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Visaka Industries Limited

Annual report 2009-10

Responseable

Forward-looking statements

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 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. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Contents

SPEED OF RESPONSE.
CORE COMPETENCE.

WHEN YOU MERGE THESE
CHARACTERISTICS, YOU GET
RESPONSIBLE PERFORMANCE.

LIKE THE ONE WE REPORTED IN 2009-10.

FOR THE BENEFIT OF EMPLOYEES,
SHAREHOLDERS, SUPPLIERS AND SOCIETY.

A TRISYS PRODUCT
info@trisyscom.com

Decline in tonnage sold. Increase in profits. And this was just one of our many achievements in 2009-10.

Profile

Visaka Industries Limited was started in 1985. The Company is engaged in two businesses – building products (cement asbestos products, and flat products like V Boards and V Panels) and textiles.

Presence

Headquartered in Hyderabad (Andhra Pradesh) with manufacturing plants across nine regional locations.

Cement asbestos products
Manufacturing locations: Patancheru (Andhra Pradesh), Paramathi (Tamilnadu), Midnapur (West Bengal), Vijayawada (Andhra Pradesh), Tumkur (Karnataka), Rae Bareli (Uttar Pradesh) and Pune (Maharashtra).

Flat products
Manufacturing location: Miryalguda (Andhra Pradesh)

Textile products
Manufacturing location: Nagpur (Maharashtra)

The equity shares of Visaka Industries Limited are listed on the Bombay and National Stock Exchanges. The promoters hold a 37% stake in the Company's equity share capital.

Production capacities

Cement asbestos products: 652,000 TPA (to go up to 762,000 TPA by October 2010)

Flat products: 60,000 TPA for V Boards and V Panels 1,50,000 numbers per annum equivalent to 10,300 TPA

Synthetic yarn: 28 MTS machines equivalent to 50,000 spindles.

This is what we achieved, 2009-10

Building products business

- The Company produced about 602,000 MT of cement asbestos products in 2009-10 as against 550,000 MT in 2008-09.
- The division reported an overall capacity utilisation of 92%
- Sales declined 5% from 585000 MT in 2008-09 to 558000 MT; industry market share grew from 16% to 16.50%
- Multi-unit electricity consumption per tonne of the end product was the lowest in the industry.
- The capacity of the revamped Pune plant was enhanced from 70,000 TPA to 100,000 TPA (effective January 2010)
- The Company launched V Panels in January 2010 and marketed V Boards in Middle East

Textile business

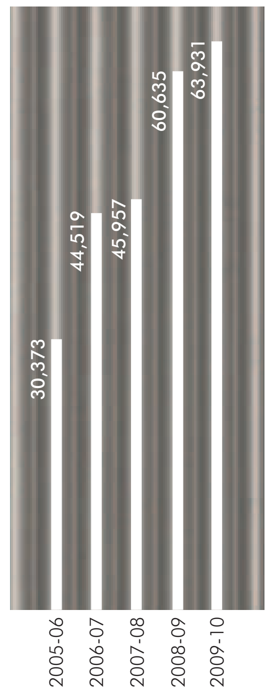
- Domestic sales increased from 6500 MT in 2008-09 to 6950 MT
- Yarn was exported to 16 countries; the Company entered USA for the first time
- Nep-free black yarn was manufactured for the first time in India, leading to the production of impeccably smooth fabric.
- Nearly 8705 MT of yarn was produced (8741 MT in 2008-09)
- Average yarn realisation increased from Rs 126 per kg in 2008-09 to Rs 135 per kg

Board room decisions

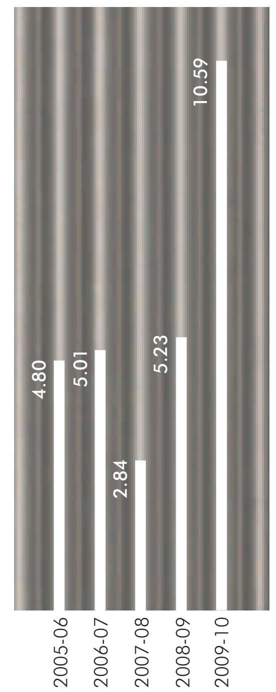
- Gearing was strengthened from 0.90 in 2008-09 to 0.70
- The creation of a eighth manufacturing unit (110,000 TPA) at Sambalpur (Orissa) was commenced

We didn't just report better numbers in 2009-10. We strengthened our overall business.

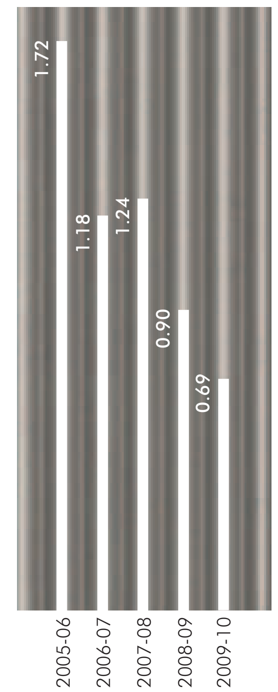
Revenue (gross) (Rs lakhs)



Interest cover

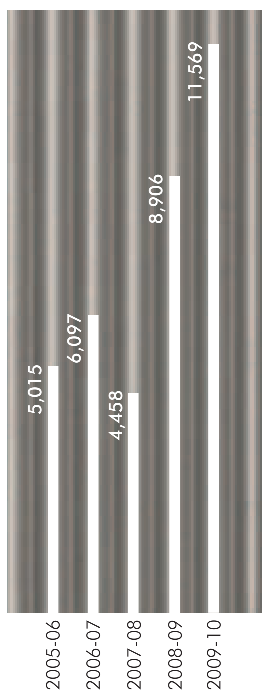


Debt-equity ratio

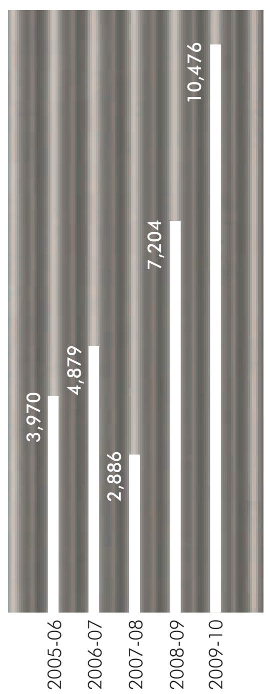


Gross block (Rs lakhs)

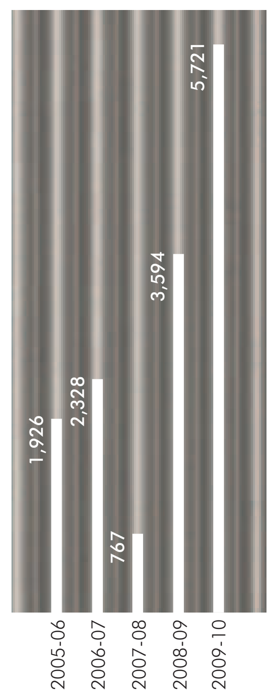
Operating profit (Rs lakhs)



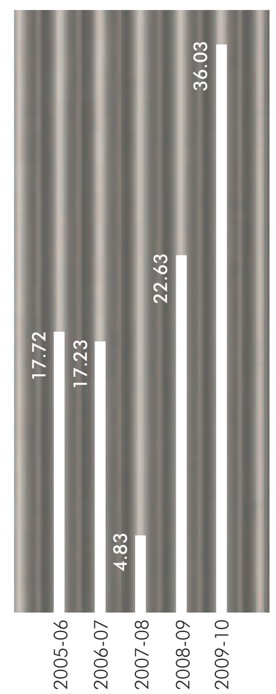
Cash profit (Rs lakhs)



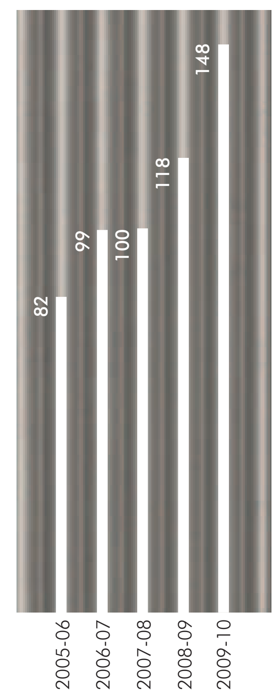
Post-tax profit (Rs lakhs)



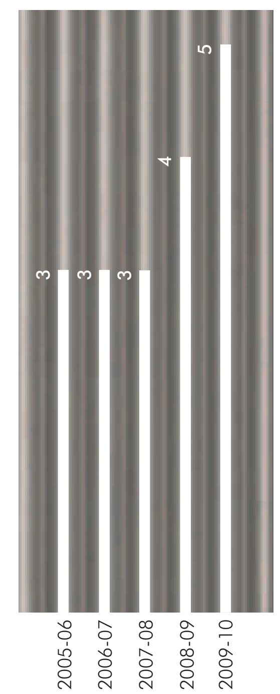
Earnings per share (EPS, basic) (Rs.)



Book value per share (Rs.)



Dividend per share (Rs.)



*Declared

Our core competence

Building products business

Speed of growth: The Company was the seventh largest cement asbestos product manufacturer in India in 2000; it is the second largest today

Scale: The Company possesses the second largest production capacity of cement asbestos products in India.

Operational excellence: The Company's electricity consumption is the lowest in its industry.

Fabrication capability: The Company's engineering capability helped design and fabricate cement asbestos product manufacturing equipment for four of seven plants, reducing cost (30%), increasing customisation and shrinking delivery tenure

Commissioning speed: The Company demonstrated a capability to commission cement asbestos products of 100,000 TPA within nine months from ground breaking.

Productivity: The Company possesses the engineering insight to scale cement asbestos product production to 100% of capacity within four months of start-up, accelerating returns. The Company reported an overall capacity utilisation of 92% for 2009-10

Intellectual capital: The Company's 3,200 employees represent the best industry talent of engineering, production, marketing, commercial and quality management capabilities.

Competitive: The Company's 652,000 TPA production capacity of cement asbestos products corresponds to a modest Rs 190.87 cr of gross block investment at historical cost (about Rs 3000/MT)

National: The Company's cement asbestos product manufacturing locations are nationally dispersed to address regional needs – four in south India, one in North India, one in East India (to become two) and one in west India.

Product mix: The Company's building products division also comprises fibre cement boards (non-asbestos) used in urban and semi-urban interiors.

Distribution: The Company generally markets directly to retailers as opposed to the conventional company-distributor-retailer model, resulting in a better knowledge of marketplace realities

Market share: The Company's Visaka and Shakti brands account for 16.5% market share.

Textiles business

Margins: The Company has consistently clocked among the highest margins in its industry segment.

Engineering excellence: The Company has successfully produced the challenging product of dyed yarn at speeds higher than equipment manufacturer's recommendation.

Scale: The Company possesses the single largest twin airjet equipment installation in India and one of the highest such installations in the world.

Standard: The Company's products figure in the top five percentile of Uster standards in the world.

Niche: The Company is present in niche segments of what is widely perceived as a commodity business. We make polyester spun yarns as well as counts that range from 30s to 76s counts (double yarn) used in the value-added segment of home textiles.

Productivity: The Company's twin airjet productivity is among the highest levels in the world

Corporate

Gearing: The Company possessed a comfortable gearing of 0.70 at the end of 2009-10 with a high interest cover of 10.59.

Low attrition: The Company enjoys high talent retention – in excess of 10 years – at the senior levels, indicating stability and experience.

Business mix: The Company's mix of business – textiles and building products – are relatively counter-cyclical

We were the first in our industry…

…to shift our marketing focus from government and urban offtake to the vast potential of India's rural markets as early as the turn of the century. The result has been an increase in the rural proportion of our offtake from 20% in 2000-1 to 80% in 2009-10

… to scale the rollout of 8000 tonnes per month plants with in-house fabrication capabilities.

…to decentralise manufacturing capacity as against the conventional model of scaling all capacity at a central location; the result is that no Visaka building products plant accounts for more than 17% of the Company's production

… to demonstrate significantly lower electricity consumption in our building products manufacture

… to successfully implement the Company-retailer distribution model as against the conventional company-distributor-retailer approach

“We reported an attractive margin increase as both our businesses performed better”

G. Saroja Vivekanand, Managing Director, reviews a successful 2009-10

Q: Were you happy with your Company’s working in the last financial year?

A: The Company reported a record performance during the last financial year when our topline grew 6% whereas our post-tax profit strengthened by 59 %. This was primarily the result of both our businesses being in excellent health. The cement asbestos products business enjoyed robust offtake across the year, the broad industry growing by around 10%.

Our textiles business also reported a dramatic rebound, almost doubling its EBIDTA margin over the previous year. With both businesses in good health, the Company reported an increase in its EBIDTA margin from 15.5% to 19% in 2009-10.

Q: What are the fundamental reasons why there was an attractive increase in demand across both businesses?

A: Even as the world was recovering from the economic slowdown, India reported stronger rural incomes. This happened for two reasons: one, India’s rural population was not as affected by the global slowdown because of the major dependence of its economy on food products, the consumption of which did not decline during the slowdown; two, India’s rural economy was driven by fair monsoons, increase in farm procurement prices, a robust remittance economy and an NREGA trickle-down effect. The result was a larger disposable surplus in the hands of India’s population of rural consumers.

Historically there has been a correlation between an increase in rural incomes and the offtake of our products (especially building products). For a good reason: there is still a large proportion of *kutcha* houses in rural India and as soon as incomes rise there is an inclination to use superior building material on the one hand and not overspend on the other. Since cement asbestos products serve as an economical intermediate product between roofing tiles and cement, our offtake continued to be robust through 2009-10. The result was that realisations strengthened with no corresponding increase in overheads and the industry was able to pass on cost increases to customers, which translated into enhanced sectoral profitability.

Q: It would have been easy to ride this uptrend. How did Visaka build a stronger business?

A: We strengthened our business through various in-plant and out-plant initiatives:

- We strengthened our balance sheet through the repayment of Rs 24 cr of term loans, improving our gearing from 0.90 to 0.69 in 2009-10
- We utilised only 30% of our working capital sanction
- We leveraged weak financial markets to reduce our borrowing cost
- We invested Rs 16 cr in equipment upgradation at our old Pune plant, which will translate into a higher output and production efficiency, the effect of which will be reflected in 2010-11
- We reinforced our production capacity to manufacture other nascent but attractive building products like panels and boards, widening our industry presence

The result of these initiatives is that we reported a higher EBIDTA margin and an even higher incremental EBIDTA margin during 2009-10 on the one hand and built a more sustainable business on the other.

Q: There was a decline in the tonnage of cement asbestos products that the Company sold in 2009-10. Why? What is the Company doing to correct this?

A: The decline was mostly on account of the suspension of production at our Pune plant for a part of the year due to the need to upgrade capacity. At Visaka, we are seized of the need to enhance our overall production capacity without delay. In view of this, we embarked on the decision to commission a 110,000 TPA cement asbestos products plant in Sambalpur (Orissa) by the third quarter of 2010-11. This will increase our overall production capacity from 6.52 lakhs TPA to 7.62 lakhs TPA, resulting in a projected growth in the production of cement asbestos products in 2010-11 and 2011-12. This we expect will enhance the revenue potential of our building products division. At Visaka, we are optimistic of enhancing shareholder value as we are commissioning the fresh capacity through debt and accruals without touching our equity structure. Besides, with a debt-equity ratio of 0.7, the Company possesses attractive financial leverage to sustain its growth without compromising the quality of its balance sheet.

Q: How is the Company’s textiles business expected to contribute to this upturn?

A: The Company’s textiles business is experiencing the twin benefits of higher realisations and stronger offtake. The business grew its profits and margins in 2009-10 and based on prevailing trends, is poised for the second straight year of robust growth. We must assure that any need to reinvest and strengthen this business will be addressed after taking into account the prudential norms of investment and returns without compromising the Company’s financials or its ability to report sustainable growth.

Q: What challenges and opportunities does the Company face in 2010-11?

A: The Company will need to address the probability of higher fibre prices, higher interest costs, higher attrition, higher people costs and an increase in industry capacity from 4 mn TPA to 4.7 mn TPA, which will be faster than market growth.

Our opportunities comprise the prospect of a good 2010 monsoon, increased government spending in rural infrastructure, an increased NREGA outlay and a projected GDP increase.

Divisional analysis

BUILDING PRODUCTS DIVISION

Net turnover: Rs 484.65 cr, 2009-10

Proportion of the Company's turnover: 80%

1. Cement asbestos products

India's cement asbestos product sector has expanded attractively over the years, driven by a growth in rural India and a continued pricing advantage over alternative materials. For instance, the 24 gauge galvanised iron roofing material used to be 25-30% more expensive; even though the two products are priced more comparably today, consumers prefer the cement asbestos product as it is more durable and comfortable.

The industry experienced an imbalance a few years ago but robust demand upturn has stabilised industry prospects. The industry grew 18% in 2005-06 and 2006-07 and thereafter stabilised at 10% in 2009-10. The industry size is consolidated and estimated at 4 mn MT per annum, with the four leading manufacturers accounting for 65% of the country's market.

Market: Cement asbestos products are largely used in rural and semi-urban India. The cheapest rural roof is thatched and used by the economically weak segment. From thatched roofs, consumers graduate to red clay tile roofs and then to cement asbestos products and concrete slab roofing. Even as almost 80-85% of rural people use thatched roof/tiles for shelter, these roofs need regular replacement and maintenance. Therefore whenever economic conditions improve, their first decision is to replace this roof with affordable and durable cement asbestos products.

The cement asbestos product caters to clients at the bottom of the pyramid with an average ticket size of approximately Rs 4000 per household, translating into less than 15% of house construction costs. Nearly half the country's rural population lives in *kutcha* and semi-pucca houses; the industry's growth is derived from the opportunity of transforming these into pucca houses. In rural India, shelter is the most basic requirement after food and clothing. Housing shortage in rural India is 14.6 mn units (11.4 mn on account of replacement and additional 3.2 mn of new units) as per NABARD. Investments in shelter by the rural poor (~42% of the rural population and includes section like small and marginal farmers with land holdings below 2 hectares and agricultural laborers) is high and only next to food. The ability to pass on raw material increases to consumers is limited by affordability constraints in rural India. The government is catalysing rural housing through schemes like the Indira Awas Yojna (wherein allocation was increased 63% to Rs 88 bn in Budget 2009-10), Rural Housing Fund (wherein allocation was Rs 20 bn in Budget 2009-10), Pradhan Mantri Adarsh Gram Yojana (wherein allocation was Rs 1 bn in Budget 2009-10). Given that 70% of India's population is rural, the sector addresses a market of around 80 cr consumers, one of the largest rural population types in the world. On account of this large market size, the industry enjoys a lower sales and profit beta than, say, the steel industry.

Rural income, which accounts for ~ 56-60% of India's income, depends largely on factors like growth in non-agricultural income, crop yields and prices, irrigation availability, monsoonal volatility, bank credit availability etc. Even as agricultural productivity (crop yields) has remained stagnant for some time, the increase in government minimum support prices helped enhance rural incomes.

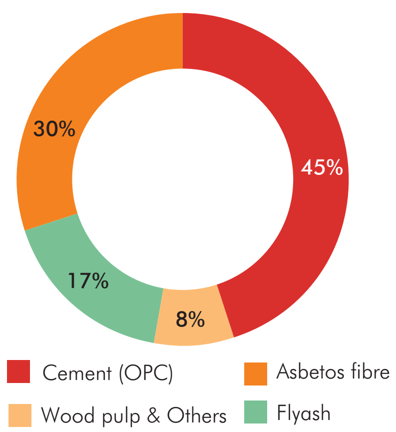
Bank credit for agricultural and allied activities clocked a CAGR of 25%, loans to small and micro enterprises grew at a CAGR of 42% and rural deposits with banks increased at a CAGR of 17% for the period March 2006 to March 2009. This increase in rural credit and deposits might have had a positive impact on the demand for roofing in the last fiscal as roof building comes with a lag effect (with loan repayment and other primary necessities being an immediate priority).

Portfolio diversification: Given the limited ability to pass higher costs to consumers, manufacturers diversified into allied (urban-focused) and non-allied (industry-focused) segments. With 'green building' gaining credence, key roofing sector players diversified into allied products like cement blocks, boards, panels etc used in cladding solutions, roofing, false ceilings, partitions etc. As a result, manufacturers are evolving from roofing companies to building product organisations, evolving from selling products to rural consumers to marketing them to architects, interior decorators etc. The product diversification has been different for different players comprising building panels and aerated autoclaved concrete blocks to thermal insulation and steel building products.

Industry barrier: The cement asbestos product industry is marked by high entry barriers for small entrants in the relative absence of an unorganised market. Strong branding and distribution play a major industry role. As asbestos is a sensitive subject, safety standards in manufacture and use are high. Manufacturers are subject to clearances from Pollution Control Boards, environment clearances from the Central Environmental Ministry, constant audits related to employee health and safety as well as the submission of reports and evidences that address concerns. The need to be under ongoing surveillance serves as an entry barrier.

Raw materials: Cement asbestos product manufacturers use cement (OPC), white asbestos fibre (Chrysotile), wood pulp and flyash as raw materials. Chrysotile is completely imported from countries like Canada, Brazil, Russia, Zimbabwe and Kazakhstan. Flyash is easily available from thermal power plants where it is a waste material. Industry profitability is linked to the prices of cement and asbestos.

Cement fibre sheet composition (volume)



*Imported raw materials (Asbestos Fibre and Wood Pulp) account for 60% of the raw material cost.

Location: The freight cost of cement asbestos products accounts for 7-10% of sales. The inward transportation of raw materials and outward transportation of finished goods are profit-impacting; the closer a manufacturer is to both, the more profitable. As a result, companies are constantly striving to market finished goods close to consumption points.

Branding and distribution: Branding is important in a business where the decision has long-term implications and accounts for a relatively high proportion of rural income. In some cases, an extended industry presence has translated into brand visibility and premium realisations.

Seasonality: Generally, the April–June quarter is the best for the cement asbestos product industry followed by January-March. The July-September quarter is generally the weakest in terms of offtake as construction decisions are generally postponed on account of the monsoon.

Quarter-wise Sales Performance	Ranking
Q1 (April-June)	1
Q4 (January-March)	2
Q3 (October-December)	3
Q2 (July-September)	4

Global: India uses only about 7% of the asbestos produced in the world. The country is among the largest cement asbestos product users in addition to Russia, China, Indonesia, Thailand and Brazil. Over 90% of India's asbestos fibre imports are used in corresponding roofing sheets and pipes production.

Corporate review

The Company possessed 652,000 TPA of installed capacity of cement asbestos products. The Company's revenues from this product accounted for 79% of its total revenue for 2009-10. The Company retained its position as the second largest cement asbestos product manufacturer in India with a 16.5% market share.

The division set a production target of 650,000 MT for 2009-10 but the closure of Pune operations for four months on account of technology overhaul resulted in a target re-rating. The Company produced 601,000 MT in 2009-10 as against 550,000 MT in 2008-09.

The division reported an overall capacity utilisation of 92%; the Rai Bareli and Midnapur units performed higher than rated capacity (100%).

Sales declined 5% from 585000 MT in 2008-09 to 558000 MT even as market share grew from 16% to 16.50%.

Highlights, 2009-10

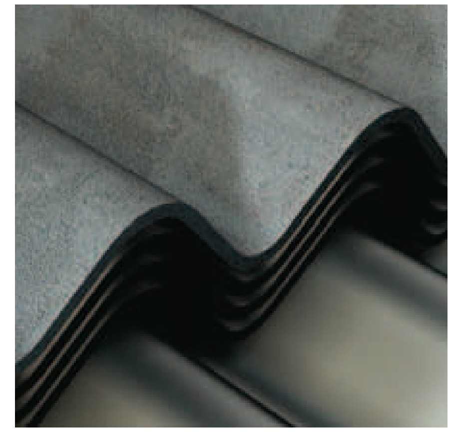
- The Pune plant was revamped, enhancing its production capacity from 70,000 TPA to 100,000 TPA (effective January 2010)
- The division's focus on stronger viability reflected in an increase in realisations.

Strengths

The division continued to make a product superior in load bearing capacity (the industry's most visible measure) to the government-recommended standard; it consistently exceeded the ISI requirement of 525 kgs per centimetre square with a production standard of 650-700 kgs per centimetre square, translating in enhanced brand acceptability. The division's production was supported by a field force of 120 members servicing the needs of 6000 pan-Indian retailers. The Company's products were available down to villages with populations of 5000. The Company strengthened its ability to provide material in small quantities with a greater frequency, inspiring retailers to store less and enhance their working capital efficiency. The division focused on accelerating receivables. The division strengthened its brand through sustained outdoors vernacular advertising, meeting decision makers, marketing the 'perfect shelter' concept and making products available with retailers at all times. The division enhanced its visibility through periodic interactions with customers, interacting with architects, government engineers and poultry farmers as well acquire a presence in poultry melas.

Outlook

- The division expects to strengthen production in 2010-11
- The division expects to commission its 110,000 TPA Sambalpur plant in the third quarter of 2010-11 and address a growing market in the East
- The Pune plant is expected to increase production from 57,341 MT in 2008-09 and 38,163 in 2009-10 to closer to its rated capacity of 100,000 TPA
- The division focuses on volume growth in 2010-11 (following a 4% decline in 2009-10)



Strengths

1. Product durability marked by water, fire and termite resistance

2. Price attractiveness over particle board and plywood to the extent of 15%.

3. Superior strength and sound absorption.

Weakness

1 Cement presence makes the product heavier.

2. Low product awareness warrants stronger marketing

Opportunities

1. Growing movement away from timber and wood-based products.

2. Increasing demand from the prefab sector, door application in rural housing and false ceilings in textile mills.

3. Growing exports to Middle East and Africa.

Threats

1. Competition from low cost products (sheets with bamboo and gypsum components).

2. No industry entry barriers

3. Cheaper imports (particularly for low thickness boards).

2. Fibre Cement Sheets (Non-asbestos)

Overview

There is a growing use of flat products like V Panels and V Boards on account of their environment friendliness and price attractiveness over competing substitutes without compromising quality features.

The market for particle boards and medium density fibre boards is estimated at 207,000 tons per annum in panels for interiors, partitions, panelling, door panels, mezzanine flooring etc. in offices, homes and projects. A major quantity is addressed through imports.
A shift in application from plywood, particle boards and MDF boards to cement fibre sheets will enhance demand.

The Company's building products division manufactures flat products like V Boards and V Panels. These products are cement fibre sheets, used wherever particle board and plywood are used in internal structures as well as external prefab applications. The Company possesses an installed capacity of 60,000 TPA, the third company in India to manufacture these emerging products.

V Boards: The production of this non-asbestos product went on stream in 2008. The raw materials used in the manufacture of this product comprise cement, fly ash and cellulose fibre. The dale of cement bonded boards witnessed steady growth following enhanced product awareness, shift from timber products to cement fibre sheets due to advantages of fire, water and termite resistance over plywood and particle boards; for reasons of affordability; being maintenance-free; best used where particle board cannot be employed; enjoy a low cost of erection and can be put in place by an ordinary carpenter; facilitate transportation savings as it is easier to carry finished products rather than deliver a raw material that needs to be mixed on site; safe in seismic zones. The Company possesses an installed capacity of 5,000 TPM for this product.

Highlights, 2009-10

We possess an all-India network of 70 distributors and are plan to appoint 50 new distributors during 2010-11.

From August 2009 we entered the Middle-East and for the financial year 2009-10 a sale of 1100 tons was reported. For the current year 2010-11 a sale of 7200 tons is expected.

V Panels: This non-asbestos product is attractively positioned for use in interiors. Created out of cement, fly ash and polystyrene beads, the product is positioned as a plywood substitute on account of its pricing. Ideal for disaster-prone areas, the product is low on maintenance. Since it is thinner, it enhances interior living area and is ideal in locations of high real estate cost. Its weight is lower than bricks. It is quicker to erect and matches wall strength and axle load. It is labour-efficient as it can be erected by just three individuals. It can be reused at a different location.

The Company possesses an installed capacity of 500 panels a day. It started commercial production from January 2010 and supplied products to GMR, Punj Loyd, Shapoorji Pallonji, Soma Enterprises, TCS, Gujarat Ambuja Port, Eenadu Group, Coastal Projects, Uranium Corporation, Larsen & Toubro etc.. The product was preferred on account of its weight ratio and drive wall concept.

This increase in rural credit and deposits might have had a positive impact on the demand for roofing in the last fiscal as roof building comes with a lag effect (with loan repayment and other primary necessities being an immediate priority)

The government's rural housing push

Budget 2010-11 on housing schemes: For 2010-11, India's Finance Minister proposed to provide Rs 66,100 crore for rural development. The Finance Ministry introduced a new expenditure class in the demand for grants of the Ministry of Rural Development, unprecedented in any budget.

Bharat Nirman: Bharat Nirman made a substantial contribution to the upgradation of rural infrastructure through various programmes. For the year 2010-11, the Finance Minister proposed to allocate an amount of Rs 48,000 crore for these programmes.

NREGA: With rural development a priority, NREGA allocation was stepped up from Rs 39,100 crore to Rs 40,100 crore in 2010-11. More than 4 crore households in rural areas benefited from the National Rural Employment Guarantee Act, more than half from the marginalised sections. Higher public spending on programmes of rural development raised incomes in those areas.

Indira Awas Yojana: Indira Awas Yojana provides houses to the rural poor. Taking note of an increase in the cost of construction, the Finance Minister proposed to raise the unit cost under this scheme to Rs 45,000 in the plain areas and Rs 48,500 in the hilly areas. For 2010-11, the allocation for this scheme was increased to Rs 10,000 crore. The target group of the scheme comprised below poverty line households living in rural areas, belonging to Scheduled Castes/ Scheduled tribes, freed bonded labourers, minorities in the BPL category, non-SC/ST BPL rural households, widows and next-of-kin of defence personnel/paramilitary forces killed in action and residing in rural areas (irrespective of their income criteria), ex-servicemen and retired members of India's paramilitary forces.

Bharat Nirman: Bharat Nirman was a time-bound business plan for action in rural infrastructure from 2005 to 2009, covering irrigation, roads, rural housing, rural water supply, rural electrification and rural telecommunication connectivity.

Golden Jubilee Rural Housing Finance Scheme: The Scheme's objective was to provide improved access to housing credit to help an individual build a modest new house or improve or add to his old dwelling in rural areas against a normal rate of interest, the provision of institutional credit to individuals desirous of constructing/acquiring new dwelling units and for improving or adding to existing dwelling units in rural areas. The targets under the Scheme increased from 50,000 units in 1997-98 to 250,000 units in 2004-05 to 350,000 units in 2008-09. More than 2.2 million dwelling units were constructed.

Rural Housing Fund: Rural Housing Fund 2008 aims at lending towards rural housing initiatives undertaken by people falling under the weaker section category. Primary lending institutions are expected to utilise this refinance assistance and assist persons with shelters of their own by extending need-based housing loans.

Productive Housing in Rural Area: National Housing Bank launched a new programme called Productive Housing in Rural Areas (PHIRA) under which a composite loan of housing and income generation is extended. The objective of this scheme is to facilitate the construction of houses for rural families and provide sustainable income to the rural poor to catalyse their repayment.

Divisional analysis

TEXTILE PRODUCTS DIVISION

Net turnover: Rs 120 cr, 2009-10

Proportion of the Company's turnover: 20%

Overview

World man-made fibre production strengthened in 2009. Synthetic fibres accounted for most of the increase and almost the entire rise in synthetic fibre output was due to production growth in polyester with a corresponding decline in the share of natural fibres. Indian man-made fibre output rose by 10.2% after a 7.2% drop in 2008.

The Indian government encouraged the export of raw cotton in 2009-10, which had a trickle-down industry effect that strengthened synthetic yarn realisations. With local margins rising, there was a shift in focus from the export of yarn to the manufacture of fabric and garment, resulting in national value-addition. Besides, the Indian consumption of textile products grew on account of an increase in incomes, a younger earning population and a demographic dividend. The Indian textiles industry capitalised on low labour costs, large market, increased offtake of quality products, domestic offtake being higher than export and receptivity to newer varieties.

India's textile sector grew 5-6% in 2009-10.

Corporate review

The Company possessed an installed capacity of 50,000 spindles. The Company's revenues from this product accounted for 19% of its total revenue for 2009-10. The Company grew its domestic revenue in 2009-10, marketing 6500 MT within the country in 2008-09, 6950 MT in 2009-10 and a targeted 7000 MT in 2010-11. The division increased the domestic share of its revenues from 50% to 70% in 2009-10. There was a global slowdown in offtake in 2008-09 but exports increased thereafter every successive quarter.

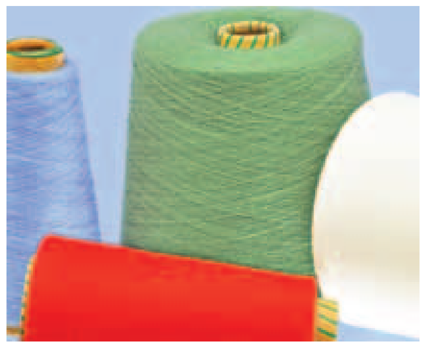
The Company diversified into the manufacture of textiles in 1992. It invested in state-of-the-art twin air jet spinning technology from Murata (Japan) with 28 MTS machines equivalent to 50,000 spindles. The Company annually produces about 8,100 tonnes of yarn covering melange yarns, grandrelle yarns, high twist yarn and specialty yarns with different blend styles.

The Company has the distinction of being the largest unit in the world of MTS installation with one of the highest productivities and efficiencies. The Company's adherence to stringent quality control earned it the prestigious ISO certification in 1995 and Star Export House status in 2008. It also earned acclaim for its quality consistency, on-time delivery and friendly service. The Company's yarns are environmental friendly and certified as per demanding OEKO-TEX standards from July 2008 onwards.

The Company's yarn products are used to manufacture a range of fabrics including shirting, suiting, fashion fabrics, upholstery and embroidery laces. Its products are marketed to customers in Italy, Belgium, U.K., U.S.A., Spain, Germany, Australia and Turkey.

The Company's air jet yarns enjoy the advantages of low pilling, no singeing, excellent dye pick up, low picks per inch, low weaving cost, low value loss / fresher piece length, perspiration absorption, low shrinkage and smooth appearance value.

Visaka's cotton-touch airjet spun polyester yarns	Advantages
Successfully replaced cotton yarns for table napkins in U.K. and U.S.A.	Superior cotton-touch, premium matt look, easily washable/stain removable and pilling proof.
Also replaced cotton yarns and twisted filament yarns for upholstery fabrics in Belgium.	Premium matt look, passes the martindale abrasion pilling test. Easily stain-removable.
Matt-look yarns are used for exclusive high-end shirting and feather light suitings for customers in Italy, France and U.S.A.	Comfort to the wearer, premium look, unique feel a fabric that breathes.
Replaced twisted filament yarns and cotton yarns for curtain fabrics in Italy and France.	Superior cotton touch, wrinkle-free, premium matt look, easily washable and pilling proof.
Hair-free, matt-look, spliced airjet spun yarns are used for manufacturing exclusive banners and awnings in Germany.	99% loom efficiency, reduced defects, sticks well to polymers forms perfect windows without hairy appearance.



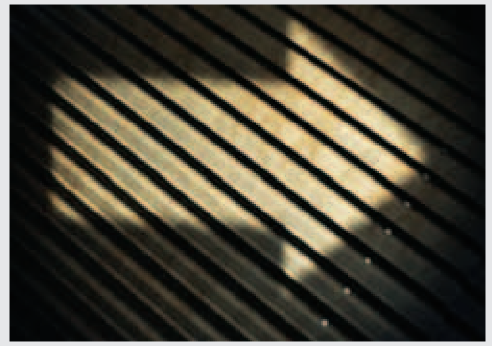
The division marketed its products to brand-enhancing institutional clients like Siyaram, Pantaloon, Harry's Collection, RVIVA, Rolson Industries and BK Lane

Highlights, 2009-10

- The division marketed its products to brand-enhancing institutional clients like Siyaram, Pantaloon, Harry's Collection, RVIVA, Rolson Industries and BK Lane in addition to marketing to thousands of weavers manufacturing apparel, suiting, shirting, industrial fabrics, upholstery and curtains
- The division focused on enhancing the polyester content in its yarn, replacing conventionally expensive fibres like wool, cotton and silk, strengthening product price-value
- Nearly 80% of the division's exports were made to Europe where industrial consumers converted the yarn into value-added fabrics used in sun umbrellas, venetian blinds, table linen and automotive fabrics. Nearly 90% of the product mix was value-added. The result is that during the slowdown, the realisations of the Company's products were not adversely affected and actually enjoyed a price premium.
- The division exported to 16 countries including USA, which it entered in 2009-10.
- The division manufactured nep-free black yarn for the first time by anyone in India, leading to the production of smooth fabric.
- The division reported an increase in machine speed, quality and efficiency – a rare combination.
- Yarn quality improved, translating into higher realisations
- Average realisation across the production increased from Rs 126 per kg in 2008-09 to Rs 135 per kg in 2009-10

Outlook, 2010-11

- The division expects to increase products and customers
- It intends to make more value-added yarn with a corresponding increase in realisations and delta
- It intends to increase exports by 20%



FINANCE REVIEW

Performance review, 2008-09 vs 2009-10

- Visaka's gross sales registered a 5.43% increase from Rs 606.35 cr in 2008-09 to Rs 639.30 cr in 2009-10.
- Pre-tax profit (PBT) grew 55.82% from Rs 55.43 cr in 2008-09 to Rs 86.37 cr in 2009-10
- Post-tax profit (PAT) increased 59.18% from Rs 35.94 cr in 2008-09 to Rs 57.21 cr in 2009-10

Margins

Visaka enjoys one of the highest operating and net margins in its industry. The Company strengthened these margins through a number of initiatives: increased production volume (which enabled the Company to cover fixed costs more efficiently), increase in end product realisations (conscious brand-building efforts enabled the Company to generate a 'quality premium') and efficient cost management. These initiatives also enabled the Company to report the highest pre- and post-tax profit margins in its history.

- EBITDA margin increased 363 basis points from 15.51% in 2008-09 to 19.14% in 2009-10.
- Pre-tax margin increased 464 basis points from 9.65% in 2008-09 to 14.29% in 2009-10.
- Net profit margin increased 321 basis points from 6.26% in 2008-09 to 9.47% in 2009-10.

Income accounting method

The accounts of the Company were prepared under historical cost convention and with applicable accounting assumption of a going concern in compliance with the accounting standards issued by ICAI and referred to in section 211 (3C) of the Companies Act, 1956. The Company followed the mercantile system of accounting and recognised income and expenditure on an accrual basis. Accounting policies not specifically referred otherwise were consistent and in consonance with generally accepted accounting principles. As a conservative accounting policy, trade discounts and rebates were not included in the gross sales, a practice which enabled the Company to provide a fair report of its topline.

Revenue

Visaka's gross income increased 5.43% from Rs 606.35 cr in 2008-09 to Rs 639.3 cr in 2009-10. The Company's gross sales break-up is indicated below:

Segment-wise results (Rs in cr)

Business segment	Turnover derived in 2009-10	Percentage growth over 2008-09	Capital employed (as on 31st March 2010)	Operating profit, 2009-10	Net profit before tax 2009-10
Building Products	519.69	6.27%	321.44	95.14	71.39
Synthetic Blended yarn	119.60	1.93%	57.56	20.55	14.98

Exports: were Rs 27 cr in 2009-10.

Expenses

Raw material: Raw material expenses as a proportion of total sales increased 410 basis points from 51.54% in 2008-09 to 55.64% in 2009-10. Visaka's raw material expenses increased 13.65% from Rs 295.83 cr in 2008-09 to Rs 336.22 cr in 2009-10. The Company's principal raw material comprised asbestos fibre, woodpulp and cement for the cement asbestos sheets business and polyester staple fibre, viscose staple fibre for the textiles business. The Company also consumed wood pulp and cement for the manufacture of boards.

Personnel expenses: The Company strengthened its human resources to optimise operational efficiency. Staff costs increased 10.61% to Rs 28.84 cr in 2009-10. The increase is largely attributed to a growth salary, wages and bonus (growth of 10.74% in 2009-10), a higher contribution to provident and other funds (growth of 9.6% during the year under review) and a higher outlay towards staff welfare expenses (to the extent of 10.18% in 2009-10). Staff costs as a percentage of total sales grew marginally from 4.54% in 2008-09 to 4.77% in 2009-10.

Manufacturing and other expenses: Visaka's manufacturing cost increased 9.94% to Rs 186.50 cr in 2009-10.

Component	Absolute cost (Rs cr)	Percentage growth
Consumable stores and Spares	23.20	21.15
Power and fuel charges	29.54	14.1

Capital structure

The Company's issued, subscribed and paid-up equity share capital comprised 158,80,952 equity shares (face value Rs 10 each) as on 31st March 2010.

Reserves and surplus

Visaka's reserves comprised securities premium reserves and general reserves. As on 31st March 2010, the Company's aggregate reserves stood at Rs 219.80 cr (Rs 171.87 cr as at 31st March 2009). The Company's general reserves (which grew 138.46% to Rs 144 cr as at 31st March 2010) were created to fund contingencies.

Loans

In a working capital-intensive business, the availability of adequate low cost funds is essential for operational profitability. Over the years, Visaka addressed this priority through two initiatives: it repaid debt and strengthened its total debt-equity ratio from 0.90 in 2008-09 to 0.69 in 2009-10. Concurrently, it rationalised the cost of its debt. As a result, the Company rationalised its interest outflow from Rs 17.02 cr in 2008-09 to Rs 10.93 cr in 2009-10. The result is reflected in an improving interest cover: from 5.23 in 2008-09 to 10.59 in 2009-10, indicating the Company's comfort in managing its financial obligations.

Strengthening debt-equity ratio

Year	2005-06	2006-07	2007-08	2008-09	2009-10
Debt-equity ratio	1.72	1.18	1.24	0.90	0.69

Capital employed

In a capital-intensive business, the Company's fiscal efficiency is gauged by its ability to report a return that is higher than what investors would ordinarily have derived out of an investment in fixed income instruments. The Company's capital employed increased from Rs 367.80 cr as at 31st March 2009 to Rs 409.70 cr as at 31st March 2010, an increase of 11.39%.

	2007-08	2008-09	2009-10
Return on capital employed (%)	7.88	19.70	23.75

Net block

Investments in asset creation represent a significant part of a company's employed capital. For instance, Visaka's net block accounted for 53% of the Company's capital employed in 2009-10. The Company's net block increased from Rs 208.76 cr as at 31st March 2009 to Rs 216.92 cr as at 31st March 2010, an increase of 3.91%.

Depreciation on fixed assets was provided on the straight line method (SLM) at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. At Visaka, depreciation increased from Rs 16.60 cr in 2008-09 to Rs 18.39 cr in 2009-10, an increase of 10.78%.

Inventories

At Visaka, consumables, stores and spares are valued at lower of cost or net realisable value on weighted average basis. Raw materials are valued at cost on weighted average basis, work-in-process are valued at cost and finished goods are valued at the lower of cost or net realisable value. The increase in inventory during the year is mostly on account of buildup of stock of finished goods to meet the peak market requirements.

	2007-08	2008-09	2009-10
Total inventory holding inventory cycle (in days)	79.27	57.21	70.47

Sundry debtors

In a business where an average daily turnover of around Rs 1.66 cr, the Company must sell with a certainty that its debtors will remit proceeds on schedule. Any delay or disruption can inflate working capital and in turn, drive up the cost of funds for the Company. Visaka devised recovery mechanisms, which induced its primary customers (dealers) to pay within the stipulated credit period. The Company's strong debtor management practices was reflected in the fact that debts due for a period exceeding six months and considered doubtful as a proportion of overall debts stood at a mere 1.73% as at 31st March 2010.

Debtors' cycle

	2007-08	2008-09	2009-10
Average debtors' cycle (in days)	45.21	33.78	30.67

Cash and bank balances

At Visaka, the Company maintained sufficient cash and bank balances to serve two purposes: capitalise on attractive raw material procurement practices to acquire large quantities and counter contingencies, especially in a working capital intensive business. The company's cash and bank balances increased from Rs 45.56 cr as at 31st March 2009 to Rs 60.87 cr as at 31st March 2010, registering an increase of 33.60%.

Loans and advances made

Visaka's loans and advances increased from Rs 65.93 cr as at 31st March 2009 to Rs 78.26 cr as at 31st March 2010 (increase of 18.68%), attributed to an increase in advance tax payments.

Current liabilities and provisions

Visaka's current liabilities increased from Rs 97.76 cr as at 31st March 2009 to Rs 116.08 cr as at 31st March 2010. This jump is attributed to an increase in provision for taxation.

Corporate tax

The Company's tax outgo increased from Rs 17.88 cr in 2008-09 to Rs 28.47 cr in 2009-10 on account of increased profits.

HOW WE MANAGE OUR RISKS

Building products business

There is a perception that cement asbestos products are harmful.	Cement asbestos products are not harmful as the quantum of fibre used in India is minimal (8%). No fatalities have been reported in India by users of the material. The Company uses white fibre whereas the carcinogenic blue fibre is banned. Besides, the free floating asbestos used by the Company is well below the 0.1 fibres/ml of air standard fixed by Ministry of Environment. The Company's ongoing audit ensures a safe workplace for employees. The Company presents its case responsibly to the external world that the material used is safe.
There is a risk of interrupted fibre supply that could affect production.	The Company imports all the fibre it needs (three grades) from three countries (Russia, Brazil and Canada). Even as the Company has been working with suppliers for long, it enters into annual contracts with them based on its production plan for predictable supply. The Company keeps adequate raw material inventory as a hedge against shipment delays and unavailability of material.
There is a risk of supplying far from the production plant, incur high freight costs and transhipment breakage and endanger profitability.	The Company has progressively commissioned plants in regions with attractive offtake but relatively inadequate supply. The Company's strategy is to service consumers across a radius of 500 kms. Each of the Company's plants cover mutually exclusive marketing zones, maximising national coverage.
There is a risk of realisations declining in the event of product oversupply or demand destruction.	There is a risk of oversupply especially when new capacities come on stream without corresponding market growth, resulting in a decline in realisations. However, as the market grows, realisations correct. The Company has generally marketed its products in regions of under-supply, enhanced recall and strengthened its market share. The result is that its material has generally sold quicker even in times of oversupply and commanded a premium in times of undersupply.
The business is exposed to a forex risk, considering that nearly all the Company's requirement of fibre is imported.	The Company has a proactive hedging policy handled by a committee of executives. The Company also enjoys a natural hedge for a part of its imports through yarn export.
The demand for roofing sheets is dependent on rural incomes that might be affected by natural calamities.	The increased governments rural spending is expected to offset much of this risk in the medium term.
Average Indian cement prices increased from Rs 160/bag in March 2005 to a peak of Rs 260/bag in June 2009, threatening the affordability of cement asbestos products where cement is used.	We expect cement prices to be stable for at least 24 months due to adequate capacity addition. Besides, the higher the cost of cement, the more expensive cement roofed structures are liable to become, making cement asbestos products more affordable (as they use a lower proportion of cement).

Textiles business

The Company may be affected by commodity realisations.	The Company has consciously selected to be present at the value-added end of the business through the manufacture of niche and premium products. Some of the products fetch realisations higher than the prevailing industry average. The Company's average realisation per kg of end product was Rs 126 in 2008-09 and Rs 135 in 2009-10.
The Company could be affected by a rise in input prices.	This risk affects the entire industry. However, the Company has provided for this risk by suitably altering its inputs, reducing costs, enhancing product quality and strengthening realisations.
The Company could be affected by a decline in offtake and product relevance.	The Company has deliberately graduated to the manufacture of yarns used in value-added end products. The Company addresses the needs of weavers who make branded garments and home textiles. There is a growing market for these products in India on account of income increase, a greater proportion of the population becoming earners, a decline in the average age and a general inclination to graduate to a better living standard.
The Company's textiles business could be affected by client attrition.	The Company customises yarn products and also produces challenging counts not easily replicated by competitors, helping retain customers.
The Company's textiles business may be affected by high debt.	The Company's textiles business is attractively under-leveraged. Besides, the Company has reinvested cash accruals in its textile business, strengthening viability.

Corporate

The Company could run the risk of poor liquidity after meeting its debt repayment, asset expansion, interest payment and overheads commitments.	The Company is attractively under-borrowed with a gearing (including working capital) of 0.7. The Company possesses an interest cover in excess of 10.0, indicating adequate comfort in meeting financial and other commitments. The Company needs to repay Rs 20 cr of debt in 2010-11 compared with a cash profit of Rs 75 cr in 2009-10. The average maturity of the term debt is about three years.
The Company's business portfolio may be incompatible.	The Company's businesses are not related, so it is hypothetically possible for one business to do well when the other is not, an adequate de-risking. However, both businesses are presently generating adequate surpluses. The textiles business was profit making even during the industry downturn, covering depreciation and interest cost.

Directors' Report

To,
The Members,
Visaka Industries Limited

Your Directors are pleased to present the 28th Annual Report of the Company with Audited Balance Sheet and Statement of Accounts. The financial highlights are as follows:

(Rs. in lakhs)

Particulars	2009 - 2010	2008 - 2009
Gross Income	63841.07	55451.79
Profit for the year before taxation	8636.82	5543.02
Provision for taxation	2915.68	1949.18
Profit for the year after taxation	5721.14	3593.84
Balance brought forward from previous year	695.45	644.81
Profit available for appropriation	6416.59	4238.65
Dividend on Equity Share Capital	794.05	476.43
Special Silver Jubilee Year Dividend	–	158.81
Corporate Dividend Tax	133.72	107.96
Transfer to General Reserve	4000.00	2800.00
Balance carried to Balance Sheet	1488.82	695.45

Dividend

Your Directors declared an interim dividend of Rs. 3 (i.e. 30%) per share of Rs. 10 each during the financial year 2009-2010. Your Directors recommend a payment of final dividend of Rs. 2 (i.e. 20%) per share of Rs. 10 each for the financial year ended on 31st March, 2010. With the above, the total dividend paid will be Rs. 5 (i.e. 50%) per share of Rs. 10 each. The Company is absorbing a Corporate Dividend Tax of Rs. 133.72 lakhs on the equity dividend. The dividend declared and paid this year is not taxable in the hands of shareholders.

Management discussion and analysis:

Your Company is in the business of the manufacture and sale of Asbestos Cement Sheets, V–Boards (Fiber Cement Sheets) and Spinning Yarn.

A. Asbestos cement business

Industry structure and developments: This industry is more than 72 years old industry in India.

Asbestos Cement Products continue to be in demand because of the industry's effort in making inroads into India's rural markets, affordability and other qualities such as corrosion resistance, weather and fire-proof nature.

Currently there are 17 entities in the industry with about 63 manufacturing plants throughout the country. The products are marketed under their respective brand names mainly through dealers for the retail market and directly for projects and government departments. The total production for the year 2009-2010 was estimated at 42 lakh metric tonnes. The industry demand as measured by the total sales of the industry has been growing considerably over the years, the growth for the last year being 5% i.e sales increased from 39 lakh metric tonnes in 2008-2009 to 41 lakh metric tonnes during the year 2009-2010.

Opportunities and threats: Asbestos Cement Sheets are mainly used as roofing material in rural and semi-urban housing and by general industries and the poultry sector.

Asbestos Cement 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 galvanised iron sheets.

According to the information gathered by us, almost 80-85% of rural people use thatched roof/tiles for shelter. Thatched roof need regular replacement and tiled roof needs continued maintenance. Therefore, whenever economic conditions improve, the first choice of the rural poor to replace the roof over their head are the affordable and relatively durable Asbestos Cement Sheets. Therefore, we see increased potential for the use of Asbestos Cement Sheets in rural areas.

The Central and State Governments have been giving a lot of thrust for housing for rural poor. Asbestos Cement Sheets are widely used for this purpose.

Both the existing and new manufacturers are venturing into setting up new Asbestos Cement Sheet producing plants and some eight new units are expected to be commenced. This could increase competition and will have an effect on margins. However, being an established company, your Company will have an advantage.

Risks and concerns:

Lack of entry barriers: Lack of entry barriers is attracting new entrants into this line of business. However it takes a lot time for a new entrant to establish in the market.

Increase in input costs: The continuous increase in cost of inputs is a matter of concern. We are confident of passing on increases to customers.

Ban asbestos lobby: The activities of the 'Ban asbestos lobby' instigated by the manufacturers of substitute products continue to be a matter of concern. We are educating users that this is a misrepresentation campaign.

Production and sales volumes:

As against a production of 550438 tonnes during the previous year the production during the financial year ended 31st March 2009 was 6,01,973 tonnes, an increase of 9.00%. Sales during the financial year ended on 31st March 2010 was 5,58,001 tonnes as against 5,85,084 tonnes sold during the preceding year.

Financial performance: The gross turnover of Asbestos Cement Division during the year 2009-2010 was Rs. 502.76 crores as compared to Rs. 479.67 crores during the previous year. The profit before tax for the year was Rs. 77.05 crores as compared to Rs. 57.03 crores in the previous year.

Outlook: As stated earlier, there are still vast number of tiled and thatched roof houses waiting for replacement with durable and affordable roofing. Hence, subject to raw material prices remaining within reasonable limits, the demand for asbestos cement products is expected to remain firm.

Future plans

Expansion of Pune project:

For expanded capacity of 120,000 TPA Public Hearing was over on 6.1.2010. Environmental clearance is expected by May end, after which we can pursue our expansion.

Asbestos Cement Sheets project at Sambalpur district, Orissa.

After Ministry of Environment and Forests (MOEF) approved our site at Sambulpur, we acquired the land. In the meanwhile for obtaining environmental clearance, a public hearing has been fixed on 12th May 2010. We hope to commence work after MOEF clearance. The plant and machinery for this unit has already been ordered. The contract has been awarded for civil construction work. The proposed capacity of this plant is 216,000 tonnes per annum for which MOEF has given Terms of Reference (TOR) clearance.

Boards Division

The total production for the period ended March 2010 was 19,174 metric tonnes as against a production for the year ended March, 2009 of 12,760 metric tonnes. Sales for the year ended on 31st March, 2010 was 16,806 metric tonnes (including export of 1131 metric tonnes) as against 10,050 metric tonnes sales for the previous year. The turnover from this division was Rs. 15.80 crores for the year ended 31st March 2010 compared to Rs. 9.32 crores in the previous year. This division is expected to make profits in the current year.

Outlook

The market characteristics for cement boards over the coming year look positive because of intense construction activity and shift of consumers from particle boards and plywood to cement reinforced sheets. This is a product of the future.

Sandwiched Panels Unit

Sandwiched Panels are in demand, 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 the factory and ready for installation. These panels are cheaper compared with masonry partitions / wood partitions, are easy to fix and take a comparatively lower time for installation.

The unit commenced commercial production on 1st January, 2010. Commercial production upto 31st March, 2010 was 1021 tonnes and sales was 838 tonnes. Sales turnover was Rs. 1.12 Crores. Our major customers are GMR, Punj Llyod, Shapoorji Pallonji & Co. Ltd., Soma Enterprises, TCS, Gujarat Ambuja Port, Eenadu Group, Coastal Projects Pvt. Ltd., Uranium Corporation, Larsen & Toubro, etc.

B. Synthetic Yarn Business

Industry structure and developments: The demand for Synthetic Yarn was good during the year 2009-2010 due to high cotton fibre / yarn prices, short supply of yarn due to power cuts in various parts of the country, and a good demand for Indian fabrics in international markets.

Opportunities and threats: The continued growth in GDP and demand for the Indian fabric in the domestic and international market is an opportunity for us. The expected reduction in cotton fiber and yarn prices is a threat to the synthetic industry. However, in such a case, we expect synthetic fiber prices to come down.

Risks and concerns: Fluctuating Rupee and crude oil prices are likely to affect the division's performance. The likely shrinking of demand for Indian fabrics in the international market is a matter of concern. However, since the domestic market is growing, we should be able to cover this.

Outlook: We have introduced several measures to improve performance. Barring unforeseen circumstances, we hope to do better in this Division in the coming year.

Product-wise performance: The production in the spinning unit during the year 2009-2010 was 8,705 metric tonnes as compared to 8,741 metric tonnes during the previous year. The sales were 8,883 metric tonnes of yarn during the year 2009-2010 as compared to 9,283 metric tonnes in the previous year.

Financial performance: The turnover of this division during 2009-2010 was Rs. 119.61 crores compared to Rs. 117.35 during the previous year. The profit before tax during the year was Rs. 14.97 crores as compared to Rs. 4.32 crores during the previous year, recording an increase of 246%.

Internal control systems and their adequacy:

Your Company has in place adequate systems of internal control 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 instructions and legal compliances. The Company uses ERP (Enterprise Resource Planning) system to record data for accounting and connects 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.

Material developments in human resources/ industrial relations

The Company believes that human resource is its most valuable resource which has to be nurtured well and equipped to meet the challenges posed by the dynamics of business development. The Company has a policy of continuous training of employees, both in-house as well as through reputed institutes. The staff is highly motivated due to a good work culture, training, remuneration packages and values, which the Company maintains.

The total number of people employed in the Company as on 31.03.2010 is 3128. Your Directors would like to record their appreciation of the efficient and loyal service rendered by the Company's employees.

Fixed deposits

Your Company has been inviting and accepting deposits from the public, shareholders and others. The amount of deposits outstanding as on 31st March 2010 was Rs. 4.85 crores. Deposits amounting to Rs. 10.65 lakhs remained unclaimed as on 31.03.2010. There are no unclaimed deposits which are transferable to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956.

Unclaimed dividend

As per the provisions of Section 205C of the Companies Act, 1956, Unclaimed Dividend amount of Rs. 4,27,321.00 in respect of the year 2001-2002 has been transferred to the Investor Education and Protection Fund on 22.08.2009 upon the expiry of seven years period.

Banks and financial institutions

The Company has been prompt in making the payment of interest and repayment of loans to financial institutions and also interest on working capital to 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 in the year 2000 a charitable trust in the name of Visaka Charitable Trust as a non-profit entity, to support initiatives that benefit society at large. The Trust supports programs devoted to the cause of destitute and in providing the basic life necessities to the rural poor. This has helped enhance the image of the Company.

The main activity of the Trust is to provide drinking water by digging bore wells, construction of irrigation tanks in remote villages, building class rooms in schools and colleges, reimbursement of salaries of teachers, supply of class room furniture and conducting health camps.

Directors

Dr. G. Vivekanand stepped down as Managing Director effective from 26th October, 2009. The Board records deep appreciation for the services rendered by Dr. G. Vivekanand. He has now been re-designated as Non–Executive Vice Chairman of the Company.

The Board welcomes Smt. G. Saroja Vivekanand as Managing Director.

As per Article 120 of the Articles of Association of the Company, Shri B. B Merachant and Shri V. Pattabhi retire by rotation. Shri Bhagirath B. Merchant and Shri V. Pattabhi being eligible offers themselves for reappointment.

Directors' Responsibility Statement

As required by the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors' Responsibility Statement is appended hereto and forms part of this Report.

Corporate Governance

As a listed Company, necessary measures have been taken to comply with the Listing Agreements of Stock Exchanges. A report on Corporate Governance, along with a certificate of compliance from the Auditors, forms part of this Report.

Auditors

M/s. M. Anandam & Co., Chartered Accountants, retire as Auditors in this Annual General Meeting and are eligible for reappointment.

General

The information required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 with respect to conservation of energy, technology absorption and foreign exchange earnings / outgo is appended hereto and forms part of this Report.

Information as per Section 217(2A) of the Companies Act, 1956 read with The Companies (particulars of employees) Rules, 1975, as amended, forms part of this Report.

On behalf of the Board of Directors

Place: Secunderabad — **Bhagirath B. Merchant**
Date: 10.05.2010 — *Chairman*

Annexure to the

Directors Report

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE REPORT OF BOARD OF DIRECTORS FOR THE YEAR ENDED 31ST MARCH, 2010.

1. FORM A

(aB) (a). Power and Fuel consumption in respect of Asbestos Division

Disclosure of information under this heading is not applicable to Asbestos Cement Industry.

(b) Power and Fuel consumption in respect of Textile Division

	2009-2010	2008-2009
I. ELECTRICTIY		
Purchase in Kwh	35530320	33924480
Amount (Rs.)	148259300	135194390
Average Rate (Rs./Unit)	4.17	3.99
II. OWN GENERATION		
Units Generated (KWH)	9240	11050
Units Per Liter of Diesel Oil (KWH)	2.59	2.69
Average Cost (Rs./Unit)	13.49	13.51

(aC) Consumption Per Unit of Production

	2009-2010	2008-2009
Yarn production in (kgs)	8705200	8740810
Electricity units / kg of yarn	4.08	3.88

2. FORM B

Research & Development

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

Asbestos Division:

In respect of the 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.

Spinning Division:

In respect of the Spinning Division, we have tried various new counts and combination of blends and have been successful in making certain new blends and new products. We have increased the speeds of the machines while maintaining the quality.

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

Asbestos Division:

In respect of the Asbestos Division, we have achieved a reduction in cost and increase in productivity because of this experiment.

Spinning Division:

In respect of the Spinning Division, the new blends have helped us improve our presence in the domestic and export markets. The productivity and quality could be increased leading to better profitability.

3. Future course of action:

Asbestos Division:

In respect of the Asbestos Division, use of substitute fibers is being continuously experimented.

Spinning Division:

In respect of the Spinning Division, we are continuously experimenting with new blends and shades and higher speeds.

4. 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.

Foreign exchange earnings / Outgo:

Our foreign exchange earnings / outgo during the year 2009-2010 are as follows:

Total foreign exchange used and earned:

(Rs. in lakhs)

	31.03.2010	31.03.2009
Earnings in foreign currency		
Export of Goods (FOB Value)	2639.55	3590.93
CIF value of Imports		
Raw Materials	13751.73	11629.71
Components and Spare Parts	49.32	52.55
Capital Goods	235.96	26.67

Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services, and export plans:

We have been continuously developing new varieties of yarn to meet the requirement of the export market so that, we can increase the export. We are continuously exploring new markets, in various countries and hence making the market broad based.

STATEMENT PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2010.

Sl. No	Name and Qualifications	Age in years	Designation	Remuneration (Rs. in lakhs)	Experience (No. of years)	Date of Commencement of Employment	Last Employment (Position held)	Share-holding %
1	Dr. G. Vivekanand, M.B.B.S.	52	Vice Chairman	78.17	26	01-07-1984	Director, Venus Tobacco Private Limited	37.65
2	Smt. G. Vivekanand, B.A.	45	Managing Director	343.44	7	24.06.2009	Director of Visaka Industries Limited	1.33%
3	M.P.V. Rao, Diploma in Electrical Engineering	61	Whole-Time Director	33.71	43	07-07-1986	Plant Engineer Shree Digvijay Cement Company Limited	Nil
4	V. Vallinath, A.C.A., A.I.C.W.A	53	President (Finance)	34.66	29	04-05-1988	Asst. Accounts Officer A.P. State Film Development Corporation	Nil
5	E. Krishnamoorthi Diploma in Textile Technology and Diploma in Business Administration	50	Sr. Vice President (Marketing ID)	30.34	30	12-11-1998	Marketing Manager, Kewalram, Indonesia	Nil
6	J.P. Rao, B.A., M.B.A	51	President (Marketing Asbestos)	29.03	26	5-9-1984	First Employment	Nil
7	B. Raghavaiah M.S.W.	48	Sr. Vice President Group (HR and Admin)	27.14	24	2.3.1996	Topaz Limited	Nil
8	V. T. Rabindranath B.A. (Economics)	53	Sr. Vice President (Marketing)	24.56	31	20.06.1985	Everest Industries Limited	Nil

Note:

1. Remuneration includes Salary, Allowances, Company's contribution to P.F. and Superannuation fund, reimbursement of medical expenses at actual and other perquisites provided by the Company.
2. Dr. G. Vivekanand was in the position of Managing Director and was re–designated as Vice–Chairman and Managing Director on 24th June 2009. Thereafter has resigned as Managing Director and is now acting as Vice–Chairman of the Company with effect from 26th October, 2009.
3. Smt. G. Saroja Vivekanand, Managing Director was initially appointed as Joint Managing Director but was subsequently re – designated as Managing Director with effect from 26th October, 2009. Her employment is contractual in nature.

THE DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217 (2AA) OF THE COMPANIES ACT, 1956 (INSERTED BY THE COMPANIES AMENDMENT ACT, 2000) AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2010.

The Financial Statements are prepared in conformity with the Accounting Standards issued by The Institute of Chartered Accountants of India and the requirements of the Companies Act, 1956, to the extent applicable to the Company, on the historical Cost Convention, as a going concern and on the Accrual Basis. There are no material departures from prescribed Accounting Standards in the adoption of the Accounting Standards. The Accounting Policies used in the preparation of the Financial Statements have been consistently applied, except where otherwise stated in the notes on accounts.

The Board of Directors and the Management of Visaka Industries Limited accept responsibility for the integrity and objectivity of these Financial Statements. The estimates and judgments relating to the Financial Statements have been made on a prudent and reasonable basis, in order that the Financial Statements reflect in a True and Fair manner, the form and substance of transactions, and reasonably present the Company's State of Affairs and profits for the year. To ensure this, the Company has taken proper and sufficient care in installing a system of Internal Control and Accounting records, for safeguarding assets, and, for preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis. Our Internal Auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company have been followed. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls and accounts.

The Statutory Auditors M/s M. Anandam & Co., Chartered Accountants, have audited the Financial Statements.

The Audit Committee at Visaka Industries Limited meets periodically with the auditors to review the manner in which the auditors are performing their responsibilities, and to discuss Auditing, Internal Control and Financial Reporting issues. To ensure complete independence, the statutory auditors and the internal auditors have full and free access to the members of the audit committee to discuss any matter of substance.

Report on Corporate Governance

(Pursuant to clause 49 of the listing agreement)

1. Company's philosophy on Corporate Governance Code

The Company's philosophy on Corporate Governance is to ensure fairness, transparency, accountability and responsibility for all stakeholders.

Your Company believes in a Code of Governance, which fulfills the motto of 'Service to society through commercial activities'. We implemented a Corporate Governance Code to ensure proper quality, customer satisfaction, prompt payment to suppliers, good employee-employer relationship, legal compliance, proper debt servicing, maximised value for equity shareholders and responsibility to the nation through timely payment of taxes and as a premier exporter.

2. Composition of Board of Directors

Your Company's Board is a professionally managed Board, consisting of eight Directors, in all, categorised as under:

Sl. No.	Name	Category and Designation	No. of Directorships held in other companies	No. of Board Meetings Attended	Attended Last AGM	No. of Memberships/ Chairmanships held in committees of other Companies
1	Shri Bhagirath B. Merchant	Non-Executive Independent Chairman	2	3	NO	1
2	Dr. G. Vivekanand	Non-Executive Promoter Director Vice Chairman	7	5	YES	Nil
3	Smt. G. Saroja Vivekanand	Executive Promoter Director Managing Director	2	7	YES	Nil
4	Mr. M.P.V. Rao	Executive Whole Time Director	Nil	5	NO	Nil
5	Mr. Nagam Krishna Rao	Non-Executive Independent Director	Nil	6	YES	Nil
6	Mr. Gusti Jall Noria	Non-Executive Independent Director	5	6	YES	Nil
7	Mr. V. Pattabhi	Non-Executive Independent Director	6	7	YES	1
8	Mr. P. Abraham	Non-Executive Independent Director	12	3	NO	7

The number of Board Meetings held during the financial year 2009-2010 was seven. The dates on which these meetings were held were 11.05.2009, 16.06.2009, 24.06.2009, 20.07.2009, 26.10.2009, 23.01.2010, 15.02.2010 respectively.

Details of Directors being appointed and re-appointed:

As per the Companies Act, 1956, two-thirds of Directors should be retiring Directors. One-third of these retiring Directors are required to retire every year and if eligible, these Directors qualify for re-appointment.

Accordingly Shri Bhagirath B. Merchant and Shri V. Pattabhi retire by rotation at the ensuing Annual General Meeting.

A brief resume of Shri Bhagirath B. Merchant and Shri V. Pattabhi are given below.

Shri Bhagirath B. Merchant is the Fellow Member of Institute of Chartered Accountants of India. He has been on the Board of your Company since 1983. He has had a long and varied experience in accounts, finance and capital markets. He is a past president of Mumbai Stock Exchange Limited.

Shri Bhagirath B. Merchant is a Director of E–Cube Solutions (India) Limited and Sundaram Renewable Energy Limited.

Shri V. Pattabhi, B.E., is an Independent Consultant. He has over 46 years of experience in the Cement Asbesots Sheet industry and retired as Executive Vice President (Technical) of Hyderabad Industries Limited. He has not only an exposure in the technical field but also has handled the environmental issues connected with the Asbestos Cement industry. He is considered an expert in the field. He has also an immense knowledge about non-asbestos cement products.

Shri V. Pattabhi is Director of Denison Hydraulics (India) Limited, Andhra Polymers Private Limited, ACE Roofing's Private Limited and Minwool Rock Fibers Limited, Sree V. Harsha Enterprises (India) Private Limited and Aqua Infrastructure Projects Limited.

3. Audit Committee

Terms of reference & composition:

Terms of reference of this committee cover the matters specified for Audit Committees under Clause 49 of the Listing Agreement & section 292A of the Companies Act, 1956.

Your Audit Committee consists of five members. Out of them four are Non-Executive Independent Directors and the Managing Director. Vice Chairman, President (Finance) and Auditors are invitees to the meetings. The President (Corporate) & Company Secretary of the Company is the Ex-Officio Secretary of the Audit Committee. The total number of meetings held were four on 11.05.09, 05.09.09, 26.10.09 & 23.01.10 respectively.

Shri Bhagirath B. Merchant, Member and Chairman attended three meetings Shri Gusti. J. Noria, Member of the Audit Committee attended four meetings of the Committee. Smt. G. Saroja Vivekanand, Member of the Audit Committee, attended all four meetings. Mr. V. Pattabhi attended all meetings.

Shri P. Abraham was inducted as a member of Audit Committee on 20th July, 2009. He attended Audit Committee Meeting held on 23.01.2010.

Shri Bhagirath B. Merchant, Shri Gusti Jall Noria, Shri V. Pattabhi are professionals with vast experience and in-depth financial and accounting knowledge.

4. Remuneration Committee

The Company had set up a Remuneration Committee consisting of Shri Bhagirath B. Merchant, Shri P. Abraham and Shri Nagam Krishna Rao. Shri K. V. Soorianarayanan, President (Corporate) and Company Secretary is the Ex-Officio Secretary of the Remuneration Committee. The members of the committee passed a resolution by circulation for appointing Smt. G. Saroja Vivekanand as Joint Managing Director on 22nd June, 2009. No meeting of the committee was held during the year under review.

The details of the remuneration paid to the Directors during the year 2009-2010 are given below:

(in Rupees)

Director	Designation	Salary	Perquisites	Commission	Sitting Fees	Total
Shri Bhagirath B. Merchant	Chairman	Nil	Nil	750000	30000	780000
Dr. G. Vivekanand	Vice-Chairman	550000	933386	6333333	Nil	7816719
Smt. G. Saroja Vivekanand	Managing Director	1385000	1293066	31666667	20000	34364733
Mr. M.P.V.Rao	Whole Time Director	1588800	1782487	Nil	Nil	3371287
Mr. Nagam Krishna Rao	Director	Nil	Nil	750000	30000	780000
Mr. Gusti Noria	Director	Nil	Nil	750000	50000	800000
Mr. V. Pattabhi	Director	Nil	Nil	750000	55000	805000
Mr. P. Abraham	Director	Nil	Nil	750000	20000	770000

Perquisites include House Rent Allowance, Leave Travel Assistance and contribution to Provident Fund and Superannuation Fund.

Criteria for making payment to Non-Executive Directors: Non-Executive Directors contribute immensely during the deliberations of the Board and otherwise of the success of the Company. Therefore, as a token of appreciation for the immense contribution made by these non whole-time Directors and moreso in view of the greater responsibilities they are expected to shoulder in the interest of a higher level of excellence in Corporate Governance, a commission of 1% of the net profits of the Company for all Directors put together is being paid. However, the non-executive Directors have voluntarily agreed for an upper ceiling of Rs.7.50 lakhs per Director.

5. Shareholders/Investors Grievances Committee

Shri Nagam Krishna Rao, a non-executive director heads the Committee.

Dr. G. Vivekanand, Smt Saroja Vivekanand and Shri M.P.V. Rao are the other members of the Committee. Shri K.V.Soorianarayanan – President (Corporate) & Company Secretary is the Compliance Officer.

We received 53 complaints from the shareholders during the year and solved all these complaints to the satisfaction of the shareholders. Details are given hereunder:

Nature of complaint	No. of complaints received and resolved
SEBI complaints	5
Non-receipt of dividend warrants	39
Non-receipt of share certificates	1
Non-receipt of annual reports	7
Dematerialisation of shares	0
Stock exchange complaints	0

Number of pending complaints: NIL

6. General Body Meetings

Sl. No.	Date of Annual General Meeting (AGM)	Time	Whether Special Resolution Passed	Location
1	16.06.2009	11.00 A.M.	No	**Regd. Office:** Survey No. 315, Yelumala village, R.C. Puram Mandal, Medak District-502 300, Andhra Pradesh
2	28.07.2008	11.00 A.M.	Yes	
3	04.06.2007	11.00 A.M.	No	

7. Disclosures

(a) Your Company has not entered into any transactions of material nature with its promoters, Directors, management, their subordinates or relatives.

(b) Your Company has complied with all the provisions of the Companies Act, 1956, Rules and Regulations of the said Act, SEBI Guidelines, Stock Exchange Regulations and rules and regulations of other Statutory Authorities and there were no strictures, penalties imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last 3 years.

(c) The Company has not adopted the Whistle Blower Policy.

8. Means of Communication

Quarterly results of the Company are published in *Business Standard* (English edition) and *Andhra Bhoomi* (regional edition) newspapers respectively. The annual results of the Company are displayed on the Company's website – www.visaka.in. The website also displays information about the Company and its products. The Management Discussion and Analysis Report forms a part of the Directors' Report.

9. General Shareholder's Information

Annual General Meeting (AGM) Date	29th June, 2010
Time	11.30 A.M
Venu	Survey No. 315, Yelumala Village, R.C. Puram Mandal, Medak District, Andhra Pradesh
Financial Year	2009-2010
Book Closure Date	26th June 2010 to 29th June 2010.
Rate of dividend recommended	Rs. 5 (i.e. 50%) including Rs. 3 interim dividend declared by Board of Directors.
Dividend Payment Date	28th July, 2010.
Listing on Stock Exchanges	The National Stock Exchange of India, The Mumbai Stock Exchange

Listing fee paid for all the above Stock Exchanges for the financial year 2009-2010.

Stock Code

Name of the exchange	Code for trading in shares
The National Stock Exchange of India (NSE)	VISAKAIND
The Mumbai Stock Exchange (BSE)	509055

ISIN No.

Name of the Depository	ISIN No.
National Depository Services Limited (NSDL)	INE392A01013
Central Depository Services of India Limited (CDSL)	

Market price as per National Stock Exchange data for the financial year ended on 31st March, 2010.

S.No	Month	Price		Volume Traded
		High	Low	
1	April	58.10	38.30	324755
2	May	98.35	46.10	1549740
3	June	102.00	73.90	637813
4	July	129.00	75.55	952140
5	August	124.90	112.00	354348
6	September	131.40	115.35	315003
7	October	147.20	118.10	406975
8	November	131.00	115.00	201037
9	December	134.00	122.00	245642
10	January	159.00	118.20	875370
11	February	133.90	116.10	131464
12	March	134.45	117.05	242459

Registrar and share transfer agents:

M/s Sathguru Management Consultants Pvt. Limited,
Plot No. 15, Hindi Nagar, Punjagutta,
Hyderabad 500034.
Telephones : 0091-40-66662190, 23350586, and 66612352
Fax numbers: 0091-40-23354042
E-mail : STA@sathguru.com

Share transfer system:

The Company appointed M/s Sathguru Management Consultants Pvt Ltd as registrars and share transfer agents for share transfer work. The share transfer agents process shares sent for transfer / transmission, two times in a month. Transfers / transmissions, which are complete in all respects, are processed within 30 days.

Distribution of shareholding

Distribution of shareholding as on 31.03.2010

Category	No. of Shares held	% of Holding
Promoter's Holding		
Promoters		
Indian promoters	5987530	37.70
Foreign promoters	0	0
Persons acting in concert	0	0
Sub total	5987530	37.70
Non-promoter's holding		
Institutional investors		
Mutual funds and UTI	16389	0.10
Banks, insurance companies, financial institutions, Central/State Govt. Inst / Non-Government Institutions	622038	3.92
Foreign institutional investors	495934	3.12
Sub total	1134361	7.14
Others		
Private corporate bodies	3407088	21.45
Indian public	5178842	32.62
NRI's / OCBs	173131	1.09
Any other (Please Specify)	0	0
Sub total	8759061	55.16
Grand total	**15880952**	**100.00**

Distribution schedule

As on March 31st, 2010, the distribution schedule was as follows:

Category (no. of shares)		No. of shareholders	% of total shareholders	No. of shares	% of total shares
From	To				
1	5000	11378	87.15	1635550	10.30
5001	10000	876	6.71	710005	4.47
10001	20000	414	3.17	601295	3.79
20001	30000	125	0.96	320607	2.02
30001	40000	64	0.49	232584	1.46
40001	50000	47	0.36	224338	1.41
50001	100000	72	0.55	515189	3.24
100001	Above	80	0.61	11641384	73.30
Total		**13056**	**100.00**	**15880952**	**100.00**

Dematerialisation of shares and liquidity:

As on 31.03.2010, 96.06% of the paid-up share capital of the Company had been dematerialised.

There were no outstanding GDRs/ADRs.

Plant locations: Refer to relevant page of this roport.

10. Investor relations

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., should be addressed to:

M/s. Sathguru Management Consultants Private Limited
Registrars and Share Transfer Agents
Plot No. 15, Hindi Nagar Colony
Punjagutta, Hyderabad.
Pin: 500 034.

Telephones : 091 - 040 – 23350586, 66662190
Fax numbers : 091 - 040 – 23354042
E-mail ID : sta@sathguru.com

(OR) directly to the Company to:

The President (Corporate) & Company Secretary
Visaka Industries Limited
Visaka Towers, 1-8-303/69/3
S.P. Road, Secunderabad.
Pin: 500 003.

Telephones : 091 - 040 – 27813833, 27813835 / 27892190 To 92
Fax numbers : 091 - 040 – 27813837

Investor grievances

The shareholders are also welcome to register grievances, if any, in the matter of shares of the Company, its transfers, transmissions, remat, dividend payable etc., with the below mentioned Email-ID exclusively designated for this purpose:

E-mail ID for registering investor complaints : soori@visaka.in
Compliance officer : K.V. Soorianarayanan
President (Corporate) &
Company Secretary

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

Declaration by CEO of the Company on code of Conduct

As per the revised clause 49 of the Listing Agreement of the Stock Exchanges, the Board shall lay down a Code of Conduct for all its Board Members and Senior Management Personnel, of the Company. The Code of Conduct shall be posted on the website of the Company and all the Board Members and Senior Management Personnel shall affirm compliance with the code on annual basis. The Annual report of the Company shall contain a declaration to this effect signed by the CEO of the Company.

I hereby declare that:

1. Code of conduct prepared for the Board Members and Senior Management of the Company was approved by the Board of Directors in the Board Meeting held on 29.10.2005 and the same was adopted by the Company.
2. Code of conduct adopted by the Company was circulated to the members of the Board and Senior Management of the Company and was also posted on the website of the Company.
3. All the members of the Board and Senior Management of the Company have complied with all the provisions of the Code of Conduct.

For **Visaka Industries Limited**

Place: Hyderabad
Date: 10.05.2010

Smt. G. Saroja Vivekanand
Managing Director

Auditors' Report

To
The Members of
Visaka Industries Limited

1. We have audited the attached Balance Sheet of **Visaka Industries Limited**, as at 31st March, 2010, the Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our Comments in the annexure referred to in paragraph 3 above, we report that;
   a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our Audit;
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books;
   c) The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
   d) In our opinion the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt by this report comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956;
   e) On the basis of written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
   f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
      i. in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2010;
      ii. in the case of the Profit & Loss account, of the Profit of the Company for the year ended on that date; and
      iii. in the case of the Cash Flow statement, of the Cash Flows for the year ended on that date.

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

A.V.Sadasiva
Partner
M.No.18404
Firm Regn. No.000125S

Place: Secunderabad
Date: 10th May, 2010

Annexure

Re: Visaka Industries Limited

Referred to in Paragraph 3 of our report of even date

i. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

b. According to the information and explanations given to us, the Company has a phased programme of verification of fixed assets that is reasonable having regard to the size of the Company and the nature of its business. The management has carried out physical verification of fixed assets during the year and discrepancies noted have been properly dealt with in the books of accounts.

c. The Company has not disposed of any substantial part of its fixed assets so as to affect its going concern status.

ii. a. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

c. The Company has maintained proper records of its inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material.

iii. a. The Company has taken loan from a Company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.295.00 lakhs and the year-end balance of loan taken is Rs.295.00 lakhs. The Company has not granted loan to any party covered in the register maintained under section 301 of the Companies Act, 1956.

b. In our opinion, the rate of interest and other terms and conditions on which loans have been taken from company listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie prejudicial to the interest of the Company.

c. The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.

d. There is no overdue amount of loans taken from the Company listed in the register maintained under section 301 of the Companies Act, 1956.

iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

v. a. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

Annexure (Contd.)

Re: Visaka Industries Limited

vi. 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 Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under, where applicable have been complied with. 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.

vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

viii. In our opinion and according to the information and explanations given to us, the Company has made and maintained accounts and records prescribed by the Central Government under section 209(1) (d) of the Companies Act, 1956 in respect of textile division.

ix. 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, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales tax, custom duty, excise duty, cess and other statutory dues as applicable with the appropriates 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 sales tax, income tax, customs duty, excise duty, service tax and wealth tax, as at 31st March, 2010 which have not been deposited on account of dispute pending, are as under:

Name of the Statute	Nature of the Dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income-Tax Act, 1961	Income Tax	4.88	F.Y 2002-2003	DCIT
Central Excise Act, 1944	Excise Duty	1323.85	F.Y 2003-04 & 2004-05	CESTAT, Chennai
Central Excise Act, 1944	Penalty	1323.85	F.Y 2003-04 & 2004-05	CESTAT, Chennai
Sales Tax Act – State of Bihar	VAT/Interest/ Penalty	10.93	F.Y 2005-06	Joint Commissioner (Appeals)
Service Tax (Finance Act, 1994)	Service Tax	1.76	January 2005 to September 2005	High Court
Service Tax (Finance Act, 1994)	Service Tax	1.67	October 2005 to March 2006	High Court
Service Tax (Finance Act, 1994)	Service Tax	2.09	April 2006 to September 2006	Bhandara Division, Nagpur
Service Tax (Finance Act, 1994)	Service Tax	1.64	October 2006 to February 2007	Bhandara Division, Nagpur

Annexure (Contd.)

Re: Visaka Industries Limited

x. The Company has no accumulated losses and it has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.

xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.

xii. According to information and explanations given to us and based on the documents and records produced to us, the Company has maintained adequate documents and records in respect of loans and advances granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.

xiii. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

xiv. In our opinion and according to the information and explanation given to us, the Company is not dealing in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

xvi. In our opinion and according to the information and explanation given to us, the term loans have been applied for the purpose for which they were raised other than amounts temporarily invested pending utilisation of the funds for the intended use.

xvii. In our opinion and according to the information and explanation to us, and on an overall examination of the Balance sheet of the Company, we report that no funds raised on short-term basis have been used for long term investments.

xviii. The Company has not made any preferential allotment of shares during the year to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.

xix. The Company has not issued any debentures during the year.

xx. The Company has not raised any funds on public issue and hence disclosure on the end use of money raised by the public issue is not applicable to the Company.

xxi. 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.

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

A.V.Sadasiva
Partner
M.No.18404
Firm Regn. No.000125S

Place: Secunderabad
Date: 10th May, 2010

Auditors' Report on Corporate Governance

To
The Board of Directors
Visaka Industries Limited

We have examined the compliance of conditions of Corporate Governance by Visaka Industries Limited for the year ended 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of condition 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 Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2010, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company. 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

A.V.Sadasiva
Partner
M.No.18404
Firm Regn. No.000125S

Place: Secunderabad
Date: 10th May, 2010

Balance Sheet as at 31st March, 2010

(Rs. in lakhs)

	Schedule	31st March, 2010	31st March, 2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	1592.07	1592.07
Reserves and Surplus	2	21980.72	17187.35
		23572.79	18779.42
Loan Funds			
Secured Loans	3	11654.91	15082.84
Unsecured Loans	4	4548.58	1792.19
		16203.49	16875.03
Deferred Taxes	5		
Deferred Tax Assets		68.97	93.59
Deferred Tax Liabilities		1262.49	1219.30
		1193.52	1125.71
Total		40969.80	36780.16
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	6	33098.47	31234.19
Less: Depreciation		12322.45	11409.44
Net Block		20776.02	19824.75
Capital Work in Progress/Advances		915.86	1051.36
Pre - Operative Expenses	7	–	–
		21691.88	20876.11
Investments	8	229.82	221.50
Current Assets, Loans & Advances	9		
Inventories		11666.68	8996.62
Sundry Debtors		5076.61	5313.58
Cash and Bank Balances		6087.20	4555.87
Loans and Advances		7825.73	6592.53
		30656.22	25458.60
Less: Current Liabilities & Provisions	10		
Current Liabilities		5718.69	5029.98
Provisions		5889.43	4746.07
		11608.12	9776.05
Net Current Assets		19048.10	15682.55
Notes on Account	15		
Total		40969.80	36780.16

Schedules 1 to 15 annexed here to form part of these Accounts.

As per our report of even date

For and on behalf of the Board of Directors

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

Bhagirath B. Merchant
Chairman

Dr. G. Vivekanand
Vice-Chairman

Smt. G. Saroja Vivekanand
Managing Director

A. V. Sadasiva
Partner
Membership No. 18404

Gusti Noria
Director

V. Pattabhi
Director

P. Abraham
Director

Place: Secunderabad
Date: 10th May, 2010

M. P. Venkateswar Rao
Whole Time Director

K. V. Soorianarayanan
President(Corporate) & Company Secretary

Profit and Loss Account for the year ended 31st March, 2010

(Rs. in lakhs)

	Schedule	Year ended 2010		Year ended 2009	
INCOME					
Gross Sales			63,930.59		60,635.47
Less: Excise Duty			3,505.85		3,241.49
Net Sales			60,424.74		57,393.98
Other Income	11		835.03		1,143.99
Increase/(Decrease) In Inventories	12		2,581.30		(3,086.18)
			63,841.07		55,451.79
EXPENDITURE					
Raw Material Consumption			33,622.02		29,582.57
Manufacturing and Other Expenses	13		18,650.34		16,963.71
			52,272.36		46,546.28
Profit Before Interest & Depreciation			11,568.71		8,905.51
Interest	14		1,092.77		1,702.27
Depreciation	6		1,839.12		1,660.22
Profit before Taxation			8,636.82		5,543.02
Provision for					
Current Tax / Earlier Years		2,847.86		1,732.30	
Deferred Tax		67.82		161.34	
Fringe Benefit Tax		–	2,915.68	55.54	1,949.18
Profit for the year after Taxation			5,721.14		3,593.84
Balance brought forward from Earlier Year			695.45		644.81
Profit available for appropriation			6,416.59		4,238.65
Dividend on Equity Share Capital - Interim			476.43		
- Final			317.62		635.24
Corporate Dividend Tax			133.72		107.96
Transfer to General Reserve			4,000.00		2,800.00
Balance Carried to Balance Sheet (Schedule 2)			1,488.82		695.45
Earnings Per Share					
Basic			36.03		22.63
Diluted			36.03		22.63
Notes on Account	15				

Schedules 1 to 15 annexed here to form part of these Accounts.

As per our report of even date

For and on behalf of the Board of Directors

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

Bhagirath B. Merchant
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Partner
Membership No. 18404

Gusti Noria
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Director

P. Abraham
Director

Place: Secunderabad
Date: 10th May, 2010

M. P. Venkateswar Rao
Whole Time Director

K. V. Soorianarayanan
President(Corporate) & Company Secretary

Cash Flow Statement For the year ended 31st March, 2010

(Rs. in lakhs)

		31st March, 2010		31st March, 2009
A) CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit before tax and extra-ordinary items		8636.82		5543.02
Adjustments for:				
Depreciation	1839.12		1660.22	
Loss on Sale of Fixed Assets	18.64		7.95	
Provision for advances	–		390.26	
Fixed Assets Written Off	280.64			
Profit on Redemption of Investments	(8.89)			
Interest Expenses	1092.77	3222.28	1702.27	3760.70
Operating Profit before working capital changes		11859.10		9303.72
Working Capital Changes:				
(Increase) / Decrease in Trade and other receivables	412.82		645.04	
(Increase) / Decrease in Inventories	(2670.05)		409.95	
Increase / (Decrease) in Trade Payables	564.70	(1692.53)	65.05	1120.04
Cash Generated from Operations		10166.57		10423.76
Direct Taxes paid		(2632.02)		(1735.55)
Cash Flow from Operating Activities		7534.55		8688.21
B) CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets	(2968.27)		(1911.00)	
Proceeds on sale /Adjustments to Fixed Assets	14.10		92.84	
Investments/Advances towards Share Capital	(8.32)		(221.50)	
Profit on Redemption of Investments	8.89			
Cash Flow from Investing Activities		(2953.60)		(2039.66)
C) CASH FLOW FROM FINANCING ACTIVITIES:				
Repayment of Long Term Borrowings	(1943.51)		(2246.21)	
Increase/(Decrease) in Short Term borrowings (Including Working Capital)	1271.96		(684.38)	
Dividend paid Including Corporate Dividend Tax	(1291.64)		(551.33)	
Interest Expenses	(1086.43)		(1695.79)	
Cash Flow from Financing Activities		(3049.62)		(5177.71)
Net increase in Cash and Cash equivalents		1531.33		1470.84
Cash and Cash equivalent as at 31.03.2009		4555.87		3085.03
Cash and Cash equivalent as at 31.03.2010		6087.20		4555.87

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

A. V. Sadasiva
Partner
Membership No. 18404

Place: Secunderabad
Date: 10th May, 2010

For and on behalf of the Board of Directors

Bhagirath B. Merchant *Chairman*

Dr. G. Vivekanand *Vice-Chairman*

Smt. G. Saroja Vivekanand *Managing Director*

Gusti Noria *Director*

V. Pattabhi *Director*

P. Abraham *Director*

M. P. Venkateswar Rao *Whole Time Director*

K. V. Soorianarayanan *President(Corporate) & Company Secretary*

Schedules forming part of the Balance Sheet and Profit and Loss Account

(Rs. in lakhs)

	31.03.2010	31.03.2009
SCHEDULE 1 SHARE CAPITAL		
Authorised Capital		
3,00,00,000 Equity Shares of Rs.10/- each	3000.00	3000.00
5,00,000 12% Cumulative Redeemable Preference Shares of Rs.100/- each	500.00	500.00
	3500.00	3500.00
Issued, Subscribed & Paid-up Capital		
15880952 Equity Shares of Rs 10/- each fully paid up in cash	1588.10	1588.10
Add: Shares forfeited - 79408 Shares	3.97	3.97
	1592.07	1592.07

	Balance as on 01.04.2009	Additions	Deductions	Balance as on 31.03.2010
SCHEDULE 2 RESERVES AND SURPLUS				
Central Subsidy	30.00	–	–	30.00
Capital Reserve	139.29	–	–	139.29
Securities Premium	4903.45	–	–	4903.45
Deferred tax Reserve	1019.16	–	–	1019.16
General Reserve	10400.00	4,000.00	–	14400.00
Profit & Loss Account	695.45	793.37	–	1488.82
	17187.35	4793.37	–	21980.72

	31.03.2010	31.03.2009
SCHEDULE 3 SECURED LOANS		
From Banks		
- Rupee Term Loans	4982.16	7301.55
- Working Capital	6672.75	7781.29
	11654.91	15082.84

Notes:

1. Term Loans are secured by first charge and equitable mortgage on all Immovable Properties of the Company, both present and future, and a first charge by way of hypothecation of all movable assets (save and except book debts), both present and future, subject to prior charges created in favour of the Company's Bankers, for Working Capital requirements. The loans are also secured by the personal guarantee of the Managing Director.
2. Loans for working capital are secured on pari-passu basis by hypothecation of the Company's entire movable assets including stocks, all raw materials, work-in-process, stores & spares, finished goods and book debts, present and future, and personal guarantee of the Managing Director.

Schedules forming part of the Balance Sheet and Profit and Loss Account

(Rs. in lakhs)

	31.03.2010		31.03.2009	
SCHEDULE 4 UNSECURED LOANS				
Short Term Loans from Banks		2000.00		-
Deposits from Public		485.88		322.51
Inter Corporate Deposits		380.50		-
Security Deposits from Stockists & Others		1341.11		1134.75
Interest free Sales Tax Loan		221.25		221.25
Others		119.84		113.68
		4548.58		1792.19

	31.03.2010		31.03.2009	
SCHEDULE 5 DEFERRED TAXES				
Deferred Tax Asset				
Opening Balance	93.59		62.78	
Addition during the year	–		39.62	
Less:Reversed during the year	24.62	68.97	8.81	93.59
		68.97		93.59
Deferred Tax Liability				
Opening balance	1219.30		1027.15	
Add: Current year Addition	43.19		192.15	
Less:Reversed during the year	–	1262.49	–	1219.30
		1262.49		1219.30

SCHEDULE 6 FIXED ASSETS

	GROSS BLOCK				DEPRECIATION		NET BLOCK	
	As at 01.04.2009	Additions	Deductions/ Adjustments	As at 31.03.2010	Depreciation for the year	Total Depreciation	As at 31.03.2010	As at 31.03.2009
Tangible:								
Land	2319.11	0.44	-	2319.55	-	-	2319.55	2319.11
Buildings	8504.94	1001.96	-	9506.90	209.35	1472.77	8034.13	7241.54
Plant & Machinery	18732.58	1922.34	801.26	19853.66	1280.14	9964.26	9889.40	9505.21
Furniture & Fixtures	225.10	6.03	1.24	229.89	11.84	141.04	88.85	94.88
Office Equipment	157.74	16.89	3.67	170.96	7.60	77.39	93.57	86.72
Vehicles	283.06	100.29	72.96	310.39	28.72	84.53	225.86	183.45
Data Processing Equipment	587.66	55.83	360.37	283.12	47.07	158.46	124.66	139.44
Intangible:								
Advertisement Rights	424.00	-	-	424.00	254.40	424.00	-	254.40
Total	31234.19	3103.78	1239.50	33098.47	1839.12	12322.45	20776.02	19824.75
Previous Year	26995.79	4586.99	348.59	31234.19	1660.22	11409.44	19824.75	17222.80

Schedules forming part of the Balance Sheet and Profit and Loss Account

(Rs. in lakhs)

	31.03.2010	31.03.2009
SCHEDULE 7 PRE-OPERATIVE EXPENSES		
Man power cost	–	17.49
Power & Fuel	–	34.97
Rent, Rates & Taxes	–	5.86
Insurance	–	4.89
Printing & Stationery	–	0.69
Postage & Telephones	–	1.77
Vehicle expenses	–	5.29
Travelling & conveyance	–	8.60
Finance charges	–	43.55
Professional expenses	–	9.97
Other expenses	–	45.56
Trial Run Expenses (Net of Sales)	–	60.59
Total	–	239.23
Less: Expenditure Capitalised	–	239.23
Balance remaining to be Capitalised	–	–

	31.03.2010	31.03.2009
SCHEDULE 8 INVESTMENTS – Long term		
(Non – traded, un quoted)		
Visaka Thermal Power Private limited		
5000 shares of Rs.10 each	0.50	0.50
Advance towards share capital	229.32	221.00
	229.82	221.50

	31.03.2010	31.03.2009
SCHEDULE 9 CURRENT ASSETS, LOANS & ADVANCES		
Current Assets		
Inventories (As certified and valued by the Management)		
Stores & Spares	400.26	345.76
Raw Materials	4419.48	4432.84
Work-in-Process	1896.40	1346.81
Finished goods	4950.54	2871.21
	11666.68	8996.62
Sundry Debtors		
Secured - Considered good		
Over Six Months	12.74	4.33
Others	795.59	653.51
Unsecured - Considered good		
Over Six Months	51.01	43.22
Others	4217.27	4612.52
Over Six Months - Considered Doubtful	87.97	87.97
	5164.58	5401.55
Less : Provision for Doubtful debts	87.97	87.97
	5076.61	5313.58

Schedules forming part of the Balance Sheet and Profit and Loss Account

(Rs. in lakhs)

	31.03.2010	31.03.2009
SCHEDULE 9 CURRENT ASSETS, LOANS & ADVANCES (Contd.)		
Cash & Bank Balances		
Cash on hand	93.69	123.70
Balance with Scheduled Banks:		
- On Current Account	3705.26	3664.36
- On Deposit Account	2288.25	767.81
	6087.20	4555.87
Loans & Advances (Unsecured)		
Advances recoverable in cash or in kind or for value to be received	2751.63	2957.11
Less: Provision for doubtful advances	388.00	388.00
	2363.63	2569.11
Deposits with Government	321.15	291.33
Other Deposits	19.04	19.24
Advance Tax	5121.91	3712.85
	7825.73	6592.53

	31.03.2010	31.03.2009
SCHEDULE 10 CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors		
Micro, Small & Medium Enterprises *	–	–
Others:		
- for Goods	1408.45	1436.40
- for Expenses	4194.37	3493.01
Interest accrued but not due	61.09	54.75
Unclaimed Dividends	54.78	45.82
	5718.69	5029.98
Provisions		
Provision for taxation	5420.85	3795.95
Provision for Employees' Benefits	98.21	206.92
Proposed Dividend		
Equity Share Capital	317.62	635.24
Corporate Dividend tax	52.75	107.96
	5889.43	4746.07

*Refer Note No. 3 to Schedule -15

	31.03.2010	31.03.2009
SCHEDULE 11 OTHER INCOME		
Interest & Miscellaneous Receipts	268.92	283.79
Insurance Claims	131.47	189.25
Export Incentives	201.55	670.95
Profit on Redemption of Investments	8.89	–
Foreign Exchange Gain	224.20	–
	835.03	1,143.99

Schedules forming part of the Balance Sheet and Profit and Loss Account

(Rs. in lakhs)

	31.03.2010	31.03.2009
SCHEDULE 12 INCREASE/(DECREASE) IN INVENTORIES		
Closing Inventories		
Finished Goods	4950.54	2871.21
Work in Process	1896.40	1346.81
	6846.94	4218.02
Opening Inventories		
Finished Goods	2871.21	5942.22
Work in Process	1346.81	1307.40
Stock of Trial Production	47.62	54.58
	4265.64	7304.20
Increase /(Decrease) in Inventories	2581.30	(3,086.18)

	31.03.2010	31.03.2009
SCHEDULE 13 MANUFACTURING AND OTHER EXPENSES		
Consumable Stores & Spares	2320.32	1915.15
Power & Fuel	2954.94	2589.81
Rent	57.20	69.97
Rates & Taxes		
- Excise Duty	611.92	(403.70)
- Others	153.85	56.97
Repairs & Maintenance		
- Buildings	157.91	94.43
- Plant & Machinery	330.40	308.77
- Others	188.57	242.46
Salaries Wages & Bonus	2464.09	2225.27
Company's Contribution to Provident	184.90	168.72
Fund & Other Funds		
Workmen & Staff Welfare	235.86	214.05
Insurance	138.90	122.30
Travelling & Conveyance	372.64	358.38
Printing & Stationery	54.31	72.80
Freight	4648.08	4608.90
Commission & Discount	308.32	333.42
Advertisement & Sales Promotion	610.13	640.93
Vehicle Expenses	196.08	170.34
Sales Tax	6.42	51.86
Postage & Telephone	98.17	108.07
Bank Charges	147.00	134.17
Auditors' Remuneration	9.50	10.26
Directors Sitting Fee	2.05	1.80
Loss on Sale of Fixed Assets	18.64	7.95
Provision for Bad & Doubtful debts	0.00	25.67
Bad Debts Written Off	2.04	1.09
Foreign Exchange Loss	–	738.26
Provision/ Writeoff of Advances	–	449.46
Fixed Assets Written Off	280.64	–
Contract labour / Handling expenses	796.80	563.86
Other Expenses	1300.66	1082.29
	18650.34	16963.71

Schedules forming part of the Balance Sheet and Profit and Loss Account

(Rs. in lakhs)

SCHEDULE 14 INTEREST	31.03.2010	31.03.2009
Fixed Loans	629.80	793.90
Working Capital	187.59	711.53
Short term Loans	73.90	17.90
Others	201.48	178.94
	1092.77	1702.27

SCHEDULE 15 NOTES ON ACCOUNTS

1) **Significant Accounting Policies**

i) **Basis of Accounting:**

Financial Statements are prepared under the historical cost convention on the basis of a going concern in accordance with the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

ii) **Revenue Recognition:**

Revenues and expenses are recognised on accrual basis with the exception of insurance claims, export incentives, interest on calls in arrears and interest on over due receivables which are accounted on cash basis.

iii) **Fixed Assets:**

Fixed Assets are stated at cost (Net of Cenvat, wherever applicable) less depreciation. Cost includes freight, duties and taxes and other expenses related to acquisition and installation. Pre-operative expenses incurred during the construction period in case of major acquisitions and installations are capitalised.

iv) **Depreciation:**

Depreciation on fixed assets has been provided on the straight line method and at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

v) **Borrowing Costs:**

Borrowing Costs incurred during construction of an asset that takes a substantial period of time to get ready is capitalised over the cost of asset up to the date of use.

vi) **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.

vii) **Inventories:**

a) Consumables, Stores and Spares are valued at lower of cost or net realisable value on weighted average basis.

b) Raw Materials are valued at cost on weighted average basis, work-in-process are valued at cost and finished goods are valued at the lower of cost or net realisable value.

Schedules forming part of the Balance Sheet and Profit and Loss Account

SCHEDULE 15 NOTES ON ACCOUNTS (Contd.)

viii) **Foreign Currency Transactions:**

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

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 recognised in the profit and loss account.

c) Any gain or loss arising on account of exchange difference on settlement of transaction is recognised in the profit and loss account.

ix) **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 liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial 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. The Company accounts for gratuity liability of its employees on the basis of actuarial valuation carried out at the year end by LIC.

c) Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

x) **Taxes on Income:**

Deferred tax liabilities and deferred tax assets are recognised for the tax effect on the difference between taxable income and accounting income which are not permanent in nature subject to the consideration of prudence in the case of deferred tax assets.

xi) **Leases:**

Assets acquired under financial leases are recognised 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.

xiii) **Provisions, Contingent Liabilities and Contingent Assets:**

Provisions are recognised 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.

2) **Disclosures required by AS-29 "Provisions, Contingent Liabilities & Contingent Assets".**

a) **Contingent Liabilities:** *(Rs. in lakhs)*

	2009-10	2008-09
In respect of		
Income tax	19.75	68.80
Value added tax	10.93	10.93
Excise duty/Service tax **	2654.80	5.45

** Includes Rs.2647.70 lakhs disputed excise duty including penalty for purported under utilisation of flyash in the product to be eligible for concessional rate of duty.

SCHEDULE 15 NOTES ON ACCOUNTS (Contd.)

b) **Provisions** *(Rs. in lakhs)*

	2009-10	2008-09
Sales Tax		
Opening Balance as on 01.04.2009	100.82	100.82
Additional Provision during the year	–	–
Provision reversed during the year	–	–
Balance as at 31.03.2010	100.82	100.82

Nature of Provision:

Disputed sales tax liability on procurement of fly ash from Thermal Power Stations and others in Tamil Nadu state.

3) We have recorded all known liabilities in the financial statements. The Company has not received any intimation from 'suppliers' regarding their status under the Micro Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

4) a) **Aggregate Related Party Disclosures :**

i) **Key Management personnel:**

Mrs.G.Saroja Vivekanand - Managing Director
Dr.G.Vivekanand - Vice Chairman (Part of the year)
Mr.M.P.Venkateswara Rao - Wholetime Director

ii) **Relatives of key management personnel:**

Mrs.P.Vishwashanthi - Sister
Mr.G.Venkata Krishna - Son
Mr.G.Vamsi Krishna - Son
Miss.G.Vrithika - Daughter
Miss.G.Vaishnavi - Daughter

iii) **Other entities under control:**

Visaka Charitable Trust

iv) **Enterprise in which key management personnel and their relatives have control:**

a) Aslesha Constructions Private Limited.

v) **Associate**

a) Visaka Thermal Power Private Limited

b) **Aggregated Related party disclosures:** *(Rs. in lakhs)*

Nature of Transaction	Associate	Key Management Personnel	Relatives of key Management Personnel	Trusts	Enterprises Controlled by relatives of key Management personnel	Total
Share Capital	0.50					0.50
Advance towards Share Capital	229.32					229.32
Remuneration		455.33				455.33
Sitting Fee		0.20				0.20
Dividend paid		418.52				418.52
Donation to Charitable Trust				5.00		5.00
Interest expense on Deposits			8.99			8.99
ICD received					285.00	285.00
Interest on ICDs					10.00	10.00

Schedules forming part of the Balance Sheet and Profit and Loss Account

SCHEDULE 15 NOTES ON ACCOUNTS (Contd.)

5) Basic earnings per equity share has been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the period. Diluted earnings per equity share has been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period. The reconciliation between basic and diluted earnings per equity share is as follows:

	Units	31.03.2010	31.03.2009
a. Net profit after tax	Rs in lakhs	5721.14	3593.84
b. Weighted average of number of equity shares used in computing basic earnings per share	No. of shares (lakhs)	158.81	158.81
c. Basic earnings per share (a/b)	Rs	36.03	22.63
d. Effect of potential equity shares for preferential allotment	No. of shares (lakhs)	–	–
e. Weighted average of number of equity shares used in computing diluted earnings per share (b+d)	No. of shares (lakhs)	158.81	158.81
f. Diluted earnings per share (a/e)	Rs.	36.03	22.63
g. Effect of potential equity shares for preferential allotment (c-f)	Rs.	–	–

6) **Employee Benefits:**

a) **Defined Contribution plans:** *(Rs. in lakhs)*

	2009-10	2008-09
Company's Contribution to Provident Fund	138.56	123.96
Company's Contribution to Superannuation Fund	34.68	33.86

b) **Defined Benefit plans:**

(i) The Company operates post retirement gratuity plans with LIC. The details of post retirement gratuity plan are as follows: *(Rs. in lakhs)*

	2009-10	2008-09
1 Changes in the Present Value of Obligation		
Present value of obligations as at beginning of the year	260.03	216.80
Interest cost	20.80	17.34
Current Service cost	19.51	16.63
Benefits paid	(18.43)	(22.46)
Actuarial (gain)/loss on obligations	16.41	31.72
Present value of obligations as at end of year	298.32	260.03
2 Changes in Fair value of plan assets		
Fair value of plan assets at beginning of the year	259.56	228.93
Expected return on plan assets	23.93	22.12
Contributions	39.32	30.97
Benefits paid	(18.43)	(22.46)
Actuarial gain/(loss) on plan assets	–	–
Fair value of plan assets at the end of year	304.38	259.56
3 Assets recognised in the Balance Sheet		
Present value of obligations as at the end of the year	298.32	260.03
Fair value of plan assets as at the end of the year	304.38	259.56
Funded status	6.06	–
Net asset/(liability) recognised in balance sheet	6.06	*0.47

SCHEDULE 15 NOTES ON ACCOUNTS (Contd.)

b) Defined Benefit plans:

(i) The Company operates post retirement gratuity plans with LIC. The details of post retirement gratuity plan are as follows:

(Rs. in lakhs)

	2009-10	2008-09
4 Expenses recognised in the Statement of Profit & Loss		
Current service cost	19.51	16.63
Interest cost	20.80	17.34
Expected return on plan assets	(23.93)	(22.12)
Net Actuarial (gain)/loss recognised in the year	16.41	31.72
Expenses recognised in statement of profit and loss	*32.79	*43.57
5 Assumptions		
Discount Rate	8%	8%
Salary Escalation	4%	4%

* The Company has made provision in the earlier years on the basis of total liability instead of present value. This resulted in excess provision which will be adjusted in future years.

(ii) The details of Leave Encashment Plan with LIC is as follows: *(Rs. in lakhs)*

	2009-10
1 Changes in the Present Value of Obligation	
Present value of obligations as at beginning of year	75.40
Interest cost	6.03
Current Service cost	18.99
Benefits paid	(1.78)
Actuarial (gain)/loss on obligations	(20.24)
Present value of obligations as at end of year	78.40
2 Changes in Fair value of plan assets	
Fair value of plan assets at beginning of year	–
Expected return on plan assets	4.74
Contributions	69.69
Benefits paid	(1.78)
Actuarial gain/(loss) on plan assets	–
Fair value of plan assets at the end of year	72.65
3 Assets recognised in the Balance Sheet	
Present value of obligations as at the end of year	78.40
Fair value of plan assets as at the end of the year	72.65
Funded status	(5.75)
Net asset/(liability) recognised in balance sheet	(5.75)
4 Expenses recognised in the Statement of Profit & Loss	
Current service cost	18.99
Interest cost	6.03
Expected return on plan assets	(4.74)
Net Actuarial (gain)/loss recognised in the year	(20.24)
Expenses recognised in statement of profit and loss	0.04
5 Assumptions	
Discount Rate	8%
Salary Escalation	4%

Liability was provided based on actuarial valuation in last year. The same has been funded during the current year and hence all the disclosures are made for the current year.

SCHEDULE 15 NOTES ON ACCOUNTS (Contd.)

7) During the year the Company has created deferred tax liability of Rs.43.19 lakhs (Previous year Rs. 192.15 lakhs) on account of timing difference on depreciation and reversed deferred tax Asset Rs.24.62 lakhs on account of allowances in the income tax previously disallowed (previous year created of Rs.30.81 lakhs).

8) The Company has setup a sandwich panel manufacturing unit within the premises of the V-boards plant at Miryalguda in Andhra pradesh. The unit has commenced commercial production on 1st January 2010.

9) Depreciation for the year includes Rs.254.40 lakhs amortised in respect of the balance of advertisement rights, existing in the beginning of the year. The amount has been charged to profit & loss in the year as the management is of the opinion that the value of future economic benefits is uncertain.

10) Fixed assets written off includes Rs.175.99 lakhs scrapped in the cement asbestos unit at Pune consequent to modernisation.

11) Particulars of Unhedged Foreign Currency Exposure as at the Balance Sheet date.

Particulars	Currency	31.03.2010	31.03.2009
Sundry Creditors	US$	1548215	1019268
	CAD	273600	1144000
Sundry Debtors	US$	671382.91	193877.58
	GBP	35221.30	–
	Euro	198381.12	197081.73
	AUD	8585.46	11231.82

12) Capacity, Production, Sales, Consumption and Stock

(Quantitative information in respect of goods manufactured)

	31st March 2010				31st March 2009		
	Asbestos Products	Textile Yarn	Boards	Panels	Asbestos Products	Textile Yarn	Boards
Licenced Capacity per annum	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Installed Capacity (as Certified by the Management and not verified by the Auditors, being a technical matter)	652000 M.T.	1816 (Spinning Positions)	60000 M.T.	150000 (No.s)* (Per Annum)	544000 M.T.	1816 (Spinning Positions)	60000 M.T.
	(Quantities in M.T.)	(Quantities in M.T.)	(Quantities in M.T.)	(Quantities in M.T.)	(Quantities in M.T.)	(Quantities in M.T.)	(Quantities in M.T.)
Opening Stock	65,681	800	3,123	512	111,241	1,341	1,766
Production during the year	601,973	8,705	19,174	1,021	550,438	8,741	12,760
Sales during the year:							
- Domestic	557,965	6,930	15,065	818	584,892	6,558	10,019
- Captive Consumption	36	–	610		192	–	31
- Exports	–	1,953	1,131	20	–	2,725	–
- Panels Division consumption from Jan-Mar'10			482				
Total	558,001	8,883	17,288	838	585,084	9,283	10,050
Transfer	11,375	–	375	39	10,914	(2)	1,353
Closing Stock	98,278	622	4,634	656	65,681	800	3,123

Note:

* Installed Capacity of Panels is shown in Nos approximate tonnage is 10300 M.T.

* Opening stock of Panels for the year 2009-10 represents trial run Production carried to Inventory on Commencement of Commercial Production on 01/01/2010.

SCHEDULE 15 NOTES ON ACCOUNTS (Contd.)

13) Turnover (Gross)

(Rs. in lakhs)

	31st March 2010		31st March 2009	
	Quantity	Value	Quantity	Value
Cement Asbestos Products - MT				
- Domestic	557,965	50,274.29	584,892	47,956.97
- Captive Consumption	36	2.39	192	10.55
	558,001	50,276.68	585,084	47,967.52
Textile Yarn - MT				
- Domestic	6,930	9,406.44	6,558	8,005.67
- Exports	1,953	2,555.48	2,725	3,729.71
	8,883	11,961.92	9,283	11,735.38
Boards - MT*				
- Domestic	15,065	1,407.40	10,019	930.08
- Captive Consumption	610	42.31	31	2.49
- Exports	1,131	130.57		
	16,806	1,580.28	10,050	932.57
Panels - MT				
- Domestic	818	108.18		
- Exports	20	3.53		
	838	111.71	–	–
		63,930.59		60,635.47

14) Raw Materials Consumed

(Rs. in lakhs)

	31st March 2010		31st March 2009	
	Quantity	Value	Quantity	Value
Cement Asbestos Products - MT				
- Asbestos Fibre/ Woodpulp	48,994	15,844.87	44,903	12,314.38
- Cement	254,963	8,763.31	233,233	8,583.74
- Others	169,011	1,680.92	156,411	1,478.43
Textile Yarn - MT				
- Polyester Staple Fibre	8,087	5,595.07	7,728	5,258.10
- Viscose Staple Fibre	752	932.67	1,137	1,320.20
- Others	29	43.40	42	58.54
Boards - MT				
- Woodpulp	1,005	295.65	896	284.80
- Cement	6,679	171.79	4,714	139.20
- Others	9,565	254.49	6,780	145.18
Panels - MT*				
- Cement	435	8.85		
- Others	242	31.00		
Total		33,622.02		29,582.57

Note :

* During the year 482 M.T. of Boards Costing Rs.31.46 lakhs has been used in Panels Division.

SCHEDULE 15 NOTES ON ACCOUNTS (Contd.)

(Rs. in lakhs)

	31st March 2010		31st March 2009	
15) Managerial Remuneration				
Salary		35.24		33.00
Commission		380.00		251.00
Perquisites		30.58		22.34
Contribution to Provident and Other funds		9.51		8.91
Commission to Non-wholetime Directors		37.50		45.00
		492.83		360.25
Computation of Net Profit under Section 198 and 309 of the Companies Act, 1956.				
Profit before Taxation		8636.82		5543.02
Add:				
Managerial Remuneration	492.83		360.25	
Directors Sitting Fee	2.05		1.80	
Provision for Advances			390.16	
Provision for Doubtful Debts			25.67	
Less:- Profit on Redemption of Investments	8.89			
		485.99		777.88
		9122.81		6320.90
Maximum Remuneration to Managing Director @ 5%		456.14		316.05
Commission to Managing Director restricted to		380.00		251.00
Maximum commission to Resident Indian - Non- whole time Directors @ 1%		91.23		63.21
Commission to Non-whole time Directors restricted to		37.50		45.00
16) Payment to Auditors				
Audit Fee		5.50		5.50
Tax Audit Fee		1.50		1.50
Fee for Quarterly review		1.20		2.20
Certification Fee & Taxation Service		0.77		0.47
Out of Pocket Expenses		0.53		0.59
		9.50		10.26
17) Expenditure in Foreign Currency				
Travel		15.33		16.13
Commission on Export Sales		44.11		94.01
Interest Paid		0.00		32.22
Technical Knowhow		0.00		56.50
Royalty		3.00		0.00
		62.44		198.86
18) Earnings in Foreign Currency				
Export of Goods (FOB Value)		2639.55		3590.93
19) CIF Value of Imports				
Raw Materials		13751.73		11629.71
Component & Spare Parts		49.32		52.55
Capital Goods		235.96		26.67

Schedules forming part of the Balance Sheet and Profit and Loss Account

SCHEDULE 15 NOTES ON ACCOUNTS (Contd.)

	31st March 2010		31st March 2009	
	(Rs. in lakhs)	%	(Rs. in lakhs)	%
20) Consumption of Raw Materials & Spare Parts				
a) Raw Materials				
i) Imported	16152.46	48	12615.69	43
ii) Indigenous	17469.56	52	16966.88	57
	33622.02	100	29582.57	100
b) Spare Parts & Consumables				
i) Imported	84.24	4	42.72	2
ii) Indigenous	2236.08	96	1872.43	98
	2320.32	100	1915.15	100
21) Capital Commitments				
Estimated amount of contracts remaining to be executed on capital account	2381.45		548.01	

22) Segment information for the year ended 31st March, 2010

I) Information about Primary business

	31st March 2010			31st March 2009		
	Building Products	Synthetic Yarn	Consolidated	Building Products	Synthetic Yarn	Consolidated
Revenue						
External Sales (Net)	48,465.55	11,959.19	60,424.74	45,659.28	11,734.70	57,393.98
Inter Segment Sales	–	–	–	–	–	–
Total Revenue	48,465.55	11,959.19	60,424.74	45,659.28	11,734.70	57,393.98
Segment Result	8,850.83	1,776.45	10,627.28	7,224.99	948.04	8,173.03
Exceptional Items	(175.99)		(175.99)			
Unallocated Corporate expenses			(755.91)			(954.61)
Operating Profit			9,695.38			7,218.42
Interest Expense			(1,092.77)			(1,702.27)
Rental & Other Income			34.21			26.87
Income tax			(2,915.68)			(1,949.18)
Profit from ordinary activities			5,721.14			3,593.84
Extra ordinary Profit/Loss			–			-
Net Profit			5,721.14			3,593.84
Other information						
Segment Assets	37,142.63	6,447.00	43,589.63	32,553.27	7,633.44	40,186.71
Unallocated Corporate Assets			9,057.26			6,463.09
Total Assets			52,646.89			46,649.80
Segment Liabilities	4,998.80	691.43	5,690.23	4,271.64	855.22	5,126.86
Unallocated Corporate liabilities			23,383.88			22,743.52
Total Liabilities			29,074.11			27,870.38
Capital Expenditure	3,018.64	85.13	3,103.77	4,495.93	91.06	4,586.99
Unallocated Capital Expenditure			–			-
Total Capital Expenditure			3,103.77			4,586.99
Depreciation	1,410.82	425.11	1,835.93	1,235.94	421.09	1,657.03
Unallocated Depreciation			3.19			3.19
Total Depreciation			1,839.12			1,660.22

Schedules forming part of the Balance Sheet and Profit and Loss Account

SCHEDULE 15 NOTES ON ACCOUNTS (Contd.)

ii) Information about secondary business segments.

Revenue by Geographical Markets

	31st March 2010			31st March 2009		
	India	Outside India	Total	India	Outside India	Total
External	57,735.16	2,689.58	60,424.74	53,664.27	3,729.71	57,393.98
Inter-segment	–	–	–	–	–	–
Total	57,735.16	2,689.58	60,424.74	53,664.27	3,729.71	57,393.98
Carrying Amount of Segment Assets	52,646.89	–	52,646.89	46,649.80	–	46,649.80
Additions to Fixed Assets	3,103.77	–	3,103.77	4,586.99	–	4,586.99

NOTES:

Business Segments:

The Company's activities are organised 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. However, during the year there are no such transactions.

23) Figures for the previous year are regrouped and rearranged wherever necessary.

As per our report of even date

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

A. V. Sadasiva
Partner
Membership No. 18404

Place: Secunderabad
Date: 10th May, 2010

For and on behalf of the Board of Directors

Bhagirath B. Merchant — *Chairman*
Dr. G. Vivekanand — *Vice-Chairman*
Smt. G. Saroja Vivekanand — *Managing Director*

Gusti Noria — *Director*
V. Pattabhi — *Director*
P. Abraham — *Director*

M. P. Venkateswar Rao — *Whole Time Director*
K. V. Soorianarayanan — *President(Corporate) & Company Secretary*

Balance Sheet Abstract and Company's General Business Profile

I. Registration details

Registration No.	0103072	State Code	01
Balance Sheet Date	31 03 2010		

II. Capital raised during the year (Amount Rs. in Thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position of mobilisation/deployment of funds (Amount Rs. in Thousands)

Total Liabilities	4096980	Total Assets	4096980
Paidup Capital	159207	Reserves & Surplus	2198072
Secured Loans	1165491	Unsecured Loans	454858

Application of Funds

Net Fixed Assets	2169188	Investments	22982
Net Current Assets	1904810	Misc. Expenditure	NIL
Accumulated Losses	NIL		

IV. Performance of the Company (Amount Rs. in Thousands)

Turnover Including Other Income	6476562	Earning per Share (in Rs.)	36-03
		Dividend Rate (%)	
Total Expenditure	5577821	On Preference Capital	NIL
+/- Profit/Loss before Tax	+863682	On Equity Capital	50.00
+/- Profit/Loss after Tax	+572114		

V. Generic names of three principal products/services of the Company:

Item Code (ITC Code)	Production Description
68	BUILDING PRODUCTS
55095100	SYNTHETIC BLENDED YARN

As per our report of even date

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

A. V. Sadasiva
Partner
Membership No. 18404

Place: Secunderabad
Date: 10th May, 2010

For and on behalf of the Board of Directors

Bhagirath B. Merchant — *Chairman*
Dr. G. Vivekanand — *Vice-Chairman*
Smt. G. Saroja Vivekanand — *Managing Director*

Gusti Noria — *Director*
V. Pattabhi — *Director*
P. Abraham — *Director*

M. P. Venkateswar Rao — *Whole Time Director*
K. V. Soorianarayanan — *President(Corporate) & Company Secretary*

28th Annual Report 2009-2010

Board of Directors

Bhagirath B. Merchant - *Chairman*
Dr. G. Vivekanand, M.P. - *Vice Chairman*
Shri P. Abraham, I.A.S. (Retired) - *Director*
Shri V. Pattabhi - *Director*
Shri Nagam Krishna Rao - *Director*
Shri Gusti Jall Noria - *Director*
Smt. G. Saroja Vivekanand - *Managing Director*
Shri M.P.V. Rao - *Whole Time Director*

President (Corporate) & Company Secretary
K.V. Soorianarayanan

Committees of the Board

Audit Committee
Bhagirath B. Merchant - *Chairman*
Shri P. Abraham, I.A.S. (Retired) - *Member*
Shri V. Pattabhi - *Member*
Shri Gusti Jall Noria - *Member*
Smt. G. Saroja Vivekanand - *Member*

Remuneration Committee
Bhagirath B. Merchant - *Chairman*
Shri P. Abraham, I.A.S. (Retired) - *Member*
Shri Nagam Krishna Rao - *Member*

Shareholders Grievances Committee
Shri Nagam Krishna Rao - *Chairman*
Dr. G. Vivekanand - *Member*
Smt. G. Saroja Vivekanand - *Member*
Shri M.P.V. 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, Medak District
Andhra Pradesh.

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

Bankers:
State Bank of India
- Corporate Accounts Group Branch, Hyderabad

State Bank of Hyderabad
- Industrial Finance Branch, Hyderabad

IDBI

Axis Bank Limited

IndusInd Bank Limited

Plant Locations:

1. **A.C. Division – Plant 1**
   Survey No.315, Yelumala Village
   R.C.Puram Mandal, Medak District
   Andhra Pradesh – 502 300.

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. 179 & 180
   Near Kanchikacharla, Jujjuru (Village)
   Mandal: Veerula Padu, Krishna District
   Andhra Pradesh – 521 181.

7. **A.C. Division - 7**
   70/3A, 70/3, Sahajpur Industrial Area
   Nandur Village, Taluk- Daund
   Pune District
   Maharashtra – 412 020

8. **Textile Division**
   Survey No.179 & 180, Chiruva Village
   Maudha Taluq, Nagpur District
   Maharashtra.

9. **V – Boards & Panels Division**
   Survey No. 95 & 96,
   Gajalapuram Village,
   Near Miryalguda P.O.
   Pedadevullapally Mandal, Tripuraram
   Adjacent to Kukkadam Railway Station
   Nalgonda District, Andhra Pradesh – 508 207