

PRE-FEASIBILITY REPORT

OF

VISAKA INDUSTRIES LIMITED **ASBESTOS CEMENT SHEET MANUFACTURING UNIT**

PROPOSED CAPACITY: 216,000 TPA

LOCATION:

VISAKA INDUSTRIES LIMITED
Rachakpura Village,
Shedriya Grampanchayat,
Niwai Tehsil,
Tonk District
Rajasthan State.

1.0 Introduction

VISAKA INDUSTRIES LIMITED (Hereinafter referred to as **VIL**) is the promoter of the proposed project to produce 216,000 TPA. The company is headed and managed by people of far reaching eminence and experience in asbestos based products.

General:

1.1 Name of the Industrial Concern : VISAKA INDUSTRIES LIMITED

1.2 Address:

(a) Corporate Office : “Visaka Towers”, 1-8-303/69/3
Sardar Patel Road,
Secunderabad – 500 003,
Andhra Pradesh.

(b) Existing Factories : 1) Asbestos Unit No 1:

Survey No.315,
Yelamala Village
Patancheru
Sanga Reddy Taluq
Medak District
Andhra Pradesh.

2) Asbestos Unit No.2:

Behind Supa Gas,
Manikantham Village
Paramati-Velur Taluq
Namakkal Distriact – 637207
Tamil Nadu.

3) Asbestos Unit No.3:

Changsol Mouza
Banki Bundh GP No.4,
Salboni Block,
Midnapur West
West Bengal.

- 4) Asbestos Unit No.4:
27/1, Naganahalli Village
Kora Hubli, Tumkur Taluk,
Tumkur District
Karnataka State

- 5) Asbestos Unit No.5:

Village Kandianwan
Pargana Bachhranwan
Maharaj Ganj Taluk
Raebareli District
Uttar Pradesh State.

- 6) Asbestos Unit No.6

Survey No.386
Jujjur Village
Veeralapadu Mandal
Krishna District
Andhra Pradesh State.

- 7) Asbestos Unit No.7

70/3A, 70/3,
Sahajpur Industrial Area
Nandur Village,
Taluk – Daund
Pune District
MAHARASHTRA STATE

- 8) Asbestos Unit No.8

Plot No.1994(P), 2006,
Khata No.450, Chaka No.727,
Village: Parmanpur,
Dist: Sambalpur - 768200
Orissa State.

- 9) Spinning Unit No.1 & 2:
Survey No.179 & 180
Chiruva Village
Moudha Taluq,
Nagpur District
Maharashtra State

10) Fibre Cement Sheets (V-Boards)
Unit-1
Survey No.95&96,
Gajalapuram Village
Near Miryalguda (PO),
Pedadevullapally Mandal
Tripuraram, Adjacent to
Kukkadam Railway Station
Nalgonda (Dist)
ANDHRA PRADESH STATE

- (c) Proposed : a) **Asbestos Unit No.9**
Village: Rachakpura,
Grampanchayat: Shedriya,
Tehsil: Niwai, Dist: Tonk,
RAJASTHAN STATE.
- (d) Correspondence : “Visaka Towers”,
1-8-303/69/3,
Sardar Patel Road
Secunderabad – 500 003.
Andhra Pradesh
- Telephone Nos: 27813833/27813835
Fax No. (091-040) 27813837
- 1.3 Constitution : Public Limited Company
- 1.4 Date of Registration of the Firm\
Incorporation of the Company : 18th June, 1981
- 1.5 Date of Commencement of
Business : 12th October, 1981
- 1.6 Type of Industry:
- (a) Items being manufactured : Cement Asbestos Products, Man
made Yarn & Fibre Cement Sheets
(V-Boards).
- (b) Items Proposed to be
Manufactured : Cement Asbestos Products

- 1.7 Small Scale\Medium or Large Scale Industry (Regn.No. & Date) : Large Scale Industry. Letter of Intent to Ministry of Industry, Secretariat for Industrial Approval for the Cement Asbestos Unit in Rajasthan State is being made.
- 1.8 Banker's Name and Address : 1) State Bank of India
Corporate Accounts Group Br.
Punjagutta
Hyderabad – 500 082
Andhra Pradesh
- 2) State Bank of Hyderabad
Industrial Finance Branch
Punjagutta
Hyderabad – 500 082
Andhra Pradesh

1.9 (A) Particulars of the Promoters:

Promoters of the proposed New Asbestos Cement Project are Visaka Industries Limited. This Company was promoted by Dr G.Vivekanand, his family and Associates.

- 1.10 (B) Financial Status of the Promoters:: Annual Reports of last 3 years of the Company enclosed.
- Net worth as on 31.03.2011
Rs.26,135 lacs.

1.11 Board of Directors:

The overall management of the Company vests in the Board of Directors comprising of experienced professionals well known in their respective fields.

1.12 Management:

The Company is professionally managed under the leadership of Dr G.Vivekanand (who holds an MBBS degree) who is the promoter and Vice Chairman. He has over 27 years experience in the Asbestos Cement Industry and 22 years in the Spinning Industry.

He is assisted by a competent team of professionals in the fields of Technical, Marketing, Finance and Administration, with several years of experience in their respective fields.

2.0 ORGANISATION:

2.1 Brief History:

a) The company was originally promoted in 1981 by Dr.G.Vivekanand, and Andhra Pradesh Industrial Development Corporation (APIDC). APIDC has since disinvested its shareholding (26% of original share capital) to the Dr.G.Vivekanand in the year 1990. The Certificate of Commencement of business was obtained on 12th October, 1981. The company has 5 existing Units at **1) Yelamala Village, Sanga Reddy Taluq, Medak District, Andhra Pradesh and 2) Behind Supa Gas, Manikantham Village, Paramati – Velur Taluq, Namakkal District, Tamil Nadu, 3) Changsol Mouza, Banki Bundh GP No.4, Salboni Block, Midnapur West, West Bengal, 4) 27/1, Naganahalli Village, Kora Hubli, Tumkur Taluk & District, Karnataka State, 5) Village Kandianwan, Pargana Bachhranwan, Maharaj Ganj Taluk, Rae Bareli District, Uttar Pradesh State, 6) Survey No.386, Jujjur Village, Veeralapadu Mandal, Krishna District, Andhra Pradesh State. 7) Survey No.70/3A, 70/3, Sahajpur Industrial Area, Nandur Village, Daund Taluk, Pune District, Maharashtra State, 8) Plot No.1994(P), 2006, Khata No.450, Chaka No.727, Village: Parmanpur, Dist.Sambalpur, Orissa State, manufacturing Asbestos Cement Products which started manufacture in early 1985, 1997, 2003, 2005, January 2006, December 2006, June 2007, January 2012, respectively and 9) Spinning Unit for manufacturing of man made yarn at Moudha, Nagpur, Maharashtra, exploring the state of the Art Murata Twin Air Jet Technology and 10) V-Boards Unit for manufacturing of Building Boards at Miryalguda, Nalgonda District, Andhra Pradesh State. The present proposal is for setting 1 (One) more Unit for manufacture of **Cement Asbestos Products at Survey No.265, Village: Rachakpura, Near Sendriya, Tehsil: Niwai, Dist: Tonk, Rajasthan State.****

The Company has an impeccable track record of meeting all its commitments on time without a single default or reschedulement in 25 years history.

3.0 Utilities:

a) Power

i) Sanctioned Load (if any)

750 KVA for Cement Asbestos Unit. Necessary sanction will be obtained at the appropriate time.

ii) a) Whether Continuous Process

- YES -

b) If answer to (a) above is Yes whether Gen-Set has been included in the cost of Plant & Machinery.

YES (500 KVA in 2 Nos.) for Cement Asbestos Unit.it.

Asbestos Cement is not power intensive Industry. We do not expect any problem in obtaining the sanction for the required power from the Rajasthan State Electricity Board. The company proposes to go in for 100% stand by power by installing a Captive Generating Set to meet the power requirement. The Cost of the DG Set has been included in the Project Cost.

b) Water:

Cement Asbestos Products Unit:

Supply of water is essential for the process:

About 240 KL/day of water will be required for the various processes in the proposed unit. This requirement will be met from the borewells proposed to be put up in the unit. This is the practice in the existing units of the company. The water does not need any treatment for process utilization.

4.0 Cost of Project (Rs. in lacs):

Rajasthan Unit

Item		To be Incurred
i)	Land and Site Development	350
ii)	Factory Building	1800
iii)	Plant and Machinery	2700
iv)	Escalation and Contingencies of item ii & iii	150
v)	Preliminary and Preoperative Expenses	336
vi)	Margin Money for working Capital	326
TOTAL		5662

6.0 Means of Financing:

(Rs. in lacs)

Particulars	To be arranged
i) Unsecured Loans/Share Issue	--
ii) State Capital Subsidy, } if admissible }	---
iii) Internal Cash Accruals	1901
iv) Term Loans from Institution/Banks	3761
TOTAL	5662

7.0 History of Asbestos Cement Sheet Industry in India:

The first factory to manufacture asbestos cement sheets was established in the year 1934 and between 1934-1939 further 2 factories were established belonging to the old Turner and Newall group of UK.

In the Forties there was hardly any improvement in the installed capacity.

In the Fifties further 4 machines were installed with a total of 7 machines.

In the Sixties further 5 machines were installed totaling 12 machines.

In the Seventies further 3 machines were installed totaling to 15 machines and installed capacity of 675000 MT.

In the Eighties further 7 machines were installed with a total capacity of 927000 MT.

In the Nineties some of the old licences were utilized with the installed capacity going up to 1 Million Tonnes per year.

At the present moment there are 72 sheet machines belonging to 16 manufacturers with recorded sale of 45 lacs MT for the year 2010-11.

The main competitors for asbestos cement sheets are Galvanised Corrugated Iron Sheets and Aluminium Sheets. Both of these are very much costlier than asbestos cement sheets and do not last as long as asbestos cement sheets.

It would be of interest to note that sheets manufactured in the forties are still on the roofs of many factories and AC Sheets laid continue to be a safe roof without any change necessary to be done on the roof.

i) End use of the Products

Cement Asbestos Products:

The Asbestos Cement Products are essentially building materials and are mainly used as Roofing Material in Industrial Sheds, Poultry Sheds, Warehouses, Railway Stations, Rural Housing etc.

End Users comprise of

Large Industry	-	12%
Household Consumption	-	80%
Others (Poultry & Govt)	-	8%

		100%

ii) Names of the major consumers:

Cement Asbestos Products:

Major Consumers for Cement Asbestos Unit include

- a) Private Industries
- b) Public Sector Undertaking like Steel Plants, Fertilizer Projects, Aluminium Projects
- i) Central Government : CPWD,CWC, Railways, MES (Defence Establishments).
- ii) State Government: PWD, Irrigation Department, Rural Housing Scheme, Tribal Welfare Scheme.

Private:

- a) Poultries, Acquaculture, Storage Godowns
- b) Individuals: House, Cowshed, Garage, Stair Case

iii) Popular brand names in the product line are the following:

The popular brand names in the product line are the following:

Cement Asbestos Business:

South	West	North	East
Everest	Everest	Everest	Everest
Charminar	Charminar	Charminar	Charminar
Ramco	Ramco	Ramco	Utkal
Visaka	Visaka	Upal	Visaka
Malabar	Upal		Upal
Swastik	Swastik		Rhino (Assam)
Tancem			

iv) Marketing scope and arrangements:

Cement Asbestos Unit:

Visaka being in the field of manufacturing and marketing Asbestos Cement Products, already has strong net work of over 5000 dealers in various States of the Country and the Company does not expect any problems in marketing its products produced at the proposed new factory. We propose to expand the dealer network further in Northern India.

Marketing Scope in Northern India:

The scope for AC Roofings is enormous. The total consumption of AC products in Northern Region is 10,23,000 MT per annum during 2010-11 which is expected to grow to 17,90,000 MT in the next 4 years and the production capacity is 12,84,000 MT which is estimated to grow to 18,00,000 MT for the next 4 years incl. our proposed unit.

Visaka Industries is based at Hyderabad & Vijayawada, Andhra Pradesh, Salem, Tamil Nadu, Tumkur, Karnataka in South, Pune Western segment, Midnapore & Sambalpur in the Eastern segment and Rae Bareli, U.P. in Northern segment. Visaka from the inception in 1984 have got the history of selling whatever was produced and have excellent brand image in South India, Eastern. Western and Northern India too. A committed team in all the functional areas is in place, who can continue to keep Visaka at the top position even in future.

Visaka has the following depots through which distribution of materials is currently taking place.

1)	Visakhapatnam	2)	Kolhapur
3)	Nagpur	4)	Bhubaneswar
5)	Balasore	6)	Sambalpur
7)	Raipur	8)	Patna
9)	Siwan	10)	Ranchi
11)	Baruipur	12)	Siliguri
13)	Guwahati	14)	Chennai
15)	Coimbatore	16)	Hosur
17)	Palakkad	18)	Changanacherry
19)	Kannur	20)	Kollam
21)	Mangalore	22)	Hubli
23)	Chandauli	24)	Hatras
25)	Delhi	26)	Ahmedabad
27)	Valsad	28)	Ludhiana
29)	Raigah		

Further depots will be opened in the Northern States depending on requirement to cater to the these Markets.

Brand advertisement:

Visaka's advertisement takes place through Electronic media, Wall paintings, Newspapers, etc to reach the urban/ rural consumers.

v) Reasons for acceptability of our products:

a) Quality:

Well Recognized in the market for its excellent quality vis-à-vis the other brands. ISI Certified in respect of Cement Asbestos Products.

b) Price:

The price of our products are quite competitive compared to the other reputed brands.

c) Others:

Cement Asbestos Products:

The Company has a strong marketing team headed by 2 Presidents, Marketing and the team comprises of several engineers with considerable experience in the field. The company has also built up a strong net work of dealers numbering over 5000 spread over the various states of the country.

The company has a strong base of dealer outlets in the Northern market and has plans to increase it by 30% to market the additional output. This will help increase the market share in North.

vi) Export possibility:

Cement Asbestos Products:

The Export possibility is very limited in view of the bulky nature of the product and the cost involved for transportation.

7.1 Possibility of increase in demand of the products.

Cement Asbestos Unit:

The growth of A C Industry to some extent depends on Industrial and largely on rural growth. Over 20% of Industries' products are being consumed by Industrial Sectors, as it is cheap compared to substitute roofing materials, corrosion free, better insulation property of sound and heat.

With the index of industrial production slated to grow at about 7% in the near term, the demand for asbestos cement products is bound to increase in significant proportion. There is some co-relation between demand for the product and rising general industrial production. Almost 20% of the demand for asbestos sheets comes from the industrial sector and as such any increase in industrial activity will automatically result in increased offtake of asbestos sheets by the industrial sector.

So long as the Industrial growth is there, this industry will grow. With economic liberalization, it is most likely that the industry will grow at a rapid pace.

The other major source of demand comes from the low cost Housing Sector. In a tropical country like India, the anti corrosive property of asbestos as well as its capability to insulate sound and heat better, have served it well. The market share of housing has increased substantially from about 25% to 80% over last 6 years. This has effectively displaced all the cheaper competitive materials like Asphalt Roofs, Thatched Roofing, Mangalore Tiles and Galvanised Iron

7.2 Any special advantage which the unit enjoys/will enjoy in respect of:

a) Raw Materials:

Cement Asbestos Products:

The Company being already in the business of manufacturing asbestos cement products, has established regular parties from whom the required raw materials, including asbestos fibre, cement wood pulp etc. are sourced. These parties, apart from ensuring timely supply, also offer competitive prices, attractive credit terms and quality materials. The addition of the new unit will increase the quantity of the raw materials to be purchased which will only enable us to seek better bargain from the suppliers in terms of delivery schedule as well as price. It may also be noted that the location where the unit is proposed to be setup, is in close proximity to port (for imported materials), Thermal Power stations (Fly

Ash) and many cement units (for cement) which facilitates easy procurement of raw materials.

b) Marketing:

Cement Asbestos Products:

As already mentioned, Visaka has a strong net work of over 5000 dealers in various states of the Country selling Company's asbestos cement products and the company therefore does not anticipate any problem in marketing its products produced at the proposed new factory. The brand name under which the company's products are sold viz. "VISAKA" already enjoys a reputation in the market and as such commands a premium over other brands. The Company also has a strong marketing team headed by 2 Presidents (Marketing) with vast experience in marketing and supported by a strong team of several engineers & MBAs with considerable experience in the field.

Besides, the demand for the product is increasing steadily in Northern & India where the proposed units products will be mainly sold.

8.0 Strengths of the Company:

- Enlightened Management with a qualified and experienced Management Team
- Continuously striving to improve productivity and performance standards.
- High Quality of Company's products remain the Hall mark of performance.
- ISO 9002 accreditation already obtained for Manmade Yarn Spinning Unit.
- ISI Certification for all Asbestos Products.
- Highest Credit Rating from Banks and Financial Institutions.
- Payment of all dues to Banks and Institutions in time without any reschedulement or default since inception.
- Payment of statutory dues on time without default.
- Cordial Labour Relations.
- Steady growth in Investment, Turnover and Profits.

- Won the Highest Productivity Award from A.P.Federation of Chambers of Commerce and Industry in 1987 and Best Management Award from Govt. of Andhra Pradesh in 1987.
- Best Entrepreneur of the Year Award for Dr G.Vivekanand from the Council for Industrial & Trade Development for the year 1990-91.
- Highest Productivity award from the Council for Industrial and Trade Development for the year 1995.
- Best Industrialist Award from the Government of Tamil Nadu for the year 2000.
- Best Manufacturer Award (in Large and Medium Scale category) from All India Manufacturer's Association, Hyderabad Chapter for the year 2000-01
- A.P.Distinguished Industrialist Award for the year 2003 awarded by Exhibition Society.
- Excellent dividend record since inception.
- Return to Society through Visaka Charitable Trust.