



# VISAKA INDUSTRIES LIMITED<sup>®</sup>

CIN: L52520TG1981PLC003072

**CORP OFF :** "VISAKA TOWER", 1-8-303/69/3, S.P. ROAD, SECUNDERABAD - 500 003.  
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Ref: VILSTEX/ConcallTranscription/FY2023/19

Date: 18.05.2022

To,

<b>National Stock Exchange of India Limited,</b> Exchange Plaza, 5 <sup>th</sup> Floor, Plot No. C/1G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051	<b>BSE Limited,</b> The Senior General Manager, Listing Compliances, Floor 25, P. J. Towers, Dalal Street, Mumbai – 400 001
<b>Scrip Code – VISAKAIND</b>	<b>Scrip Code – 509055</b>
<b>ISIN CODE: INE392A01013</b>	

**Sub: Transcription of Analysts/Investors ConCall pertaining to the Financial Results for the fourth quarter and year ended March 31, 2022**

Dear Sir/s,

Further to our letter ref. VILSTEX/ConCall/FY2023/15 Dated 11.05.2022, we enclose herewith a copy of the transcript of the Con Call on the Audited Standalone and Consolidated Financial Results of Visaka Industries Limited for the fourth quarter / year ended March 31, 2022 held on Monday, May 13, 2022. The same is also available on the Company's website at:

[https://www.visaka.co/assets/website/files/investors/concall\\_files/AnandRathi-VisakaInd-May13-2022.pdf](https://www.visaka.co/assets/website/files/investors/concall_files/AnandRathi-VisakaInd-May13-2022.pdf)

This is for your information and records please.

Thanking you,

Yours faithfully,

**For VISAKA INDUSTRIES LIMITED**

**Ramakanth Kunapuli**

**AVP & Company Secretary**

Encl. a/a

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Regd. Office & Factory : A.C. Division I, Survey No. 315, Yelumala Village, R.C. Puram Mandal, Sanga Reddy District, T.S, Pin 502 300.  
Factory : A.C. Division II : Survey No. 170/1, Manikantham Village, Paramathi-Velur Taluq, Namakkal District, Tamil Nadu, Pin 637 207.  
Factory : A.C. Division III : GAT.No.70/3A & 70/3A/3 & 70/1B & 70/1C, Sahajpur Industrial Area, Nandur (V), Daund (Tq), Pune, Maharashtra, Pin 412 020.  
Factory : A.C. Division IV : Plot No.11, 12,18 To 21 & 30, Changsole Mouza, Bankibundh G.P. No. 4, Salboni Midnapur West, W.B, Pin 721 147.  
Factory : A.C. Division V : Survey No. 90/2A 90/2B 27/1, G.Nagenhalli Village, Kempannadodderi Post, Kestur Road, Kora Hobli, Tumkur Dist, Karnataka, Pin 572 138.  
Factory : A.C. Division VI : Village & Post, Kannawan, PS Bachrawan, Tehsil Maharajgunj, Dist Raebareli, U.P, Pin 229 301.  
Factory : A.C. Division VII : Survey No. 385, 386, Jujjuru (V), Near Kanchikacharia, Veerulapadu (M), Krishna Dist, A.P, Pin 521 181.  
Factory : A.C. Division VIII : Plot No. 1994 (P) 2006, Khata No. 450, Chaka No. 727, Paramanpur (V), P.S. Sason, Tehsil Maneswar, Sambalpur Dist, Odisha, Pin 768 200.  
Factory : Textile Division : Survey No. 179 & 180, Chiruva Village, Mouda Taluk, Nagpur District, Maharashtra, Pin 441 104.  
Factory : V-Boards Division I : Gajalapuram Village, Kukkadam Post, Vemulapaly Mandal, Adjacent to Kukkadam Railway Station, Nalgonda Dist, T.S, Pin 508 207.  
Factory : V-Boards Division II : GAT No : 248 & 261 to 269, Delwadi Village, Daund Taluq, Pune Dist, Maharashtra, Pin 412 214.  
Factory : V-Boards Division III : Mustil Nos. 106, 107 & 115, Jhaswa Village, P.S. & Tehsil Salawas, Jhajjar, Haryana, Pin 124 146.

# ANAND RATHI

## “Visaka Industries Limited Q4 FY2022 Earnings Conference Call”

May 13, 2022



ANAND RATHI



**ANALYST: MR. MANISH VALECHA - ANAND RATHI SHARES & STOCK BROKERS LIMITED**

**MANAGEMENT: MR. VAMSI KRISHNA - JOINT MANAGING DIRECTOR - VISA KA INDUSTRIES LIMITED**  
**MR. S. SHAFIULLA - CHIEF FINANCIAL OFFICER - VISA KA INDUSTRIES LIMITED**  
**MR. VINAY BATHIJA –HEAD - INVESTOR RELATIONS - VISA KA INDUSTRIES LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to the Visaka Industries Q4 FY2022 Earnings Conference Call hosted by Anand Rathi Shares and Stock Brokers. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '\*' then '0' on your touchtone phone. I now hand the conference over to Mr. Manish Valecha from Anand Rathi. Thank you and over to you Sir!

**Manish Valecha:** Thank you. Good afternoon ladies and gentlemen. Welcome you all to the Q4 FY2022 results conference call of Visaka Industries Limited. We have with us from the management, Mr. Vamsi Krishna - Joint Managing Director, Mr. S Shafulla - Chief Financial Officer, and Mr. Vinay Bathija – Head Investor Relations. I would now like to hand over the call to Mr. Vamsi Krishna for his opening remarks. Over to you Sir!

**Vamsi Krishna:** Thank you so much for that. Very good evening to everybody on the call. Thank you all for joining and participating in our earnings call for Q4 FY2022 and FY2022 for the entire financial year. First half I would like to congratulate for good FY2022. This has been one more good year sequentially as your company has achieved the highest turnover and profit in the history of the company. I now shall brief you on each segment.

To start with Vnext boards and panels, the volumes have been quite impressive clocking 16% and 8% growth year-on-year and quarter-on-quarter for Q4, for the full year the volumes have grown by 35%. We see this segment continue its performance as home affordability rates increase. Corporates begin to do new capex expansions we have seen very good drive for this product over the years. Thought majority of the market we saw for this segment has been domestic the exports we see having a very good growth pickup. The exports for the quarter grew 32% and for the full year ended we grew almost about 52% over the last financial year. Our Coimbatore plant also has begun production early this year and has been serving the markets down south. The utilization rates have been picking up touching more than 90% for Q4 overall. The product that is the FCB segment, the Fibre Cement Boards is just beginning to be accepted at a large scale by the general community because of its several advantages over the other competitive products. We truly feel we have a long way to go and we are just at the beginning. We shall continue to put in the efforts to maximize the growth in this segment.

With the new announcements in the country happening in terms of warehouses and other SMEs we see a really good growth trajectory for the boards and panels. Post-COVID the demand that we see has picked up dramatically because of the advantages that we see, which has less labour to use in the construction compared to the traditional and this is what has been realized by the market as well. The yarn segment has had an impressive recovery achieved the highest revenues and profits for the full year, volumes for the full

year has grown by 60% for the financial fiscal compared to the last. The demand is back this year as things have become normal and economic activity has picked up well. The main markets like Mumbai and Bhilwara are fully operational and also the sustainability factor especially in clothing picking up is seeing a good rise in the market. This product is widely used for purposes like premium clothing, curtains and other segments and in this segment we are doing well in India and in exports as well. The sustainability segment, which is bringing a new product from our site where we recycle PET bottles has seen very good acceptance in the market both domestically and internationally giving way to a new growth for this division.

Coming to the ATUM Solar Roof, the solar roof product over the years has gone through a tremendous amount of spread and we see a very good acceptance in the market this year, we closed about a volume of around 6 megawatts. This is just a start, the first good year for the ATUM since its launch and we have done some very good prestigious projects wherein we see a very good repeat order from the same customer, which is always a good sign for a new entrant. We have done some very good projects in Q4 like the railways in Bengaluru and the Serum Institute to name a few. We have also got into the hospitality segment like the Mahindra Resorts among others. We see these days on the digital media about roof generating income for the family while the roof were in question would lack the space utilization, but ATUM takes care of this as well, that is the key advantage as we indicated earlier too. This will reach full capacity this year, the projection is that the market is picking up very well and we are seeing very good acceptance of the product. Usually in the month of January to June the time of year is a peak season for us. For our traditional roofing business taking into consideration this roofing business has done really well, the demand is stable, and the rising rural income over the years has become positive. The impact on the segment and to add the utility of the product we inaugurated our additional line at Rae Bareli plant in the month of March and this has commenced the commercial operations on May 5, 2022. With the new line our capacity for upcoming FY2023 would be 9 lakh metric tons. The economies around the world seem to be overheated considering the upward price pressures around the globe. In our country also there has been considerable inflation as we see the recent hike in the RBI pro-rate. Though these are challenges in terms of increase in raw material prices, supply chain issues, freight costs among other things, our things have done the best to meet the challenges and we continue to work hard towards the set goals.

Coming to the new initiatives strengthening our resolve towards a green and sustainable future and creating forward integrated solutions using our traditional core business products, we have set up a sustainability department, which would help us be on track towards our resolve. Our new initiatives ATUM Charge the progress has been very encouraging. We are very happy to announce that we have setup more than 250 charging stations across the country with the sustainable materials of Vnext and ATUM solar roof. We are the first in the country to create a self-sustaining model wherein all our products

come together wherein the Vnext boards, the panels and the planks top of which ATUM solar roof, which fuels the energy needs. Our concept was simple with the change in sustainability area in the country, repowering the energy using clean and renewable resources, all dependent on the traditional thermal power that is where ATUM Charge comes into the picture.

We also have a digital app to support the charging stations this is totally based on IoT. We have also opened the first experience center as we announced last time in terms of what sustainability really means and how we can develop the use of sustainable materials across the country, the first store launched is at Hyderabad, a store we built with 100% sustainable materials, which is again Vnext and solar products, which is an experience center for all things sustainable, so we get an opportunity not just to sell our products, but to explain the end consumer what the true need of a sustainable product really is.

Coming to the financial performance, the total revenue for the current quarter has been 421 Crores compared to 354 Crores of the previous year same quarter an increase of 19%. The revenue for FY2022 has been the highest ever in the company's history at 1416 Crores, an increase of 24% from previous year. EBITDA margins for the current quarter are 13% whereas it was 15%, this is due to the increase in the raw materials and freight cost that we had. PAT for the current quarter is 30 Crores, which is marginally lower compared to 31 Crores last year same quarter, but the PAT for the financial year is 119 Crores compared to 110 Crores, an increase of 7% compared to the previous period. The building product segment revenue was 338 Crores compared to 300 Crores in Q4 of last year showing an increase of 13%. The segment EBIT for the quarter has been 11% for the full year. The yarn business for Q4 was 83 Crores as compared to 54 Crores in the Q4 of last year showing an increase of 54% with segment margin of 21%. The interest cost was almost fattish at 3 Crores this quarter.

To summarize I think to give a closing conclusion mark there is too much uncertainty with regards to the geopolitical situation as we see with supply chain bottlenecks across the country and some pressures on material prices, but your company is on the right track and we are very bullish about the years to come. We are looking at a strong growth and the strong pickup in the months to come in terms of all the divisions that we have. Across the company be it ATUM solar roof or the Vnext boards or the traditional roofing business along with the yarn business we see that we are at a tipping point at the usage of boards and ATUM along with our sustainable yarns, which has been the core focus of the company to invest in products that have a futuristic growth to take the company to the next level and that is where we are heading. Any new infrastructure coming our boards are there, any new power requirements within the infrastructure space is the ATUM solar roof as you all are aware has got patents in India, South Africa and in America and other countries which is patent pending. The new central government parliament the new Vista project is almost using most of our Visaka products, which is a great news to us. Our

yarn segment, which we call on the wonder yarn is made from recycled plastic and is a huge hit in the European, American and Indian market, so overall we are very bullish to look forward to a good year ahead. Thank you.

**Moderator:** Thank you. We will now begin the question answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Subham Agarwal from Aequitas India. Please go ahead.

**Subham Agarwal:** Thank you for the opportunity. Good evening everyone. First of all really good kudos to entire team of Visaka because all the new initiatives are now showing results, V-Board has also delivered a massive number and Q-on-Q ATUM division has delivered almost doubled in volume which is very significant. Firstly I would like to understand year-on-year our total volume growth was 11.9% and given that we have commissioned two new plants, which improved our capacity by 15%, so what is our goal for next year, what is the volume growth that we are anticipating, if you can elaborate on that?

**Vamsi Krishna:** So, thank you for that. Yes, as you rightly said most of the new initiatives that the company has taken is in the right direction and is showing results. We are looking at close to around 15% to 20% growth further in the new financial year.

**Subham Agarwal:** This is volume you are you talking about or total revenue growth?

**Vamsi Krishna:** Total revenue growth.

**Subham Agarwal:** Coming to the V-Board part we commissioned the plant last quarter and we are already working at 90% capacity, which signifies that the demand is pretty strong, so do you have any future growth plans in this segment right now that you would like to share?

**Vamsi Krishna:** Yes, absolutely actually we have some interesting growth plans, we will be announcing shortly on that.

**Subham Agarwal:** Perfect and lastly on the raw material side, so our margins are kind of subdued as of now still, so what do you think will we be able to pass on more increasing price coming in the next quarter because the demand remains strong or do we still face margin pressure?

**Vamsi Krishna:** Sure, so one of the reasons the pressure looks quite heavy this year is because of the previous good year that we had just to point out that the main COVID year we had actually very good demand from the rural India even though we had severe lockdowns, so the pressure on demand was quite high, so we could get the maximum price benefit in spite of other cost pressures. This financial year as the pressure of demand is not as much because there was no lockdown, no pent-up demand as we see it, the margins look that with the pressure that it was under, going forward yes, we are expecting the market to be

positive, we should be able to offset to a large extent in terms of what the pricing pressures we are seeing, we are also looking at the situation wherein because of the China lockdown initiatives and the Russia-Ukraine situation, once things is down and open up I think definitely there will be positive front on the raw material and logistics front in terms of the increase, so we are looking at the situation to be positive for the year.

**Subham Agarwal:** But compared Q-on-Q is there any decline in logistics price or it has remained elevated?

**Vamsi Krishna:** We are not seeing any decline at the moment it remains to be.

**Subham Agarwal:** Lastly on the ceiling division so do you see this margin is sustainable going forward?

**Vamsi Krishna:** Yes I think we got a beautiful mix of new products and the old traditional products as well. Going forward I think because of the demand situation being intact we should be able to get the same margins across the divisions.

**Subham Agarwal:** That is good to hear. That is it from my side and best of luck.

**Moderator:** Thank you. The next question is from the line of Deep Gandhi from Astute investment. Please go ahead.

**Deep Gandhi:** Thanks for the opportunity. So all of my questions are related to the Fibre Cement Board division, so first question I had was so in the presentation you mentioned that you have almost after the new capacity which we have commissioned we have 2.4 lakhs metric tons capacity, so if you can just indicate what kind of capacity do you think the second largest player has, just to get a sense what kind of scale benefit your company has as compared to the other competitors?

**Vamsi Krishna:** So regards to the scale benefit I think right now to look at we are actually the largest player as you are already aware in terms of both supply and production, we are close to almost I think the second player I do not want to comment too much in that, but I think there is a good gap in terms of the order pickup and the deployments that we are doing the aggressive plans that we have taken up, so definitely we do have a larger spread because of our distribution pattern, we have a very strong network which we carry on from our traditional business that has been our learning and approach is to make the product as available across the country, so we have more than 2500 selling points across the country just for the board division apart from the 10000 selling points we have for the traditional business, so in terms of scale definitely we are adding more and more every month and that is it for now I would like to comment on that.

**Deep Gandhi:** It will be very helpful if you can also just give some broad number I do not want the exact, but if you can a little bit quantify the difference in scale?

- Vamsi Krishna:** I can tell you that we are almost about 40% of the current market share, I can give you my details I think you will have to ask competitors about their details, but as far as we are concerned I think our company is on the right side.
- Deep Gandhi:** In the past calls you have alluded that you are also present in the value added products in this division so I just wanted to understand what is the difference between a normal Fibre Cement and value added product, so if you can please explain that?
- Vamsi Krishna:** Value added product depends on the application really, so we make products right from 4 mm to 25 mm interior and exterior at that we have specific applications where the exterior products go either as roof underlay or soffit or decorative tile, so each of these have different raw mix in fact we are one of the companies which are very ahead in terms of R&D we believe that strong R&D always helps us come up with products that are ready for the future, so in terms of that I cannot tell you the specifics of my raw mix and R&D of course, but that is where the premium increases wherein a certain application requires a certain utility, the product is made according to that raw mix, so based on that our prices for the premium segment varies. I can give you a guideline in terms of the premium products which are used for the external cladding or the decorative cladding are of the highest premium for this segment.
- Deep Gandhi:** Sure and if you can share was kind of revenue contribution do we have from such products and also the margin difference between a normal and a value added product?
- Vamsi Krishna:** I will not be able to share the margin difference with you right now, but we are doing almost about 10% to 15% of our total revenue for the segment in the premium space.
- Deep Gandhi:** Sure, the next question I had is if you can you explain or mention what kind of business in this segment currently is completely B2C and what kind of it is B2B, so currently major part of industry dealing directly with some B2B players like the real estate developers or as direct B2C kind of business has already started so if you can mention that?
- Vamsi Krishna:** Yes, so we have a very strong base in the retail, we have been very vocal about that, we have a 70% to 30% of business, 70% being through retail that is our B2B and 30% being B2C, which are direct projects.
- Deep Gandhi:** Sure, so in the past annual reports you do mention the EBITDA margins for this division so if you can mention what kind of margins did we do in FY2022 and also the actual volume sold in FY2022 for this division?
- Vamsi Krishna:** I do not have the detail with me, my team will share that with you offline regarding that.

- Deep Gandhi:** I will join back in the queue.
- Moderator:** Thank you very much. We will move to the next question from the line of Sunny Wadhwa from HNI. Please go ahead.
- Sunny Wadhwa:** Congratulations on good set of numbers and thank you for the opportunity. In the Vnext board segment what is the business model like is it **(inaudible) 26:33**, also we understand the product is better than Greenply, what has held it back, what is the overall market size here, also ballpark number on what sort of margins we see here, also if you could explain its applications vis-à-vis Greenply?
- Vamsi Krishna:** Surely, so like I was saying the business model for Vnext has been quite strategic actually the whole last 10 years has been to build a strong base in terms of our product deployment, so if you really see we have to target architects, interior designers, the carpenters, applicators and the structural engineers, so these are the four to five major sources or you can call them as influencers where we have to keep tapping on in terms of creating an awareness in terms of specifying our products and in terms of our general distribution pattern, apart from all these we have to maintain a very strong retail network in order to service the above segments. Coming to specific projects when we look at like the new parliament that is coming up or any private project for the Mahindra that will have to be 3 to 4 strong approach in terms of reaching out through their architect, through their main corporate projects team and with the right suitable fabrication team, so it is a multiple approach, it is not that we have to depend on only one stream of sale, so that is the style of functioning that we do, apart from that I think our team is very, very interested in reaching out to innovative approaches like in terms of the applications that we do quite simply in the beginning we almost did close to 25 to 30 applications right, right from false ceiling to mezzanine floors to shelves to internal partitions, so the list just keeps going on and from there trying to find the right fit for us, now today we sell hardly in five to six applications where we are concentrating on as you can call them as our core applications, just to give you an idea the drywall partitions is one of the most accepted applications for a product as such, just to give you an idea in terms of demand growth for that, any commercials, industrial or even residential, which is a smaller margin for us today in terms of the overall market demand, but surely the commercial and the industrial spaces are huge in huge amounts of drywall products where Vnext is the preferred product. Apart from that the utility point of view in comparison with competing products like plywood, gypsum board and even brick wall, we really look at the water, fire and termite resistant quality that has been one of the basic pitch that I think the market has been seeing over the years, we are truly water, fire and termite resistant, which other competing products are not because of the core raw material itself. The inherent quality of our products does not have facility or enabling factor for it to be disintegrated in water like the gypsum boards or catch termites like in the plywood board and we also have a very high fire rating of close to three hours when we do a full

construction of our drywalls. Coming to the margins we are seeing a very healthy space in this. Right now we are doing anywhere between 11% to 15% that is the bracket in which we are operating right now depends on quarter-to-quarter, but going forward with the price trends that we are seeing and the scope of the product in terms of its utility the plywood industry is seeing stagnation in terms of the growth or in terms of the margins that we are seeing versus the opportunity that a growing product like us have in terms of the margins. Just to give you an idea we are doing hardly 50% of the price of plywood in the market today, so the scope of having a market understanding in terms of the demand and pricing, we have a long way to go in terms of growth. Coming to the aspect of drywalls, as I mentioned earlier with regard to the COVID situation post-COVID because of lot of migrations of the labor going back to their homes, there was a huge shortage of labor that we observed wherein our product really took off, so that I think is one of the key highlights for the turning point of the product where the market started realizing that we can get work done faster with lesser people with the products like Vnext.

**Sunny Wadhwa:** Thank you.

**Moderator:** Thank you. The next question is from the line of Divyanshi Maghdani from Havells Investments. Please go ahead.

**Divyanshi Maghdani:** Thank you for the opportunity. From last time we spoke I see ATUM has picked up in revenue, so congratulations on that, but I think a lot of players doing solar roof including big names like Tata, so how is our roofs different, also what is the marketing strategy for this product because like we have patents, but I see no ads whereas other players with traditional roofs are doing a lot to create awareness and also the second would be on margins I do not understand the product is at its nation state, but at full capacity what sort of margins can we expect, also just came to my mind what makes ATUM get its patent how is it different from traditional?

**Vamsi Krishna:** Thank you for that. So first half I just to explaining the basic difference of solar roof ATUM versus the traditional players is that solar roof as a category we use that as a generic term wherein you can refer to it as rooftop solar or solar roof that means there is a roof and there is solar in that, the product difference that we have created is with our vast experience being in the roofing industry for the last 30 to 40 years now in terms of understanding what the utility of a roof is and what the future of a roof can be. We have done some innovation in terms of using a solar cell into our product itself, so typically if you have metal sheet plus a traditional solar roof that can also be called as a solar roof or a rooftop solar, what we have done is we are giving you a single product which is hardly 14 mm in thickness, which is as thin as your Macbook Pro or thinner even in some cases wherein that is the roof, which generates power for you without any additional solar retrofitment, which the traditional players do, so players like the large players that you talk about are all in the traditional module spaces wherein they install traditional modules

on top of existing or new roofs. ATUM is a roof that goes as the base itself on the metal structure with generating roof by itself, so that is a quick easy explanation to what really ATUM roof is and that is where the real innovation is wherein we could get a patent in the US as well because of this differentiation I am sure all of you have heard of Tesla solar roof, which create a lot of noise and lot of market buzz wherein in spite of that we were able to achieve our solar roof patent in the United States because we are actually a roof that generates power whereas competitors like Tesla solar roof still go and sit on an existing roof so that is the major difference. Just to give you direction in which we are going to start off with, we are actually targeting the B2B space wherein the product acceptance and understanding is more easy and getting us conversions. We have recently got good orders in Q4 from the Piramal Group, from Serum Institute, from Rainbow Hospitals, from Amar Tech Centers, from STC international, so various hospitals, various government railways and the other institutes private and public are observing the key difference wherein ATUM is really adding value in terms of the power and the roof combination. Apart from that we are also in the lowest area in demand in terms of the highest energy generation, what I mean by that is in hardly 60 square feet of space roof area we can generate one kilowatt of power, which is almost equal to 4.5 units whereas traditional players do it at least 80 to 100 square feet and above, so that is really the core difference. Talking about the margins, yes, we are too early to talk about margins in this division as you rightly said, but on a full capacity on a larger scheme of things we can look at anything between 10% and 15% is what we are expecting.

**Moderator:** Thank you. The next question is from the line of Karan Asli from Maximal Capital. Please go ahead.

**Karan Asli:** Thanks for the opportunity and congrats on a great Q4. Few questions from me on the building product segment, what is the price hike we have taken in roofing in Q4 and Q1?

**Vamsi Krishna:** Sure, so in Q4 we were able to take about Rs.5 to Rs.10 anywhere between that, I do not want to disclose too much about the current quarter going on obviously, but I can tell you that we are on the right track, we have got some good indications in terms of price increase and acceptance of that in the market so we are in a positive trend on that front.

**Karan Asli:** So directionally we should see some higher realization in Q1 versus Q4 that is different?

**Vamsi Krishna:** I will refrain to comment on that because the geopolitical situation has been quite vary at that especially for the raw material prices and the logistic prices, so I would say that we should look at it a little conservatively, but we should be doing a good Q1 as well.

**Karan Asli:** Got it and how is the ramp up of the new AC roofing facility at UP coming up so I know we just commercialized it some time back, so how are we expecting it to contribute in this first quarter, will we get the meaningful utilization level of it?

**Vamsi Krishna:** I think to really give you an idea because of the COVID delays internationally, we did have a slight delay, we were expecting the product to announce commercial production by April actually, but this year maybe, this quarter maybe the last month would be the June month we may be getting good contribution from that plant, but the rest of the year we would be getting a serious contribution from that plant and just to mention that plant has also been completely installed with ATUM solar roof, actually the entire power consumption for that facility is netted off with the power we generate by our own products, so that is an interesting spinoff for that project.

**Karan Asli:** That is great to hear.

**Moderator:** Sorry to interrupt, please come back in the queue.

**Vamsi Krishna:** Sure.

**Moderator:** Thank you. We will now move to the next question from the line of Shivan Sarvaiya from JHP securities. Please go ahead.

**Shivan Sarvaiya:** Thank you for the opportunity. Sir, I had a couple of questions, first is on the fibre cement board, you said that these boards are 50% cheaper than ply and there is a possibility of substitution, my question is that if we are cheap then why has it not been substituted already because it would be a very, very logical thing to do right, so what are the hindrances that one faces using the product that is my first question?

**Vamsi Krishna:** Great question, this is actually one of the back to basics of sorts where the people working on the product and the distribution that we have is quite small compared to the entire plywood network, just to give you an understanding, we are hardly 20% of our network of plywood so that is where one of our key ground work is happening wherein we are working to increase our numbers drastically in terms of our distribution pattern and the people who work with it, so people like carpenters and applicators in terms of doing carpenter makes and applicator makes are continuous focus and job is to increase the amount of awareness that our product has in an existing large base of the plywood network. Just to give you another context we have almost around 60% to 70% of the gypsum network on the other hand where people are already familiar to use a product like drywall, which gypsum also comes into that category so that is where our acceptance has been way more in terms of familiarity and use of product though we are apples-to-apples in terms of pricing, the utility of the Vnext boards is far superior to gypsum boards so the acceptance is quite high in that area. Going forward, yes, we definitely see that as we increase our base in the plywood space definitely we can get stronger rising demand in that space along with acceptance into mass scale projects as we are seeing today, so that is just an idea for you.

- Shivan Sarvaiya:** Sir, just one followup on this, when we look at the large furniture manufacturers like any of these IKEAs of the world or the Pepperfry and Urban Ladder, etc., the institutional furniture manufacturing, one does not see the fibre cement boards as they material in their products, so what would be the reason because one would have expected at least the leaders in the industry to start much, much earlier if it is a viable substitute?
- Vamsi Krishna:** I would just like to point out that the international market is very different from our market in terms of the plywood uses, so to give you an example the drywall space that we are concentrating on which uses brick walls or fly partitions has been a huge target for us, so that is where we are entering. If you look at the international segment drywall has been a very well accepted product there, so the product fit is very accurate in that space. Coming to IKEA and others of sorts in terms of the furniture space, yes, definitely fibre cement board has a heavy density; the density is much higher compared to alternate products that we see so the product fit in that space is quite different, so we are also not targeting movable furniture and those sorts of applications. We are targeting more of carcassing and plywood partition that is where actually our core volumes and spread is, so I hope I could give you a distinction between the applications.
- Shivan Sarvaiya:** Yes, Sir, got it and my second question is on ATUM, in your previous call said that approximately 30% to 35% **(inaudible) 47:32** different sorts of things?
- Vamsi Krishna:** Surely, so the difference is actually 30% to 40% that is what I said, 30% to 40% comes with the method of laying, so right from the product that we have created in-house to the installation mechanisms that are followed in the market everything is different compared to traditional, the TV channels, the fixing mechanisms, the entire installation methods are quite different from the traditional methods wherein we maximize the area on use with the power generation, so that is the difference that I was mentioning that we take hardly 60 square feet for one kilowatt of power we generates 4.5 units versus 100 square feet of traditional, which generates one kilowatt, so that is really the difference that we play with. Today in the market, yes, people are trying to come and make 100 x 80 square feet, but we still see a big advantage in terms of the value creation that we have so that is the thing.
- Moderator:** Thank you. The next question is from the line of Chirag Shah an Individual Investor. Please go ahead.
- Chirag Shah:** Good evening, Sir. Congratulations on a good set of numbers. Sir, my question was with regards to the export market that you had mentioned in your opening remarks, so which countries are you exporting the Fibre Cement Boards to?
- Vamsi Krishna:** Regarding exports I think fibre cement boards has been having a very good acceptance internationally because the groundwork there is very limited because people are already

aware of the technology of drywalls, so if you look at the middle east, which has been one of our major contributor in terms of our exports, we do it to European countries, we sell to UK, we have sent some quantities to Seychelles, Maldives, so really we are quite spread across the country. We are yet to enter the United States market, but mainly I would say Nepal, the neighboring countries being Myanmar, Nepal, Middle East and Africa that is where the core markets are and UK of course.

**Chirag Shah:** Would the margins be different when compared to domestic and the exports and also are you doing the value added products or the normal boards?

**Vamsi Krishna:** Yes, great. With respect to the competition internationally definitely there is a huge amount of supplies from China and India in terms of the global market if you really look at. Majorly the products that go it depends on country-to-country, so if you take a look at Middle East it is more of a traditional normal product that goes, if you take a look at UK they want a premium product compared to the general market, if we talk at Maldives it is a mix, they want interior products, which are normal for both and they want exterior products, which are of a premium finish, so really to segregate country would be a little difficult, but in the margins point of view we are very selective because of the way the market has blown up in India. Actually if you see traditionally in the last couple of years with our expansion plans we have been very focused on India first whereas there was very good opportunity in the Middle East or other countries where people have tried to enter international markets, but we as the company took a very strong decision wherein we said let us concentrate in India first in terms of the market spread. Definitely we will take advantage of the international market which we have done over the years so today I can happily see that our company has a good foothold in India while we cater to the markets, which is comfortable to the company in terms of margins internationally as well so that is our strategy.

**Chirag Shah:** Thank you so much.

**Moderator:** Thank you. The next question is from the line of Pawan Chopra an Individual Investor. Please go ahead.

**Pawan Chopra:** Thank you for the opportunity. I was just going through the financials and I see the revenues are not supported by the margins, also the debt has gone up, and so can you throw some colour on the same?

**Vamsi Krishna:** Surely, so like I mentioned actually the revenue point of view we got a very good demand on all fronts actually given all the products that we are catering to, the raw material cost and the freight cost had a huge impact on each division on the other side, so just to give you an idea on the traditional business of the roofing sheet the cost increases to 10% upwards and the boards business also had a 13% increase given the geopolitical situation

and the logistics, so these are the two major reasons why we had an issue in terms of margins, nevertheless we tried to ensure that we are still on the strong base in terms of balancing or counterbalancing their increase, we could do that to the extent that we achieved given that the market could take according to the demand, so that was the reason for the slight dip in terms of the margins even though we got a very good increase in the product acceptance. Going forward definitely as the prices stabilize we will definitely see that the contribution for the products are in line with what is expected because the important thing that we are seeing now is once we create a good base and a good market for our products, the fluctuations that we are seeing today be it because of the war or the China shutdown is obviously not a common situation, so definitely we will see better margins in the months to come. Regarding the debt point of view I think the gross debt has actually increased by about 50 Crores, but we have not availed any term loans for the expansion projects of Udumalpet be it the boards or the panel project that is coming up or the Rae Bareli expansion that we took, which was close to about 150 Crores for the capex, the increase in borrowing is in working capital and short-term loans for the inventories that we had. In spite of that our total debt to equity is 0.28, so we are still on the right track in terms of that.

**Pawan Chopra:** What kind of margins we are targeting in each segments going forward?

**Vamsi Krishna:** Actually I think we should maintain the current margin given the situation that is going on; as the situation eases definitely we will be looking at higher numbers.

**Pawan Chopra:** Fine, thank you.

**Moderator:** Thank you. The next question is from the line of Sanjay Shamnani from Kissht. Please go ahead.

**Sanjay Shamnani:** Good evening, Mr. Krishna. It is a very great opportunity that we are able to understand on Q4 performance of Visaka Industries, so basically I would like to throw or understand some light from you on the segment called yarn and I understand yarn was pretty well performed in this quarter and this current financial year and what is the plan for this segment in terms of growth, expansions and also how can you differentiate this yarn is it a sustainable in terms of sustainability, in terms of whether it is made from 100% raw material from the recycled plastics or how you differentiate this yarn compared to the other peers, which are in the market?

**Vamsi Krishna:** Thank you for that question actually, if you really see the yarn division has had a very interesting journey since the GST issue as we all are aware during the GST time the textile market took a really huge dip and we were no exception to that, but because of the company's strategy and the decisions that we have taken over time we could have a good year last year in terms of both the GST and the COVID effects in spite of having a

serious dip in that space we could catch up to the market and service the demand. While we had these dips our company focused on developing the sustainable yarns that we talk of today wherein we had a different ranges in terms of sustainable, in terms of flame retardant and various other developments that we had done actually, out of those two mentioned yarns actually had a very good pickup from the domestic and international market, so really looking at in terms of the overall share of products and overall a mix of products, we have for a sustainable yarn that is a huge space to start with, we are almost doing around 20% to 25% on a good month in terms of our product split and the other being very interesting application of battery separators, we are supplying our yarn for very interesting space in the batteries so most of the batteries today majorly in the battery space are using ions and that is contributing another 20% as well, so a very interesting pivot if you would like to call it in terms of the down periods that we had, we utilize that to ensure that we have a good change in terms of our overall outplay and we are looking at anywhere between 10% and 15% growth in terms of the year to come as well in the textiles, so that is an overall picture for you in terms of what we have been doing.

**Sanjay Shamnani:** Just a small question, it will not be taking 30 seconds, we understand a new plant has been operational specifically with respect to the AC sheet business, so can you throw some light for this new segment in future?

**Vamsi Krishna:** Surely, as I have mentioned earlier our full capacity in terms of the product output, the product supply will be coming in from the next month onwards, I think almost about nine months we should see a good contribution from our new plant from Rae Bareli, we see that the growth rate and the product demand is good in that market and we are looking forward for the product supply in that space. Thank you.

**Sanjay Shamnani:** Thank you.

**Moderator:** Thank you very much. We will move to the next question from the line of Shivan Sarvaiya from JHP Securities from AlfAccurate Advisors Limited. Please go ahead.

**Shivan Sarvaiya:** Thank you for the followup. Sir, my question is on ATUM just to continue, you said the major difference where you can see efficiencies on the method of laying the products so that our patents are on the product itself or on the methodology or on both of them?

**Vamsi Krishna:** So, the patent is on the product that is what the patent achieved and the method of laying or the accessories which we have filed patents those patents are pending actually, so we file patents individually for both the product and the installation accessories as well.

**Shivan Sarvaiya:** The second question on the ATUM itself, so the product you said that it is a roof in itself, so the roof that has been used is the cement fibre roof or which is asbestos or nonasbestos, if you could just give some colour there?

**Vamsi Krishna:** Absolutely, I think great question, I always keep stressing on the R&D that we keep doing, so we make both which is our nonasbestos product which we launched to cater to the housing or the development market. We actually went ahead and did further R&D from that product where we could make a version of our Vnext boards, which actually goes into our ATUM and that is really the core of our innovation that is nonasbestos as well, we are seeing a very good demand for that from the export markets as well, we have exported to Thailand, Bhutan and Dubai and Kenya, so we are really reaching out in terms of the product innovation and the utility itself.

**Moderator:** Thank you very much. In the interest of time, this was the last question for today. I now hand the conference over to management for closing comments.

**Vamsi Krishna:** Thank you everybody for joining us today. I think we had a very extensive discussion in terms of where the company is and where we are heading to and as we always look at from Visaka point of view, we always try to add innovative touch points to the products that we do, be it on traditional products like the textiles where we faced an uncertainty a couple of years back and we are very happy to tell you that with our R&D and with our strategy today we are seeing a positive situation and a good sign of growth for the textile division. We would be looking at entering new or more interesting spaces with our products in terms of sustainability and the battery space. Given the product range of Vnext, which is a very strong in terms of our sustainability and we are very happy to share that using Vnext boards has become a positive for many of the constructions coming up in terms of sustainability rating, people are getting awarded LEED certified buildings more easily with the use of our Vnext products. We are very happy to share that we are the least carbon emissions in the building industry of having hardly 36 kg per ton of production compared to 2:1 2 tons to one ton of steel or 1:1 of concrete. Because of these we have been awarded the business world 24th most sustainable company in the whole of India because of our sustainability initiatives. Coming to ATUM, we are having a very interesting outlook in terms of the new projects, the new constructions that are coming up, any and every building that needs a roof along with a power that needs to be generated, ATUM is there and is the right fit in terms of commercial, industrial or residential, we are really seeing a very positive and an innovative approach from the buyers, most people are very excited to see something like ATUM and only time will tell in terms of real deployment what we are seeing and experiencing today. Along with that the entry of forward integrated initiatives to help our core products, which is the Vnext, the textile and the ATUM in terms of ATUM Charge is really why the company is heading towards. We are here to make a difference, as innovative as possible to create the largest impact that we can with the products that we create that is really what we are trying to do and really look forward to the coming years. Thank you everybody for joining us today.

**Moderator:** Thank you very much. On behalf of Anand Rathi Shares and Stock Brokers that concludes this conference. Thank you for joining us. You may now disconnect your lines.