017-18. The quality of India's fundamentals are expected to become stronger and economic growth is expected to rebound to 7.2% in FY 2018 with growing digitisation, the implementation of the GST, favourable monsoons, lowered oil prices, removal of supply chain bottlenecks and a strong consumer confidence. The Indian Government's decisive policy manoeuvres towards ensuring fiscal consolidation and pegging back inflation will help it maintain economic stability in the years to come. (Source: Hindustan Times, TOI, Livemint).

Segment Analysis

A. Building Products:

Global construction and building products industry overview

Building products industry consists of various building materials such as brick, stone, concrete and cement in addition to wood, lumber, wood panelling and mill work products the latest addition being Fibre cement Boards. It also includes roofing materials such as glass and asbestos. The construction and building materials industry is often difficult to track due to its complete dependence on the



building sector and its trends. A rise in urbanisation and an expanding real estate industry along with an increase in the world population and economic growth has led to a considerable growth of this sector. It is predicted that the global industry in construction supplies will reach US \$1.1 trillion by 2020. Certain challenges that are prevalent in the construction and building products sector are listed below:

- **Demand cyclicality:** Demands of products are not consistent and is affected by seasonality with summers witnessing major outdoor construction activities and thus increase in demands.
- **Macroeconomic factors:** Global GDP growth, which affects interest rates and cost of mortgage and loans, has an impact on the real estate trade and in turn the sale of construction materials.
- **Consumer preferences:** Changing consumer preferences can drastically affect the offtake of construction materials.

Indian construction and building products industry overview:

The Indian real estate sector is one of the most globally recognised sectors and is expected to reach a market size of US\$ 180 billion by 2020. This growth in the real estate sector will also drive the growth of the construction and building products segment in India. This market includes wood based products, plastic boards, metal roofs, tiles and fibre cement products. Out of these, fibre cement building product comprises about 20% of the market and is growing at a robust pace. It is also capturing market share from other products in the industry.

The Indian government is increasing thrust on rural development which is a major driver of the building products segment. And along with rising rural incomes and moderation in rural inflation, the scope of roofing products is very large. It is estimated that about 54% of houses in rural India are kutcha houses and this deficit in rural housing offers tremendous opportunity of sustained growth of new age construction practices as well as building products.

(Source: IBEF, HDFC Securities)

Governmental initiatives:

Nearly 70% of the Indian population stays in the rural area and thus rural development has been a major focus of the Government. The urban development and housing minister has set the target of providing pucca 'housing to all by 2022'. Besides rural development, homelessness in urban areas is

also a major concern and despite India's growing economic stature, the country has as many as 78 million homeless people. To tackle these problems, the government took initiatives towards housing and development which will also provide a boost to the construction and building products segments. Few of which are listed below:

- **Pradhan Mantri Awaas Yojana:** Under this scheme, financial assistance will be offered to the homeless for the development of pucca houses. Approximately 2 crore dwelling units are planned to be built and is expected to be completed by 2022.
- **Rajiv Aavas Yojana:** This is a low-cost housing scheme is for who unable to pay high money for own house. The scheme envisages a 'slum-free India' where every citizen has access to basic civic infrastructure, social amenities and a decent shelter.
- **Credit-linked subsidy scheme for middle income groups:** Under this scheme, an interest subsidy of 4% will be provided on housing loans of up to ₹9 lac for people with an income of ₹12 lac per year and a 3% subsidy will be provided on loans up to ₹12 lac for those having an income of ₹18 lac per year. This will lower the EMIs on the housing loans taken by people in mid-income groups by over ₹2,000 per month.
- **Rural Housing Fund:** This scheme will provide interest subsidy to every rural household who is not covered under the Pradhan Mantri Awaas Yojana (Grameen), PMAY (G), enabling people in rural areas to construct new houses or add to their existing pucca houses to improve their dwelling units. The beneficiary who takes a loan under the scheme would be provided interest subsidy for loan amount up to ₹2 lac.

(Source: Indian Express, Livemint, HDFC Securities, makaan.com)

SWOT analysis of the Indian construction and building products industry:

Strengths

- Abundant employment opportunities
- Demand for commercial buildings and private sector housing are on the rise
- Keen emphasis laid by the Indian Government on the infrastructure sector
- Abundant availability of raw materials and low-cost labour
- Increased FDI inflow

Weaknesses

- Large distances between construction projects
- Skilling of labour pool needed on an immediate basis
- Intensely competitive environment
- Lack of well-defined processes
- Capital-intensive industry

Opportunities

- Growth in the private housing sector
- PPP projects
- Rising incomes and easy availability of loans
- Ample employment opportunities
- Weakening rural inflation
- Promotion of FDI in the construction sector
- Good Monsoons

Threats

- Infrastructure safety
- Natural calamities
- Increasing shift towards alternative products

Visaka's standpoint

Visaka's building products business manufactures two products – cement asbestos products and fibre cement boards (V-Boards and V-Panels).

Overview of Cement Asbestos Business:

Industry structure and developments:

This industry exists for the last 80 years in India. Cement Asbestos Products continue to be in demand because of the efforts made in making inroads into rural markets for the product, its affordability and other qualities such as corrosion resistance, weather and fire proof nature.

Currently there are about 20 entities in the Industry with about 53 manufacturing plants with an annual capacity of approximately 45.00 Lac MT throughout the Country. The products are marketed under their respective brand names mainly through dealers for the retail segment and directly for projects and government departments.

Opportunities and threats:

Cement asbestos sheets are mainly used as roofing materials in rural and semi-urban housing and by industries and poultry sector.

Cement asbestos sheets are popular as they are inexpensive, need no maintenance and last long when compared to competing products such as thatched roofs, tiled roofs and

galvanized iron sheets.

According to the information gathered by the Company, about 60% of rural people use thatched roof/tiles for the shelter. Thatched roof need regular replacement and tiled roof needs continued maintenance. Therefore, whenever the economic conditions improve, the first choice of the rural poor is to replace the roof over their head with the affordable and relatively durable product i.e. Cement Asbestos Sheets and thus your Company sees increased potential for usage of Cement Asbestos Sheets in rural areas.

Presence of increased alternative products in the recent past like Galvam and other metal colour coated sheets is creating some impact on the sales volumes of this product to some extent.

Risks and concerns:

Lack of entry barriers: Lack of entry barriers is attracting new entrants into this line of business.

Activities of Ban Asbestos Lobby: The activities of the Ban Asbestos Lobby instigated by the manufacturers of substitute products continue to be a matter of concern. Government of India along with Russian Government opposed the move to put any condition on this industry in the recent Rotterdam Convention held in Geneva. This proves that the Government is convinced about the product.

Outlook:

The Company is the second-largest cement asbestos sheet brand in the nation with a market share of 18%. The asbestos division's profits grew by 198% in FY2016-17. The decrease in rural inflation and sales contraction of steel sheets are expected to catalyse the offtake of asbestos products.

Your Company is continuously striving to enhance the product's distribution reach and increased market presence by strengthening network of stockists, resorting to aggressive advertisement campaign and capitalising on company's brand & image. These, coupled with inherent advantages associated with the product such as cost affordability etc., are expected to result in a growth rate of 5% to 10% in the next fiscal. The company effectively staved off the effect of demonetisation to a large extent.

Overview of Fibre Cement Boards & Panels:

Industry structure and developments:

There are 6 players in the industry producing identical or similar products with an annual capacity of approximately 470000 MT.



Opportunities and threats:

Fibre Cement Boards (FCB) are environment friendly, save time, cost effective as well as a good substitute for wood and thus help in reducing deforestation. Further it can also be a substitute for gypsum board in certain applications. These products have good aesthetics appeal. They can be used both internally and externally. They are also durable and have a life of over 25 years or more with proper maintenance. Further, the product has Triple advantages of Fire, Water and Termite resistance. FCB suits itself to any type of finish – paint, laminate, wall paper, tiles, marble etc.

FCB products are well accepted in Office and Commercial Segments for partitions, seamless false ceiling and grid false ceilings etc. Wet Area application with the product has become an accepted norm and its ability to take the finish of Marble or Tiles is an added advantage. Industrial segment started using V-Boards for Mezzanine application and Double Skin partitions.

As far as the Residential Segment is concerned, the entry level is with False Ceiling Tiles in bathrooms. In living rooms and kitchens the product can be used as shelves and cupboards, because FCB does not get affected by Termite and it is a long-life product. External Cladding with V Premium Boards, Front Elevation with V Premium Planks and Duct Covering to service pipes are well appreciated & accepted by leading builders in India. Residential dwelling units with all internal walls made of FCB are catching up very fast.

Your company is working on a model to cater to the needs of affordable housing with innovative in-fill Technology called V-in-fill system under which external and internal walls are built with a great speed at competitive cost.

V Premium stands the test of time, when exposed to different weather conditions; High levels of Fire Resistance (up to 3 hrs fire rating) and Noise Reduction Levels (up to 55 dB) enables an entry of V Board, in to Hotel Segment. Star hotels like Marriott, Sahara etc., have started using the same for dry walls / room dividers. Increased awareness to FCB will help acceptance and market growth. Visaka is the only Company to have Green Certification from CII, for its Non-Asbestos Fiber Cement Board Products.

On the negative side, Cellulose pulp must be imported. Compared to wood and plywood, workability is a matter of concern. Further, initial handling is comparatively difficult. While consumers are preferring this product, the applicators like Carpenters were resisting initially due to difficulty in working on FCB compared to Plywood. Your Company has overcome this problem in the last couple of years by

educating the applicators, through theoretical and practical training programmes.

Risks and Concerns:

Lack of entry barriers as well as import of cement board materials from Philippines/Thailand/China and Malaysia are matters of concern. However, they are not competitively priced.

Outlook:

The industry is growing at an average rate of 20%. Your company's fibre cement board products contributed 18.24% of the revenues of Visaka's building product segment in FY 2016-17. It is planning to expand the capacity of V-Boards and V-Panels at an investment of ₹75 crore during the next year via a greenfield expansion in Northern India to capitalise on the growing demand emanating from that region.

The markets for V-Boards and V-Panels had thus far been limited to urban centres. Visaka, through its strategic marketing initiatives has been able to raise awareness and foster nationwide acceptance for these products. Although, the Company's current growth driver is the cement asbestos sheet segment, V-Boards and V-Panels are Visaka's future.

Saudi Arabia and Middle East markets are slightly down due to drop in crude oil prices, which is a matter of concern. To offset the same, your Company is exploring opportunities in African countries like Tanzania, Kenya; focusing on other Asian countries like Nepal, Sri Lanka and Pakistan. Your Company has enquiries from Philippines and Europe also. As Plywood is turning out to be costlier, it is expected that consumers will shift towards Cement boards in a big way.

Panels

Sandwich Panels are in demand in the market, for use as Partition Material. The 'Reinforced Building Board Sandwiched Panels' are made of two fibre-reinforced cement sheets enclosing a lightweight core. These panels are fully cured at factory and are ready for installation.

These panels are cheaper compared to masonry partitions / wood partitions and are also easy to fix and take comparatively lesser time for installation.

B. Spinning Division:

Global textiles industry overview:

Global textile fibre consumption was pegged at 85 million tonnes, growing at a rate of 3%. Sales of textiles and clothing sector also fell as a result of this by 1.5%. Asia dominated the primary textile production market as Vietnam almost

caught up with China. Besides the slower economic growth, another factor that contributed to these sectors stunted growth was the challenging weather conditions which affected the agricultural sector in many countries. But post the bumpy growth of this sector in 2016, this industry expects a slight revival in 2017. Technical textiles are expected to be the next big trend in this sector and will see major investment opportunities in the years ahead. Overall, the global textile industry is expected to grow at a CAGR of 5% as globalisation continues. (Source: *eulerhermes, techtextil*)

Indian textiles industry overview:

The textiles segment is one of the oldest sectors of India and is one of the major contributors to the nation's exports, contributing to 11% of the total exports. The textile industry employs approximately 40 million workers directly and 60 million indirectly. The total worth of the Indian textile industry is estimated to be US\$ 108 billion, which is estimated to reach US\$ 223 by 2021. The Indian textile sector is very diverse with hand-spun and hand-woven textiles sectors at one end of the spectrum and the capital intensive sophisticated mills sector at the other end. Also the close linkage of this sector with the nation's agriculture sector makes it unique in comparison to similar sectors in other nations. The Indian textiles and apparel sector is divided into broadly two segments: yarns and fibres and processed fabrics and apparel. India accounts for about 14% of the world's production of textile fibres and yarns. India's loom capacity, including handlooms is the highest in the world, contributing to 63% of the world's market share. The future of the Indian textile industry looks optimistic supported by strong domestic consumption as well as rising export demands. Rising consumerism and higher disposable incomes have provided a boost to this industry in the past decade, which has led to the entry of several international players in the market such as Marks & Spencer, Guess and Next into the Indian market. The expected growth of the organised apparel segment is to be at a CAGR of more than 13% over a 10 year period which will drive the growth of high quality yarn demand. (Source: LinkedIn, IBEF)

Governmental initiatives:

The Government of India and the Ministry of Textiles took several initiatives to strengthen the nation's textile industry. Few of which are listed below:

- Encouraging entrepreneurs to invest by increasing allocation of funds to Mudra Bank from ₹1,36,000 crore (US\$ 20.4 billion) to ₹2,44,000 crore (US\$ 36.6 billion)
- Upgrading skills of labourers by allocating ₹2,200 crore (US\$ 330 million)
- Promoting exports and introducing a special package for the creation of jobs in the apparel sector, mostly for women
- Facilitating technological advancements in the textiles sector via ATUFS
- Introducing a special package for the handloom sector which will include social welfare schemes, insurance cover, cluster development, and up-gradation of obsolete looms, along with tax benefits and marketing support
- Signing a MoU worth ₹8,835 crore for the development of textile parks, textile processing, machinery, carpet development, among others
- Boosting exports via the Focus Product Scheme, which includes a list of products that are entitled for duty credit scrip equivalent to 2% of freight-on-board value of exports
- Undertaking a range of export promotion activities under the aegis of The Cotton Textiles Export Promotion Council (Source: *Ministry of Textiles, IBEF*)

SWOT analysis of the Indian textile industry:

Strengths

- Easy availability of low-cost and experienced manpower
- Raw material availability
- Significant domestic as well as international demand
- Accelerated demand for fibres
- Large variety of textile products

Weaknesses

- Highly fragmented
- Weak labour laws
- High power costs, interest rates and indirect taxes
- Lack of technological development
- Lack of economies-of-scale

Opportunities

- The organised apparel segment is expected to grow at a CAGR of 13% over the next decade
- Increasing preference for readymade branded apparels
- Growth in online retail and the emergence of malls
- Withdrawal of quota restrictions



- Improvement in product quality to meet global standards
- Rise in disposable incomes

Threats

- Competition from countries such as China
- Striking the right balance between price and quality
- Maintaining a comfortable demand-and-supply balance
- Lack of stringent environmental and labour laws

Visaka's standpoint:

Your company is continuing to have the largest installation of Murata Twin jet spinning installation in the world giving the advantage of manufacturing superior quality yarn as compared to conventional ring frame yarn. Your company has been gradually adding spinning machines and also continuously fine-tuning the techniques of manufacturing different varieties of yarns from solid and melange dyed Polyester and Viscose fibres, raw white Linen fibres at the highest speeds. In FY 2016-17 Visaka completed a capex of ₹70 crore which has increased its capacity by 26% and now has 41 MTS machines with 2752 positions, producing about 10,000 Metric tons of yarns per annum. This additional capacity gives your company the economics of scale in the industry and will be used to produce premium yarn which enjoy higher realisations, generate better demand and are comparatively more insulated from price-based competition. This strategy is expected to allow its textile division to tide over difficult times. The location of unit since is in Vidharba region, where the thermal power production is concentrated gives an edge over the mills in the other parts of the country to keep the power cost at lower levels.

The limitation to manufacture 100% cotton yarns and to a certain extent cotton yarns blended with polyester fibre with the aforesaid spinning system is one constraint. However, the cotton touch feel of Air-jet yarn makes up for it.

Opportunities and threats:

The continuing growth of Indian economy at a steady level helps to increase the demand for apparel fabrics, which is a key segment for our yarns. The recycled polyester fibre industry which has been exempted from taxes curtailed our growth during the past 5 years. Once GST is implemented with uniform taxation this year, it helps to create new opportunity for company's yarns manufactured using virgin fibres in the domestic market. When cotton yarns also come into the GST fold, it will help the synthetic yarn industry to have a level-playing field.

The strengthening Indian Rupee from ₹70 to 64 dented our profitability in the past year. Any further strengthening could affect the profits from the export markets. If global cotton fibre production expands, it could reduce the demand for the synthetic yarns, thus reducing our margins. The 3D manufacturing capability for apparels is still in the nascent stage. Once this is successfully commercialised at affordable price, it could pose challenges to the traditional spinning and weaving industry.

OPERATIONAL PERFORMANCE:

Building Products Division

The net turnover of Building Products Division during the year was ₹782 crores as compared to ₹818 Crores during the previous year. The decrease was due to the tight money conditions coupled with change in consumption pattern among the users. The reduction is more on account of cement asbestos products while there is growth in the FCB business.

Textile Division:

The net turnover of this division during the current year was ₹175 crores compared to ₹172 crores during the previous year.

Analysis of financial statements:

The total turnover of the company for the year FY 2017 was ₹956.85 cr a decline of 3.3% which is after factoring in the effect of demonetization during the 2nd half of the year. The EBIDT for the year was 12.39%, an increase of 25% over the previous year. Finance cost and depreciation costs reduced by ₹5.47 cr. The PBT for the year FY 2017 increased by 64% from ₹40 cr to 66 cr. The PAT increased 67% from ₹24.43 cr to ₹40.80 cr. Hence both the margins as well as the finance and depreciation costs contributed to the bottom-line.

The overall gross debt came down by ₹103 cr during the year ended March 2017. The total debt to equity dropped from 1.02 to 0.64 by the end of March 2017. The working capital cycle reduced by 14 days during the year.

Human resources:

Your Company believes that human resource is its most valuable resource and it is the quality and dynamism of human resources that enables it to make a significant contribution to enhance stakeholders' value. Your Company has taken a lot of initiatives to train its employees both in-house as well as through reputed Institutes. Your Company always strives to maintain good work culture, ethics, values and rewarding remuneration packages to keep its staff

highly motivated.

During the year, industrial relations remained cordial. Your Directors would like to record their appreciation of the efficient and loyal service rendered by the Company's employees.

Internal controls and their adequacy:

Your Company has in place adequate systems of internal financial controls commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorised use or losses, executing transactions with proper authorisation and ensuring compliance of internal policies. The Company has a well-defined delegation of power with authority limits for approving revenue as well as capital expenditure. Processes for formulating and reviewing annual and long term business plans have been laid down to ensure adequacy of the control system, adherence to the management decisions and legal compliances. The Company uses ERP (Enterprise Resource Planning) system to record data for accounting and connects online to different locations for efficient exchange of information. This process ensures that all transaction controls are continually reviewed and risks of inaccurate financial reporting, if any, are dealt with immediately. The Company has in place adequate internal financial controls regarding financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

FIXED DEPOSITS:

During the year under review, your Company has accepted ₹6.71 Crores as additional deposits from the public and shareholders thus making the outstanding as on March 31, 2017 to ₹14.99 Crores. As on March 31, 2017, deposits raised under previous Companies Act, 1956 are fully paid off.

In this regard, it is further stated that:

- there were no deposits lying unpaid or unclaimed at the end of the year i.e. 31.03.2017;
- There has been no default in repayment of deposits or payment of interest thereon during the year;
- There are no deposits lying with the Company which are not in compliance with the requirements of Chapter V of the new Act and

- As provided under the new Act, the outstanding deposits accepted under the provisions of previous Act have been repaid and squared off, fully.

UNCLAIMED DIVIDEND:

As per the provisions of Section 205C of the Companies Act, 1956, following unclaimed dividend amounts are transferred to Investor Education and Protection Fund upon expiry of the mandatory 7 years period:

Sl. No	Particulars	Date of Transfer	Amount ₹
1	Final Dividend for the FY 2008-09	12.09.2016	665562
2	First Interim Dividend for the FY 2009-10	12.09.2016	299521
3	Second Interim Dividend for the FY 2009-10	19.12.2016	296618

BANKS AND FINANCIAL INSTITUTIONS:

Your Company has been prompt in making the payment of interest and repayment of loans to the Financial Institutions and interest on working capital to the banks. Banks and Financial Institutions continue to give their unstinted support. The Board records its appreciation for the same.

CORPORATE SOCIAL RESPONSIBILITY:

Your Company, as a responsible Corporate Citizen established Visaka Charitable Trust in the year 2000 as a non-profit entity, to support initiatives that benefit the society at large. The Trust had been already undertaking various activities like provision of drinking water by digging bore wells, construction of irrigation tanks in remote villages, building of Class Rooms in Schools and Colleges, reimbursement of salaries of teachers and supply of class room furniture and conducting health camps.

Keeping in view the above, your Board, thought it appropriate to spend CSR expenditure as mandated under Section 135 of the Companies Act, 2013 either in part or full through the same trust i.e., Visaka Charitable Trust, objectives of which entail it to undertake the CSR activities as contemplated under Schedule VII of the Companies Act, 2013. Your company has during the financial year under review, out of the prescribed CSR expenditure amounting to ₹66.72 Lakhs, spent an amount of ₹51.54 Lakhs directly and an amount of ₹15.18 Lakhs by way of contribution to the trust.

A report on CSR activities as required under Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014 is enclosed as Annexure – 1. Your Board undertakes to spend the amount towards the aforesaid identified CSR activities



through the trust as per the CSR policy of the Company.

CSR policy of the Company may be accessed on the Company's website at the link: www.visaka.co

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

In pursuance of Article 130(e) of Articles of Association of the Company, Shri. V.Vallinath, Whole-time Director & CFO is liable to retire by rotation at the ensuing annual general meeting and being eligible, offers himself for reappointment.

All the independent Directors have given declarations stating that for the financial year 2017-18, they meet the criteria of Independence as contemplated under Section 149(6) read with Schedule IV to the Act & SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and the same was taken on record by your Board in its meeting held on May 5, 2017.

Shri.G.Vamsi Krishna has been appointed as Joint Managing Director of the Company for a period of 5 years effective from May 6, 2017.

Shri.V.Vallinath has been reappointed as Whole-time Director & CFO of the Company for a period of 3 years effective from September 9, 2017.

The aforesaid appointments are subject to your approval at the ensuing annual general meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, Directors of your Company state that:

- a. in the preparation of the annual accounts for the year ended March 31, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures; the annual accounts have been prepared in compliance with the provisions of the Companies Act, 2013.
- b. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the same period;
- c. the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d. they have prepared the annual accounts on a going concern basis;

- e. they have laid down internal financial controls in the company that are adequate and were operating effectively.
- f. they have devised proper systems to ensure compliance with the provisions of all applicable laws, which are adequate and are operating effectively.

CORPORATE GOVERNANCE:

A report on Corporate Governance, along with a certificate of compliance from the Auditors, forms part of this Report.

AUDITORS AND AUDITORS' REPORT:

Statutory Audit:

You are aware that the provisions relating to rotation of statutory auditors as contemplated under Section 139 of the Companies Act read with relevant rules issued thereunder is applicable to your company starting from the financial year 2013-14. However, as permitted under the said provisions M/s. Anandam & Co., Chartered Accountants were appointed as Statutory Auditors of the Company to hold the office for a period of three years from the conclusion of 32nd Annual General Meeting of the Company held on 25.07.2014 till the conclusion of ensuing annual general meeting of the Company. Starting from the financial year 2017-18, your company need to comply with the requirements of rotation of auditors.

The Board, based on the recommendations of its Audit Committee, is considering to appoint M/s Price Waterhouse & Co. Chartered Accountants LLP, Chartered Accountants, Hyderabad as statutory auditors to hold the office from the conclusion of ensuing annual general meeting till the conclusion of 6th consecutive annual general meeting (i.e., AGM to be held in the calendar year 2023) and appropriate resolutions in this connection seeking your approval, have been included in the notice calling ensuing Annual General Meeting of the Company.

Cost Audit:

In terms of the Companies (Cost Records and Audit) Rules, 2014, under Companies Act, 2013, M/s.Sagar & Associates, Cost Accountants, Hyderabad were appointed as Cost Accountants of the Company for conducting the Cost Audit of Building Products Division as well as Textiles Products Division for the financial year 2016-17 at a remuneration of ₹1,50,000/- exclusive of out of pocket expenses and applicable taxes which was ratified by you at the 34th Annual General Meeting of the Company.

Further, the Board after considering the recommendations of its Audit Committee, resolved to appoint the aforesaid firm as cost auditors for the financial year 2017-18 and

appropriate resolution in this connection seeking your approval, has been included in the notice calling ensuing Annual General Meeting of the Company.

Pursuant to section 148(6) of Companies Act, 2013 read with rule 6(6) of the Companies (cost records and audit) Rules, 2014, cost audit report for the financial year ended March 31, 2016 was filed with the Central Government on July 2, 2016.

Secretarial Audit:

Pursuant to Section 204 of the Companies Act, 2013, your Board appointed M/s Tumuluru & Co., Practicing Company Secretaries, Hyderabad as Secretarial Auditors for the financial year 2016-17 and Secretarial Audit Report for the financial year ended March 31, 2017 is enclosed as Annexure-2.

CRITERIA FOR IDENTIFICATION, APPOINTMENT, REMUNERATION AND EVALUATION OF PERFORMANE OF DIRECTORS

Your Company constituted Nomination and Remuneration Committee (hereinafter referred to as "the Committee"), to oversee, inter-alia, matters relating to:

- identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal;
- formulate the criteria for determining qualifications, positive attributes and independence of a director;
- recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees;
- carry out evaluation of every director's performance including that of Independent Directors and
- devise a policy on Board Diversity.

Criteria to be followed for identification, appointment, remuneration and evaluation of performance of directors including Company's Board diversity etc., as approved by the Board, aids the committee in discharging aforesaid functions.

The criteria for appointment, qualifications and positive attributes along-with remuneration policy as applicable to Directors, KMPs and other Senior management personnel and criteria to be followed for performance evaluation of each director including Independent Directors of the Company is enclosed as Annexure – 3

FORMAL ANNUAL EVALUATION MADE BY THE BOARD OF ITS OWN PERFORMANCE AND OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS

Your Company believes that it is the collective effectiveness of the Board that impacts Company's performance and thus, the primary evaluation platform is that of collective performance of the Board.

The parameters for Board performance evaluation, as laid under evaluation criteria adopted by the company, have been derived from the Board's core role of trusteeship to protect and enhance shareholder value as well as fulfil expectations of other stakeholders through strategic supervision of the Company.

The said criteria also contemplate evaluation of Directors based on their performance as directors apart from their specific role as independent, non-executive and executive directors as mentioned below:

- Executive Directors, being evaluated as Directors as mentioned above, will also be evaluated based on targets / Criteria given to them by the board from time to time as well as on their respective terms of appointment.
- Independent Directors, being evaluated as a Director, will also be evaluated on meeting their obligations connected with their independence criteria as well as adherence with the requirements of professional conduct, roles, functions and duties specifically applicable to Independent Directors as contained in Schedule IV to the Companies Act, 2013.

The criteria also specify that the Board would evaluate each committee's performance based on the mandate on which the committee has been constituted and the contributions made by each member of the said committee in effective discharge of the responsibilities of the said committee.

The Board of Directors of your Company has made annual evaluation of its performance, its committees and directors for the financial year 2016-17 based on afore stated criteria.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9 is annexed herewith as Annexure-4

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of investments and inter corporate deposits made by the Company, are given in the notes to the Financial Statements (Please refer Note Nos.11 and 16.1). During the year under review, your Company did not give any other



loans or guarantees, provide any security or made any Investments as covered under Section 186 of the Companies Act, 2013, other than as disclosed above.

RELATED PARTY TRANSACTIONS

Related party transactions entered during the financial year under review are disclosed in Note No.29 of the Financial Statements of the company for the financial year ended March 31, 2017. These transactions entered were at an arm's length basis and in the ordinary course of business. There were no materially significant related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company. Form AOC-2, containing the note on the aforesaid related party transactions is enclosed as Annexure-5

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website under investor relations/listing compliances tab at www.visaka.co

RISK MANAGEMENT FRAMEWORK

As a diversified enterprise, your Company believes that, periodical review of various risks which have a bearing on the business and operations is vital to proactively manage uncertainty and changes in the internal and external environment so that it can limit negative impacts and capitalize on opportunities.

Risk management framework enables a systematic approach to risk identification, leverage on any opportunities and provides strategies to manage, transfer and avoid or minimize the impact of the risks and helps to ensure sustainable business growth with stability of affairs and operations of the Company.

Keeping the above in view, your Company's risk management is embedded in the business processes. As a part of review of business and operations, your Board with the help of the management periodically reviews various risks associated with the business and products of the Company and considers appropriate risk mitigation process. However, there are certain risks which cannot be avoided but the impact can only be minimized. The risks and concerns associated with each segment of your company's business are discussed while reviewing segment-wise Management and Discussion Analysis. The other risks that the management reviews include:

- a. **Industry & Services Risk:** this includes Economic risks like demand and supply chain, Profitability, Gestation

period etc.; Services risk like infrastructure facilities; Market risk like consumer preferences and distribution channel etc.; Business dynamics like inflation/deflation etc.; Competition risks like cost effectiveness.

- b. **Management and Operational Risk:** this includes Risks to Property; Clear and well defined work process; Changes in technology / upgradation; R&D Risks; Agency network Risks; Personnel & labour turnover Risk; Environmental and Pollution Control Regulations etc.; Locational benefits near metros.
- c. **Market Risk:** this includes Raw Material rates; Quantities, quality, suppliers, lead time, interest rate risk and forex risk.
- d. **Political Risk:** this includes Elections; War risk; Country/Area Risk; Insurance risk like Fire, strikes, riots and civil commotion, marine risk, cargo risk etc.; Fiscal/Monetary Policy Risk including Taxation risk.
- e. **Credit Risk:** this includes Creditworthiness; Risk in settlement of dues by clients and Provisions for doubtful and bad debts.
- f. **Liquidity Risk:** this includes risks like Financial solvency and liquidity; Borrowing limits, delays; Cash/Reserve management risks and Tax risks.
- g. **Disaster Risk:** this includes Natural calamities like fires, floods, earthquakes etc.; Man made risk factors arising under the Factories Act, Mines Act etc.; Risk of failure of effective disaster Management plans formulated by the Company.
- h. **System Risk:** this includes System capacities; System reliability; Obsolescence risk; Data Integrity risk & Co-ordination and Interface risk.
- i. **Legal Risk:** this includes Contract risk; Contractual liability; Frauds; Judicial Risk and Insurance risk.
- j. **Government Policy:** This includes Exemptions, import licenses, income tax and sales tax holidays, subsidies, tax benefits etc. Further your Board has constituted a Risk Management Committee, inter-alia, to monitor and review the risk management framework.

OTHER DISCLOSURES

Board Meeting

Four meetings of the Board of Directors were held during the year. For further details, please refer report on Corporate Governance on page no. 74 of this Annual Report.

Audit Committee

The Audit Committee comprises Independent Directors namely Shri B.B. Merchant (Chairman), Shri.V.Pattabhi and Shri. Gusti J. Noria apart from Smt. G. Saroja Vivekanand, Managing Director. All the recommendations made by the Audit Committee were accepted by the Board.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Information required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is enclosed herewith as Annexure-6.

Vigil Mechanism

Pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for directors and employees to report genuine concerns has been established. The Vigil Mechanism Policy has been uploaded on the website of the Company under investor relations/ listing compliances tab at www.visaka.co

Remuneration of Directors, Key Managerial Personnel and Employees:

Statement showing disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as Annexure-7. In terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of limits set out in said rules forms part of the annual report. Considering the first proviso to Section 136(1) of the Companies Act, 2013 this annual report, excluding the aforesaid information, is being sent to the shareholders of the Company and others entitled thereto. The said information is available for inspection at the registered office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General

Meeting. Any shareholder interested in obtaining a copy thereof, may write to the Company Secretary in this regard.

General:

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- i. Issue of equity shares with differential rights as to dividend, voting or otherwise;
- ii. Issue of shares (including sweat equity shares) to employees of the Company under any scheme;
- iii. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries and
- iv. No significant or material orders were passed by any Regulator or Court or Tribunal which impacts the going concern status and Company's operations in future.

Your Directors further state that during the year under review there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Acknowledgements:

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the financial institutions, banks, Government authorities, customers, vendors and members during the year under review. Your Directors also wish to place on record once again their deep sense of appreciation for the committed services by the Company's executives, staff and workers.

On behalf of the Board of Directors

Date: May 5, 2017
Place: Secunderabad

BHAGIRAT B. MERCHANT
Chairman



ANNEXURE – 1

Report on CSR activities for the financial year ended March 31, 2017

1. A brief outline of the Company's CSR policy, including overview of Projects or Programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

Your company as a responsible corporate entity framed CSR policy as stipulated by the Companies Act, 2013 to undertake all or any of the objectives contained in Schedule VII.

Your company intends to actively contribute to the social and economic development of the communities in which it operate by participating actively in building a better, sustainable way of life for the weaker sections of society and raise the country's human development index.

The CSR Policy may be accessed on the Company's website at the link: <http://www.visaka.co>

The CSR Committee comprises Directors namely Shri Gusti J. Noria (Chairman), Shri.V.Pattabhi, Dr. G.Vivekanand, Smt. G. Saroja Vivekanand and Shri.J.P.Rao.

3. Average net profits of the Company for last three financial years: ₹33.09 crores
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹66.17 lakhs
5. Details of CSR spent during the financial year
 - a) Total amount to be spent for the financial year 2016-17 was ₹66.17 lakhs (Company spent ₹66.72 lakhs during the year)
 - b) Amount unspent, if any: Not Applicable
 - c) Manner in which the amount spent during the financial year is detailed below:

2. The Composition of CSR Committee:

1	2	3	4	5	6	7	8
S. No.	CSR Project or Activity identified	Sector in which the Project is covered	Projects or programs 1. Local Area or other Specify the State and District where projects or Programs were undertaken	Amount outlay (budget) Project Or Programs-wise	Amount spent on the Project Or Programs-wise Sub-heads 1. Direct Expenditure on Project or Prog. Overheads	Cumulative Expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1	Provision of Drinking water	Clause I of Schedule VII	Amount contributed / spent on CSR activities in backward districts of Telangana state and in the vicinities of factories of the Company			₹80.55 Lakhs	Directly by the Company
2	Construction of irrigation tanks	Clause X of Schedule VII					
3	Building of class rooms and toilets in schools and colleges	Clause II of Schedule VII				₹168.18 Lakhs *	Visaka Charitable Trust
4	Supply of class room furniture and payment of teacher salaries						
5	Conducting health camps						
6	Sports	Clause vii of Schedule VII					

* includes the funds contributed during FY 2016-17 of ₹15.18 lakhs

6. In case the Company has failed to spend the 2% of the avg. net profits for the last three years / any part thereof, reasons therefor:

Not Applicable

7. A responsibility Statement of the CSR Committee that the implementation and monitoring of CSR policy is

in compliance with CSR objectives and Policy of the Company.

"The directors report that your company has complied with its CSR policy along with the provisions of the Companies Act and rules made there under"

G. Saroja Vivekanand
Managing Director

Gusti J.Noria
Chairman, CSR Committee

ANNEXURE – 2

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

(Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,

The Members,

Visaka Industries Limited

Visaka Towers, 1-8-303/69/3,

S.P.Road, SECUNDERABAD – 500 003

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Visaka Industries Limited (hereinafter called the Company).

Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended

on March 31, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of :
 - a) Foreign Direct Investment (Not Applicable during



- the Audit Period)
- b) Overseas Direct Investment; and
 - c) External Commercial Borrowings (Not Applicable during the Audit Period);
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (not applicable during the Audit Period);
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (not applicable during the Audit Period);
 - e. The Securities and Exchange Board of India (Issue and listing of Debt Securities) Regulations, 2008; (not applicable during the Audit Period);
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (not applicable during the Audit Period) and;
 - h. The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998 (not applicable during the Audit Period);
- vi. Other applicable laws, including the following:
- (a) Factories Act, 1948
 - (b) The Payment of Gratuity Act, 1972
 - (c) The Environment (Protection) Act, 1986
 - (d) Competition Act, 2002
 - (e) Employees Provident Fund and Miscellaneous provisions Act, 1952
 - (f) Employees State Insurance Act 1948
 - (g) Hazardous Wastes (Management and Handling) Rules 1989

- (h) Income-tax Act 1961
- (i) Indian Stamp Act, 1899
- (j) Maternity Benefit Act, 1961
- (k) Minimum Wages Act, 1948
- (l) Payment of Bonus Act, 1965
- (m) Payment of Wages Act 1936
- (n) Industrial Dispute Act, 1947
- (o) Hank Yarn Packaging Obligation – Hank Yarn Packing Notification issued by the Textile Commissioner, Mumbai dated 17th April, 2003

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India, to the extent applicable under the Companies Act, 2013
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 made effective 1st December, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards as mentioned above.

We further report that -

- (i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There are no changes in the composition of the Board of Directors during the period under review.
- (ii) Adequate notice is given to all directors to schedule the Board Meetings agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- (iii) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period:

Postal Ballot

Company during the period under Audit altered its Clause

IIIA(3) and A(14) and of the Memorandum of Association and Article 67 of the Articles of Association of the Company by following the procedure prescribed under the Companies Act, 2013 by Postal Ballot which is completed on 6th December, 2016.

Corporate Social Responsibility:

2% of the average net profits for three preceding financial years worked out to ₹66.17 Lakhs, and the Company incurred an amount of ₹66.72 Lakhs out of which ₹51.54 Lakhs was spent by the Company on the activities covered in Schedule VII of Section 135 of the Act, and the balance ₹15.18 Lakhs is transferred to Visaka Charitable Trust carrying the activities envisaged under schedule VII of Section 135 of the Act.

For Tumuluru & Company.,
Company Secretaries

Place : Hyderabad
Date : May 5, 2017

Signature :
Name : Tumuluru Krishna Murty
Partner
FCS. NO. : 142
C. P. No. : 1293

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report

Annexure A'

To,
The Members,
M/s Visaka Industries Limited
Visaka Towers, 1-8-303/69/3,
S.P.Road, SECUNDERABAD – 500 003

Our report of even date is to be read along with this letter.

- Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- Wherever required, we have obtained the Management

representation about the compliance of laws, rules and regulations and happening of events etc.

- The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For Tumuluru & Company.,
Company Secretaries

Place : Hyderabad
Date : May 5, 2017

Signature :
Name : Tumuluru Krishna Murty
Partner
FCS. NO. : 142
C. P. No. : 1293



ANNEXURE – 3

DOCUMENT SETTING OUT CRITERIA FOLLOWED BY NOMINATION AND REMUNERATION COMMITTEE OF THE BOARD OF VISAKA INDUSTRIES LIMITED FOR IDENTIFICATION, APPOINTMENT, REMUNERATION AND EVALUATION OF PERFORMANCE OF DIRECTORS

Visaka Industries Limited, as required under the provisions of Section 178 of the Companies Act, 2013 and Listing Regulations entered with Stock Exchanges, constituted a Board level committee titled "Nomination and Remuneration Committee" (herein after referred as the Committee to oversee, inter-alia, matters relating to

- a) identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal;
- b) formulate the criteria for determining qualifications, positive attributes and independence of a director;
- c) recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees;
- d) carry out evaluation of every director's performance including that of Independent Directors and
- e) devise a policy on Board Diversity

Now this document sets out the framework and guidelines that the said Committee is expected to observe in discharging its functions effectively as contemplated under aforesaid provisions i.e. to oversee process of identifying persons qualified to become directors of the Company, determining their qualifications, positive attributes and independence as well as identifying persons who may be appointed in senior management in accordance with the Company's internal requirements from time to time; in making its recommendations to the Board as to their appointment or removal as the case may be and to carry out evaluation of every director's performance including Independent Directors.

This document also contains the remuneration policy relating to the remuneration of the Directors, Key Managerial and Senior Managerial Personnel as well as policy on Board Diversity as recommended by the Committee and approved by the Board.

It is to be noted that framework and guidelines set out hereunder is subject to such periodical reviews and the Committee in consultation with Board of Directors and top management of the Company, may make such alterations as may be required from time to time to meet the exigencies arising out of statutory modifications or otherwise.

Definitions: Words used hereunder will have the same meaning as defined and ascribed in the Companies Act, 2013 (herein after referred to as the Act) and Listing Regulations.

Matters pertaining to Nomination of Directors, KMPs, Senior Management and other employees:

Nomination Criteria for Directors: In identifying and recommending the candidature for appointment as Director, the Committee will consider the following criteria:

- i. Ethical standards of integrity and probity, maturity and balance of mind to perform the designated role, ability to bring exercise of independent judgment and judicious thinking, qualification, expertise as strategist, eminence in his field of expertise.
- ii. Possessing appropriate skills, experience and knowledge in one or more fields of Business including International Business, Strategy and Expansion, Engineering, Medicine, finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to preferably the company's business.
- iii. Non-disqualified under the applicable provisions of Companies Act, 2013, rules made thereunder, Listing Regulations or any other enactment for the time being in force, as the case may be;
- iv. Ensure that the Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years without the approval of shareholders by passing a special resolution with proper justification.
- v. Ensure that the proposed Director consents to act

as Director and can devote his time and energies towards the overall development and betterment of the Company's business.

- vi. Ensure that the proposed Director discloses his interest and Company's shareholding, if any and the Committee feels that such interest will not affect in discharging his duties towards the Company in pursuance of the said appointment.
- vii. Ensure that the candidature of the Director will be in line with and promote the objectives enshrined in Company's policy on Board Diversity.

Nomination Criteria for KMPs / Senior Management personnel: The committee will consider:

- i. Ethical standards of integrity and probity, maturity and balance of mind to perform the designated role, qualification, expertise and experience.
- ii. Possessing adequate qualification, expertise and experience as prescribed by the Company for the position he / she is considered for appointment. The Committee for this purpose, if required, will avail the assistance of other top executives of the Company but however, has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- iii. Ensure that the person discloses his interest and the Committee feels that such interest will not affect in discharging his duties towards the Company in pursuance of the said appointment.

Additional Criteria for Appointment of Independent Directors:

The Committee will consider whether the Director meets the criteria of Independence as well as other attributes as mentioned under the provisions of Section 149 of the Companies Act, 2013 read with applicable rules and Schedule IV thereunder and Listing Regulations, including any amendments made thereof from time to time.

Additional Responsibility of the Board:

It is further to be noticed that it is the responsibility of the Board to obtain other relevant and applicable approvals and procedures as laid down under the provisions of the Companies Act, 2013, rules made thereunder, Listing Regulations or any other enactment for the time being in force and applicable as the case may be

Term / Tenure, Continuity and Renewal:

The Term / Tenure of the Directors shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder as amended from time to time. The terms of KMPs and other Senior Management employees shall be governed under their respective terms of appointment.

As regards the continuity or renewal of appointment of Directors; their resignation and removal, the Committee will make its recommendations to the Board, based on the periodical evaluation process to be done under this document from time to time as well as subject to observation of provisions as contemplated under the Companies Act, 2013 and other applicable laws including Listing Regulations relating to disqualifications, resignation, removal and retirement.

Directors, KMPs and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company respectively. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

Matters pertaining to Remuneration:

This document also sets out the following remuneration policy applicable to the remuneration payable to Directors, key managerial and other Senior Managerial personnel and other employees of the Company.

General:

- 1) The Company's remuneration policy, in general, is driven by the success and performance of the individual employee as well as his expertise in critical areas of operations of the Company.
- 2) The Committee will recommend the remuneration to be paid to the Managing Director, Whole-time Director, KMP and Senior Management Personnel to the Board for their approval and while recommending such remuneration, the Committee will consider, inter-alia, whether
 - a. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the person of the quality required to run the company successfully;
 - b. The remuneration is comparable and in proportion to the accepted industry standards;



- c. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - d. To the extent possible, such remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:
- 3) The remuneration / compensation / commission etc. so recommended shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
 - 4) Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Executive Directors.
 - 5) Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.
 - 6) Loans, advances and other similar kind of benefits to KMPs, Senior Management Personnel are governed under Company's relevant policies as applicable to all the employees of the Company read with relevant provisions of all applicable laws in that connection.

Remuneration to Executive Directors, KMP and Senior Management Personnel:

a) Fixed pay:

The Executive Director/ KMPs shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc., shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

Besides, Managing Director is eligible for commission such

that the total remuneration payable shall not exceed 5% of the net profits for each financial year as determined under the provisions of the Companies Act, 2013.

Remuneration payable to Senior Management Personnel is governed by their respective terms of appointment.

b) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

c) Provisions for excess remuneration:

If any Executive Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration to Non- Executive / Independent Director:

a) Sitting Fee:

The Non- Executive / Independent Director may receive remuneration by way of fee for attending meetings of Board or Committee thereof. Provided that the amount of such fee shall not exceed such amount per meeting as may be prescribed by the Central Government from time to time and approved by the Board.

b) Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act subject to a maximum of ₹7.50 lakhs.

Matters pertaining to Evaluation:

The Company conducts its operations under the overall direction of the Board of Directors within the framework laid down by various statutes, more particularly by the Companies Act, 2013; the Articles of Association, listing regulations, with stock exchanges, internal code of conduct and policies formulated by the Company for its internal execution.

As regards the evaluation process; the scheme of the Companies Act, 2013 read with Listing Regulations contemplates that:

- a) As required under Section 134(3)(p) of the Companies Act, the manner of formal evaluation made by Board of Directors of its own performance, that of its committees and individual Directors shall be disclosed in Board's Report;
- b) As required under Section 178(2), the Nomination and Remuneration Committee shall carry out evaluation of every Director's performance;
- c) As required under Clause VII of Schedule IV to the Companies Act, 2013; in the separate meeting held by the Independent Directors;
 - i) Performance of the non-independent directors and the Board as a whole shall be reviewed and
 - ii) Performance of the Chairperson of the Company (after taking into account views of Executive and Non-Executive directors) shall be reviewed.
- d) Listing Regulations stipulates that the Nomination Committee shall lay down the evaluation criteria for performance evaluation of independent directors and
- e) Listing Regulations stipulates that the performance of Independent Directors shall be done by the entire Board.

As regards the evaluation criteria to be followed by Board for its evaluation of Committees and other Directors including Independent Director; Independent Directors of Non-Independent Directors, the same are dealt in other documents dealing with respective criteria of evaluations including the Duties, Responsibilities and key functions of Board as contemplated under the Act and Listing Regulations. In all these cases, be it by Board or by Independent Directors, the evaluation of each Director would be done based on parameters like

- a. well informed and understand the Company, its business and the external environment in which it operates;
- b. prepare well and participate actively in the Board and its committee meetings;
- c. Effectively probe to Test the assumptions; rendering independent and unbiased opinion

- d. Resolute in holding to their views and resisting pressure from others;
- e. Follow-up on matters about which they have expressed concern;
- f. strive to attend all meetings of the Board of Directors, Committees and General meetings;
- g. Contributions in development of a Strategy, Business plan or risk management;
- h. Maintenance of good interpersonal and cordial relationship with other Board members, KMPs and Senior Management personnel;
- i. Diplomatic and convincing way of presenting their views and listening to views of others
- j. up-to-date with the latest developments in areas such as the corporate governance framework, financial reporting and in the industry and market conditions etc.,
- k. adhering to ethical standards, code of conduct of the Company and insider trading guidelines etc.
- l. making timely disclosures of their interest and disclosure of non-independence, when it exists
- m. His/her contribution to enhance overall brand image of the Company.

The Committee also follows the same in evaluating each Director of the Company. Further, the Executive Directors will be evaluated on the basis of targets / Criteria given to executive Directors by the board from time to time and Independent Directors would be evaluated based on professional conduct, Roles, functions and duties as contemplated under Schedule IV of the Act, apart from their evaluation as Directors based on aforesaid criteria. The committee submits its evaluation report to the Board for its consideration.

As stated above, it is to be noted here that the Directors collectively as a Board or individually as Independent Directors, Non-Independent Director etc., will be evaluated by the Board, Independent Directors etc., based on the criteria adopted for that purpose and in the eventuality of existence of discrepancies, if any between the evaluation made by the Committee and the Board or Independent Directors, the Board of Directors will have the discretion to decide and act on the same.



ANNEXURE – 4

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED 31.03.2017

Form No. MGT-9

Of

Visaka Industries Limited

[Pursuant to Section 92(3) of the Companies Act, 2013

And

Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	L52520TG1981PLC003072
ii)	Registration Date [DDMMYY]	18.06.1981
iii)	Name of the Company	Visaka Industries Limited
iv)	Category / Sub Category of the Company	Limited by shares
v)	Address of the Registered Office and contact Details	Survey No. 315, Yelumala Village, R.C. Puram Mandal, Sangareddy, Telangana, 502 300 Phone Nos. 08455 287740,41,81 & 82
vi)	Whether listed Company	Yes
vii)	Name, Address and contact details of Registrar & Transfer Agents (RTA):- Full address to be given.	M/s Karvy Computershare Private Limited Karvy Selenium Tower B Plot No. 31 & 32 Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad 500 032 Ph : +91 040 6716 1770 Mail id : einward.ris@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. NO.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Cement Asbestos Products	23959	67
2	Textiles	13114	18
3.	Fibre Cement Flat Board Products	23959	15

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

[No. of Companies for which information is being filled]

S. NO.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE
Not Applicable			

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the end of the year [As on 31-March-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	5962255	-	5962255	37.54	6545368	-	6545368	41.22	3.68
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	5962255	-	5962255	37.54	6545368	-	6545368	41.22	3.68
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	2118	2118	0.01	-	2118	2118	0.01	-
b) Banks / FI	71777	3350	75127	0.47	36314	3350	39664	0.25	(0.22)
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	520589	-	520589	3.28	569710	-	569710	3.59	0.31
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	592366	5468	597834	3.76	606024	5468	611492	3.85	0.09
-2. Non-Institutions									
a) Bodies Corp.	2841606	15110	2856716	17.99	2272474	15110	2287584	14.40	(3.59)
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
* i) Individual shareholders holding nominal share capital upto ₹2 lakh	4531803	468368	5000171	31.49	4051943	457393	4509336	28.39	(3.10)
** ii) Individual shareholders holding nominal share capital in excess of ₹2 lakh	1248050	-	1248050	7.86	1692913	-	1692913	10.66	2.80
c) Others (specify) - NBFCs Registered with RBI	28100	-	28100	0.18	20100	-	20100	0.13	(0.05)
Non Resident Indians	163392	1170	164562	1.04	153975	1170	155145	0.97	(0.05)
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	17159	-	17159	0.11	59009	-	59009	0.37	0.26



Category of Shareholders	No. of Shares held at the end of the year [As on 31-March-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Trusts	6105	-	6105	0.04	5	-	5	-	(0.04)
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	8836215	484648	9320863	58.71	8250419	473673	8724092	54.93	(3.77)
Total Public Shareholding (B)=(B)(1)+ (B)(2)	9428581	490116	9918697	62.47	8856443	479141	9335584	58.78	(3.68)
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	15390836	490116	15880952	100.00	15401811	479141	15880952	100.00	-

ii) Shareholding of Promoter:

SNO	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Dr. G Vivekanand	5768116	36.32	-	5774366	36.36	-	0.04
2	Smt. G Saroja Vivekanand	194139	1.22	-	194139	1.22	-	-
3	Shri. G. Vamsi Krishna	-	-	-	8730	0.06	-	0.06
4	Arudra Roofings Pvt. Ltd.*	-	-	-	568133	3.58	-	-
		5962255	37.54	-	6545368	41.22	-	

iii) Change in Promoters' Shareholding (please specify, if there is no change):

S.NO.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of Shares	% of total shares of the company
	At the beginning of the year	5962255	37.54	5962255	37.54
	Date wise Increase / Decrease in Promoter's Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Date	Purchased		
		16.09.2016	1250	5963505	37.55
		07.10.2016	1000	5964505	37.56
		14.10.2016	3000	5967505	37.58
		11.11.2016	475	5967980	37.58
		18.11.2016	8150	5976130	37.63
		03.02.2017	1105	5977235	37.64
		23.03.2017	568133*	6545368	41.22
	At the end of the year			6545368	41.22

* Note : Arudra Roofings Private Limited holds 5,68,133 shares of Visaka Industries Limited hitherto under public category. The said company was acquired by the promoter of Visaka Industries Limited and thus it has become part of the Promoter Group of Visaka Industries Limited.

iii) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

SN	Name of the Share Holder	Shareholding			Increase / Decrease in Share Holding		Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year 01.04.2016	% of Total Shares of the Company	Date	No. of shares	Reason	No. of shares	% of total shares of the company
1	Vigilance Security Services Pvt. Ltd.	1419545	8.94	31.03.2017	-	-	1419545	8.94
				31.03.2017			1419545	8.94
2	Ajay Shivnarain Upadhyaya	325000	2.05	16.12.2016	23000	Purchase	348000	2.19
				17.03.2017	7000	Purchase	355000	2.23
				31.03.2017			355000	2.23
3	Premier Investment Fund Limited	264178	1.66	15.04.2016	(7760)	Transfer	256418	1.61
				22.04.2016	(10000)	Transfer	246418	1.55
				20.05.2016	(35644)	Transfer	210774	1.33
				03.06.2016	(10000)	Transfer	200774	1.26
				26.08.2016	(20000)	Transfer	180774	1.14
				02.09.2016	(34289)	Transfer	146485	0.92
				09.09.2016	(10000)	Transfer	136485	0.86
				16.09.2016	(6052)	Transfer	130433	0.82
				23.09.2016	(2350)	Transfer	128083	0.81
				07.10.2016	6928	Purchase	135011	0.85
				11.11.2016	20000	Purchase	155011	0.98
				10.02.2017	(6928)	Transfer	148083	0.93
			31.03.2017			148083	0.93	
4	Jupiter South Asia Investment Company Ltd.	251411	1.58	31.03.2016	-	-	251411	1.58
5	Anil Kumar Goel	223000	1.40	02.09.2016	(3000)	Transfer	220000	1.39
				16.09.2016	(3000)	Transfer	217000	1.37
				21.10.2016	(2000)	Transfer	215000	1.35
				28.10.2016	(5000)	Transfer	210000	1.32
				25.11.2016	10000	Purchase	220000	1.39
				31.03.2017	-	-	220000	1.39
6	Deveshwari Negi	147300	0.93	08.07.2016	(15000)	Transfer	132300	0.83
				29.07.2016	(35500)	Transfer	96800	0.60
				02.09.2016	(16800)	Transfer	80000	0.50
				31.03.2017	-	-	80000	0.50



SN	Name of the Share Holder	Shareholding			Increase / Decrease in Share Holding		Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year 01.04.2016	% of Total Shares of the Company	Date	No. of shares	Reason	No. of shares	% of total shares of the company
7	VLS Finance Ltd	100000	0.63	10.06.2016	(100000)	Transfer	-	-
8	Dolly Khanna*	-	-	20.05.2016	46692	Purchase	46692	0.29
				27.05.2016	47661	Purchase	94353	0.59
				03.06.2016	2100	Purchase	96453	0.61
				17.06.2016	8117	Purchase	104570	0.66
				21.10.2016	2293	Purchase	106863	0.67
				11.11.2016	1500	Purchase	108363	0.68
				02.12.2016	2523	Purchase	110886	0.70
				09.12.2016	2	Purchase	110888	0.70
				03.03.2017	3020	Purchase	113908	0.72
				10.03.2017	2060	Purchase	115968	0.73
				31.03.2017	-	-	115968	0.73
9	IL and FS Securities Services Limited			30.06.2016	-	-	74882	0.47
				01.07.2016	1882	Purchase	76764	0.48
				08.07.2016	4300	Purchase	81064	0.51
				15.07.2016	10915	Purchase	91979	0.58
				22.07.2016	(1057)	Transfer	90922	0.57
				29.07.2016	216	Purchase	91138	0.57
				05.08.2016	200	Purchase	91338	0.58
				12.08.2016	37677	Purchase	129015	0.81
				19.08.2016	23793	Purchase	152808	0.96
				26.08.2016	875	Purchase	153683	0.97
				02.09.2016	(1000)	Transfer	152683	0.96
				09.09.2016	5151	Purchase	157834	0.99
				16.09.2016	28527	Purchase	186361	1.17
				23.09.2016	500	Purchase	186861	1.18
				30.09.2016	152	Purchase	187013	1.18
				07.10.2016	(1854)	Transfer	185159	1.17
				14.10.2016	923	Purchase	186082	1.17
				21.10.2016	(3028)	Transfer	183054	1.15
				28.10.2016	(29569)	Transfer	153485	0.97
				04.11.2016	20966	Purchase	174451	1.10
				11.11.2016	27963	Purchase	202414	1.29
				18.11.2016	2039	Purchase	204453	1.29
				25.11.2016	(5556)	Transfer	198897	1.25
				02.12.2016	(1353)	Transfer	197544	1.24
				09.12.2016	(1109)	Transfer	196435	1.24

SN	Name of the Share Holder	Shareholding			Increase / Decrease in Share Holding		Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year 01.04.2016	% of Total Shares of the Company	Date	No. of shares	Reason	No. of shares	% of total shares of the company
				16.12.2016	(990)	Transfer	195445	1.23
				23.12.2016	(69)	Transfer	195376	1.23
				30.12.2016	(2608)	Transfer	192768	1.21
				06.01.2017	(366)	Transfer	192402	1.21
				13.01.2017	(7322)	Transfer	185080	1.17
				20.01.2017	(2687)	Transfer	182393	1.15
				27.01.2017	200	Purchase	182593	1.15
				03.02.2017	4208	Purchase	186801	1.18
				10.02.2017	(4799)	Transfer	182002	1.15
				17.02.2017	248	Purchase	182250	1.15
				24.02.2017	(2470)	Transfer	179780	1.13
				03.03.2017	(5494)	Transfer	174286	1.10
				10.03.2017	(59)	Transfer	174227	1.10
				17.03.2017	(425)	Transfer	173802	1.09
				24.03.2017	650	Purchase	174452	1.10
				31.03.2017	(800)	Transfer	173652	1.09
10	Citadel Research And Solutions Limited	65018	0.41	20.05.2016	(2154)	Transfer	62864	0.40
				10.06.2016	(637)	Transfer	62227	0.39
				30.06.2016	729	Purchase	62956	0.40
				01.07.2016	(622)	Transfer	62334	0.39
				29.07.2016	(1158)	Transfer	61176	0.39
				05.08.2016	625	Purchase	61801	0.39
				12.08.2016	644	Purchase	62445	0.39
				26.08.2016	(1344)	Transfer	61101	0.39
				02.09.2016	(5581)	Transfer	55520	0.35
				07.10.2016	257	Purchase	55777	0.35
				14.10.2016	288	Purchase	56065	0.35
				21.10.2016	(448)	Transfer	55617	0.35
				27.01.2017	(491)	Transfer	55126	0.35
				17.02.2017	(454)	Transfer	54672	0.34
				24.02.2017	(887)	Transfer	53785	0.34
				03.03.2017	(422)	Transfer	53363	0.34
				31.03.2017	-	-	53363	0.34



SN	Name of the Share Holder	Shareholding			Increase / Decrease in Share Holding		Cumulative Shareholding during the year	
		No. of Shares at the beginning of the year 01.04.2016	% of Total Shares of the Company	Date	No. of shares	Reason	No. of shares	% of total shares of the company
11	Ashoke Kumar Majethia	61500	0.39	06.05.2016	2500	Purchase	64000	0.40
				03.06.2016	1000	Purchase	65000	0.41
				10.06.2016	1000	Purchase	66000	0.42
				19.08.2016	3000	Purchase	69000	0.43
				02.09.2016	4000	Purchase	73000	0.46
				31.03.2017	-	-	73000	0.46
12	Divyam Tie Up Private Ltd*	-	-	23.12.2016	169775	Purchase	169775	1.07
				06.01.2017	(12000)	Transfer	157775	0.99
				13.01.2017	(1000)	Transfer	156775	0.99
				03.02.2017	(58775)	Transfer	98000	0.62
				31.03.2017			98000	0.62
13	Goldman Sachs (Singapore) Pte*	-	-	04.11.2016	9577	Purchase	74035	0.47
				11.11.2016	28820	Purchase	102855	0.65
				18.11.2016	25857	Purchase	128712	0.81
				25.11.2016	28222	Purchase	156934	0.99
				02.12.2016	(7127)	Transfer	149807	0.94
				09.12.2016	(10023)	Transfer	139784	0.88
				16.12.2016	(8516)	Transfer	131268	0.83
				23.12.2016	(5113)	Transfer	126155	0.79
				30.12.2016	(6167)	Transfer	119988	0.76
				06.01.2017	(12261)	Transfer	107727	0.68
				13.01.2017	(12191)	Transfer	95536	0.60
				20.01.2017	(11959)	Transfer	83577	0.53
				27.01.2017	(7691)	Transfer	75886	0.48
				03.02.2017	(12103)	Transfer	63783	0.40
				10.02.2017	(10005)	Transfer	53778	0.34
				17.02.2017	3757	Purchase	57535	0.36
				24.02.2017	9587	Purchase	67122	0.42
03.03.2017	(246)	Transfer	66876	0.42				
10.03.2017	4525	Purchase	71401	0.45				
17.03.2017	10915	Purchase	82316	0.52				
24.03.2017	10036	Purchase	92352	0.58				
31.03.2017	295	Purchase	92647	0.58				

* Not in the top ten shareholders as on 01.04.2016

v) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
a	Director & Chairman: B B Merchant				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	-	-	-	-
b	Director : P Abraham				
	At the beginning of the year	450	0.003	450	0.003
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	450	0.003	450	0.003
c	Director : V Patabhi				
	At the beginning of the year	500	0.003	500	0.003
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	500	0.003	500	0.003
d	Director : Nagam Krishna Rao				
	At the beginning of the year	63700	0.40	63700	0.40
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	63700	0.40	60000	0.38
e	Director : Gusti J Noria				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	-	-	-	-



SN	Shareholding of each Directors and each Key Managerial Personnel			Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
f	Director : Srikar Reddy P						
	At the beginning of the year			-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):			-	-	-	-
	At the end of the year			-	-	-	-
g	Director : Dr.G.Vivekanand						
	At the beginning of the year			5768116	36.32	5768116	36.32
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Date	Purchased	-	-	5769366	36.33
		16.09.2016	1250	-	-	5774366	36.36
		18.11.2016	5000	-	-		
	At the end of the year			5768116	36.32	5774366	36.36
	Key Managerial Personnel						
h	Managing Director - G Saroja Vivekanand						
	At the beginning of the year			194139	1.22	194139	1.22
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):			-	-	-	-
	At the end of the year			194139	1.22	194139	1.22
i	Whole-time Director : G Vamsi Krishna						
	At the beginning of the year			-	-	-	-
		07.10.2016	1000	-	-	1000	0.006
		14.10.2016	3000	-	-	4000	0.025
		11.11.2016	475	-	-	4475	0.028
		18.11.2016	3150	-	-	7625	0.048
		03.02.2017	1105	-	-	8730	0.055
	At the end of the year			-	-	8730	0.055

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
j	Whole-time Director & CFO : V Vallinath				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	-	-	-	-
k	Whole-time Director : J. P. Rao				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	-	-	-	-
l	Company Secretary: Srinivas Itaboina				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year	-	-	-	-

V. INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	16893.18	13900.45	1087.92	31881.55
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	25.46	79.68	105.14
Total (i+ii+iii)	16893.18	13925.91	1167.60	31986.69
Change in Indebtedness during the financial year				
* Addition	4314.45	32.36	670.70	5017.51
* Reduction	(6460.71)	(8906.97)	(259.17)	(15626.85)
Net Change	(2146.26)	(8874.61)	411.53	(10609.34)
Indebtedness at the end of the financial year				
i) Principal Amount	14746.92	5025.84	1499.45	21272.21
ii) Interest due but not paid				
iii) Interest accrued but not due	51.48	4.94	90.46	146.88
Total (i+ii+iii)	14798.40	5030.78	1589.91	21419.09



VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. 1. Remuneration to Directors other than Key Managerial Personnel :

(Amount in Rs.)

SN	Particulars of Remuneration	B B Merchant	Dr. G. Vivekanand	Nagam Krishna Rao	V Pattabhi	Gusti Noria	P Abraham	P Srikar Reddy	Total Amount
		Chairman	Vice Chairman	Director	Director	Director	Director	Director	
1	Gross salary								
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	-	-	-	-	-	-	-	-
2	Stock Option	-	-	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-	-	-
4	Commission - as % of profit - others, specify...	7,50,000	7,50,000	7,50,000	7,50,000	7,50,000	7,50,000	7,50,000	52,50,000
5	Others, please specify - Sitting Fees paid for attending Board and Committee Meetings	55,000	30,000	10,000	60,000	65,000	15,000	25,000	2,60,000
	Total (A)	8,05,000	7,80,000	7,60,000	8,10,000	8,15,000	7,65,000	7,75,000	55,10,000
	Ceiling as per the Act	In terms of provisions of Section 198 of the Companies Act, 2013 ₹83.31 Lakhs, being 1% of the Net Profits of the Company is the ceiling payable as commission to Non-executive Directors. However, in terms of resolution passed by the members in their meeting held on 25.07.2011, the same is restricted to ₹7.50 Lakhs per Director aggregating to ₹52.50 Lakhs. Further in terms of provisions of sub-section 2 of Section 198 read with sub-section 5 of the said section, sitting fees is excluded from the afore stated ceiling of 1% remuneration.							

A.2. Remuneration to Key Managerial Personnel :

(Amount in Rs.)

SN	Particulars of Remuneration	Name of MD/WTD/ Manager					Total Amount
		G Saroja Vivekanand	G Vamsi Krishna	V Vallinath	J.P.Rao	I Srinivas	
		MD	WTD	WTD & CFO	WTD	Asst. VP & CS	
1	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	64,80,000	27,00,000	53,39,730	50,17,891	20,49,504	2,15,87,125
	((b) Value of perquisites u/s 17(2) Income-tax Act, 1961	24,55,291	7,15,576	17,20,725	14,21,676	3,63,370	66,76,638
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-	-	-
2	Stock Option	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-
4	Commission - as % of profit - others, specify...	2,76,00,000	-	-	-	-	2,76,00,000
5	Others, please specify	-	-	-	-	-	-
	Total (A)	3,65,35,291	34,15,576	70,60,455	64,39,567	24,12,874	5,58,63,763
	Ceiling as per the Act	₹833.06 Lakhs (being the 10% of the Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)					

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					



ANNEXURE - 5

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms-length transactions under third proviso thereto::

1. Details of contracts or arrangements or transactions not at arm’s length basis:

<ul style="list-style-type: none"> (a) Name(s) of the related party and nature of relationship (b) Nature of contracts/arrangements/transactions (c) Duration of the contracts / arrangements / transactions (d) Salient terms of the contracts or arrangements or transactions including the value, if any (e) Justification for entering into such contracts or arrangements or transactions (f) date(s) of approval by the Board (g) Amount paid as advances, if any (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188 	<p>Not Applicable</p>
---	-----------------------

2. Details of material contracts or arrangement or transactions at arm’s length basis:

<ul style="list-style-type: none"> (a) Name(s) of the related party and nature of relationship (b) Nature of contracts/arrangements/transactions (c) Duration of the contracts / arrangements / transactions (d) Salient terms of the contracts or arrangements or transactions including the value, if any: (e) Date(s) of approval by the Board, if any: (f) Amount paid as advances, if any: 	<p>* Please refer the note given below</p>
---	--

*NOTE: The details of names, nature of relationship; nature of such contracts / arrangements / transactions are disclosed in Note No. 29 of the Financial Statements.

Transactions like payment of remuneration and dividend are as per the terms approved by the shareholders. Acceptance of the public deposits was done in pursuance of issue of advertisement inviting public deposits under the provisions of Schedule V of the Companies Act, 2013; terms of which are having equal and universal application to all the deposit holders. Unsecured loan availed was to meet short term requirements, the interest rate of which is on par with the rate applicable to working capital. Transaction relating to contribution to CSR activities was made in compliance with the requirements of the Section 135 of the Companies Act, 2013 after due approvals. Please refer CSR section in Board’s report for more details in this regard. Advances given reflects the salary advances availed as a part of the conditions of service extended by the company to all its employees.

ANNEXURE - 6

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014

A. Conservation of energy:

i. Steps taken for conservation of energy

- Better layouts at the time of project implementation to simplify the operations;
- Right sizing of Drives;
- Selection of the energy efficient drives;
- Automatic Power Factor Controllers (APFC) to maintain Power Factor Closer to unity in order to bring down the energy bills;
- High efficiency equipment for handling Vacuum, Process Water, Compressed air and hydraulic equipment;
- Variable Frequency Drives for optimum utilisation;
- Energy Audits

ii. Steps taken by the company for utilising alternate sources of energy and investment made thereon:

Company has been utilising the Solar Power generated from its 2.5 MW Captive Solar Plant setup at Miryalguda with a capacity of 42 Lac units per annum.

B. Technology absorption:

i. Efforts made towards technology absorption and the benefits derived therefrom:

The Company is continuously endeavouring to upgrade its technology from time to time in all aspects through in-house R&D primarily aiming at reduction of cost of production and improving the quality of the product. The Company has successfully achieved results in reducing the cost of production, power consumption and improving technical efficiencies and productivity.

ii. Particulars of imported technology (imported during the last 3 years reckoned from the beginning of the financial year): None

iii. EXPENDITURE INCURRED ON RESEARCH & DEVELOPMENT

a. Expenditure on R&D:

No specific expenditure exclusively on R&D has been incurred. The indigenous technology available is continuously being upgraded to improve the overall performance of the Company.

b. Specific areas in which R&D carried out by the Company:

Cement Asbestos Division: The Company has been experimenting various substitutes both for cement and fibre and has also been varying the ratio of raw materials for improving quality and reducing cost.

Fibre Cement Boards Division: The company has been experimenting on the different alternatives/products,

keeping in the view of varying applications to meet the customer requirements and to reduce the cost.

Spinning Division: Various new counts and combination of blends have been tried and certain new blends and new products were made successfully. Speeds of the machines were also increased while maintaining the quality.

c. Benefits derived as a result of the above R&D:

Cement Asbestos Division: The Company has achieved reduction in cost and increase in productivity.

Fibre Cement Division: The Company could develop new value added designer variants and water repellent board.

Spinning Division: New blends have helped to improve the Company's presence in the domestic and export markets. The Productivity and Quality are increased leading to better profitability.

d. Future course of action:

Asbestos Division: Use of substitute fibers is being continuously experimented.

Spinning Division: The Company is continuously experimenting with new blends and shades and higher speeds.

C. FOREIGN EXCHANGE EARNINGS / OUTGO:

The details of foreign exchange earnings / outgo during the year 2016 - 17 are as follows:

Total foreign exchange used and earned: (₹ in lakhs)		
	31.03.2017	31.03.2016
Earnings in Foreign Currency		
Export of Goods (FOB Value)	6630.69	8013.16
CIF value of Imports		
Raw Materials	17642.79	23716.79
Capital Goods	756.21	-
Components and Spare Parts	194.75	332.56
Traded Material	18.20	-

Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services, and export plans: The Company is exporting its yarn and premium V-Boards. Efforts are on to develop new varieties of these products to meet the requirements of export market as well as increase the volume. New markets in various countries are being continuously explored to make the market broad based.



ANNEXURE 7

Details pertaining to remuneration as required under section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

	(i) The percentage increase in remuneration of each Director & other Key Managerial Personnel (KMP) and Ratio of the remuneration of each director to the median remuneration of the employees of the company during the financial year 2016-17 are as under:		
	Names of Director / KMP	% increase in Remuneration	Ratio to median remuneration
1	Shri. Bhagirat. B.Merchant Non-Executive Chairman	3.16	3.68
2	Shri. P. Srikar Reddy Non-Executive Director	3.16	3.68
3	Shri. Nagam Krishna Rao Non-Executive Director	3.16	3.68
4	Shri. Gusti J Noria Non-Executive Director	3.16	3.68
5	Shri. V. Pattabhi Non-Executive Director	3.16	3.68
6	Shri. P. Abraham Non-Executive Director	3.16	3.68
7	Dr. G. Vivekanand Vice Chairman	3.16	3.68
8	Smt. G. Saroja Vivekanand Managing Director	43.74	179.24
9	Shri. G Vamsi Krishna * Whole-time Director	-	16.76
10	Shri. V Vallinath Whole-time Director & CFO	7.50	34.64
11	Shri. J.P.Rao Whole-time Director	13.00	31.59
12	Shri. I.Srinivas Company Secretary	13.00	-

* has foregone the increment

(ii)	Percentage increase in the median remuneration of employees in the financial year 2016-17 compared to 2015-16	18.64
(iii)	Number of permanent employees on the rolls of the company:	
	As on 31.03.2017	As on 31.03.2016
	1877	1797
(iv)	Average percentile increase in salaries of Employees other than managerial Personnel	17.20
	percentile increase in the managerial remuneration	27.70
	Comparison of above: Managerial remuneration includes commission paid to Managing Director, which is variable and dependent upon the net profits of the Company. During the year, profit before tax is increased by 64.46% as against 21.57% of the previous year. Thus, percentile increase in managerial remuneration is more during the year.	



Corporate Governance

Report for the year 2016-17

1. A brief statement on company's philosophy on code of governance.

Visaka Industries Limited (hereinafter "Company") believes that good corporate governance is one of the vital tools, in directing and controlling the affairs of the Company in an efficient manner and helps in achieving the goal of maximizing value of Company's stakeholders in a sustained manner. Company's Governance frame work recognizes Transparency, Integrity, Honesty and Accountability as core values, and the management believes that practice of each of these creates the right corporate culture fulfilling the true purpose of Corporate Governance.

The Company's Governance code is available on the Company's website www.visaka.co for general information. However, it is to be recognized that Corporate Governance is not just a destination but a consistent journey to consolidate and enhance sustainable value creation to the company, by adhering to the aforesaid core values.

2. Board of Directors:

i) The Company's Board consists of eminent persons with optimum balance of Executive Directors, Non-Executive Directors and Independent Directors, having professional expertise from different fields such as technical, business strategy and management, marketing, medicine, finance, Governance and civil administration and thus meets the requirements of the Board diversity. The

Chairman is non-executive Independent Director and the Board consists of sufficient number of Independent Directors as stipulated under Companies Act, 2013 and SEBI(LODR)Regulations, 2015 (Listing Regulations).

- ii) While appointing new Directors on the Board, the Nomination and Remuneration Committee of the Board considers the qualifications, positive attributes and independence as per the criteria laid-down in that behalf and makes its recommendation to the Board for its consideration.
- iii) The Board, inter-alia, provides leadership, strategic guidance, objective and independent view / judgment to the Company's management. The Board meets at regular intervals for planning, assessing and evaluating all important business.
- iv) The Board members are updated from time to time, on the Company's procedures and policies as per the familiarization program devised in that behalf by the Company.
- v) None of the Board of Directors of the Company is a member on more than 10 committees or Chairman of more than 5 committees as specified under Listing Regulations, across all the listed / public limited Companies in which he is a Director.
- vi) The details of the Board of Directors of the Company during the FY ended March 31, 2017 are as under:

Director's Name, Designation & Category	No. of Board Meetings attended during 2016-17	Whether attended AGM held on 26.07.2016	Number of Directorships held in other companies*	Number of Board Committee memberships held in other companies*	Number of Chairmanships of Board Committees held in other companies*
Shri. Bhagirat B. Merchant - Chairman Non – Executive Independent Director	4	yes	Nil	Nil	Nil
Dr. G. Vivekanand – Vice-Chairman Non – Executive Promoter Director	4	yes	2	Nil	Nil
Shri V. Pattabhi Non – Executive Independent Director	4	yes	1	2	2
Smt. G. Saroja Vivekanand Managing Director	4	yes	1	Nil	Nil
Shri Nagam Krishna Rao Non – Executive Director	2	yes	Nil	Nil	Nil
Shri. Gusti J Noria Non – Executive Independent Director	4	yes	Nil	Nil	Nil
Shri. P. Abraham Non – Executive Independent Director	2	yes	1	Nil	Nil
Shri P.Srikar Reddy Non-Executive Independent Director	4	yes	2	2	Nil
Shri G.Vamsi Krishna Whole-time Director	4	yes	Nil	Nil	Nil
Shri V.Vallinath Whole-time Director & CFO	4	yes	Nil	Nil	Nil
Shri J.P.Rao Whole-time Director	4	yes	Nil	Nil	Nil

* Other companies include Public Limited Companies.



- vii) As per the information available with the Company, except Dr. G. Vivekanand, Smt G. Saroja Vivekanand and Shri. G.Vamsi Krishna, none of the Directors were related interse.
- viii) None of the Independent Directors have any material pecuniary relationship or transaction with the Company.
- ix) 4 Board Meetings were held during the year ended March 31, 2017 and the gap between any two meetings did not exceed four months. The said Board meetings were held on May 10, 2016; July 26, 2016; October 25, 2016: and February 13, 2017 respectively. The Board meetings are usually held at the corporate office of the Company.
- x) Necessary information as mentioned in Schedule II of the Listing Regulations has been placed before the Board for their consideration.
- xi) A meeting of Independent Directors was held on May 10, 2016, and discussed on, inter-alia, matters pertaining to Company's affairs and reviewed performance of the Chairman, Executive Directors etc.

3. Audit Committee:

- i. The terms of reference of the Audit Committee cover the matters specified for Audit Committees under Listing Regulations and Section 177 of the Companies Act, 2013.
- ii. The composition of the Audit Committee as on March 31, 2017 and particulars of meetings attended by the members are as follows:

Name	No. of Meetings during the year 2016-17	
	Held	Attended
Shri Bhagirat B. Merchant – Chairman	4	4
Shri V.Pattabhi	4	4
Shri Gusti J Noria	4	4
Smt.G.Saroja Vivekanand	4	4

- iii. The Chairman is a fellow member of the Institute of Chartered Accountants of India. All of the members of the committee are financially literate. Accordingly, the Composition of the Audit Committee is in conformity with Section 177 of the Companies Act, 2013 and Listing Regulations.
- iv. 4 Audit Committee Meetings were held during the year ended March 31, 2017 and the gap between any two meetings did not exceed four months. The dates of the

said Audit Committee Meetings held are 10.05.2016, 26.07.2016, 25.11.2016 and 13.02.2017 respectively and necessary quorum was present at all meetings.

- v. The Audit Committee meetings are usually held at the corporate office of the Company and are attended by Shri.V.Vallinath, Whole-time Director and Chief Financial Officer of the Company. Auditors are invitees to the meeting. The Company Secretary acts as the Secretary of the Audit Committee.
- vi. The Chairman of the Audit Committee has attended last Annual General Meeting of the Company held on July 26, 2016.

4. Nomination and Remuneration Committee:

- i. The terms of reference of the Committee cover the matters specified for the Nomination and Remuneration Committee under Section 178 of the Companies Act, 2013 and Listing Regulations.
- ii. The Composition of the Remuneration Committee and details of meetings attended by the Directors are given below:

Name	No. of Meetings during the year 2016-17	
	Held	Attended
Shri Gusti J Noria - Chairman	2	2
Shri V.Pattabhi	2	2
Shri Bhagirat B Merchant	2	2

- iii. The constitution and composition of the Committee thus satisfy the requirements of Section 178 of the Act, read with Listing Regulations.
- iv. The Committee during the financial year 2016 – 17, met on 10.05.2016, and 25.10.2016.
- v. The Chairman of the Nomination and Remuneration Committee has attended last Annual General Meeting of the Company held on July 26, 2016.
- vi. Share holdings of the Directors in the Company as on March 31, 2017.

Name	No. of Shares of ₹10/- each
Dr G Vivekanand	5774366
Smt. G. Saroja Vivekanand	194139
Nagam Krishna Rao	63700
V Pattabhi	500
P Abraham	450
Shri G.Vamsi Krishna	8730

vii. The details of Remuneration paid to Directors during the year 2016-17 are given below:

(Amount in Rupees)

Name of the Director	Designation	Salary	Perquisites	Commission	Sitting Fees	Total
Shri. Bhagirat B. Merchant	Chairman	Nil	Nil	750000	55000	805000
Dr. G. Vivekanand	Vice – Chairman	Nil	Nil	750000	30,000	780000
Smt. G. Saroja Vivekanand	Managing Director	6480000	2455291	27600000	Nil	36535291
Shri. Nagam Krishna Rao	Director	Nil	Nil	750000	10000	760000
Shri. Gusti J Noria	Director	Nil	Nil	750000	65,000	815000
Shri. V. Pattabhi	Director	Nil	Nil	750000	60,000	810000
Shri. P. Abraham	Director	Nil	Nil	750000	15,000	765000
Shri P.Srikar Reddy	Director	Nil	Nil	750000	25,000	775000
Shri V.Vallinath	Whole-time Director & CFO	5339730	1720725	Nil	Nil	7060455
Shri G.Vamsi Krishna	Whole-time Director	2700000	715576	Nil	Nil	3415576
Shri J.P.Rao	Whole-time Director	5017891	1421676	Nil	Nil	6439567

viii. Remuneration Policy:

The Company's remuneration policy is driven by the success and performance of each individual employee as well as his expertise in critical areas of operations of the Company.

The Company's Remuneration Policy as applicable to Directors, KMPs and other Senior management personnel of the Company forming part of document setting out criteria of identification, appointment, remuneration, evaluation of performance directors is annexed as Annexure – 3 to the Boards' Report.

5. Stakeholders' Relationship Committee:

i. The Committee inter-alia approve issue of duplicate share certificates and oversees and reviews all matters connected with the securities transfer, transmission, nomination, dematerialization and rematerialisation

including redressing grievances related thereto. The Committee also considers redressing of shareholder's complaints relating to non-receipt of notices/annual reports and non-receipt of declared dividends etc.

- ii. The Committee consists of three directors and Shri. V. Pattabhi is the Chairman of the Committee and thus the constitution of the Committee is in compliance with section 178 of the Act read with Listing Regulations.
- iii. During the financial year ended March 31, 2017 the Committee met 9 times and the necessary quorum was present at all meetings.
- iv. Company Secretary is the Compliance Officer.
- v. The Chairman of the Committee has attended last Annual General Meeting of the Company held on July 26, 2016.

vi. Details of complaints received and redressed:

Opening Balance as on 01.04.2016	Received during the period 01.04.2016 to 31.03.2017	Resolved during the period 01.04.2016 to 31.03.2017	Closing Balance as on 31.03.2017
Nil	26	26	Nil



6. General Body Meetings & Special Resolutions

- i. The particulars of day, date, time, venue and special resolutions passed if any of last three annual general meetings of the Company are given below:

Year	Particulars of the AGM	Day, Date & Time	Venue	Special Resolutions Passed, if any.
2015-16	34th	Tuesday 26.07.2016 11.30 A.M	Regd. Office: Survey No. 315, Yelumala village, R.C. Puram Mandal, *Medak District – 502 300	Yes
2014-15	33rd	Saturday 25.07.2015 11.00 A.M	Regd. Office: Survey No. 315, Yelumala village, R.C. Puram Mandal, *Medak District – 502 300	Yes
2013-14	32nd	Friday 25.07.2014 11.00 A.M	Regd. Office: Survey No. 315, Yelumala village, R.C. Puram Mandal, *Medak District – 502 300	No

*Consequent to the issue of a notification by Government of Telangana vide G.O.M.S.No.249 dated 11.10.2016, Ramchandrapuram Mandal falls into Sangareddy District effective from 11.10.2016.

- ii. The Company during the financial year ended March 31, 2017 has passed special resolutions through postal ballot, amending the Clause III(A)(3) and (A)(14) of the Memorandum of Association of the Company as well as amending Article 67 of the Articles of Association of the Company effective from December 6, 2016
- iii. While conducting the aforesaid Postal Ballot the company has complied with the provisions of Section 110 of the Companies Act, 2013 and the relevant rules in force.
- iv. The Scrutinizer, Mr.B.V.Saravana Kumar, Practicing Company Secretary, Hyderabad has conducted the postal ballot process.
- v. The details of voting pattern of aforesaid Postal Ballot is as follows:

S. No.	Name of Resolution	Type of Resolution	% total Votes cast for	% total Votes cast against	Final Remarks by the scrutinizer	Result
1	Amending the Clauses III(A)(3) and (A)(14) of the Memorandum of Association of the Company by replacing with the resolution as circulated.	Special	99.99%	0.01%	In brief total votes polled for Special Resolution is 99.99% and total votes polled against special resolution is 0.01%	Passed with requisite majority
2	Article 67 of the Articles of Association of the Company by replacing with the resolution as circulated.	Special	99.92%	0.08%	In brief total votes polled for Special Resolution is 99.92% and total votes polled against special resolution is 0.08%	Passed with requisite majority

7. Disclosures:

- i. During the financial year ended March 31, 2017 there are no materially significant related party transactions, which have potential conflict with the interest of Company at large. Related party transactions entered during the financial year under review are disclosed in Note No.29 of the audited financial statements of the company for the financial year ended March 31, 2017. These transactions entered were at an arm's length basis and in the ordinary course of business.
- ii. There were no cases of non-compliance by the Company, penalties, strictures imposed on the Company by stock exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years ended March 31, 2017.
- iii. Vigil Mechanism (Whistle Blower Policy):
The Company has a Vigil mechanism (Whistle blower policy) in place enabling the employees or other connected persons having interest in any transactions with the company are free to report of any unethical or improper practices noticed in the organization. The Policy also provides the procedure of making such representation and dealing with the said representation and also provides protection from victimization. During the year under review, no employee was denied access to the Audit committee in this behalf.
- iv. The Company is in compliance with all the mandatory requirements and has fulfilled the following non-mandatory requirements as prescribed under listing regulations.
 - a. **Audit qualifications:** There were no qualifications by the statutory auditors on the financial statements for the year ended March, 31, 2017.
 - b. **Separate post of Chairman and CEO:** The Company has appointed the Chairman and Managing Director Separately.
 - c. **Reporting of Internal Auditor:** The Internal auditors report to the Audit Committee
- v. Code of conduct: The code of conduct as adopted by the Board of Directors is applicable to all directors,

senior management and employees in above officers' level. The prime purpose of the code is to create an environment wherein all the Board Members and Senior Management of the Company maintain ethical standards and to ensure compliance to the laid down ethical standards. The code is available on the Company's website: www.visaka.co.

Declaration as to adherence to the Code of Conduct

All the directors and senior management of the Company have affirmed compliance with the Company's code of conduct for the financial year ended March 31, 2017.

Date: 05.05.2017
Secunderabad

Smt. G. Saroja Vivekanand
Managing Director

- i. CEO & CFO certificate: The Managing Director and Whole-time Director cum Chief Financial Officer of the Company have given a Certificate as contemplated in Listing Regulations.
- ii. Share Capital Audit: Practicing Company Secretary carried out a secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued / paid-up capital of the Company is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

8. Means of Communication:

Quarterly results of the Company are published in Business Standard or Economic Times or Financial Express (English edition) and Namaste Telangana / Nava Telanganai (Regional edition) newspapers respectively. Annual results of the Company are displayed on the Company's website – "www.visaka.co". The presentations made to institutional investors and details of Conference Calls etc., are intimated to stock exchanges apart from being uploaded on the website of the company.



I. General Shareholder's information:

1. Annual General Meeting	
Date	June 20, 2017
Time	11.30 A.M.
Venue	Survey. No. 315, Yelulmala Villege, R.C. Puram Mandal, Sangareddy Dist – 502 300.
2. Financial Calendar	
Year ending	March 31, 2017
AGM	20 June, 2017
3. Date of Book Closure	16.06.2017 to 20.06.2017 (Both days inclusive)
4. Dividend Payment Date	On or after July 7, 2017
5. Listing on Stock Exchanges	National Stock Exchange of India Ltd and BSE Limited (The Company has paid the listing fee for 2017-18 to the BSE and NSE)
6. Stock Code / Symbol on NSE / BSE Respectively	VISAKAIND / 509055
7. International Securities Identification Number (ISIN) allotted to the Company's Shares	INE392A01013.

9. Market Price Data:

High, Low (Based on the closing prices) prices of Visaka scrip during each month in the financial year ended March 31, 2017 on the BSE & NSE Limited, Mumbai. Details of monthly market price as per Stock Exchanges data for the financial year ended March 31, 2017 are as follows:

S. No.	Month	Price at BSE		Price at NSE	
		High	Low	High	Low
1	April -16	128.00	105.20	125.90	104.10
2	May - 16	148.40	117.00	148.90	116.80
3	June - 16	162.50	137.10	162.50	137.30
4	July - 16	174.70	149.15	174.90	148.50
5	August - 16	188.60	150.00	190.65	150.00
6	September-16	214.00	175.00	215.00	175.60
7	October - 16	240.00	184.50	239.40	180.50
8	November - 16	229.50	172.30	229.40	172.25
9	December-16	202.20	173.50	204.00	172.25
10	January-17	217.00	185.55	217.75	185.20
11	February-17	239.00	201.75	239.40	201.30
12	March -17	275.00	229.00	275.00	229.10

10. Performance of share price of the Company in comparison to BSE Sensex

Month	Visaka's Closing Price (₹)	BSE Sensex Closing
Apr-16	118.10	25606.62
May-16	138.75	26667.96
Jun-16	157.30	26999.72
Jul-16	160.80	28051.86
Aug-16	180.65	28452.17
Sep-16	186.25	27865.96
Oct-16	227.80	27930.21
Nov-16	199.30	26652.81
Dec-16	184.55	26626.46
Jan-17	205.35	27655.96
Feb-17	235.45	28743.32
Mar-17	270.35	29620.50

(Source: The information is compiled from the data available from the BSE website)

11. Registrar and Transfer Agents:

Name & Address:

Karvy Computershare Private Limited
 Unit: Visaka Industries Limited
 Karvy Selenium Tower B, Plot.No. 31 & 32,
 Gachibowli, Financial district,
 Nanakramguda, Serilingampally,
 HYDERABAD – 500 032.
 Phone: 040-67161770.
 E-mail: einward.ris@karvy.com
 Website: www.karvy.com
 Toll Free No: 1800-3454-001

12. Share Transfer System:

The Company's shares are traded in the stock exchanges compulsorily in demat form. The Company's Registrar and Transfer agent is the common agency to look after physical and demat share work. The shares lodged for transfer with the Registrar are processed and returned to shareholders within the stipulated time. Half yearly certificates given under clause 40(9) of listing regulations by M/s. Tumuluru & Co., Practicing Company Secretaries, Hyderabad confirm the same during the financial year 2016-17.



13. Shareholding (as on March 31, 2017):

a) Distribution of shareholding as on March 31, 2017:

Distribution Schedule - Consolidated As on 31-03-2017					
Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount	% of Amount
1-5000	14,139	88.64	1,837,179	18,371,790	11.57
5001- 10000	948	5.94	777,125	7,771,250	4.89
10001- 20000	448	2.81	678,555	6,785,550	4.27
20001- 30000	134	0.84	342,582	3,425,820	2.16
30001- 40000	73	0.46	260,745	2,607,450	1.64
40001- 50000	58	0.36	270,549	2,705,490	1.70
50001- 100000	72	0.45	517,069	5,170,690	3.26
100001 & Above	78	0.50	11,197,148	111,971,480	70.51
Total	15,950	100.00	15,880,952	158,809,520	100.00

b) Categories of Shareholders as on March 31, 2017

Category	No. of shareholders	No. of shares	Percentage
Indian Promoters	3	65,45,368	41.22
Foreign Promoters	-	-	-
Banks, Financial Institutions, Insurance Companies (Central / State Gov. Institutions / Non-Government Institutions)	10	39664	0.25
Private Corporate Bodies	344	2309807	14.55
Indian Public	15313	6202249	39.05
NRIs / OCBs	206	724855	4.56
Clearing Members	74	59009	0.37
TOTAL	15950	15880952	100.00

14. Dematerialization of Shares and liquidity.

As on March 31, 2017, 96.98 % of the paid-up share capital of the Company has been dematerialized.

15. As on March 31, 2017; the company did not have any outstanding GDRs / ADRs / Warrants or any convertible instruments

16. Manufacturing facility : Please refer page no 113 for plant locations

17. Address for Correspondence/registering investor grievances: Enquiries, if any relating to shareholder accounting records, share transfers, transmission of shares, change of address / bank mandate details for physical shares, receipt of dividend warrants, loss of share certificates etc., and related grievances may be addressed to Karvy Computershare Private Limited, (Karvy) Unit: Visaka Industries Limited.

The Company Secretary
 Visaka Industries Limited
 Visaka Towers, 1-8-303/69/3
 S.P. Road, Secunderabad.
 Pin: 500 003.
 Email: investorrelations.vil@visaka.in
 Tel Nos: 091 - 040 – 27813833, 27813835 / 27892190 To 92
 Fax Nos: 091 - 040 – 27813837

To know more about the Company, you are welcome to visit us at: www.visaka.co

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of Visaka Industries Limited

We have examined the compliance of conditions of Corporate Governance by Visaka Industries Limited ('the Company') for the year ended 31st March, 2017 as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15 (2) of the Listing Regulations.

The compliance of conditions of Corporate Governance is the responsibility of management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For M. Anandam & Co.,
Chartered Accountants
(Firm Regn. No. 000125S)

Place: Secunderabad
Date: May 5, 2017

A.V.Sadasiva
Partner
M.No.018404



Financial Section

Independent Auditors' Report

To
The Members of
Visaka Industries limited

Report on the Financial Statements

We have audited the accompanying financial statements of Visaka Industries limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements

and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge



and belief were necessary for the purposes of our audit.

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in

our opinion and to the best of our information and according to the explanations given to us:

- i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 35 to the financial statements;
- ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv) The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 38 to the financial statements.

For M.Anandam & Co.

Chartered Accountants
(Firm's Registration No. 000125S)

A.V.Sadasiva

Partner

Place: Secunderabad

Date: 5th May, 2017

Membership No.018404

Annexure - A to the Auditors' Report

The Annexure referred to in our report to the members of the Company for the year ended on 31st March, 2017.

We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) As explained to us, the fixed assets have been physically verified by the management in a periodical manner, which in our opinion is reasonable, having regard to the size of the Company and the nature of its business. No material discrepancies were noticed on such physical verification.
(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The inventories have been physically verified during the year by the management. The discrepancies noticed on verification between the physical stocks and book records were not material.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3 (iii) (a) to (c) of the Order is not applicable.

- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to loans, investments, guarantees and securities made.
- (v) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, in respect of deposits accepted. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
- (vi) We have broadly reviewed the cost records maintained by the Company as prescribed under sub-section (1) of section 148 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, value added tax, wealth tax, service tax, customs duty, excise duty, cess and any other statutory dues as applicable with the appropriate authorities and there were no arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and records of the Company examined by us, the particulars of income tax, sales tax, valued added tax, wealth tax, service tax, customs duty, excise duty or cess as at 31st March, 2017 which have not been deposited on account of any dispute pending, are as under:

Name of the Statute	Nature of dues	Amount (₹ in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income-Tax Act, 1961	Income Tax	11.99	2007-08	CIT (Appeals) Hyderabad
Income-Tax Act, 1961	Income Tax	24.23	2008-09	CIT (Appeals) Hyderabad
Income-Tax Act, 1961	Income Tax	6.79	2010-11	CIT (Appeals) Hyderabad
Income-Tax Act, 1961	Income Tax	9.41	2011-12	CIT (Appeals) Hyderabad
Income-Tax Act, 1961	Income Tax	13.44	2009-10	CIT (Appeals) Hyderabad
Central Excise Act, 1944	Excise Duty	873.85	2003-04 & 2004-05	CESTAT, Chennai
Central Excise Act, 1944	Penalty	1323.85	2003-04 & 2004-05	CESTAT, Chennai
Central Excise Act, 1944	Excise Duty	14.86	August.13 to January.16	Asst Commissioner Central Excise Pune
Customs, Central Excise & Service Tax Drawback Rules, 1995	Duty Draw Back	152.10	July 2009 to March 2011	Joint Secretary, Revisionary Authority, New Delhi.
Central Sales Tax Act, 1956	Central Sales Tax	9.02	2008-09	Telangana VAT Appellate Tribunal, Hyderabad
Central Sales Tax Act, 1956	Central Sales Tax	7.92	2008-09	Commercial Taxes Tribunal Lucknow
Bihar VAT Act 2005	VAT/Interest	3.77	2005-06	Joint Commissioner (Appeals)
Orissa VAT Act, 2004	VAT/Penalty	10.97	October 2009 to March 2011	Orissa Sales Tax Tribunal, Bhubaneswar
Kerala VAT Act, 2003	VAT/Interest	0.23	2010-11	Deputy Commissioner (Appeals), Commercial Taxes, Ernakulam



Name of the Statute	Nature of dues	Amount (₹ in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Jharkhand VAT Act,2005	VAT/Penalty	20.38	2010-11	Commissioner of Commercial Taxes Ranchi
Orissa Entry Tax Act 1999	Entry Tax/Penalty	10.38	October 2009 to March 2011	Orissa Sales Tax Tribunal, Bhubaneswar

(viii) The Company has not defaulted in repayment of loans or borrowing to a financial institution, banks and Governments.

(ix) The Company did not raise any money by way of initial public offer or further public offer during the year. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which the loans were obtained other than amounts temporarily invested pending utilization of the funds for the intended use.

(x) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in

compliance with section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3 (xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For M.Anandam & Co.

Chartered Accountants
(Firm's Registration No. 000125S)

A.V.Sadasiva

Place: Secunderabad

Date: 5th May, 2017

Partner

Membership No.018404

Annexure - B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Visaka Industries Limited ("the Company") as of 31st March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing

and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls

that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in

accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M.Anandam & Co.
Chartered Accountants
(Firm's Registration No. 000125S)

A.V.Sadasiva

Place: Secunderabad

Partner

Date: 5th May, 2017

Membership No.018404



Balance Sheet as at 31st March, 2017

(₹ in lacs)

Particulars	Note	31st March, 2017	31st March, 2016
I. EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share capital	2	1592.07	1592.07
(b) Reserves and surplus	3	37194.48	33114.10
		38786.55	34706.17
Non-current Liabilities			
(a) Long-term borrowings	4	7858.35	5366.88
(b) Deferred tax liabilities (net)	5	2134.46	2222.60
		9992.81	7589.48
Current Liabilities			
(a) Short-term borrowings	6	10584.82	24578.50
(b) Trade payables	7		
Dues to micro and small enterprises		13.98	19.25
Dues to creditors other than micro and small enterprises		7619.36	6229.24
(c) Other current liabilities	8	9310.88	8128.22
(d) Short-term provisions	9	599.95	640.87
		28128.99	39596.08
TOTAL		76908.35	81891.73
II. ASSETS			
Non-current assets			
(a) Property, plant and equipment	10	32568.25	29401.12
(b) Other intangible assets	10	115.56	9.27
(c) Capital work-in-progress		1170.44	409.16
		33854.25	29819.55
(d) Non-current investments	11	-	1009.34
(e) Long term loans and advances	12	1782.66	2858.41
		1782.66	3867.75
Current assets			
(a) Inventories	13	19601.70	23203.72
(b) Trade receivables	14	15622.40	14699.03
(c) Cash and bank balances	15	3830.20	7501.83
(d) Short-term loans and advances	16	2217.14	2799.85
		41271.44	48204.43
		76908.35	81891.73
Significant Accounting Policies	1		

The accompanying notes form an integral part of the financial statements

As per our report of even date

For and on behalf of Board of Directors

For **M. Anandam & Co.**
Chartered Accountants

Bhagirat B. Merchant
Chairman

Dr. G. Vivekanand
Vice-Chairman

Smt. G. Saroja Vivekanand
Managing Director

A. V. Sadasiva
Partner
Membership No. 18404

Gusti J Noria
V. Pattabhi
P. Srikar Reddy
Directors

G. Vamsi Krishna
Whole-time Director

J. P. Rao
Whole-time Director

Place: Secunderabad

Date: 5th May, 2017

V. Vallinath
Whole-time Director
& Chief Financial Officer

I. Srinivas
Company Secretary &
AVP (Corporate Affairs)

Statement of Profit and Loss for the year ended 31st March, 2017

(₹ in lacs)

Particulars	Note	31st March, 2017	31st March, 2016
I. Revenue from operations	17	96673.17	100485.28
II. Other income	18	376.89	272.65
III. Total Revenue (I + II)		97050.06	100757.93
IV. Expenses:			
Cost of materials consumed	19	49690.15	55693.69
Purchase of Stock-in-trade		109.21	82.60
Changes in inventories	20	(254.21)	1381.00
Employee benefits expense	21	7740.71	6796.50
Finance costs	22	1804.87	2128.77
Other expenses	23	27912.03	27007.74
Depreciation and amortization expense	10	3407.62	3630.46
Total Expenses		90410.38	96720.76
V. Profit before tax (III - IV)		6639.68	4037.17
VI. Tax expense:			
(1) Current tax		2647.44	1953.86
(2) Deferred tax		(88.14)	(360.22)
VII. Profit for the year (V-VI)		4080.38	2443.53
VIII. Earning per equity share:	25		
(1) Basic		25.69	15.39
(2) Diluted		25.69	15.39
Significant Accounting Policies	1		

The accompanying notes form an integral part of the financial statements

As per our report of even date

For and on behalf of Board of Directors

For **M. Anandam & Co.**
Chartered Accountants

Bhagirat B. Merchant
Chairman

Dr. G. Vivekanand
Vice-Chairman

Smt. G. Saroja Vivekanand
Managing Director

A. V. Sadasiva
Partner
Membership No. 18404

Gusti J Noria
V. Pattabhi
P. Srikar Reddy
Directors

G. Vamsi Krishna
Whole-time Director

J. P. Rao
Whole-time Director

Place: Secunderabad
Date: 5th May, 2017

V. Vallinath
Whole-time Director
& Chief Financial Officer

I. Srinivas
Company Secretary &
AVP (Corporate Affairs)



Cash Flow Statement for the year ended 31st March, 2017

(₹ in lacs)

Particulars	31st March, 2017		31st March, 2016	
A) CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit before tax and extra-ordinary items		6639.68		4037.17
Adjustments for:				
Depreciation and Amortisation	3407.62		3630.46	
Loss on Sale of Fixed Assets	2.27		4.99	
Fixed Assets Written Off	2.53		-	
Wealth tax	-		7.00	
Provision for Diminution in the value of Investment	1009.34		450.00	
Finance costs	1804.87	6226.63	2128.77	6221.22
Operating Profit before working capital changes		12866.31		10258.39
Working Capital Changes:				
(Increase) / Decrease in Trade and Other Receivables	(342.66)		(941.12)	
(Increase) / Decrease in Inventories	3602.02		1808.95	
Increase / (Decrease) in Trade & Other Payables	1529.64	4789.00	32.44	900.27
Cash Generated from Operations		17655.31		11158.66
Direct Taxes paid		(2481.98)		(2233.69)
Net Cash from Operating Activities		15173.33		8924.97
B) CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets (Including Capital Work In Progress)	(6405.33)		(2869.37)	
Proceeds on sale / Adjustments to Fixed Assets	17.42		31.45	
Investments/Advances towards Share Capital	-		(1.48)	
Net Cash used in Investing Activities		(6387.91)		(2839.40)
C) CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from Long Term borrowings	3500.00		-	
Repayment of Term Loans	(1374.00)		(1374.00)	
Increase / (Decrease) in Short Term borrowings	(13500.20)		2529.30	
Increase / (Decrease) in Other Secured & Unsecured Loans	1089.19		1045.41	
Dividend paid Including Corporate Dividend Tax	(408.93)		(1500.65)	
Finance cost	(1763.11)		(2091.38)	
Net Cash used in Financing Activities		(12457.05)		(1391.32)
Net increase/(Decrease) in Cash and Cash equivalents		(3671.63)		4694.25
Cash and Cash equivalents at the beginning of the Year		7501.83		2807.58
Cash and Cash equivalents at the end of the Year		3830.20		7501.83

Note: The Cash Flow Statement has been prepared as per indirect method as set out in Accounting Standard-3 "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.

As per our report of even date

For and on behalf of Board of Directors

For **M. Anandam & Co.**
Chartered Accountants

Bhagirat B. Merchant
Chairman

Dr. G. Vivekanand
Vice-Chairman

Smt. G. Saroja Vivekanand
Managing Director

A. V. Sadasiva
Partner
Membership No. 18404

Gusti J Noria
V. Pattabhi
P. Srikar Reddy
Directors

G. Vamsi Krishna
Whole-time Director

J. P. Rao
Whole-time Director

Place: Secunderabad
Date: 5th May, 2017

V. Vallinath
Whole-time Director
& Chief Financial Officer

I. Srinivas
Company Secretary &
AVP (Corporate Affairs)

Notes to the Financial Statements

Note.1: Significant Accounting Policies

i) Basis of Preparation of financial statements:

These financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014, the Companies (Accounting Standards) Amendment Rules, 2016 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on accrual basis.

ii) Revenue Recognition:

Sale of products

Revenue is recognized on accrual basis. Revenue from sale of goods is recognised when the significant risks and rewards are transferred to the customers. Gross revenue is stated inclusive of excise duty.

Interest income

Interest income is recognised on time proportion basis taking into account the amount outstanding and the interest rate

iii) Property, plant and equipment and Intangible assets

(a) Property, plant and equipment is stated at cost (Net of Cenvat, wherever applicable) less depreciation. Cost includes freight, duties and taxes and other expenses related to acquisition and installation.

(b) Cost of computer software is recognized as Intangible Assets.

(c) Depreciation is provided on the straight line method and at the useful life and in the manner specified in Schedule II of the Companies Act, 2013. Computer Software is amortized over a period of three years.

iv) Borrowing Costs:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

v) Investments:

Investments are classified as long term and current investments. Long Term Investments are carried at cost less provision for other than temporary diminution, if any, in value of such investments. Current investments are carried at lower of cost and fair value.

vi) Inventories:

a) Raw Materials, Stores and Spares are valued at lower of cost and net realizable value. Cost is determined on weighted average basis.

b) Work-in-progress, traded goods and finished goods are valued at lower of cost and net realizable value.

c) Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

vii) Foreign Currency Transactions:

a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of the transaction.



Notes to the Financial Statements *(contd.)*

Note.1: Significant Accounting Policies *(contd.)*

- b) Monetary items denominated in foreign currencies at the year- end are translated at the year-end rates, the resultant gain or loss will be recognized in the statement of profit and loss.
- c) Any gain or loss arising on account of exchange difference on settlement of transaction is recognized in the statement of profit and loss .
- d) The premium or discount arising at the inception of forward contracts is amorized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such contract is recognized as income or as expense for the period.

viii) Taxes on Income:

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

ix) Leases:

Assets acquired under financial leases are recognized at the lower of the fair value of the leased asset at inception and the present value of minimum lease payment. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability.

x) Employee Benefits:

- a) Retirement benefits in the form of Provident Fund and Superannuation Fund are defined contribution schemes and the contributions are charged to the Profit and Loss Account of the year when the contribution to the respective funds are due. The Company has created an approved Superannuation Fund and accounts for the contribution made to LIC against an insurance policy taken with them. There are no other obligations other than the contribution payable to the funds.
- b) Gratuity and Leave Encashment liabilities are defined benefit obligations and provided on the basis of independent actuarial valuation on projected unit credit method made at the end of the year. The company has created an approved gratuity fund, which has taken a group gratuity cum insurance policy with Life Insurance Corporation of India (LIC), for future payment of gratuity to the employees. Also the company has created a fund with LIC for leave encashment of employees for future payment.

xi) Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Contingent Liabilities are disclosed when the Company has possible obligation or a present obligation and it is probable that a cash outflow will not be required to settle the obligation.

xii) Operating Cycle:

Based on the nature of products / activities of the company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the company has determined its operating policy as 12 months for the purpose of classification of its assets and liabilities as current and non-current

Notes to the Financial Statements (contd.)

Note.2: Share Capital

(₹ in lacs)

Particulars	31st March, 2017	31st March, 2016
AUTHORIZED CAPITAL:		
3,00,00,000 Equity Shares of ₹10/- each (P.Y 3,00,00,000 Equity Shares of ₹10/- each)	3000.00	3000.00
5,00,000 12% Cumulative Redeemable Preference Shares ₹100/- each (P.Y 5,00,000 12% Cumulative Redeemable Preference Shares ₹100/- each)	500.00	500.00
TOTAL	3500.00	3500.00
ISSUED, SUBSCRIBED & PAID-UP CAPITAL		
1,58,80,952 Equity Shares of ₹10/- each fully paid up (P.Y 1,58,80,952 Equity Shares of ₹10/- each fully paid up)	1588.10	1588.10
Add: Shares forfeited - 79408 shares	3.97	3.97
TOTAL	1592.07	1592.07

2.1 Rights attached to equity shares

- (a) The Company has only one class of equity shares having a face value of ₹10 /- each. Each holder of equity share is entitled to one vote per share. The company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
- (b) In the event of liquidation of the company, the equity shareholders will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

2.2 Dividend : The Board of Directors, in its meeting on 31st March, 2017, have proposed a final dividend of ₹6/- per equity share for the financial year ended March 31, 2017. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held on 20th June, 2017 and if approved would result in a cash outflow of ₹1146.84 Lacs including corporate dividend tax.

2.3 Details of shareholders holding more than 5% shares

Name of the shareholder	31st March, 2017		31st March, 2016	
	No.of Shares	% holding	No.of Shares	% holding
a) Dr. G Vivekanand	57,74,366	36.36	57,68,116	36.32
b) Vigilance Security Services Private Limited	14,19,545	8.94	14,19,545	8.94

2.4 Reconciliation of the number of shares

Particulars	31st March, 2017	31st March, 2016
Number of shares at the beginning of the year	1,58,80,952	1,58,80,952
Add: Shares issued during the year	-	-
Number of shares as at the end of the year	1,58,80,952	1,58,80,952



Notes to the Financial Statements (contd.)

Note.3: Reserves & Surplus

(₹ in lacs)		
Particulars	31st March, 2017	31st March, 2016
Capital reserve	169.29	169.29
Less : Transferred to Surplus in Statement of Profit & Loss	(169.29)	-
	-	169.29
Securities premium reserve	4903.45	4903.45
General reserve		
i) Opening balance	27000.00	25500.00
ii) Transferred from Surplus in Statement of Profit & Loss		1500.00
	27000.00	27000.00
Surplus in the Statement of Profit & Loss		
Opening balance	1041.36	1053.53
Add : Net profit transferred from Statement of Profit & Loss	4080.38	2443.53
Add : Transferred from Capital reserve	169.29	-
Less Appropriations		
a) Interim dividend	-	476.43
b) Final dividend	-	317.62
c) Corporate dividend tax	-	161.65
d) Transferred to general reserve	-	1500.00
	-	2455.70
Closing balance	5291.03	1041.36
TOTAL	37194.48	33114.10

Note.3.1 : The Company has transferred capital reserve of ₹45.00 Lacs to Surplus in the Statement of Profit & Loss since all the conditions in relation to the said reserve are complied with. The Company also transferred ₹124.90 Lacs representing advance received against Share Warrants which are lapsed to Surplus in the Statement of Profit & Loss .

Note.4: Long term borrowings

(₹ in lacs)		
Particulars	31st March, 2017	31st March, 2016
a) Secured loans		
Term loans from banks	3947.17	2404.50
Loans from others	3251.08	2436.64
b) Unsecured loans		
Deferred payment liabilities	221.25	221.25
Public deposits	421.67	304.49
Long term maturities of finance lease obligations (Refer Note No.28)	17.18	-
TOTAL	7858.35	5366.88

4.1 (i) Term loans from banks include loan taken from HDFC Bank Limited for the fibre cement boards project near Daund Taluk, Pune District in Maharashtra. The current rate of interest is 10.25% as at the balance sheet date. The loan is secured by first charge on all the Company's fixed assets both present and future on pari passu basis with other lenders, second charge on the current assets of the Company and personal guarantee of the Vice-chairman Dr G Vivekanand of the Company. Outstanding amount are repayable ₹1374.00 lacs (as shown in Other Current Liabilities in Note No.8) in 2017-18 and ₹1030.50 lacs in 2018-19.

4.1 (ii) Term loans from banks include loan taken from IDBI Bank Limited for the Textile unit near Mouda Taluk, Nagpur in Maharashtra. The loan sanctioned is ₹6035.00 lacs during the year 2016-17, out of which ₹3500 lacs is drawn which is repayable in 24 quarterly installments commencing from June'17. The current rate of interest is 10.25% as at the balance sheet date. This loan is secured by first mortgage and charge in favour of the Bank on all the Company's

Notes to the Financial Statements (contd.)

Note.4: Long term borrowings

fixed assets both present and future on pari passu basis with other lenders, second charge on the current assets of the Company and personal guarantee of the Vice-chairman Dr G Vivekanand of the Company. Outstanding amount of ₹3500.00 lacs is repayable @ ₹145.83 lacs each quarter from the financial year 2017-18 to 2022-23 (upto December, 2022). Amount repayable in 2017-18 of ₹583.33 Lacs shown in Other Current Liabilities in Note No 8.

- 4.2 i) Loans from others include interest free loans of ₹3148.18 lacs availed (₹1523.75 lacs in 2012-13, ₹809.99 lacs in 2014-15 and ₹814.44 lacs in 2016-17) from The Pradeshiya Industrial & Investment Corporation of U.P. Ltd for the cement asbestos unit at Raebareli, U.P which is sanctioned under the Industrial Investment Promotion Scheme, 2003. The loan is secured by first charge on the entire fixed assets of the Company both present and future, by way of first pari-passu charge with all the secured lenders of the Company. The loans are repayable (each installment drawn) after 10 years from the date of disbursement. i.e ₹1523.75 lacs in 2022-23 and ₹809.99 lacs in 2024-25 and ₹814.44 lacs in 2026-27
- 4.2 ii) Loans from others include ₹102.90 lacs obtained from Life Insurance Corporation of India against key man insurance policy at 9% which matures on 28-03-2018. This loan has no specific terms of repayment.
- 4.3 Deferred payment liabilities represent sales tax deferment relating to cement asbestos unit at Patancheru, Sangareddy District. This loan is interest free and repayable at ₹200.18 lacs in the year 2019-20 and ₹21.07 lacs in the year 2020-21.
- 4.4 Public deposits represent deposits accepted from public carrying interest varying from 11% to 12%. The maturity of these deposits fall on different dates depending on the date of each deposit. There are no deposits matured and remained unpaid as on the balance sheet date.

Note.5: Deferred tax liabilities (net)

(₹ in lacs)

Particulars	31st March, 2017	31st March, 2016
a) Deferred tax Assets		
Opening Balance	165.69	57.60
Add : On account of Income tax disallowances	134.36	143.32
Less: Reversed during the year	(96.59)	(35.23)
	203.46	165.69
b) Deferred tax Liabilities		
Opening Balance	2388.29	2640.42
Less: Reversed during the year	(50.37)	(252.13)
	2337.92	2388.29
Deferred tax liability (Net)	2134.46	2222.60

Note.6: Short term borrowings

(₹ in lacs)

Particulars	31st March, 2017	31st March, 2016
a) Secured loans		
From Banks		
Working capital loans	5591.33	10678.05
b) Unsecured loans		
From Banks		
Short term loans	4938.49	13351.95
From Others		
Loan from related party	55.00	548.50
TOTAL	10584.82	24578.50



Notes to the Financial Statements (contd.)

Note.6: Short term borrowings

- 6.1 Working capital loans from State Bank of India and State Bank of Hyderabad (under consortium arrangement) are repayable on demand which are secured on pari-passu basis by hypothecation of the Company's entire movable assets including stocks, all raw materials, work-in-progress, stores & spares, finished goods and book debts, present and future, and personal guarantee of the Vice-Chairman, Dr G.Vivekanand of the Company.
- 6.2 Buyers credit and short term loans availed from various banks with a maximum maturity period of six months. The rates of interest vary from bank to bank also within a given bank for various installments of credit. These loans are backed by personal guarantee of Vice-Chairman, Dr G.Vivekanand of the Company.
- 6.3 Loan from related party represents loan taken from Vice-Chairman Dr. G.Vivekanand of the company.

Note.7: Trade Payables

(₹ in lacs)

Particulars	31st March, 2017	31st March, 2016
a) Trade Payables		
Dues to micro and small enterprises (Refer Note No.37)	13.98	19.25
Others	2466.92	2046.76
b) Others		
Expenses payable	5152.44	4182.48
TOTAL	7633.34	6248.49

- 7.1 Trade payables represents sundry creditors for goods and others.
- 7.2 Expense payable represents amount payable to various parties like transporters, advertising, security and other contractors. These also include provision for current salaries, wages and other employee benefits.

Note.8: Other Current Liabilities

(₹ in lacs)

Particulars	31st March, 2017	31st March, 2016
a) Current maturities of long term debts (Refer Note No.4.1)	1957.33	1374.00
b) Current maturities of finance lease obligations (Refer Note No.28)	15.17	-
c) Current maturities of public deposits (Refer Note No.4.4)	1077.78	783.43
d) Interest accrued but not due	146.89	105.14
e) Unpaid dividend	68.51	95.16
f) Statutory liabilities	2282.27	2344.61
g) Advances from customers	246.84	234.17
h) Sundry deposits	3516.09	3191.71
	9310.88	8128.22

8.1 Statutory liabilities include sales tax, value added tax, service tax, excise duty and tax deducted at source.

8.2 Sundry deposits include security deposits from stockists, agents and transporters etc.

Note.9: Short Term Provisions

(₹ in lacs)

Particulars	31st March, 2017	31st March, 2016
a) Provision for employee benefits		
- Leave encashment	59.81	47.97
- Gratuity	273.68	91.08
b) Proposed dividend & Corporate dividend tax (Refer Note No.2.2)	-	382.28
c) Provision for income-tax (net of advance tax) current year	266.46	119.54
TOTAL	599.95	640.87

Notes to the Financial Statements (contd.)

Note.10:

(₹ in lacs)

Name of the Asset	Gross Block				Depreciation				Net Block	
	As at 01-04-16	Additions	Deductions	As at 31-03-17	As at 01-04-16	For the Year	Other Adjustments	As at 31-03-17	As at 31-03-17	As at 31-03-16
Property, plant and equipment										
Land	4750.42	25.24	2.01	4773.65	-	-	-	-	4773.65	4750.42
Buildings	18594.76	2161.65	-	20756.41	4749.77	905.65	-	5655.42	15100.99	13844.99
Plant & Equipment	32741.10	4064.43	2.14	36803.39	22611.94	2259.23	0.73	24870.44	11932.95	10129.16
Furniture & Fixtures	302.13	12.33	1.05	313.41	249.17	12.10	0.74	260.53	52.88	52.96
Office Equipment	318.46	29.63	-	348.09	258.59	32.04	-	290.63	57.46	59.87
Vehicles	631.43	186.52	53.20	764.75	227.16	88.65	34.70	281.11	483.64	404.27
Data Processing Equipment	775.44	60.61	-	836.05	649.12	74.19	-	723.31	112.74	126.32
Assets taken on Finance Lease										
Data Processing Equipment	114.99	47.19	-	162.18	81.86	26.38	-	108.24	53.94	33.13
Other intangible Assets										
Computer Software	199.31	115.67	-	314.98	190.04	9.38	-	199.42	115.56	9.27
TOTAL	58428.04	6703.27	58.40	65072.91	29017.65	3407.62	36.17	32389.10	32683.81	29410.39
Previous Year	56660.28	1868.00	100.24	58428.04	25450.99	3630.46	63.80	29017.65	29410.39	31209.29

Note.11: Non-current investments

(₹ in lacs)

Particulars	31st March, 2017	31st March, 2016
Non Trade at cost		
Long term - Unquoted		
Investments in Equity Instruments		
a) Visaka Thermal Power Limited 20,78,600 (P.Y 20,78,600) shares of ₹10 each	207.86	207.86
Less: Provision for Diminution in the value of Investment	(207.86)	-
b) Somerset Entertainment Ventures (Singapore) Pte Ltd 1,31,903 (P.Y 1,31,903) shares of Singapore \$ of 10 each	1250.00	1250.00
Less: Provision for Diminution in the value of Investment	(1250.00)	(450.00)
c) OPGS Power Gujarat Pvt Ltd -7,02,000 shares of ₹0.10 each	1.33	1.33
- Advance against share capital	0.15	0.15
Less: Provision for Diminution in the value of Investment	(1.48)	-
TOTAL	-	1009.34
i) Aggregate amount of unquoted investments	1459.34	1459.34
ii) Aggregate provision for diminution in value of investments	1459.34	450.00



Notes to the Financial Statements *(contd.)*

Note.12: Long term loans & advances

(₹ in lacs)

Particulars	31st March, 2017	31st March, 2016
Unsecured considered good		
a) Capital advances	427.62	1486.84
b) Deposits with government and others	634.58	632.57
c) Deposit with central excise (Refer Note No.35)	450.00	450.00
Unsecured considered doubtful		
Capital advances	224.00	224.00
Less: Provision for doubtful advances	(224.00)	(224.00)
Advance income tax (Net of Provision for income tax)	270.46	289.00
TOTAL	1782.66	2858.41

Note.13: Inventories

(₹ in lacs)

Particulars	31st March, 2017	31st March, 2016
(Valued at lower of cost or net realizable value)		
a) Raw materials	7123.02	10897.34
{including material in transit of ₹59.80 lacs (P.Y of ₹473.40 lacs)}		
b) Work-in-progress	3261.20	3411.39
c) Finished goods	8490.14	8085.74
{including goods in transit of ₹109.31 lacs (P.Y of ₹99.71 lacs)}		
d) Stores and spares	727.34	809.25
TOTAL	19601.70	23203.72

Note.14: Trade Receivables

(₹ in lacs)

Particulars	31st March, 2017	31st March, 2016
a) Outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	108.23	55.59
Unsecured, considered good	225.67	98.50
Doubtful	266.34	203.08
Less: Allowance for bad and doubtful debts	(266.34)	(203.08)
b) Others		
Secured, considered good	2357.11	2169.91
Unsecured, considered good	12931.39	12375.03
TOTAL	15622.40	14699.03

Notes to the Financial Statements (contd.)

Note.15: Cash and Bank balances

(₹ in lacs)

Particulars	31st March, 2017	31st March, 2016
i) Cash and cash equivalents		
a) Cash on hand	20.07	26.82
b) Balances with banks	3801.83	7467.38
ii) Other bank balances		
Balance with banks - Margin money deposit	8.30	7.63
TOTAL	3830.20	7501.83
Balance with banks includes -		
Unpaid dividend account	68.51	95.16

15.1 During the year, the Company has transferred unclaimed dividend of ₹12.62 Lacs (P.Y ₹8.84 Lacs) to the Investor Education and Protection Fund on expiry of 7 years

Note.16: Short term loans & advances

(₹ in lacs)

Particulars	31st March, 2017	31st March, 2016
Unsecured Considered good		
Inter corporate deposits (Refer Note No.16.1)	279.00	407.00
Supplier advances	691.11	857.62
Employee advances	252.05	224.34
Interest receivable	189.90	177.16
Prepaid expenses & Other receivables	248.52	245.37
Advances to Related parties (Refer Note No.29)	12.38	17.12
Cenvat & Vat credit available	509.50	837.75
Rent deposits	34.68	33.49
TOTAL	2217.14	2799.85

16.1 The Company has given an inter corporate deposit to Yeshwant Realtors Private Limited, Secunderabad for its short term working capital requirements.

Note.17: Revenue from Operations

(₹ in lacs)

Particulars	31st March, 2017	31st March, 2016
Sale of products	105183.98	108610.27
Other operating revenue		
Export incentives	541.22	623.53
Industrial incentives	332.65	797.16
Sale of scrap	114.54	109.85
Revenue from operations (Gross)	106172.39	110140.81
Less: Excise Duty	9499.22	9655.53
Revenue from operations (Net)	96673.17	100485.28
Details of products sold		
a) Cement Asbestos	72329.17	76408.85
b) Textile Yarn	17464.95	17157.85
c) Boards	14355.81	13740.97
d) Panels	1034.05	1302.60
TOTAL	105183.98	108610.27



Notes to the Financial Statements (contd.)

Note.18: Other Income

(₹ in lacs)

Particulars	31st March, 2017	31st March, 2016
Interest income	89.85	137.79
Insurance claims	56.71	41.96
Compensation received	-	75.00
Miscellaneous income	230.33	17.90
TOTAL	376.89	272.65

18.1 Interest income represents Interest on electricity deposits, bank deposits and on overdue bills from the customers.

Note.19: Cost of raw materials consumed

(₹ in lacs)

Particulars	31st March, 2017	31st March, 2016
Cement Asbestos		
- Asbestos Fibre/ Wood Pulp	19106.46	23974.00
- Cement	10633.47	12473.08
- Others	5744.43	5366.03
TOTAL	35484.36	41813.11
Textile Yarn		
- Polyester Staple Fibre	8368.84	7674.85
- Viscose Staple Fibre	1299.70	934.63
- Others	31.14	12.13
TOTAL	9699.68	8621.61
Fibre Cement Boards		
- Wood pulp	1637.13	1916.35
- Cement	1146.69	1296.61
- Others	1502.24	1682.38
TOTAL	4286.06	4895.34
Panels		
- Cement	82.65	139.28
- Others	137.40	224.35
TOTAL	220.05	363.63
GRAND TOTAL	49690.15	55693.69

Note: During the year boards costing ₹162.46 lacs used in Panels Division (P.Y ₹272.86 lacs)

Note.20: Changes in inventories

(₹ in lacs)

Particulars	31st March, 2017	31st March, 2016
Finished Goods		
Closing Inventory	8490.14	8085.74
Opening Inventory	8085.74	9710.34
(A)	404.40	(1624.60)
Work in Progress		
Closing Inventory	3261.20	3411.39
Opening Inventory	3411.39	3167.79
(B)	(150.19)	243.60
Changes in Inventories (A+B)	254.21	(1381.00)

Notes to the Financial Statements *(contd.)*

(₹ in lacs)

Particulars	31st March, 2017	31st March, 2016
Details of Closing Inventory		
Finished goods		
a) Cement Asbestos	4951.37	5103.03
b) Textile yarn	2130.01	1059.40
c) Boards	1329.67	1749.91
d) Panels	79.09	173.40
TOTAL	8490.14	8085.74
Work-in-progress		
a) Cement Asbestos	2676.03	2980.88
b) Textile yarn	585.17	430.51
TOTAL	3261.20	3411.39
Details of Opening inventory		
Finished goods		
a) Cement Asbestos	5103.03	7514.82
b) Textile yarn	1059.40	901.56
c) Boards	1749.91	1132.72
d) Panels	173.40	161.24
TOTAL	8085.74	9710.34
Work-in-progress		
a) Cement Asbestos	2980.88	2852.33
b) Textile yarn	430.51	315.46
TOTAL	3411.39	3167.79

Note.21: Employee benefits expense

(₹ in lacs)

Particulars	31st March, 2017	31st March, 2016
Salaries, wages and bonus	6307.74	5667.27
Contribution to provident and other funds	874.85	613.81
Staff welfare expenses	558.12	515.42
TOTAL	7740.71	6796.50

Note.22: Finance Cost

(₹ in lacs)

Particulars	31st March, 2017	31st March, 2016
Interest expense	1661.13	2038.19
Other borrowing cost	114.98	81.22
Interest on shortfall in payment of advance tax	28.76	9.36
TOTAL	1804.87	2128.77



Notes to the Financial Statements (contd.)

Note.23: Other Expenses

(₹ in lacs)		
Particulars	31st March, 2017	31st March, 2016
Consumption of stores & spare parts	2621.41	2792.26
Cost of packing materials consumed	966.99	1058.71
Power and fuel	4918.14	4991.08
Rent	140.78	130.55
Repairs to buildings	481.00	328.01
Repairs to machinery	702.05	587.80
Insurance	230.17	222.44
Rates & Taxes	141.96	113.81
Wages - Contract Labour	2623.48	2298.45
Travelling & Conveyance	877.33	834.50
Commission & Discount	455.06	492.42
Freight Expenses	7595.93	7739.82
Advertisement & Sales Promotion Expenses	1200.18	1045.58
Auditors' Remuneration	27.66	28.14
Directors' Sitting Fee	2.60	2.60
Bad Debts Written off	28.98	-
Foreign Exchange Loss (Net)	255.89	380.74
Loss on Sale of Fixed Assets (Net)	2.27	4.99
Non whole time Directors' Commission	52.50	50.93
Excise duty on Increase/(Decrease) in Inventories	(45.99)	(16.99)
Fixed Assets written off	2.53	-
Provision for Doubtful debts	63.26	135.03
Corporate Social Responsibility (CSR) Expenditure*	66.72	85.01
Provision for Diminution in the value of Investments	1009.34	450.00
Miscellaneous Expenses	3491.79	3251.86
TOTAL	27912.03	27007.74

*a) Gross amount required to be spent by the company during the year ₹66.17 lacs

b) Amount spent during the year on :

(₹ in lacs)		
Particulars	in cash	Yet to be paid in cash
1. Construction/ acquisition of any assets	-	-
2. On Purposes other than (1) above**	66.72	-

** includes ₹15.18 lacs contributed to Visaka Charitable Trust.

Notes to the Financial Statements *(contd.)*

Note.24: Payment to Auditor

(₹ in lacs)

Particulars	31st March, 2017	31st March, 2016
As Auditor		
For Statutory Audit	14.00	14.00
For Tax Audit	4.00	4.00
For Quarterly Audit	3.00	3.75
For Cost Audit	1.50	1.50
For other services		
For Certification and Taxation matters	3.84	3.61
Out of Pocket expenses	1.32	1.28
TOTAL	27.66	28.14

Note.25 : Earnings per share (EPS)

(₹ in lacs)

Particulars	31st March, 2017	31st March, 2016
Profit after tax (₹ in lacs)	4080.38	2443.53
Weighted average number of equity shares in calculating Basic and Diluted EPS (Nos in lacs)	158.81	158.81
Basic and Diluted Earnings per Share (EPS) ₹	25.69	15.39
Face value per share ₹	10.00	10.00

Note.26 Employee Benefits:

As per Accounting Standard 15 "Employee Benefits", the disclosures are as follows:

26.1 Defined Contribution Plans:

(₹ in lacs)

Particulars	31st March, 2017	31st March, 2016
Company's Contribution to Provident Fund	416.09	359.77
Company's Contribution to Superannuation Fund	87.34	86.44

26.2 Defined Benefit plans:

The Company operates post retirement gratuity plan with LIC of India. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation of leave encashment is recognised in the same manner as gratuity.



Notes to the Financial Statements (contd.)

a) Gratuity

(₹ in lacs)

Particulars	31st March, 2017	31st March, 2016
1 Changes in the Present Value of Obligation		
Present value of obligations as at beginning of the year	1258.24	1076.29
Interest cost	91.28	84.29
Current Service cost	59.97	64.64
Benefits paid	(82.36)	(45.19)
Actuarial (gain)/loss on obligations	258.47	78.21
Present value of obligations as at end of year	1585.60	1258.24
2 Changes in Fair value of plan assets		
Fair value of plan assets at beginning of the year	1167.16	983.63
Expected return on plan assets	99.16	89.65
Contributions	125.99	139.07
Benefits paid	(82.36)	(45.19)
Actuarial gain/(loss) on plan assets	1.97	-
Fair value of plan assets at the end of year	1311.92	1167.16
3 Assets recognized in the Balance Sheet		
Present value of obligations as at the end of the year	1585.60	1258.24
Fair value of plan assets as at the end of the year	1311.92	1167.16
Funded status	(273.68)	(91.08)
Net asset/(liability) recognized in balance sheet	(273.68)	(91.08)
4 Expenses recognized in the Statement of Profit & Loss		
Current service cost	59.97	64.64
Interest cost	91.28	84.29
Expected return on plan assets	(99.16)	(89.65)
Net Actuarial (gain)/loss recognized in the year	256.50	78.21
Expenses recognized in statement of profit and loss	308.59	137.49
5 Assumptions		
Discount Rate	7.5%	8.0%
Salary Escalation	4.0%	4.0%

b) Leave Encashment

(₹ in lacs)

Particulars	31st March, 2017	31st March, 2016
1 Changes in the Present Value of Obligation		
Present value of obligations as at beginning of the year	481.98	409.11
Interest cost	36.15	31.94
Current Service cost	63.91	52.75
Benefits paid	-	(19.71)
Actuarial (gain)/loss on obligations	9.80	7.89
Present value of obligations as at end of year	591.84	481.98
2 Changes in Fair value of plan assets		
Fair value of plan assets at beginning of the year	434.01	391.07
Expected return on plan assets	38.64	33.53
Contributions	59.47	29.12

Notes to the Financial Statements (contd.)

b) Leave Encashment (contd.)

(₹ in lacs)

Particulars	31st March, 2017	31st March, 2016
Benefits paid	-	(19.71)
Actuarial gain/(loss) on plan assets	(0.09)	-
Fair value of plan assets at the end of year	532.03	434.01
3 Assets recognized in the Balance Sheet		
Present value of obligations as at the end of the year	591.84	481.98
Fair value of plan assets as at the end of the year	532.03	434.01
Funded status	(59.81)	(47.97)
Net asset/(liability) recognized in balance sheet	(59.81)	(47.97)
4 Expenses recognized in the Statement of Profit & Loss		
Current service cost	63.91	52.75
Interest cost	36.15	31.94
Expected return on plan assets	(38.64)	(33.53)
Net Actuarial (gain)/loss recognized in the year	9.89	7.89
Expenses recognized in statement of profit and loss	71.31	59.05
5 Assumptions		
Discount Rate	7.5%	8.0%
Salary Escalation	4.0%	4.0%

Note.27

During the year, the Company implemented expansion Project at its Spinning Unit with an installed capacity of 576 Spinning positions. The expansion unit representing 26% increase in capacity commenced production from 1st November, 2016. The Cost of fixed assets including borrowing cost has been capitalized.

Note.28 Finance lease (Disclosures as per AS -19)

The company has taken Data Processing Equipments on financial lease as mentioned in Property, Property and Equipment. The details as per AS-19 are as under:

(₹ in lacs)

Particulars	31st March, 2017	31st March, 2016
a) Outstanding balance of minimum lease payment		
Not later than one year	18.57	-
Later than one year and not later than five years	18.56	-
TOTAL	37.13	-
b) Present value of (a) above		
Not later than one year	15.17	-
Later than one year and not later than five years	17.18	-
TOTAL	32.35	-
Finance charge	4.78	-



Notes to the Financial Statements *(contd.)*

Note.29 Related Party Disclosures as per AS 18 read with the Companies Act, 2013

i) Key Managerial Personnel (KMP):

Mrs. G.Saroja Vivekanand, Managing Director
 Mr. G.Vamsi Krishna, Whole Time Director
 Mr. V.Vallinath, Whole Time Director & Chief Financial Officer
 Mr. J.Pruthvidhar Rao, Whole Time Director
 Mr. I. Srinivas, Company Secretary & Assistant Vice-President (Corporate Affairs)

ii) Non-whole-time Directors

Mr. Bhagirat B. Merchant
 Dr. G.Vivekanand
 Mr. Nagam Krishna Rao
 Mr. Gusti Noria
 Mr. V. Pattabhi
 Mr. P. Abraham
 Mr. P. Srikar Reddy

iii) Relatives of key managerial personnel:

Dr. G.Vivekanand (Spouse of Mrs. Saroja Vivekanand)
 Mrs. G.Vritika (Daughter of Mrs. Saroja Vivekanand)
 Ms. G.Vaishnavi (Daughter of Mrs. Saroja Vivekanand)
 Mr. G.Venkat Krishna (Son of Mrs. Saroja Vivekanand)
 Mrs. B.L. Sujata (Spouse of Mr. V.Vallinath)
 Mrs. K.Vimala (Mother of Mrs. Saroja Vivekanand)

iv) Enterprises in which key managerial personnel and/or their relatives have control:

- a) Visaka Thermal Power Limited
- b) Visaka Charitable Trust

v) Aggregated Related Party Disclosures:

(₹ in lacs)

Nature of Transaction	Key managerial Personnel	Relatives of key managerial personnel	Enterprises Controlled by KMP / Relatives of KMP	Non Whole Time Directors	Total
Remuneration	558.64 (422.54)				558.64 (422.54)
Commission and Sitting fees		7.80 (7.57)		47.30 (45.96)	55.10 (53.53)
Dividend paid	3.88 (15.53)	115.36 (461.45)			119.24 (476.98)
Unsecured Loan taken / Outstanding		55.00 (548.50)			55.00 (548.50)
Public Deposits received		161.74 (88.00)			161.74 (88.00)

Notes to the Financial Statements (contd.)

(₹ in lacs)

Nature of Transaction	Key managerial Personnel	Relatives of key managerial personnel	Enterprises Controlled by KMP / Relatives of KMP	Non Whole Time Directors	Total
Public Deposits repaid		88.00 (Nil)			88.00 (Nil)
Interest on Public Deposits		16.23 (14.58)			16.23 (14.58)
Public Deposits Outstanding		217.00 (143.26)			217.00 (143.26)
Contribution towards CSR			15.18 (56.00)		15.18 (56.00)
Advances Given-Outstanding	12.38 (17.12)				12.38 (17.12)

Figures in brackets represent previous year.

Details of Material Related Party Transactions:

(₹ in lacs)

Particulars	2016-2017	2016-2017
A) Key managerial Personnel		
i) Remuneration		
Mrs. G.Saroja Vivekanand	365.35	254.18
Mr. G.Vamsi Krishna	34.16	35.32
Mr. V.Vallinath	70.60	61.91
Mr. J.Pruthvidhar Rao	64.40	49.79
Mr. I. Srinivas	24.13	21.34
ii) Dividend paid		
Mrs. G.Saroja Vivekanand	3.88	15.53
iii) Advances Given -Outstanding		
Mr. V.Vallinath	-	3.96
Mr. J.Pruthvidhar Rao	12.38	13.16
B) Relatives of Key managerial Personnel		
i) Dividend paid		
Dr. G.Vivekanand	115.36	461.45
ii) Unsecured loan taken/ outstanding		
Dr. G.Vivekanand	55.00	548.50
C) Enterprises Controlled by KMP		
Contribution towards CSR		
Visaka Charitable Trust	15.18	56.00

Note.30 : Expenditure in Foreign Currency

(₹ in lacs)

Particulars	31st March, 2017	31st March, 2016
Travel	45.83	44.93
Commission on Export Sales	53.13	78.89
Interest	72.12	70.36
Others	3.22	3.29
Total	174.30	197.47



Notes to the Financial Statements (contd.)

Note.31 : Earnings in Foreign Currency

(₹ in lacs)

Particulars	31st March, 2017	31st March, 2016
Export of Goods (FOB Value)	6630.69	8013.16

Note.32 : CIF Value of Imports

(₹ in lacs)

Particulars	31st March, 2017	31st March, 2016
Raw Materials	17642.79	23716.79
Capital goods	756.21	-
Components, stores and spare Parts	194.75	332.56
Traded material	18.20	-

Note.33 Particulars of Unhedged Foreign Currency Exposure as at the Balance Sheet date.

Particulars	Currency	31st March, 2017	31st March, 2016
Trade Payables	USD	5,20,699	2,63,429
Trade Receivables	USD	16,38,045	7,97,733
	EUR	58,704	37,355
Others			
a) Buyers credit	USD	-	1,375
b) Commission	GBP	-	847
	USD	38,479	61,599

Note.34 Consumption of Raw Materials and other materials

(₹ in lacs)

Particulars	31st March, 2017		31st March, 2016	
	₹ in lacs	%	₹ in lacs	%
a) Raw Materials				
i) Imported	20943.71	42	26036.76	47
ii) Indigenous	28746.44	58	29656.93	53
TOTAL	49690.15	100	55693.69	100
b) Components, Spares, Consumables & Packing Materials				
i) Imported	136.67	4	167.73	4
ii) Indigenous	3451.72	96	3683.24	96
TOTAL	3588.39	100	3850.97	100

Notes to the Financial Statements (contd.)

Note.35 Provisions, Contingent Liabilities and Contingent Assets:

Disclosures required by AS-29 "Provisions, Contingent Liabilities & Contingent Assets"

Contingent Liabilities:

(₹ in lacs)

Particulars	31st March, 2017	31st March, 2016
Income tax	72.00	16.37
VAT/CST	97.95	250.66
Excise duty/Service Tax*	2846.21	2831.34
TOTAL	3016.16	3098.37

*Includes ₹2647.70 lacs (P.Y. ₹2647.70 lacs) disputed excise duty including penalty for purported under utilization of fly-ash in the product to be eligible for concessional rate of duty. This is in appeal against which a deposit of ₹450.00 lacs (P.Y ₹450.00 lacs) has been made.

Note.36 Commitments:

(₹ in lacs)

Particulars	31st March, 2017	31st March, 2016
Estimated amount of contracts remaining to be executed on capital account	218.18	4,633.21
TOTAL	218.18	4,633.21

Note.37

Based on the information available with the Company, the amounts payable to Micro and Small enterprises are disclosed in Note No 7. Other Disclosures are given below :

(₹ in lacs)

Particulars	31st March, 2017	31st March, 2016
Estimated Amount Of Contracts Remaining To Be Executed On Capital Account	-	-
Principal Amount Due And Remaining Unpaid	-	-
Interest Due On Above And The Unpaid Interest	-	-
Interest Paid	-	-
Payment Made Beyond The Appointed Day During The Year	-	-
Interest Due And Payable For The Period Of Delay	-	-
Interest Accrued And Remaining Unpaid	-	-
Amount Of Further Interest Remaining Due And Payable In Succeeding Years	-	-

Note.38 Disclosure of Specified Bank Notes (SBNs)

As per MCA notification G.S.R. 308 (E) dated March 31, 2017, the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, are given below:

(Amount in ₹)

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on November 8th, 2016	33,68,000	5,71,576	39,39,576
(+) Permitted receipts		25,55,511	25,55,511
(-) Permitted payments		(18,64,612)	(18,64,612)
(-) Amount deposited in Banks *	(33,68,000)	(30,000)	(33,98,000)
Closing cash in hand as on December 30th, 2016	-	12,32,475	12,32,475

* does not include direct cash deposits by customers of ₹198000.

For the purpose of this clause, the term 'Specified bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407 (E), dated the 8th November, 2016



Notes to the Financial Statements (contd.)

Note.39 Segment information for the year ended 31st March, 2017

i) Information about Primary business segments

(₹ in lacs)

Particulars	31st March , 2017			31st March, 2016		
	Building Products	Synthetic Yarn	Consolidated	Building Products	Synthetic Yarn	Consolidated
REVENUE						
External Sales(Net)	78219.81	17464.95	95684.76	81796.89	17157.85	98954.74
Inter Segment Sales	60.18		60.18			
Total Revenue	78279.99	17464.95	95744.94	81796.89	17157.85	98954.74
Segment Result	9887.11	1679.83	11566.94	5312.94	2623.62	7936.56
Exceptional Items			-	-		-
Unallocated Corporate expenses			(3154.76)			(1908.05)
Operating Profit			8412.18			6028.51
Interest Expense			(1804.87)			(2128.77)
Rental & Other Income			32.37			137.43
Income tax			(2559.30)			(1593.64)
Profit from ordinary activities			4080.38			2443.53
Net Profit			4080.38			2443.53
Other information						
Segment Assets	58318.81	15439.45	73758.26	65828.83	6973.74	72802.57
Unallocated Corporate Assets			3150.09			8969.62
Total Assets			76908.35			81772.19
Segment Liabilities	9415.42	1080.54	10495.96	7955.95	927.90	8883.85
Unallocated Corporate liabilities			27625.84			38182.17
Total Liabilities			38121.80			47066.02
Capital Expenditure	334.90	6205.52	6540.42	756.33	1107.32	1863.65
Unallocated Capital Expenditure			162.86			4.35
Total Capital Expenditure			6703.28			1868.00
Depreciation	2731.82	643.45	3375.27	3154.66	442.33	3596.99
Unallocated Depreciation			32.35			33.47
Total Depreciation			3407.62			3630.46

ii) Information about secondary business segments.

Revenue by Geographical Markets

(₹ in lacs)

Particulars	31st March , 2017			31st March, 2016		
	India	Outside India	Total	India	Outside India	Total
External	88767.17	6917.59	95684.76	90356.14	8598.60	98954.74
TOTAL	88767.17	6917.59	95684.76	90356.14	8598.60	98954.74
Carrying Amount of Segment Assets	75655.07	1253.28	76908.35	80687.11	1085.08	81772.19
Additions to Fixed Assets	6703.27	-	6703.27	1868.00	-	1868.00

Notes to the Financial Statements *(contd.)*

Note.39 Segment information for the year ended 31st March, 2017 *(contd.)*

Business Segments:

The Company's activities are organized into two operating segments namely, Building Products and Textile Synthetic Yarn. The segments are the basis on which the company reports its primary segment information. The Building Products division produces asbestos sheets, accessories used mostly as roofing material and non asbestos flat sheets and sandwich panels used as interiors. Synthetic Yarn division manufactures Yarn out of blends of polyester, viscose, other materials which go into the weaving of fabric. Segment result includes the respective other income. Financial Information about business segments is presented as above.

Geographical Segments:

The Sales of the above segments are classified as per the geographical segments of the company as Domestic and Exports.

Segment Revenue and Expenses:

The Company has an established basis of allocating Joint/Corporate expenses to the segments, which is reasonable, and followed consistently. All other segment revenue and expenses are attributable to the segments. Certain Expenses/Income are not specifically allocable to specific segments and accordingly these expenses are disclosed as unallocated corporate expenses' or income and adjusted only against the total income of the company.

Segment Assets and Liabilities:

Segment assets include all operating assets used by a segment and consist principally of operating cash, debtors, inventories and fixed assets, net of allowances and provisions that are reported as direct offsets in the balance sheet. While most assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. In such cases, the entire revenue and expenses of these assets including depreciation are also allocated to the same segments. Assets which are not allocable to the segments have been disclosed as 'unallocated corporate assets'. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities. Segment assets and liabilities do not include deferred income taxes. The loans and other borrowings that are not specifically allocable to the various segments are disclosed as 'unallocated corporate liabilities'.

Inter Segment Transfers:

The Company adopts a policy of pricing inter-segment transfers at cost to the transferor segment.

Note.40

Figures for the previous year are reclassified / regrouped and rearranged wherever necessary.

As per our report of even date

For and on behalf of Board of Directors

For **M. Anandam & Co.**
Chartered Accountants

Bhagirat B. Merchant
Chairman

Dr. G. Vivekanand
Vice-Chairman

Smt. G. Saroja Vivekanand
Managing Director

A. V. Sadasiva
Partner
Membership No. 18404

Gusti J Noria
V. Pattabhi
P. Srikar Reddy
Directors

G. Vamsi Krishna
Whole-time Director

J. P. Rao
Whole-time Director

Place: Secunderabad
Date: 5th May, 2017

V. Vallinath
Whole-time Director
& Chief Financial Officer

I. Srinivas
Company Secretary &
AVP (Corporate Affairs)



CORPORATE INFORMATION

Board of Directors

Shri. Bhagirat B. Merchant	Chairman
Dr. G. Vivekanand	Vice Chairman
Shri. Nagam Krishna Rao	Director
Shri. Gusti J Noria	Director
Shri. V. Pattabhi	Director
Shri. P. Abraham	Director
Shri. P. Srikar Reddy	Director
Smt. G. Saroja Vivekanand	Managing Director
Shri. V. Vallinath	Whole-time Director and Chief Financial Officer
Shri. G. Vamsi Krishna	Whole-time Director
Shri. J. P. Rao	Whole-time Director

Assistant Vice President (Corporate Affairs) and Company Secretary:

Shri. I. Srinivas

Committees of the Board

Audit Committee

Shri. Bagirat B Merchant	Chairman
Shri. V Pattabhi	Member
Shri. Gusti J Noria	Member
Smt. G. Saroja Vivekanand	Member

Nomination and Remuneration Committee

Shri. Gusti J Noria	Chairman
Shri. Bagirat B Merchant	Member
Shri. V. Pattabhi	Member

Stakeholders Relationship Committee

Shri. V. Pattabhi	Chairman
Dr. G. Vivekanand	Member
Smt. G. Saroja Vivekanand	Member

CSR Committee

Shri. Gusti J Noria	Chairman
Shri. V. Pattabhi	Member
Dr. G. Vivekanand	Member
Smt. G. Saroja Vivekanand	Member
Shri. J. P. Rao	Member

Corporate Office:

Visaka Industries Limited
Visaka Towers, 1-8-303/69/3
S.P. Road, Secunderabad – 500 003.

Registered Office:

Survey No. 315, Yelumala Village,
R.C. Puram Mandal, Sangareddy District – 502 300,
Telangana.

Statutory Auditors:

M/s. M. Anandam & Co.
Chartered Accountants
7 'A', Surya Towers, S.P. Road,
Secunderabad – 500 003.

Cost Auditors:

M/s. Sagar & Associates
206, Raghava Ratna Towers,
Chirag Ali Lane, Abids, Hyderabad – 500 001.

Secretarial Auditors:

M/s. Tumuluru & Co.,
Company Secretaries
'Anasuya', C-66, Durgabhai Deshmukh Colony,
Ahobil Mutt Road, Hyderabad – 500 007.

Bankers:

State Bank of India - Industrial Finance Branch,
Hyderabad.
State Bank of Hyderabad – Industrial Finance Branch,
Hyderabad.
HDFC Bank – Begumpet Branch, Hyderabad.

Plant Address

1. **A.C. Division – Plant 1**
Survey No.315, Yelumala Village, R. C. Puram Mandal,
Sangareddy District - 502 300, Telangana
2. **A.C. Division – Plant 2**
Behind Supa Gas, Manickanatham Village, Paramathi,
Velur Taluq, Namakkal District, Tamil Nadu - 637 207
3. **A.C. Division – Plant 3**
Changsole Mouza, Bankibund, G.P.No.4, Salboni Block,
Midnapore West, West Bengal – 721 147
4. **A.C. Division – Plant 4**
Survey No. 27/1, G. Nagenahalli Village, Kora Hobli,
Tumkur Taluk & District, Karnataka
5. **A.C. Division – Plant 5**
Village Kannawan, P.S. Bacharawan, Tehsil: Maharaj
Ganj, Raibareli District, Uttar Pradesh – 229 301
6. **A C Division – Plant 6**
Survey No. 385 and 386, Near Kanchikacharla, Jujjuru
(Village), Veerula Padu Mandal, Krishna District, Andhra
Pradesh – 521 181
7. **A C Division – Plant 7**
Plot No. 2006, 1994, Khata No. 450, At- Paramanapur,
Manejwan, Navamunda Village, Sambalpur District,
Odisha – 768 200
8. **A C Division – Plant 8**
Gat.No.70/3A, 70/3, Sahajpur Industrial Area, Nandur
(Village), Daund (Taluq), Pune (District) - 412 202,
Maharashtra
9. **Textile Division**
Survey No.179 & 180, Chiruva Village, Maudha Taluq,
Nagpur District, Maharashtra
10. **V - Boards and V - Panels Division – 1**
Survey No. 95 & 96, Gajalapuram Village, Near
Miryalguda P.O. Pedadevullapally Mandal, Tripuraram
Adjacent to Kukkadam Railway Station Nalgonda
District, Telangana – 508 207
11. **V - Boards Division– 2**
Gatt No. 262, Delwadi Village, Daund Taluq, District
Pune, Maharastra



VISAKA INDUSTRIES LIMITED®

CIN L52520TG1981PLC003072

Registered Office: Survey No. 315, Yelumala Village, R.C. Puram Mandal, Sangareddy Dist - 502 300, Telangana
Telephone No. 040 – 27813833; Fax No. 040 – 27813837; email: - vil@viska.in; website: - www.visaka.co

NOTICE

Notice is hereby given that the 35th Annual General Meeting of VISAKA INDUSTRIES LIMITED will be held at its Registered Office situated at Survey No.315, Yelumala Village, Ramachandrapuram Mandal, Sangareddy District – 502 300, Telangana at 11.30 A.M. on Tuesday, the 20th day of June, 2017 to transact the following business:

ORDINARY BUSINESS

1. To adopt the Financial Statement of the Company for the financial year Ended March 31, 2017 and reports of Board of Directors of the Company and the Statutory Auditors' thereon as on that date.
2. To declare Dividend for the financial year ended March 31, 2017.
3. To appoint a Director in place of Shri V.Vallinath (DIN: 06947291) who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors of the Company.

To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution.

“RESOLVED THAT pursuant to provisions of Section 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s Price Waterhouse & Co. Chartered Accountants LLP (FRN 304026E/E-300009), Hyderabad be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of 40th Annual General Meeting to be held in the calendar year 2023 (subject to ratification by the members at every Annual General Meeting) on such terms and remuneration as may be agreed between the Board of Directors and auditors based on the recommendations of Audit Committee of the Board in that behalf.”

SPECIAL BUSINESS

5. To consider and if thought fit, to pass, the following resolution as a Special Resolution.

“RESOLVED THAT pursuant to Sections 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 (the ‘Act’) read with rules issued thereunder as well as Schedule V thereto, and subject to such other approvals or permissions from Government or any other bodies concerned as may be necessary, consent of the members of the Company be and is hereby accorded for appointment of Shri.G.Vamsi Krishna (DIN: 03544943) as Joint Managing Director of the Company for a period of 5 years effective from May 6, 2017 on the following terms and conditions:

- A) **Basic Salary per month:** ₹2,00,000/- (Rupees Two Lakhs only) in the pay scale of ₹2,00,000/- to ₹5,00,000/-
- B) **Perquisites & Allowances:** In addition to the aforesaid salary, Shri. G. Vamsi Krishna shall also be entitled to the following perquisites and allowances:
 - (1) **Housing:** Furnished / unfurnished residential accommodation or House Rent Allowance upto 50% of the salary thereof. The expenditure incurred on Gas, Electricity, Water and Furnishings, if any will be paid on actual basis by the Company and shall be evaluated as per Income Tax Rules, 1962 or any modification thereof.
 - (2) **Medical Reimbursement/Allowance:** Expenses incurred for self and family subject to a ceiling of one month salary in a year or 3 month's salary over a period of three years.
 - (3) **Leave Travel Concession:** For self and family once in a year in accordance with the rules of the Company.
 - (4) **Club Fees:** Fees payable subject to a maximum of two clubs.

(5) **Use of Car with Driver:** The Company shall provide a car with driver for business use.

(6) **Communication facilities:** The Company will provide all communication facilities like Telephone/Internet/Mobiles/Fax at residence of the Managing Director and will pay the bills on actual basis.

C) Other benefits:

(1) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not exceeding 27% of Salary.

(2) Gratuity payable as per the rules of the Company.

(3) Encashment of Leave at the end of tenure shall be allowed as per the Company Rules.

D) Commission : In addition to the above, commission not exceeding 2.5% of the net profits of the company shall be paid to Shri.G.Vamsi Krishna as Joint Managing Director of the Company.

E) Increments: Increments may be given subject to the overall limits specified under Section 197 read with Schedule V of the Companies Act, 2013.

RESOLVED FURTHER THAT, where, in any financial year during the currency of the tenure of Shri.G.Vamsi Krishna, the Company has no profits or its profits are inadequate, the Company will pay remuneration as per Schedule V of the Companies Act, 2013.

RESOLVED FURTHER THAT, the Board of Directors or its duly constituted committee be and is hereby authorized to alter and vary the terms and conditions of appointment and/or remuneration including annual increments based on the performance appraisal, provided the same are not exceeding the limits specified under Section 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V thereto."

6. To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution.

RESOLVED THAT pursuant to Sections 196 and 197 and other applicable provisions, if any, of the Companies Act, 2013 (the 'Act') read with rules issued thereunder as well as Schedule V thereto and subject to such

other approvals or permissions as may be necessary, consent of the members of the Company be and is hereby accorded for appointment of Shri. V Vallinath as a Whole-time Director of the Company for a period of 3 years effective from September 9, 2017 i.e., from the expiry of his present term of office, on the following terms and conditions:

A) Basic Salary per Month: Shri. V Vallinath shall be paid a basic salary of ₹3,00,000/- (Rupees Three Lakhs Only) per Month in the scale of ₹3,00,000/- to ₹450,000/-.

B) Perquisites and Allowances: In addition to the aforesaid salary, Shri. V Vallinath, shall also be entitled to the following perquisites and allowances.

(1) **HRA** equal to 50% of Basic Salary per month.

(2) **Medical Reimbursement/Allowance:** Expenses incurred for self and family subject to a ceiling of one month salary in a year.

(3) **Leave Travel Concession:** For self and family once in a year in accordance with the rules of the Company.

(4) **Use of Car with Driver:** The Company shall provide a car with driver for business use.

(5) **Club Fees:** Fees payable subject to a maximum of one club.

(6) **Communication facilities:** The Company will provide all communication facilities like Telephone/Internet/Mobiles/ Fax at residence of the Whole-time Director and will pay the bills on actual basis.

(7) **Helper allowance** ₹12,000/- (Rupees Twelve Thousand only) per month

(8) **Children Education allowance** ₹100/- (Rupees One Hundred only) per month

(9) **Other monthly Allowances being:**

a) Books & Periodicals/ updating allowance amounting to ₹1,000/- per month;

b) Dress allowance amounting to ₹4,000/- per month and

c) Refreshment/ Meal Coupons amounting to ₹3,750/- per month

C) **Other benefits:**

- a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not exceeding 27% of Salary.
- b) Gratuity payable as per the rules of the Company.
- c) Encashment of Leave at the end of tenure shall be allowed as per the Company Rules.
- d) Ex-gratia as per the rules of the Company

D) **Increments:** Increments may be given subject to the overall limits specified under Section 197 read with Schedule V of the Companies Act, 2013.

RESOLVED FURTHER THAT where in any financial year during the currency of the tenure of Shri.V.Vallinath, the Company has no profits or its profits are inadequate, the Company will pay remuneration as per Schedule V of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board of Directors or its duly constituted committee be and is hereby authorized to alter and vary the terms and conditions of appointment and / or remuneration including annual increments effective from first day of April in respect of each financial year based on the performance appraisal, provided the same are not exceeding the limits specified under Section 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V thereto."

7. To consider and if thought fit, to pass, the following Resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. Sagar & Associates, Cost Accountants, Hyderabad, the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2018, be paid a remuneration of ₹1,50,000/- exclusive of out of pocket expenses and applicable taxes

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By order of the Board
For VISAKA INDUSTRIES LIMITED

I SRINIVAS
*Assistant Vice President (Corporate Affairs)
& Company Secretary*

Date : May 05, 2017

Place : Secunderbad

NOTES

1. The Statement pursuant to Section 102 (1) of the Companies Act, 2013 relating to the Special Business to be transacted at the Meeting is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies, in order to be effective, must be received at the Registered Office of the Company not less than forty-eight hours before the meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate, not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. The Register of members and share transfer books of the Company will be closed from June 16, 2017 to June 20, 2017 (both days inclusive).
4. The members are requested to –
 - a) Intimate changes if any, in their registered addresses at an early date to the Company or its Registrar and Transfer Agents, Karvy Computershare Pvt. Ltd., in case they hold shares in physical form and to their Depository Participants in case they hold shares in electronic form.
 - b) Quote Ledger Folio/Client ID in all the correspondence.
 - c) Intimate to their respective Depository Participant about changes in bank particulars registered if any, in case members are holding shares in electronic form. The Company or its Registrar and Transfer Agents, Karvy Computershare Pvt. Ltd., cannot act on any request received directly from such members for any change of bank particulars or bank mandates.
 - d) Bring the copy of the Annual Report and attendance slip with them to the Annual General Meeting.
5. If the dividend on shares as recommended by the Directors is passed at the meeting, payment of such dividend will be made to those shareholders or their mandate (s) whose names appear in the Company's register of members as on June 19, 2017.
6. Members desiring any information pertaining to accounts are requested to write to the Company at least fifteen days before the date of the meeting to enable the management to keep the information ready at the meeting.
7. As per the provisions of Section 205 C of the Companies Act, 1956, Unpaid/Unclaimed Dividend for the Year 2008 – 09 & 2009 – 10 (1st & 2nd Interim Dividends) have been transferred to Investor Education and Protection Fund on September 12, 2016 and December 19, 2016 respectively upon expiry of 7 years' period.
8. The Central Government in terms of provisions of Section 125 of the Companies Act, 2013, has notified the rules relating to transfer of unclaimed dividend, shares, matured deposits, debentures etc., effective from 07.09.2016. In terms of said rules:
 - a) all shares in respect of which dividend has not been paid / claimed for seven consecutive years or more along with unpaid dividend shall be transferred in the name of IEPF fund;
 - b) the said shares shall be credited to demat account to be opened by the authority appointed by the Central Government for the said purpose on its name, within a period of 30 days of such shares becoming due to be transferred to the fund;
 - c) In case where the period of seven years has been completed or being completed during the period from 07.09.2016 to 31.05.2017, the due date of transfer of such shares shall be deemed to be 31.05.2017;
 - d) The said transfer of shares favouring the authority shall be done by way of corporate action directly, if shares are held in demat form, or indirectly by way of issue of duplicate share certificates, if shares are held in physical form, which will be later on demated and credited to authority;
 - e) All benefits accruing on such shares shall be credited to such demat account;
 - f) Any shareholder claiming to be entitled to the aforesaid transferred shares or the resulting benefits may apply to the authority for payment of the same by following the procedure prescribed therefore;

- g) As required the Company has sent letters to all shareholders concerned to their latest available address as per the records and also issued an advertisement in this connection requiring them to claim various unclaimed dividends on or before April 21, 2017 and
- h) Arrangements are being made for transferring the unclaimed shares to the authority as suggested above.
9. Pursuant to Section 125 of the Companies Act, 2013 amounts lying in the Unpaid/Unclaimed Dividend along with shares there-against in respect of Final Dividend for the Year 2009–10 and Interim Dividend for the year 2010-11 will be transferred to Investor Education and Protection Fund on or before August 7, 2017 and December 3, 2017 respectively. Accordingly, shareholders who have not claimed said dividends are requested to claim the same on or before July 5, 2017, in respect of Final Dividend 2009-10 and in respect of Interim Dividend 2010-11, on or before November 15, 2017, as the case may be.
10. All documents referred to in the notice and explanatory statement are open for inspection at the Corporate Office of the Company during office hours on all working days (from Monday to Friday) except public holidays, between 11.00 A.M. and 1.00 P.M. up to the date of the Annual General Meeting.
11. **The business set out in the Notice will also be transacted through electronic voting system (e-voting facility).** The login ID and password for e-voting along with process, manner and instructions for e-voting is being sent to the members along with physical copy of the Notice, those who have not registered their e-mail IDs with the Company / their respective Depository Participants and to those members who have registered their e-mail IDs with the Company/their login ID and password for e-voting along with process, manner and instructions will be sent by an e-mail.
12. To support Green initiative, members who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
13. The Company has engaged the services of Karvy Computershare Private Limited ("Karvy") as the Agency to provide e-voting facility. The e-voting facility will be available at the link <https://evoting.karvy.com> during the voting period as mentioned at point no. 18(x) below.
14. The members are requested to note that apart from aforesaid e-voting facility, ballot or polling paper will also be made available at the meeting to enable to those members, who have not exercised their option to vote under remote voting facility, to exercise their voting rights at the meeting.
15. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company, a certified true copy of the Board Resolution authorising their representatives to attend and vote on their behalf at the Meeting.
16. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Karvy.
17. Members holding shares in physical form in multiple folios either single names or joint holding in the same order of names, are requested to send the share certificates to Karvy, for consolidation into a single folio. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
18. **Information and other instructions relating to e-voting are as under:**
- i. As required under the provisions of the Companies Act and listing regulations, the Company is extending facility of voting by electronic means (e-voting facility) to its members enabling them to exercise their right to vote electronically on resolutions proposed to be passed in the ensuing Annual General Meeting.
 - ii. Under this mode, the members may either cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting') or at the venue of the meeting (insta-poll). The insta-poll facility is made available at the Meeting to enable the members attending the Meeting to vote at the Meeting, provided they have not cast their vote by remote e-voting.

- iii. The members who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote again.
- iv. June 13, 2017 is fixed as cut-off date for e-voting facility purpose. A person whose name is recorded in the register of members (either in physical form or in dematerialisation form) as on the cut-off date, only is entitled to avail the e-voting facility based on the paid-up value of shares held by him / her on that date.
- v. Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. June 13, 2017, is requested to contact Karvy to get the details relating to his/her user-id and password. Members may call the Karvy's toll free number 1-800-3454-001 or send an email request to e-voting@karvy.com or vi_levoting2017agm@visaka.in
- vi. The Board of Directors of the Company has appointed Mr.B.V.Saravana Kumar, Practicing Company Secretary, Hyderabad as scrutinizer to scrutinize the insta-poll and remote e-voting process in a fair and transparent manner and they have communicated their willingness to be appointed as such.
- vii. The Scrutinizer, after scrutinizing the votes cast at the meeting (Insta-Poll) and through remote e-voting, will make a consolidated report, not later than forty-eight hours of conclusion of the Meeting and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company www.visaka.co and on the website of Karvy <https://evoting.karvy.com>. The results shall simultaneously be communicated to the Stock Exchanges also.
- viii. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. June 20, 2017.
- ix. Members are requested to note that the remote e-voting will open at 09.00 A.M. (IST) on June 16, 2017 and shall remain open till 05.00 P.M. (IST) on June 19, 2017 and the remote e-voting module will be disabled by Karvy after 05.00 P.M. on June 19, 2017.
- x. The procedure and instructions for remote e-voting are as follows:
 - a. Open your web browser during the voting period and navigate to '<https://evoting.karvy.com>'
 - b. Enter the login credentials (i.e. User ID & Password) provided to you as mentioned at point No.11 supra.
 - c. Please contact Karvy's toll free No. 1-800-3454-001 for any further clarifications.
 - d. After entering these details appropriately, click on "LOGIN".
 - e. Members holding shares in Demat/Physical form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password can be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that the Company opts for e-voting through Karvy Computershare Private Limited's e-Voting platform. System will prompt you to change your password and update any contact details like mobile number, email ID, etc., on 1st login. You may also enter the Secret Question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - f. You need to login again with the new credentials.
 - g. On successful login, system will prompt to select the 'Event' i.e., 'Company Name'.
 - h. If you are holding shares in Demat form and had logged on to "<https://evoting.karvy.com>" and cast your vote earlier for any company, then your existing login id and password may be used.
 - i. On the voting page, you will see Resolution Description and against the same the option

'FOR/AGAINST/ABSTAIN' for voting. Enter the number of shares (which represents number of votes) under 'FOR/AGAINST/ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together should not exceed your total shareholding. If you do not want to cast your vote, select 'ABSTAIN'.

- j. After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- k. Once you 'CONFIRM' your vote on each of the resolutions, you will not be allowed to modify your vote.
- l. During the voting period, you can login any number of times till you have voted on the Resolution(s).

- m. Corporate/Institutional Members (Corporate/Fls/Flls/Trust/Mutual Funds/Banks, etc.) are required to send a scanned copy (PDF format) of the relevant Board resolution to the Scrutinizer through e-mail to vil_evoting2017agm@visaka.in with copy to evoting@karvy.com. The file scanned image of the Board Resolution should be in the naming format "Corporate Name_ Event no."
- n. In case you hold shares under multiple folios / demat accounts, choose the voting process separately for each of the folios / demat accounts.
- o. Voting should be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
- p. Once you cast vote(s) on a resolution(s), you are not allowed to change it subsequently or cast the vote again.

ANNEXURE TO THE NOTICE

STATEMENT AS REQUIRED UNDER SECTION 102 (1) OF THE COMPANIES ACT, 2013.

Item No.5

Shri.G.Vamsi Krishna has done his Bachelor of Science from Purdue University, IN, USA and joined the Company as Management Trainee in June 2011. Considering his active role in development of Boards' Division he has been appointed as Whole-time Director of the Company, effective from June 1, 2014. He made valuable contributions in increasing the scope of the business of Board's Division in a short span and under his able leadership, the division is poised to contribute significantly to the revenues of the company. In view of the same, the Board of Directors at its meeting held on May 05, 2017 based on the recommendations of Nomination & Remuneration Committee of the Board, elevated him and has re-designated him as Joint Managing Director of the Company effective from May 6, 2017. The terms of appointment are stated in the resolution as set out at item no.5 of the Notice (hereinafter 'resolution').

In terms of provisions of Section 197 of the Act read with Schedule V, the appointment of Shri. G.Vamsi Krishna as Joint Managing Director based on the terms mentioned in resolution requires the approval of shareholders. The appointment shall be subject to the superintendence, guidance and control of the Board of Directors.

He is holding 8730 shares of the Company. He is a Director on the Board of Ecovav Constructions Pvt. Ltd.

None of the Directors, Key Managerial Personnel and their relatives except Shri.G.Vamsi Krishna, Smt.G.Saroja Vivekanand, Managing Director and Dr.G.Vivekanand, Vice Chairman of the Company are interested or concerned financially or otherwise, in the resolution.

The Board of Directors in the interest of the Company recommend the resolution for the approval of the members.

Item No.6

Considering Shri V.Vallinath's long stint and rich experience in Finance, Business Strategy, Management Information System, Taxation, Costing and other related areas, he has been appointed as Whole-time Director of the Company effective from September 9, 2014 for a period of 3 years. He has been associated with the Company for the last 28 years and during the said period, he dealt with various key operations of the Company and made valuable contributions.

The Board based on recommendations of the Nomination & Remuneration Committee has re-appointed him as

Whole-time Director of the Company for a period of 3 years effective from September 9, 2017 i.e., from the expiry of his present term of office.

In terms of provisions of Section 197 of the Act, read with Schedule V thereto; appointment of Shri. V. Vallinath as whole-time Director, in accordance with the terms mentioned in the resolution as set out at item no.6 of the Notice (hereinafter 'resolution') requires the approval of shareholders. The appointment shall be subject to the superintendence, guidance and control of the Board of Directors. He, in addition, continues as the Chief Financial Officer of the Company.

Shri. V Vallinath is a commerce graduate and a member of Institute of Chartered Accountants of India (qualified in the year 1985). He is also a member of Institute of Cost Accountants of India (qualified in the year 1987). He has rich and varied experience of over 33 years in addition to a 3 years period of articleship. Before joining the Company in the year 1988, he worked in various Private and Public Sector Companies.

He does not hold directorships in other companies. He does not hold any share in the Company and is not related to any other Director of the Company.

Shri. V. Vallinath, is deemed to be interested in the proposed Resolution with respect to his appointment and the relatives of Shri. V. Vallinath may be deemed to be interested in the said resolution to the extent of their shareholding, if any, in the Company.

Save and except the same, none of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested financially or otherwise in the resolution.

The Board of Directors in the interest of the Company recommend the resolution for the approval of the members.

Item Nos. 7

As per provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, M/s. Sagar and Associates, Cost Accountants, Hyderabad have been conducting Cost Audit since the financial year ended March 31, 2015.

The Board of Directors of your Company, based on the recommendations of its Audit Committee, in its meeting held on May 05, 2017 approved to appoint them as cost auditors for the financial year 2017-18 at a remuneration of ₹1,50,000/- exclusive of out of pocket expenses and applicable taxes subject to your ratification in the ensuing Annual General Meeting of the Company.

In terms of aforesaid provisions, the remuneration payable to them is subject ratification by the members. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 7 of the Notice (herein after 'resolution') for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2018.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

The Board of Directors in the interest of the Company recommend the resolution for the approval of the members.

By order of the Board
For VISAKA INDUSTRIES LIMITED

I SRINIVAS
*Assistant Vice President (Corporate Affairs)
& Company Secretary*

Date : May 5, 2017
Place : Secunderabad



www.visaka.co

Visaka Industries Limited
Visaka Towers, 1-8-303/69/3
S.P. Road, Secunderabad - 500 003