POISED

Visaka Industries Limited

Annual report 2011-12

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

There is opportunity in difficulty.

Both our businesses – building products and textiles – passed through challenging times in the last two years.

Rather than merely wait for the good times to return, we strengthened these businesses. To emerge better during the downtrend and bigger during the rebound.

There is one word that captures the spirit and positioning of our company.

POISED

THE BUSINESS MODEL OF VISAKA INDUSTRIES IS WOVEN AROUND TWO SIMPLE UNDERSTANDINGS.

- THAT PEOPLE WILL NEED TO STAY OR WORK IN BETTER SPACES AND DRESS BETTER.
- THAT EACH ONE WILL CONTINUE TO ASPIRE A SUPERIOR QUALITY OF LIFE.

PROFILE

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

The equity shares of Visaka Industries Limited are listed on the Bombay and National Stock Exchanges. The promoters hold a 37.65% stake in the Company's equity share capital.

PRESENCE

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

PRODUCTS

Products	Manufacturing locations	Installed capacity, 31 March 2012
Cement asbestos products	■ Patancheru (Andhra Pradesh) ■ Paramathi (Tamil Nadu) ■ Midnapur (West Bengal) ■ Vijayawada (Andhra Pradesh) ■ Tumkur (Karnataka) ■ Rae Bareli (Uttar Pradesh) ■ Pune (Maharashtra) ■ Sambalpur (Odisha)	7,52,000 MT
Flat products	Miryalguda (Andhra Pradesh)	48,000 MT
Textiles	Nagpur (Maharashtra)	28 MTS M/CS

THIS IS WHAT WE ACHIEVED, 2011-12

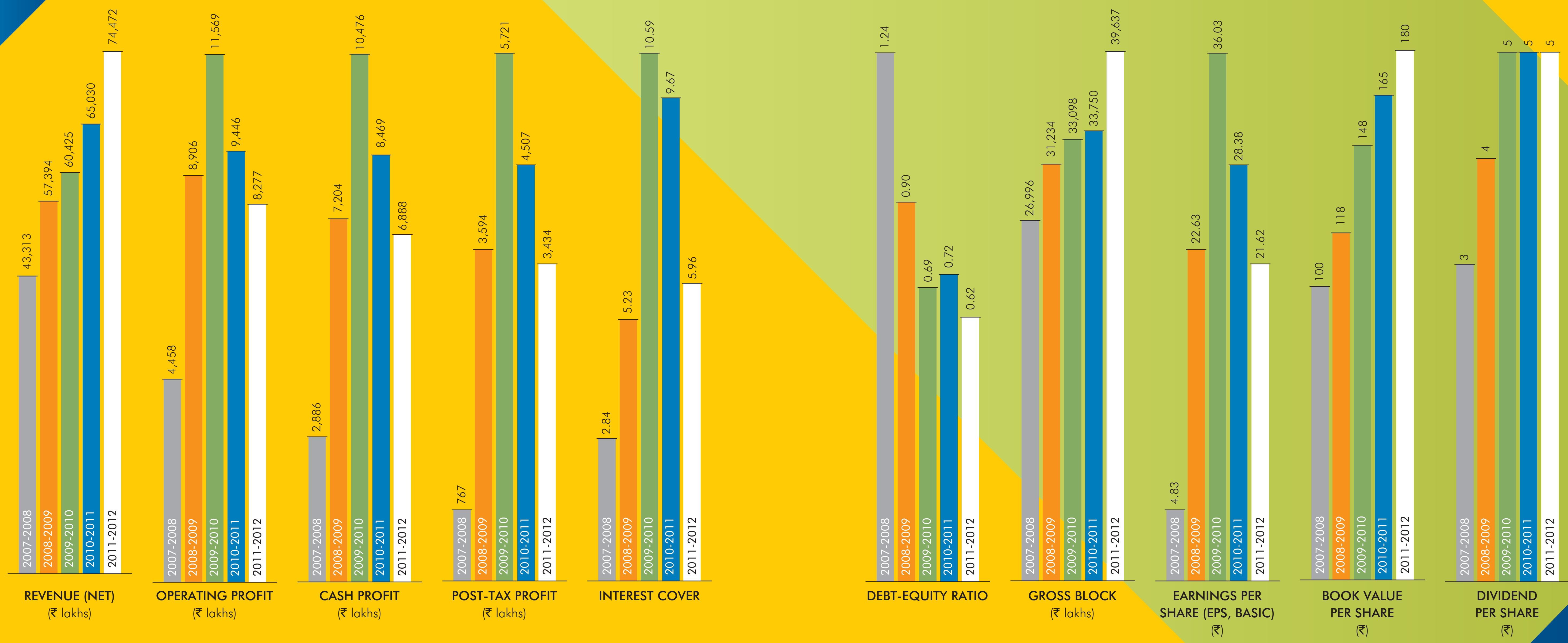
Building products business

- The Company produced 6,54,198 MT of cement asbestos products against 5,89,444 MT in 2010-11. The division reported an overall capacity utilisation of 94% as against 90% in 2010-11
- Sales increased 12% from 5,83,691 MT in 2010-11 to 6,54,439 MT,
- The Company's market share in the industry grew from 16% in 2010-11 to 18% in 2011-12
- The Sambalpur unit (100,000 TPA) was commissioned in the last quarter of 2011-12
- The V-Boards unit was turned around to profits

Textile business

- Domestic sales declined from 6,387 MT in 2010-11 to 5,301 MT
- Export sales increased from 2,363 MT in 2010-11 to 2,416 MT
- Yarn was exported to Germany, Egypt, Turkey, the US, the UK, Europe and Australia. Exports accounted for 31 per cent of total yarn sales
- 8,030 MT of yarn was produced (8,733 MT in 2010-11)
- Average yarn realisation increased from ₹164 per kg in 2010-11 to ₹178 per kg
- Our yarn export to the US increased from 75 MT to 161 MT during 2011-12. Yarn export to Egypt increased from 102 MT to 207 MT
- The overall export quantity grew from 2,363 MT to 2,416 MT despite a global slowdown and political crisis in the Middle East countries.

HOW WE HAVE GROWN OVER THE YEARS



SOME REASONS WHY OUR BUSINESS MODEL CONTINUES TO BE ROBUST AND SUSTAINABLE.

BUILDING PRODUCTS BUSINESS

Drive: The Company was the seventh-largest cement asbestos product manufacturer in India in 1996; 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 manufacturing plants consume the lowest electricity per tonne in the sectors of its presence.

Fabrication capability: The Company's rich engineering competence is reflected in an ability to design and fabricate cement asbestos manufacturing equipment (for five of its eight plants), reducing the overall cost when compared with the industry benchmarks by 20% and shrinking commissioning time. The Company demonstrated the commissioning of cement asbestos product capacity (100,000 TPA) within nine months of ground breaking, leading to rated capacity utilisation within four months of start-up

Competitive: The Company's 752,000 TPA production capacity of cement asbestos products corresponds to ₹251 crore of gross block investment at a historical cost of about ₹3,330 per MT as against a prevailing commissioning cost of ₹4,715 per MT.

Intellectual capital: The Company's 3,818 employees represent the best industry talent in the areas of engineering, finance, production, marketing, commercial, regulatory and quality management capabilities.

National: The Company's cement asbestos product manufacturing facilities are located nationally to address regional needs – four in South India, one in North India, two in East India 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 a 18% market share.

TEXTILES BUSINESS

Margins: The Company manufactures value-added products, enjoying the highest margins in its segment.

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

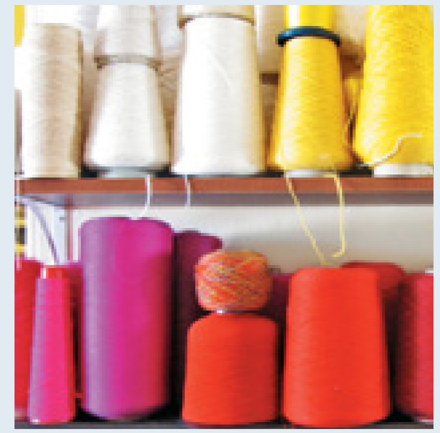
Scale: The Company enjoys attractive scale; it possesses the single largest twin airjet equipment installation in India and one of the highest such installations in the world.

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

Niche: The Company selected to specialise in the niche segment of a commodity business (polyester spun yarns as well as products from 30s to 76s counts - double yarn).

Productivity: The Company's twin air-jet productivity is quoted as the benchmark by machinery manufactures (Murata of Japan).

Clientele: The Company's domestic textiles clients comprise brand-enhancing names like Siyaram's, Pantaloons, Harry's Collection, Grasim, Donear, and Raymond, among others.



CORPORATE

Business mix: The Company's business mix – textiles and building products – is generally counter-cyclical. The Company's products cater to a wide market, the product mix ranging from roofing to interior solutions.

Gearing: The Company is relatively under-borrowed; its gearing of 0.62 at the end of 2011-12 coupled with an interest cover of 6 represent adequate fiscal comfort.

Low attrition: The Company enjoys rich experience and stability in its senior management (in excess of 15 years).

Technology: The Company's high-tech fibre cement plant is fully automated comprising sophisticated technology; the yarn manufacturing unit comprises state-of-the-art twin air-jet spinning technology from Murata, Japan.

Standards: The Company's fibre cement plant is certified by the ISI. The V-Board division possesses HPSC technology conforming to IS 14862-2000. Visaka's yarns are environment-friendly and ÖEKO-TEX certified. The Company has been certified for ISO.

VICE-CHAIRMAN'S OVERVIEW

VISAKA IS POISED TO CAPITALISE ON ANY NATIONAL OR SECTORAL UPTURN

AT VISAKA, WE RECOGNISE THAT WE ARE IN BUSINESS TO ENHANCE ORGANISATIONAL VALUE. WHATEVER INITIATIVE WE UNDERTAKE MUST PASS THIS STRINGENT FILTER: WILL IT ENHANCE OUR COMPETITIVE ADVANTAGE AND ENRICH ORGANISATIONAL VALUE? IF IT DOES, WE EMBARK ON THE INITIATIVE; IF IT DOES NOT, WE DON'T.

I am pleased to report that despite a challenging 2011-12, Visaka enhanced its organisational value in various ways. From an evident perspective, the Company reported a profit after tax of ₹34.34 crore, which strengthened its book value to ₹180 towards the close of the year under review.

There were a number of positive achievements below the surface as well.

For instance, even in a challenging year, the Company reduced its indebtedness from a gearing of 0.72 to 0.62. In fact, in the last three years, our Company repaid an aggregate ₹71 crore to lenders and lightened its balance sheet to the point that term loans have been virtually repaid.

The quantum of working capital on the Company's books is fully covered by inventories with adequate margin. As a result, the Company reported a comfortable interest cover of 6 in 2011-12, which is creditable for a company engaged in businesses as broad-based as cement asbestos sheets, V-Boards and textiles.

Over the years, we built assets with an attractive depreciation cover, which funded our capital expenditure. In 2011-12, we touched a sweet spot in our business: even after we invested in an entirely new ₹47 crore asbestos cement sheet plant in Sambalpur (100,000 TPA) through accruals, we had cash left over.

As it is, our plant will start with a lower break-even point and stay viable even in challenging industry periods and report attractive profits during industry rebounds. The equipment is special; the 8 metre machine length makes it the largest of its kind in India, translating into a superior product mix, economies of scale and the ability to generate a higher output than rated capacity without any additional capital expenditure. More than that, from this point onwards we expect to generate adequate cash than we can immediately consume in our ongoing capital expenditure. With our term debt repayment complete, we see ourselves emerging as a cash-positive company in a cash-intensive business with any additional debt coming at a low gearing ratio.

Sincerely,

Dr G. Vivekanand

Q&A WITH MD

"IN A CHALLENGING 2011-12, WE SUCCESSFULLY RESTRICTED A DECLINE IN EBIDTA MARGIN 340 BPS"

SMT. G. SAROJA VIVEKANAND, MANAGING DIRECTOR, REVIEWS THE COMPANY'S PERFORMANCE IN 2011-12

Q Were you satisfied with your Company's working in the last financial year?

A We were not satisfied for a good reason. We had targeted net revenues of ₹790 crore for 2011-12 but ended with ₹745 crore, which is a deviation of 5% between what we had budgeted and what we delivered. The reasons for this mismatch are many: the economy went through a downturn, there was a volatile movement in India's exchange rate, along with an increase in our raw material costs (especially asbestos fibre). These costs could not be passed on and there was a decline in revenues at one end and margins at the other, drawing down our profit after tax for the year under review by 2.16%. Besides, there was a significant decline in the profit of our textiles division – one of the lowest in years - on account of the global slowdown. The bright spot was the performance of our V-Board division, which turned around by nearly ₹1.30 crore and contributed to the Company's bottomline.

In hindsight, one must add that the Company did well in arresting the decline in its margins to only around 340 bps to about 11%, which in reality could have been worse given the magnitude of the challenges. Besides, the Company succeeded in protecting its asbestos cement sheet market share at around 18% and number two position in the industry.

Q How did the asbestos cement sheet industry perform during the last financial year?

A The asbestos cement sheet segment is the largest in the Company, accounting for more than 75% of its total revenue. As a result, any decline in the performance of this division has an inevitable impact on the Company's performance. The asbestos cement sheet industry staged an interesting rebound:

Q&A WITH MD

> It was creditable that despite the slowdown and consumer sentiment being affected, the Company could report a higher production by 11% and higher sales by 12%.

in 2009-10, the asbestos industry degrew 5%, then in 2010-11 the industry grew 3.5% and then during the last financial year it grew 7-7.5%. While this may not be a patch on the good old days when the industry would consistently grow 12-15% a year, this rebound is reassuring.

A number of shareholders would like to know the reason behind the dip and rebound: when food inflation peaked for a period of 18 months, there was a decline in disposal surpluses in rural India (where food accounts for a significant part of the rural income). However, when food prices started trailing off, there was a marginal rebound in industry demand. This was pronounced during the last quarter of 2011-12 when volumes and realisations increased, partly on account of pre-emptive buying to beat the rise in product prices as well as the incidence of excise.

Q What was creditable about the Company's working during 2011-12?

A It was creditable that despite the slowdown and consumer sentiment being affected, the Company could report a higher production by 11% and higher sales by 12%. Besides, even in the most challenging quarter (the second coinciding with the monsoons), the asbestos cement business continued to be profitable. Then in the last quarter of the financial year under review, the Company commissioned its eighth cement asbestos plant in Sambalpur (Odisha) with an installed capacity of 100,000 TPA (taking the Company's cumulative capacity to 752,000 TPA). This demonstrates the Company's commitment to grow its capacities even during unfavourable industry periods, the benefit of which will be felt when the economy revives.

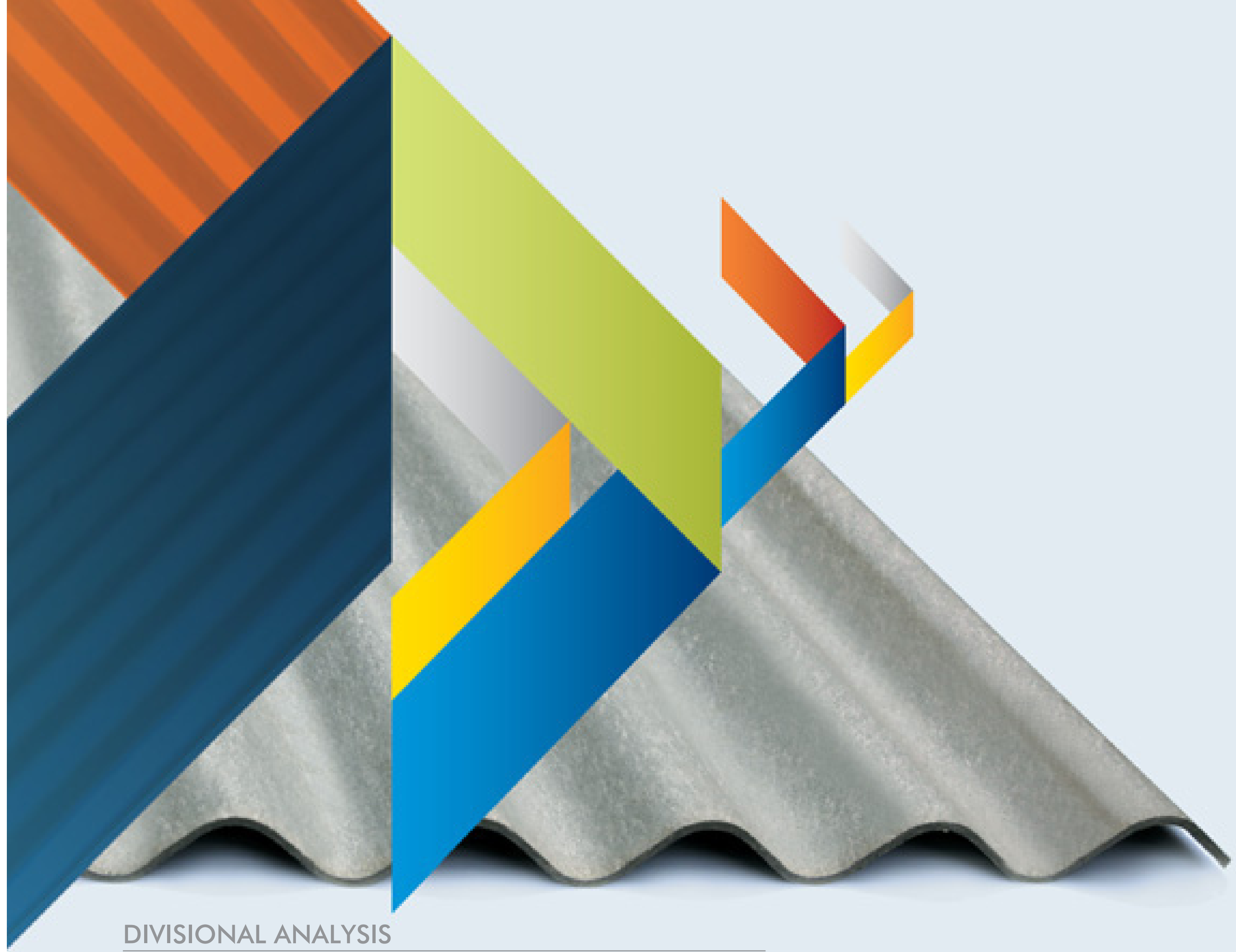
Q What can shareholders expect from the Company during 2012-13?

A We expect to report a 10% growth in the production of asbestos cement sheets to about 725,000 tonnes per annum, though it would be a bit premature to indicate how this will translate into margins as asbestos fibre prices increased 23% in April 2012, in addition to excise and service tax implications. As a result, we will be required to increase our selling price by more than 20% through the year to be able to merely cover this cost increase.

The textiles industry continues to be weak and if we retain our profits in the spinning division, we will be satisfied. We expect to do better in our V-Boards segment and if all goes well we will expand to more than double our installed capacity effective from 2013-14.

So while we do expect a growth in our business during the current financial year, it would be early to guess on how this will translate into profits. Our surplus will be influenced by FDI, rupee strength, oil prices and interest rates, each of which has a complex economic influence.

However, we would like to leave this thought with our shareholders that the Company strengthened its fundamentals through an increase in capacity, reduction in operating costs, reduction of the debt and gradation to niche ends leading to a more viable business mix on the overall. As a result, our Company is poised to capitalise with attractive fundamentals in the event of an economic rebound.



DIVISIONAL ANALYSIS

BUILDING PRODUCTS DIVISION

Net turnover: ₹607 crore, 2011-12

Proportion of the Company's turnover: 82%

1. CEMENT ASBESTOS PRODUCTS

Net turnover: ₹557 crore, 2011-12

Proportion of the division's revenue: 92%

The Company's presence in the building products segment is dominated by cement asbestos products (92% of revenues), the other segments comprising flat products like V-Boards and V-Panels.

In India, the offtake of cement asbestos products is largely influenced by a growth in rural incomes and how they compare with alternative materials. For instance, the 24 gauge galvanised iron roofing material (generally considered the superior product) used to be considerably more expensive earlier, justifying the use of cement asbestos products. But over the last few years, the pricing difference has narrowed and yet consumers prefer the latter on account of its superior features. As a result, the industry grew 7.5% in 2011-12. India's four leading manufacturers accounted for 65% of the market during the year under review.

Market: Cement asbestos products represent a convenient intermediate roofing product in rural and semi-urban India. The product caters to the bottom of the country's economic pyramid where household incomes are placed at around ₹4,000. The scope of the cement asbestos sector is highlighted by the fact that nearly half the country's rural population lives in *kutcha* or semi-*pucca* dwellings, which would inevitably need to be transformed into organised homes as incomes increase. Since thatched roofs need regular maintenance, users move from thatched roofs to red clay tile roofs to cement asbestos products and concrete slab roofing as soon as they can afford it.

The attractiveness of the space is indicated by its size and sustainable scope: 70% of India's population is rural translating into a market of around 80 crore consumers, possibly the second largest such population type in the world. Besides, this population segment is extensively under-consumed. Rural housing shortage has been estimated at 14.6 mn units (11.4 mn on account of replacement and additional 3.2 mn of new units) according to NABARD. Besides, investment in a dwelling unit ranks next only to food in India's rural priority (~42% of the rural population).

More importantly, the under-consumption is positioned to correct itself with speed following the successful implementation of government programmes like Indira Awas Yojna (allocation was increased 10.75% to ₹11,075 crore in Budget 2012-13) and Rural Housing Fund (allocation of ₹4,000 crore in Budget 2012-13), placing a larger income in the hands of the rural Indian. India's rural income – estimated at ~ 56-60% of India's income – is also influenced by harvests, yields, realisations, irrigation, monsoons, credit and support prices.

Portfolio diversification: In a price-sensitive business where the realisation of the end product is largely influenced by the price of competing products, the Company recognised that growth could be derived through a linear increase in the capacity of its principal product (cement asbestos) or a lateral extension into allied (urban-focused) and non-allied (industry-focused) segments.

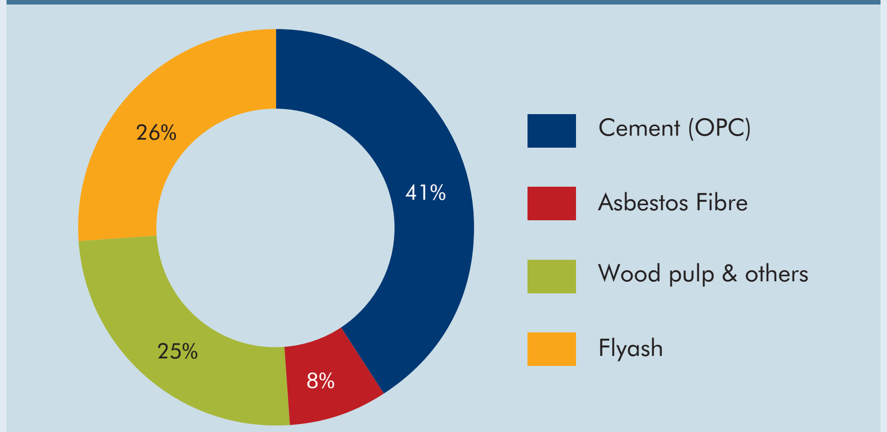
In view of this, the Company diversified into allied products (fibre cement boards, panels, among others used in cladding solutions, roofing, falls ceiling, patricians, among others), extending from a complete dependence on roofing products to building solutions. Besides, the Company graduated its personality from a rural consumer focus to urban and semi-urban marketing to architects, interior decorators, among others following its extension into the manufacture of sandwich panels, and fibre cement boards with the brand name V-Panel and V-Board.

Industry barrier: Even as cement asbestos products appear to be relatively low, entry into this space is restricted by technology, scale, branding and distribution. The conduct of manufacturers is cleared periodically by the Pollution Control Board and Central Environmental Ministry, followed by employee health and safety audits as well as the submission of reports. Over time, the ability of the large manufacturers with their strong balance sheets as well as their ability to create large capacities around a low capital cost per tonne may be considered as deterrents to fresh industry entrants.

Raw materials: The raw materials used in the manufacture of cement asbestos products comprise cement (OPC), white asbestos fibre (chrysotile), wood pulp and fly-ash. Chrysotile is imported from Canada, Brazil, Russia, and Kazakhstan while flyash is available as waste from thermal power plants. Given that the demand for the products remains relatively robust across rural India, profitability is linked to cement and asbestos fibre costs. Imported raw materials (asbestos fibre and wood pulp) account for 60% of the total cost.

Location: Freight accounts for 10-12% of cement asbestos sales. Over 90% of India's asbestos fibre imports are used in corresponding roofing sheet and pipe production. On the one hand, there is freight related to the inward transportation of raw materials and on the other, there is the outward transportation of finished goods. In view of this, the closer that a manufacturer is to ports, raw material producers or buyers, the better is the profitability.

Cement Asbestos Sheet composition (Volume)



Branding and distribution: There is a need to enhance a trust-based visibility considering that the product needs to be purchased across large stretches and accounts for a high proportion of rural income. This makes it imperative for manufacturers to appoint dealers right down to village levels, making it possible to capture every demand upturn.

Seasonality: It has been observed that the April–June quarter is usually the best for the sale of cement asbestos products (followed by the January-March quarter). On the other hand, the July-September quarter is usually the weakest as construction is generally deferred to after the monsoons.

Corporate review

The Company possessed 7,52,000 TPA in installed capacity of cement asbestos products. The Company's revenues from this product accounted for 75% of its total revenue for 2011-12 (73% in 2010-11). The Company retained its position as the second-largest cement asbestos product manufacturer in India with a 18% market share.

The division set a production target of 7,00,000 MT for 2011-12 and produced 6,54,198 MT as against 5,89,444 MT in 2010-11. The division achieved a capacity utilisation of 94%. Sales increased 12% from 5,83,691 MT in 2010-11 to 6,54,439 MT in 2011-12; market share grew from 16% to 18%.

Strengths

The division continued to deliver superior load bearing capacity over the recommended standard; it exceeded the ISI requirement of 525 kgs per centimetre square with a performance of 650-700 kgs per centimetre square. The division's production was supported by a field force of about 120 members servicing the needs of 6,000 plus pan-Indian retailers. The Company's products were available even in 5,000-member villages.

The Company did not just market products; it provided material in small quantities with a quicker frequency. This made it possible for retailers to store less and enhance their working capital efficiency. The division strengthened its outdoors advertising, influenced decision makers, marketed the 'perfect shelter' concept and ensured that retailers had ready material at all times. The division engaged periodically with customers, architects, government engineers and farmers.

Outlook

The division expects to increase production to 7,25,000 TPA in 2012-13.

THE GOVERNMENT'S RURAL HOUSING PUSH

Rural Infrastructure Development Fund: The government enhanced the allocation under Rural Infrastructure Development Fund (RIDF) to ₹20,000 crore for 2012-13. Further, an amount of ₹5,000 crore from the allocation will be kept aside to create warehousing facilities.

Affordable housing: The government strengthened its focus on affordable housing, allowing overseas borrowings for low cost housing, extension of interest subvention for one more year for loans up to ₹15 lakh on property cost up to ₹25 lakh, service tax exemption on low cost mass housing up to 60 sq mt and ₹4,000 crore fund for rural housing (3,000 crore in last fiscal). These initiatives will strengthen affordable housing.

Pradhan Mantri Gram Sadak Yojna: Under this flagship scheme, the government provided an allocation of ₹240 billion (increase of 20% over the previous year) to provide and enhance rural connectivity.

Mahatma Gandhi Naional Rural Employment Guarantee Scheme: MGNREGS created legal entitlements for an individual's right to work in the rural economy. The previous year's budget allocation was ₹400 billion, ₹1 billion less than what was allocated in Budget 2010-11. Of the allocated amount, only ₹310 billion was utilised. Keeping in view the underutilisation of the allocated funds, Budget 2012-13 allocated ₹330 billion to MGNREGS.

Indira Awas Yojana: The allocation for rural housing scheme Indira Awas Yojana was primarily to provide housing for SC/STs below the poverty line. This was ₹11,075 crore in the Budget 2012-13. Each BPL family got ₹45,000 as assistance in the plains and ₹48,500 in the hilly areas.

Jawaharlal Nehru National Urban Renewal Mission: The government almost trebled spending on JNNURM in 2012-13 to address urban infrastructure gaps.

Rural development: For 2012-13, India's finance minister allocated ₹736.8 billion to the Ministry of Rural Development to undertake rural development projects.

2. FIBRE CEMENT SHEETS (NON-ASBESTOS) – V-BOARDS AND V-PANELS

Net turnover: ₹50 crore, 2011-12

Proportion of the division's revenue: 8%

Overview

In the last few years, the use of flat products (V-Panels and V-Boards) increased on account of their superior price-value over alternatives.

For instance, the market for particle boards and medium density fibre boards in India is estimated at 6,00,000 tonnes per annum in the onward fabrication of interiors, partitions, panelling, door panels, mezzanine flooring, among others. 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 48,000 TPA, the second company in India to manufacture these emerging products.

Highlights, 2011-12

The Company possesses an all-India network of 130 distributors and intends to appoint 50 new distributors in 2012-13.

V-Boards: The production of this non-asbestos product (4000 TPM) went on stream in 2008. The raw material of this product comprises cement, fly ash and cellulose fibre. The offtake of cement bonded boards grew following enhanced product awareness, shift from timber products (due to advantages of fire, water and termite resistance over plywood and particle boards), higher affordability, maintenance-free, a low erection cost, functional use by carpenters, easy transportability (rather than be mixed on site) and safety in seismic zones.

This division reported its most impressive year in existence. Production increased from 32,254 MT in 2010-11 to 40,047 MT in 2011-12, sales increased from 28,985 MT to 36,377 MT during the period. EBIDTA increased quarter-on-quarter and the division transformed from a loss of ₹343 lakhs in 2010-11 to a profit before tax of ₹129 lakhs in 2011-12. This turnaround was achieved on account of value engineering, access to new markets, significant increase in exports and an increase in realisations even as raw material costs steadied.

Following this performance, the Company decided to establish a second unit of 72,000 TPA near Pune, which is expected to be commissioned in April 2013, reinforcing the Company's position as one the largest producers of the product in India.

V-Panels: This non-asbestos product is ideal for use in interiors as it is created from cement, fly ash and polystyrene beads and positioned as dry wall substitute. The product is ideal for disaster-prone areas, is low on maintenance, enhances interior living area on account of its thinness and is ideal where real estate is expensive. Its weight is lower than bricks, quicker to erect, matches wall strength and axial load. The product is preferred on account of its weight ratio and dry wall concept. It is labour-efficient as it can be erected by a few of individuals. It can be reused at different locations. The Company possesses an installed capacity of 500 panels a day. Its customers comprise GMR, Punj Loyd, Shapoorji Pallonji, Soma Enterprises, TCS, Gujarat Ambuja Port, Eenadu Group, Coastal Projects, Uranium Corporation and Larsen & Toubro, among others. This division reported a modest net revenue of around ₹7.4 crore with a negligible loss in 2011-12.

Strengths

1. The Company's products are resistant to water, fire and termites

2. The products enjoy a price advantage over particle board and plywood

3. The products possess superior strength and sound absorption properties

Weakness

1 The product is heavy due to a high cement component

2. There is a low product awareness which makes it necessary to market products better

Opportunities

1. Consumers are shifting from timber and wood-based products.

2. There is a growing demand from the prefab sector, rural door applications and industrial false ceilings.

3. There is a growing market for exports.

Threats

1. The competition from low-cost products (sheets with bamboo and gypsum components) is growing

2. There are no industry entry barriers

3. Imports are cost-effective against domestic products (low thickness boards)

DIVISIONAL ANALYSIS

TEXTILE PRODUCTS DIVISION

Net turnover: ₹138 crore, 2011-12

Proportion of the Company's turnover: 18%

Overview

During 2010-11, the cost of cotton fibre reached unprecedented levels due to scarcity. This had a cascading effect on the prices of all textile fibres and prompted a temporary switch to synthetic fibres.

In April 2011, the cotton fibre price crashed, influencing realisations for our synthetic yarns. Buyers held back, prices continued to drop throughout 2011-12 and this affected viability.

Following a 7.4% increase in the global end use demand for textile fibres in 2010, there was virtually no demand growth in 2011.

Besides, the weakness in the European markets affected the business.

Corporate review

The division's revenues and profits declined during the year under review on account of a slowdown in the international markets. The fact that the division reported a reasonable profit is an index of its niche products, quality, efficiency and customer mix. The Company's revenues from this division accounted for 18% of the total revenue for 2011-12 (22% in 2010-11).

The Company 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 produces about 8,000 tonnes of yarn a year (melange yarns, grandrelle yarns, high twist yarn and specialty yarns with different blend styles).

The Company has the distinction of being the largest global unit with Murata equipment, reporting one of the highest efficiencies. A high process control translated into ISO certification in 1995, Star Export House status in 2008. Yarns are environment-friendly and were 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, the U.K., U.S.A., Germany, Australia, Egypt and Turkey, among others.

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.

Highlights, 2011-12

- Average realisations across production increased from ₹164 per kg in 2010-11 to ₹178 per kg in 2011-12
- The division marketed products to brand-enhancing institutional clients like Siyaram, Pantaloons, Harry's Collection, Grasim Industries Donear Suitings and Raymond Suitings; the Company also marketed products to weavers manufacturing apparel, suiting, shirting, industrial fabrics, upholstery and curtains
- The division enhanced the polyester content in its yarn over expensive fibres like wool, cotton and silk
- Nearly 31% of the division's production was exported to customers who converted the yarn into value-added fabrics used in sun umbrellas, Venetian blinds, table linen and automotive fabrics
- The division exported to countries including the USA and Taiwan
- The division manufactured nep-free black yarn for the first time in India, leading to the production of smooth fabric
- The division reported an increase in machine speed, quality and efficiency- a rare combination

Outlook, 2012-13

The global demand for textile fibres is forecast to grow by 3.4% per annum over the 10 years to 2020 to a size of 98.6 million tonnes. Within the total, cotton demand is expected to grow by 2% per annum but non-cotton fibre demand is expected to grow at over twice that rate – by 4.1% per annum. The share of synthetic fibres will grow from 63.4% to 68.7%.

The global textile and clothing trade is expected to grow at a CAGR of 6.6% and reach USD 1 trillion by 2020.

While the export of textiles and clothing from China was USD 207 billion, India's share was only USD 25 billion in 2010 *(Source: Textiles Intelligence)*. While the cost of labour is increasing in China due to an agitative labour force and stronger Yuan, in India, a weakening Rupee will help us contain costs despite the inflation. As a result, India's share in the global textile and clothing sector is expected to increase from 4% to 8% by 2020.

The decline in cotton prices stopped and cotton fibre is stable. With the current forecast for a good cotton crop, the cotton fibre fluctuation is expected to moderate, which is expected to stabilise the yarn markets.

More importantly, the changing demographics with a rising share of adult users in affluent developing countries are strengthening the demand for textiles. The division expects to increase the customer base and enhance its presence in the technical textile segment, launch new products and enhance value addition with a corresponding increase in realisations.

Visaka's Cotton-Touch Airjet Spun Polyester yarns	Advantages
Successfully replaced cotton yarns for table napkins in the U.K. and the U.S.A.	Superior cotton-touch, premium matt look, easily washable/stain removable and pilling proof.
Replaced cotton yarns and twisted filament yarns for upholstery fabrics in Belgium.	Premium matt look, passes the Martindale abrasion pilling test. Easy stain removal.
Matt-look yarns are used for exclusive high-end shirting and feather light suiting for customers in Italy, France and the U.S.A.	Comfort to the wearer, premium look, unique feel, 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, 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 around and forms perfect windows.

FINANCE REVIEW

Performance review, 2011-12 vs 2010-11

- Net income registered a 15 percent increase from ₹650 crore in 2010-11 to ₹745 crore in 2011-12.
- Pre-tax profit (PBT) stood at ₹51.23 crore in 2011-12 against ₹68.29 crore in 2010-11.
- Post-tax profit (PAT) declined 24% from ₹45.07 crore in 2010-11 to ₹34.34 crore in 2011-12.

Margins

- EBITDA margin declined 342 basis points from 14.53% in 2010-11 to 11.11% in 2011-12.
- Net profit margin declined 232 basis points from 6.93% in 2010-11 to 4.61% in 2011-12.

Income accounting method

The accounts of the Company were prepared under historical cost convention as per revised schedule VI and with applicable accounting assumption of a going concern in compliance with the accounting standards 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.

Expenses

Total expenses (pre-interest, depreciation and tax) increased 19% from ₹566 crore in 2010-11 to ₹672 crore in 2011-12. As a proportion of turnover, expenses increased 300 basis points from 87% in 2010-11 to 90% in 2011-12.

Raw material: Raw material expenses as a proportion of total sales increased 300 basis points from 57% in 2010-11 to 60% in 2011-12. Visaka's raw material expenses increased 21% from ₹371 crore in 2010-11 to ₹448 crore in 2011-12.

Revenue

Net income increased 15% from ₹650 crore in 2010-11 to ₹745 crore in 2011-12. The Company's net sales revenue break-up is indicated below:

Segment-wise results (₹ in crore)

Business segment	Net sales revenue derived in 2011-12	Capital employed (as on 31 March 2012)	Operating profit, 2011-12	Net profit before tax 2011-12
Building products	607	404	72.52	46.46
Synthetic yarn	138	66	10.25	4.78

Exports: ₹63.35 crore in 2011-12.

The Company's principal raw materials comprised asbestos fiber, wood pulp and cement for the cement asbestos sheets business and polyester staple fiber and viscose staple fiber for the textiles business. The Company also consumed wood pulp and cement in the manufacture of boards.

Personnel expenses: The Company strengthened its human resources to optimise operational efficiency. Staff costs increased 25% to ₹41.90 crore in 2011-12 from 33.5 crores in 2010-11. Staff costs as a percentage of total sales grew marginally from 5.15% in 2010-11 to 5.63% in 2011-12.

Capital structure

The Company's issued, subscribed and paid-up equity share capital comprised 158,80,952 equity shares (face value ₹10 each) as on 31 March 2012.

Reserves and surplus

Visaka's reserves comprised securities premium reserves and general reserves. As on 31 March 2012, the Company's aggregate reserves stood at ₹271 crore (₹246 crore as at 31 March 2011).

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 0.72 in 2011-12 to 0.62 in 2011-12. The result is reflected in an interest cover of 6 in 2011-12, indicating the Company's comfort in managing its financial obligations.

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 ₹473 crore as at 31 March 2011 to ₹489 crore as at 31 March 2012, an increase of 3%.

Gross block

Investments in asset creation represent a significant part of a Company's employed capital. For instance, Visaka's gross block accounted for 81% of the Company's capital employed in 2011-12. The Company's gross block increased from ₹338 crore as at 31 March 2011 to ₹396 crore as at 31 March 2012, an increase of 17%.

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 ₹16.40 crore in 2010-11 to ₹17.64 crore in 2011-12, an increase of 7.5%.

Investments

The Company's investments increased from ₹14.97 crore as at 31 March 2011 to ₹15.05 crore as at 31 March 2012, increasing 0.6% principally on account of an increase in investments in other companies.

Manufacturing and other expenses: Visaka's manufacturing cost increased 12% to ₹187 crore in 2011-12 from ₹166 crores in 2010-11.

Component	Absolute cost (₹ crore)	Percentage growth
Consumable stores and spares	22.22	5.76
Power and fuel charges	38.81	15.16

Strengthening debt-equity ratio

Year	2009-10	2010-11	2011-12
Debt-equity ratio	0.69	0.72	0.62

Inventories

At Visaka, consumables, stores and spares are valued at a lower 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 Company reduced its inventory in terms of turnover equivalent (days) during the year under review, minimising holding risk.

Sundry debtors

In a business where an average daily net turnover is ₹2 crore, 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 1.98% as at 31 March 2012.

Cash and bank balances

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 ₹53.85 crore as at 31 March 2011 to ₹53.88 crore as at 31 March 2012, registering an increase of 0.04%.

Loans and advances made

Visaka's loans and advances increased from ₹16.24 crore as at 31 March 2011 to ₹16.28 crore as at 31 March 2012 (increase of 0.30%), attributed to an increase in advance to suppliers of raw material.

Current liabilities and provisions

Visaka's current liabilities increased from ₹231 crore as at 31 March 2011 to ₹239 crore as at 31 March 2012.

Corporate tax

The Company's tax outgo decreased from ₹22.44 crore in 2010-11 to ₹14.36 crore in 2011-12 on account of a decline in profits.

Capital employed

	2009-10	2010-11	2011-12
Return on average capital employed (per cent)	23.75	16.50	13.33

Inventory cycle

Year	2009-10	2010-11	2011-12
Total inventory holding inventory cycle (in days)	67	77	70

Debtors cycle

Year	2009-10	2010-11	2011-12
Average debtor's cycle (in days)	29	36	33

HOW WE MANAGE OUR RISKS

BUILDING PRODUCTS BUSINESS

1	There is a perception that cement asbestos products are not safe for human use.	The quantum of fibre used in India is minimal (8%). The free floating asbestos used by the Company is well below the 0.1 fibres/standard fixed by Ministry of Environment. The Company uses white fibre whereas it is the carcinogenic blue fibre that is banned. As a responsible Company, an ongoing audit ensures a safe workplace for employees.
2	There is a risk of inadequate and interrupted asbestos fibre supply.	The Company imports its fibre needs (three grades) from three countries (Russia, Brazil and Canada). The Company enters into annual contracts based on its production plan. The Company also keeps an adequate raw material inventory as a hedge against shipment delays and material unavailability.
3	Inefficient logistics could affect profitability.	The Company commissioned plants in high consumption regions, servicing consumers across a radius of 500 kms. Each of the Company's plants has been positioned to cover mutually exclusive marketing zones.
4	Product oversupply could affect realisations.	Oversupplies do occur when new capacities go on stream. Progressively, realisations correct. The Company has generally marketed its products in regions of under-supply supported by branding, which makes it possible for its material to sell quicker even in periods of oversupply.
5	The extensive import of fibre exposes the Company to a forex risk	The Company's hedging policy is managed by a competent committee. The Company has built a partial natural hedge through yarn export.

TEXTILES BUSINESS

1	The business may be affected by commodity realisations.	The Company has selected to be present in the niche value-added end. Some of the products fetch realisations higher than the prevailing industry average. The Company's average realisation per kg of end products was ₹178 in 2011-12, which was higher than the industry average.
2	The Company could be affected by a rise in input prices.	This risk affects the entire industry. However, the Company provided for this risk by suitably altering its inputs, reducing costs, enhancing quality and running its equipment at high efficiency.
3	The Company could be affected by a decline in offtake.	The Company graduated to manufacture value-added yarns; it addresses the needs of weavers who make branded garments and home textiles, enjoying a strong offtake on account of increased incomes, increased earners and a general increase in living standards.
4	The Company's cash-intensive textiles business could be affected by high debt.	The Company's textiles business is attractively under-leveraged with the entire term debt having been repaid.

CORPORATE

1	The Company could run the risk of poor liquidity.	The Company is attractively under-borrowed with a gearing (including working capital) of 0.62 and a gearing (excluding working capital) of 0.30 The Company reported an interest cover of around 6 in a challenging 2011-12, indicating adequate comfort in meeting financial and other commitments.
2	The Company's business portfolio may be incompatible.	The Company's businesses are not related. It is possible for one business to do well when the other is not. However, three of four of the Company's businesses generate surpluses. The textiles business was profit making largely during the industry downturn, covering depreciation and interest costs. The V-Boards business turned around during the course of the year.

DIRECTORS' REPORT

Dear members

Visaka Industries Limited

Your Directors are pleased to present the 30th Annual Report of the Company with Audited Balance Sheet and Statement of Accounts. The financial highlights are as follows:

(₹ in lakhs)

Particulars	2011 – 2012	2010 – 2011
Total Revenue	75517	66098
Profit for the year before taxation	5124	6829
Provision for taxation	1690	2322
Profit for the year after taxation	3434	4507
Balance brought forward from previous year	1570	1489
Profit available for appropriation	5004	5996
Dividend on Equity Share Capital	794	794
Corporate Dividend Tax	128	132
Transfer to General Reserve	3000	3500
Balance carried to Balance Sheet	1082	1570

Dividend

Your Directors recommend payment of Dividend of ₹5 (i.e. 50%) Per Share of ₹10/- each for the Financial Year ended on 31st March, 2012. The Company is absorbing Corporate Dividend Tax of ₹127.56 lakhs on the Equity Dividend and 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 Manufacture and Sale of Cement asbestos Sheets, V – Boards (Fiber Cement Sheets) and Spinning Yarn.

a) Cement Asbestos Business:

Industry Structure and Developments:

This industry is more than 74 years old industry in India.

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

Currently there are 20 entities in the Industry with about 68 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 2011 - 2012 was estimated at 48 lac metric tones. 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 is about 7.5%.

Opportunities and Threats:

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

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

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

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

Both the existing and new manufacturers are venturing into setting up of new cement asbestos sheet producing plants and 8 new units are expected to be commenced. This could increase the competition and will have an effect on the margins.

The increased input cost is also a matter of concern.

Risks and Concerns:

Lack of entry barriers:

Lack of entry barriers is attracting new entrants into this line of business. Closure of Canadian and Zimbabwe asbestos mines are matter of concern.

Increase in input costs

The continuous increase in cost of inputs is a matter of concern.

Activities of Ban Asbestos Lobby

The activities of the Ban Asbestos Lobby instigated by the manufacturers of substitute products continue to be a matter of concern.

Production and sales Volumes:

As against a production of 589444 tonnes during the previous year the production during the Financial Year ended 31st March 2012 was 654198 tonnes. The sales during the Financial Year Ended on 31st March 2012 was 654439 tonnes as against 583691 tonnes sold during the Financial Year 2010 – 2011 recording an increase of 12%.

Financial Performance:

The net turnover of Cement asbestos Division during the year was ₹558 crores as compared to ₹473 crores during the previous year.

Outlook:

Since many new entrants have come competition has become accute.

Boards Division

The total production for the period ended March 2012 was 40047 Metric tonnes as against production for the year ended March, 2011 of 32254 Metric Tonnes, and sales for the year ended on 31st March, 2012 was 36377 Metric Tonnes (including export of 16966 Metric Tonnes) as against 28985 (including export of 5274) Metric Tonnes for the previous year. The net turnover from this division was ₹42.40 crores for the year ended 31st March 2012 compared to ₹28.38 crores in the previous 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. Export market is also growing. In short this is a product of the future.

Sandwiched Panel Unit

Sandwiched Panels are in demand in the market, for use as Partition Material. The 'Reinforced Building Board Sandwiched Panels' are made of two fibre-reinforced cement sheets enclosing a lightweight core. These panels are fully cured at factory and are ready for installation. These panels are cheaper compared to masonary partitions / wood partitions and are also easy to fix and takes comparatively less time for installation.

The production during the year was 5957 metric tonnes as against 5040 during the previous year. Sales was 5279 metric tonnes as against 4473 metric tonnes during the previous year. The net Sales Turnover was ₹740.09 lacs as against ₹562.89 lacs during the previous year.

b) Synthetic Yarn Business:

Industry Structure and Developments:

The demand for Synthetic Yarn was dull during the year 2011–2012.

Opportunities and Threats:

The cotton fibre price has stabilized and hence the downward trend of prices will stop at the current level. Government is taking action to stop the cheap imports of yarn, which should improve our realisation. Weakening Indian Rupee will help us increase the exports at higher profitable levels. European economy is still shaky. As European market has been the traditional driver of exports of clothing and textiles from India, till their economy improves, there will be some uncertainty in the market. Weakening Rupee should stabilise at a certain level. Highly volatile currency is not good for the domestic economy.

Risks and Concerns:

Falling prices of fiber and yarn is a matter of concern.

Outlook

Overall, the spinning Division expects to do well in 2012-13 compared to the previous year due to stable raw material prices without undue fluctuation. Increased domestic consumption and weakened Indian Rupee should add up to a better performance.

Production and Sales Volumes:

The production in the spinning unit during the year 2011 - 2012 was 8030 metric tonnes as compared to 8733 metric tonnes during the previous year. The sales were 7717 metric tonnes of yarn (including export of 2416 metric tonnes) during the year 2011 - 2012 as compared to 8750 metric tonnes (including export of 2363 metric tonnes) in the previous year.

Financial Performance:

The net turnover of this division during the Current Year was ₹137.45 crores compared to ₹143.27 during the previous year.

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 unauthorized use or losses, executing transactions with proper authorization 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 front:

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 Developments. The Company has a policy of continuous training of its employees both in-house as well as through reputed Institutes. The staff is highly motivated due to good work culture, training, remuneration packages and the values, which the company maintains.

The total number of people employed in the company as on 31.03.2012 is 3818. 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 March 31, 2012 was ₹7.05 Crores.. 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 ₹4,82,243 in respect of the year 2003 – 2004 has been transferred to Investor Education and Protection Fund on 20.09.2011 upon expiry of the mandatory 7 years period.

Banks and Financial Institutions:

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

Corporate Social Responsibility:

Your Company, as a responsible Corporate Citizen established in the year 2000 a Charitable Trust in the name and style of Visaka Charitable Trust as a non-profit entity, to support initiatives that benefit the society at large. The Trust supports programs devoted to the cause of destitute, rural poor and providing the basic necessities of life to the rural poor. This has helped to enhance the image of the Company.

Main area of activity of the Trust is to provide Drinking Water by digging bore wells, construction of irrigation tanks in remote villages, building of Class Rooms in Schools and Colleges, reimbursement of salaries of teachers, supply of class room furniture and conducting of health camps.

Directors:

As per Article 120 of the Articles of Association of the Company, Shri. V. Pattabhi and Shri. Nagam Krishna Rao retires by rotation. Shri. V. Pattabhi and Shri. Nagam Krishna Rao 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, retires 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

Date: 24.05.2012
Place: Secunderabad

Bhagirat B. Merchant
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, 2012.

1. Form A

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

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

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

	2011 – 2012	2010 – 2011
I. ELECTRICTIY		
Purchase in Kwh	33318780	36559440
Amount (₹)	179919660	162225090
Average Rate (₹/Unit)	5.40	4.44
II. OWN GENERATION		
Units Generated (KWH)	4520	37141
Units Per Liter of Diesel Oil (KWH)	2.67	3.42
Average Cost (₹/Unit)	16.15	12.07

(c) Consumption per unit of Production

	2011 - 2012	2010 – 2011
Yarn production in (kgs)	8029905	8733499
Electricity Units / kg of yarn	4.15	4.19

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 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 to 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 2011-2012 are as follows:

Total foreign exchange used and earned: (₹ in lakhs)

	31.03.2012	31.03.2011
Earnings in Foreign Currency		
Export of Goods (FOB Value)	6006.25	4100.22
CIF value of Imports		
Raw Materials	17511.94	16967.67
Components and Spare Parts	142.62	33.81
Capital Goods	312.69	142.84

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. We have taken initiatives to export V – Boards and have already met with some initial success.

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, 2012.

Sl. No	Name and Qualifications	Age in years	Designation	Remuneration (₹ in lakhs)	Experience (No. of years)	Date of Commencement of Employment	Last Employment (Position held)	Share-holding %
1.	Smt. G. Saroja Vivekanand, B.A.	47	Managing Director	222.98	9 years	24.06.2009	Director of Visaka Industries Limited	1.33%

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, 2012.

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 recognized 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:

Company's Philosophy on Corporate Governance is to ensure Fairness, Transparency, Accountability and Responsibility to all Stakeholders.

Your Company believes in a Code of Governance, which fulfills the Motto of "Service to Society through Commercial activities". We have implemented a Corporate Governance Code to ensure proper Quality, Customer Satisfaction, Prompt Payment to Suppliers, Good Employee-Employer relationship, Legal Compliance, Proper Debt Servicing, Maximize value to Equity Shareholders and responsibility to the nation by 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 8 Directors, in all, categorized 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.	Mr. Bhagirat B. Merchant	Non – Executive Independent Chairman	2	4	Yes	1
2.	Dr. G. Vivekanand	Non – Executive Promoter Director Vice Chairman	7	4	No	Nil
3.	Smt. G. Saroja Vivekanand	Executive Promoter Managing Director	2	4	Yes	Nil
4	Mr. M.P.V. Rao	Executive Whole Time Director	Nil	4	Yes	Nil
5	Mr. Nagam Krishna Rao	Non – Executive Independent Director	Nil	Nil	No	Nil
6	Mr. Gusti J Noria	Non – Executive Independent Director	5	4	Yes	Nil
7	Mr. V. Pattabhi	Non – Executive Independent Director	4	4	Yes	1
8	Mr. P. Abraham	Non – Executive Independent Director	13	Nil	No	7

Number of Board Meetings held during the financial year 2011-2012 was 4. The dates on which these Meetings were held are 27.05.2011, 25.07.2011, 11.11.2011, 02.02.2012 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.V.Pattabhi and Shri. Nagam Krishna Rao retires by rotation at the ensuing Annual General Meeting.

A brief resume of Shri. V.Pattabhi and Shri Nagam Krishna Rao are given below.

Shri V. Pattabhi , B. E., is an Independent Consultant. He has over 48 years of experience in the Asbestos Cement Industry and retired as Executive Vice President (Technical) of Hyderabad Industries Limited. He has not only exposure in the technical field but also has handled the environmental issues connected with the Asbestos Cement Industry and is considered as an expert in the field. He has also immense knowledge about non-asbestos cement products.

Shri V.Pattabhi is Director of Denison Hydraulics India Limited, Andhra Polymers Private Limited, ACE Roofings Private Limited and Minwool Rock Fibres Limited and Sree V Harsha Enterprises (India) Private Limited.

Shri Nagam Krishna Rao

Shri Nagam Krishna Rao has been on the Board of your Company since 1994. He is a leading Jewellery Merchant in Hyderabad and he was a member of Andhra Pradesh Legislative Assembly. He was also the Chairman of Hyderabad Urban Development Authority.

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 meeting. President (Corporate) & Company Secretary of the Company is the Ex-Officio Secretary of the Audit Committee. The total number of meetings held was 4 on 27.05.2011, 25.07.2011, 11.11.2011, 02.02.2012 respectively.

Shri. Bhagirat B. Merchant, Member and Chairman and all other members except shri. P.Abraham attended all the 4 meetings. Shri.P. Abraham was unable to attended any of the meetings.

Shri. Bhagirat B. Merchant, Shri. Gusti J Noria, Shri. V. Pattabhi are professionals with vast experience, having in-depth Financial and Accounting Knowledge.

4. Remuneration Committee:

The Company had set up a Remuneration Committee consisting of Shri. Bhagirat B. Merchant, Shri P. Abraham and Shri. Nagam Krishna Rao. Shri. K. V. Soorianarayanan, President (Corporate) & Company Secretary is the Ex-Officio Secretary of the Remuneration Committee. Remuneration Committee meeting was held for enhance the remuneration of Shri M.P.V.Rao on 25th July 2011. No other Meeting of the Committee was held during the year under review.

The details of the remuneration paid to the directors during the year 2011-2012 are given below: (in Rupees)

Director	Designation	Salary	Perquisites	Commission	Sitting Fees	Total
Mr. Bhagirat B. Merchant	Chairman	Nil	Nil	750000	45000	795000
Dr. G. Vivekanand	Vice – Chairman	Nil	Nil	Nil	Nil	Nil
Smt. G. Saroja Vivekanand	Managing Director	24,00,000	26,98,599	1,72,00,000	Nil	22298599
Mr. M.P.V.Rao	Whole Time Director	2310000	2332418	Nil	Nil	4642418
Mr. Nagam Krishna Rao	Director	Nil	Nil	750000	Nil	750000
Mr. Gusti Noria	Director	Nil	Nil	750000	40000	790000
Mr. V. Pattabhi	Director	Nil	Nil	750000	40000	790000
Mr. P. Abraham	Director	Nil	Nil	750000	Nil	750000

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

Criteria for making payment to non-executive directors: Non executive directors contribute immensely during the deliberations of the Board and otherwise for the success of the Company. Therefore, as a token of appreciation for the immense contribution made by these non whole-time directors and more so in view of the greater responsibilities they are expected to shoulder in the interest of 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 ₹7.50 lacs per director.

5. Shareholders/Investors Grievances Committee:

Shri Nagam Krishna Rao heads the Committee.

Dr. G. Vivekanand, Smt. G. Saroja Vivakanand 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 have received 2 complaints from the shareholders during the year and solved all the complaints to the satisfaction of the shareholders. Details are given hereunder:

Nature of Complaint	No of Complaints received and resolved
SEBI Complaints	0
Non receipt of Dividend Warrants	1
Non receipt of Share Certificates	0
Non receipt of Annual Reports	1
Dematerialization of shares	0
Stock Exchange complaints	0
Number of pending complaints:	NIL

6. General Body Meetings:

S. No.	Date of Annual General Meeting (AGM)	Time	Whether Special Resolution Passed	Location
1.	25.07.2011	10.30 A.M	YES	**Regd. Office:** Survey No. 315, Yelumala village, R.C. Puram Mandal, Medak District – 502 300, Andhra Pradesh
2.	29.06.2010	11.00 A.M	YES	**Regd. Office:** Survey No. 315, Yelumala village, R.C. Puram Mandal, Medak District – 502 300, Andhra Pradesh
3.	16.06.2009	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) Company has not adopted the Whistle Blower Policy.

8. Means of Communication:

Quarterly results of the Company are published in Business Standard or Financial Express (English edition) and Surya (Regional edition) newspapers respectively. 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 part of the Directors Report.

9. General Shareholder's Information:

Annual General Meeting (AGM) Date	05.07.2012
Time	10.30 A.M.
Venue	Regd. Office: Survey No. 315, Yelumala Village, R.C. Puram Mandal, Medak District, Andhra Pradesh
Financial Year	2011-2012
Book Closure Date	02.07.2012 – 05.07.2012
Rate of Dividend Recommended	₹5/- (i.e. 50%) Dividend declared by Board of Directors.
Dividend Payment Date	01.08.2012
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 2011-2012.

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, 2012.

S.No	Month	Price		Volume Traded
		High	Low	
1	April	123.75	101.00	187453
2	May	114.95	99.90	93938
3	June	108.45	95.00	183836
4	July	105.95	98.25	156834
5	August	101.45	81.50	126548
6	September	99.25	86.00	103429
7	October	106.50	83.00	218678
8	November	93.50	65.00	194277
9	December	71.70	57.20	154830
10	January	87.00	57.90	433755
11	February	86.70	75.05	208229
12	March	81.70	70.30	89473

Registrar and Share Transfer Agents:

Plot No. 17-24, Vittal Rao Nagar,
Madhapur, Hyderabad – 500 081
Tel: +91 40 4465 5000
Fax: +91 40 2343 1551
Email Id: einward.ris@karvy.com
Web Site: http://www.karvycomputershare.com
Toll Free No: 1-800-3454001

Share Transfer System:

The Company has appointed M/s Karvy Computershare 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, will be processed within 30 days.

Shareholding Pattern

Category of Shareholder	Total Shareholding as a % of Total No of Shares	
Promoter and Promoter Group		
INDIAN		
Individual /HUF	5979255	37.65
Central Government/State Government(s)	0	0.00
Bodies Corporate	0	0.00
Financial Institutions / Banks	0	0.00
Others	0	0.00
FOREIGN		
Individuals (NRIs/Foreign Individuals)	0	0.00
Bodies Corporate	0	0.00
Institutions	0	0.00
Others	0	0.00
Total of Promoter and Promoter Group	**5979255**	**37.65**
PUBLIC SHAREHOLDING		
INSTITUTIONS		
Mutual Funds /UTI	9302	0.06
Financial Institutions /Banks	199921	1.26
Central Government / State Government(s)	0	0.00
Venture Capital Funds	0	0.00
Insurance Companies	0	0.00
Foreign Institutional Investors	378198	2.38
Foreign Venture Capital Investors	0	0.00
Others	0	0.00
Sub-Total:	**587421**	**3.70**
NON-INSTITUTIONS		
Bodies Corporate	3261855	20.54
Individuals		
(i) Individuals holding nominal share capital upto ₹1 lakh	4257143	26.81
(ii) Individuals holding nominal share capital in excess of ₹1 lakh	1581800	9.96
NON RESIDENT INDIANS	203538	1.28
CLEARING MEMBERS	7835	0.05
TRUSTS	2105	0.01
Sub-Total :	**9314276**	**58.65**
Total of Public Shareholding	**9901697**	**62.35**
Grand Total	**15880952**	**100.00**

Distribution schedule

As on March 31st, 2012, 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	13209	87.63	1887302	11.88
5001	10000	960	6.37	768971	4.84
10001	20000	455	3.02	691141	4.35
20001	30000	150	1.00	383907	2.42
30001	40000	75	0.50	269037	1.69
40001	50000	55	0.36	260232	1.64
50001	100000	88	0.58	650490	4.10
100001	Above	82	0.54	10969872	69.08
	Total	**15074**	**100.00**	**15880952**	**100.00**

Dematerialization of shares and liquidity:

As on 31.03.2012, 96.27% of the paid up share capital of the Company has been dematerialized.

There are no outstanding GDR's/ADR's.

Plant Locations: Elsewhere given in the annual report

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:

Plot No. 17-24, Vittal Rao Nagar,
Madhapur, Hyderabad – 500 081
Tel: +91 40 4465 5000
Fax: +91 40 2343 1551
Email Id: einward.ris@karvy.com
Web Site: http://www.karvycomputershare.com
Toll Free No: 1-800-3454001

(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.
Tel Nos: 091-040-27813833, 27813835/27892190 to 92
Fax Nos: 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 of 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**

Date: 24.05.2012
Place: Hyderabad

Smt. G. Saroja Vivekanand
Managing Director

FACTS ON ASBESTOS

1. What is Asbestos?

a) Asbestos is a naturally occurring mineral found in underground rock formations. For commercial purposes, it is recovered by mining and rock crushing. Fine particles, invisible to the eye, are present in the air and water everywhere. All of us may be inhaling them and ingesting them through drinking water every day for our life times without any adverse effect on health.

b) White asbestos (chrysotile variety) constitutes 98% of world production for its commercial use. Indian asbestos cement sheet and pipe manufacturers import all their requirements of chrysotile fibres from Canada, Brazil, Russia, Zimbabwe and Kazakhstan for production of AC sheets and pipes. Asbestos is also mined in India, but quantity and quality-wise it is of no relevance to our asbestos cement production.

c) The Chemical composition of Crocidolite, Amosite and Chrysotile are different.

d) Asbestos fibre, (composed mainly of magnesium and silica), is a great reinforcing agent. While its tensile strength is greater than steel, it has other rare and highly valued fire retardant, chemical resistant and heat insulating qualities. In fact it is a magic mineral and no other substitute can match its properties.

2. What are Asbestos Cement (AC) products?

a) Because of its exceptional strength and ability to cover inside area as reinforcement only 8.9% of chrysotile fibres are adequate to combine with cement and other raw materials. Over 90% of asbestos fibre imports of India go into AC sheet and pipe production.

b) AC Sheets have been used In India for 70 years. Being weatherproof and corrosion resistant, these sheets are practically ageless and maintenance free, whereas metal sheets corrode and deteriorate with age and exposure. (See chart for comparison).

c) AC Sheets have also proven to be the most cost effective, easy-to-install, strong and durable roofing material for warehouses, factories, low-cost housing, and practically, any structure needing a roof. Apart from India, Russia, China, Indonesia, Thailand and Brazil are some of the largest users of AC Sheets.

d) AC sheets and pipes, being corrosion and erosion-free, once properly laid and jointed, need no maintenance or replacement. They are also very cost effective.

e) AC products, which consume low energy in manufacture and do not in any way deplete the natural resources, meet the needs of the country in its developing economy in the context of rapidly rising population, and limited resources.

f) AC products are manufactured under (ISI) license strictly conforming to the standards of Bureau of Indian Standards. IS 459/1992 for Corrugated Roofing Sheets, IS 2098/1997 for Flat Sheets and IS 1626 (Part 111)/1994 for Roofing Accessories.

EXPLAIN THE NEGATIVE REPORTS ON ASBESTOS:

a) The bias against the use of asbestos in a few countries is due to the adverse Western media coverage relating to altogether different types and usages of asbestos in the past in those countries i.e. sprayed-on asbestos and friable low-density asbestos insulation used under uncontrolled conditions at that time due lo lack of adequate scientific knowledge ex. Usage of amphibole (blue) variety in such applications resulted in unfortunate western experience. Though these particular usages have since been discontinued in the west, the claims relating to the past keep appearing in the media resulting in general confusion. In India asbestos fibre was never used as sprayed insulation.

b) But, once the scientific research into the risks of asbestos was set in motion, development and installation of pollution control systems took place, enabling the asbestos mining and asbestos cement Industries to maintain safe and acceptable levels of dust pollution at the work places.

c) Once the safety fears were defined, the Governments have stepped in and laid down pollution control regulations and the mechanisms to enforce their compliance. Compliance with these regulations and standards assure the workers in asbestos ¬cement Industries a risk-free environment.

For the consumer, the Asbestos Cement products were always safe.

4. What is the situation in India?

a) Blue asbestos which lead to health problems which banned through out the world including in India.

b) In India, only the chrysotile variety of asbestos, which is considered safer, is used in asbestos-cement products, namely, sheets and pipes. The fibers are mixed and bonded with cement and other raw material. After all the fibres are locked into the matrix there is no chance of air contamination.

c) Even in the West, studies of workers using only chrysotile to make AC Products have no increased risks as per study by reputed scientists. Similar is experience in India with workers in asbestos-cement product industry without any adverse health effects in spite of decades of service, there being no risk of exposure to asbestos dust because of (1) Not using amphibole asbestos considered hazardous. (2) Adopting west process (3) Observing pollution 'control measures installed in the factories. Health of the workers is closely monitored as per directives and regulations of the government agencies.

d) There is no risk whatsoever in living or working under the AC roof, as asbestos fibres are bonded (locked in) with cement and cannot get released in to the atmosphere.

e) Transportation of drinking water in AC pipes is absolutely safe as confirmed by the World Health Organization. Ingested asbestos if any does not pose any health risk.

f) Apart from the Fibre Variety, the health problems, which arose in the West in the past, were because of usage of mixed asbestos in the buildings, mostly in friable form for insulation purposes. Indian climatic conditions never required the type of asbestos spraying and insulation, at one time common in the West. Thus, the health hazards and risks associated with the past asbestos fibre usage in the western countries, have nothing to do with the asbestos products or applications in India.

g) "In India Asbestos Cement sheets have been extensively used by Indian Railways for the last 50 years to provide the safest form of roofing to the thousands of Railway Platforms across the country where over 1 crore people step everyday. It is noteworthy that AC Sheets have withstood the test of time with no reported risk/casualty to the Indian traveler nor has there been any adverse effect on the local environment.

Another major consumption of AC Sheets is in the roofing of Food Corporation of India godowns, where millions of tons of food grains are stocked. The above two examples are testimony to the fact that Asbestos Sheets are absolutely safe to use.

h) It is worth noting that India uses only about 6 to 7% of the asbestos produced in the world. (The rest is used in other countries, where obviously, controlled usage is favored as in India)

i) All the member industries of chrysotile asbestos cement products manufacturers association (CACPMA) carry out dust level measurements and health surveillance programs as prescribed by regulatory authorities. Directorate General of Factory Advisory Services & Labour Institutes (DGFASLI) has taken up a multi disciplinary national project on occupational health and working environment in asbestos industries in the year 2004. The dust levels measured in various departments of twelve factories were less than 0.13 fibre/ml of air. 620 randomly selected employees of above factories were medically screened for asbestos related diseases. No asbestos related diseases were detected in above employees who are exposed to chrysotile fibre for the last 5-20 years.

5. What are the policies of Government of India on Asbestos?

a) The Government of India has constituted various expert committees to study the asbestos industry and having been satisfied that asbestos does not actually pose a health risk to the workers at the manufacturing plants so long as the work place pollution controls were in place, or to the public who use the asbestos-cement products, the Ministry of Industry, Government of India, have favoured controlled usage.

b) The Ministry of Industry, Ministry of Labour, Ministry of Environment, Ministry of Consumer Affairs, Bureau of Indian Standards, et al have laid-down regulations, standards, guidelines and recommendations specific to the asbestos industry, in line with those of International Labour Organization, World Health Organization and other bodies. The Central and State Pollution Control Boards, Labour and Factory Inspectors also regularly monitor the factories' compliance with the mandatory safety standards and pollution control levels.

c) The latest expert committee reviews of Ministry of Environment, Central Pollution Control Board, and Ministry of Consumer Affairs and Bureau of Indian Standards completed in the year 2002-03 have concluded that the asbestos-cement Industry can operate in a safe environment under the laid-down pollution control levels.

6. Are there any court rulings on Asbestos usage?

a) Concerns caused by the past medical findings in the Western countries, when asbestos applications were indiscriminate and bereft of pollution controls, resulted not only in anti ¬asbestos media campaign and litigation, but also led some environmental activists and NGOs approaching the courts for effective remedies.

b) The Supreme Court of India has, in Jan 1995, disallowed one such appeal and permitted the continued usage of asbestos and, asbestos products, as the petitioners failed to. produce evidence to prove that asbestos-based items or their manufacturing process in India were dangerous to health. The Supreme Court had laid down certain guidelines and the implementation of the same are being monitored by the Chrysotile Information Centre.

c) After considering a strong case by the powerful Environmental Protection Agency, the United States Court of Appeals has, in 1991, rejected an appeal for phasing out asbestos cement and other asbestos based products in USA, again for lack of evidence to warrant such a prohibition.

d) Most recently in June 2001, the Supreme Court in Brazil has also rejected a petition by some activists for ban of asbestos cement production. Brazil, incidentally is one of the largest producers and users of asbestos.

7. Are Asbestos and Asbestos Cement Products still used in other countries?

a. There is no ban on production or usage of asbestos cement sheets or pipes in USA and Canada and most of the other world nations. Less than a dozen countries have regulations restricting use of asbestos based products most of which had, in any case, been phased out much earlier.

b. The USA still imports AC pipes for water transportation.

c. Most recently in 2001, Canada has reintroduced asbestos to make asphalt asbestos compound for re-paving of the roads, for more flexibility, resistance and for reducing fissures on the road surface.

d. As said earlier, even today, Russia, China, Japan, Thailand, India, Brazil and Indonesia are among the largest users of AC sheets and other products.

e. About 94% of Chrysotile Asbestos produced worldwide is consumed by countries other than India. India uses barely 6 to 7% of world's asbestos fibre production. This goes to prove that AC sheet and pipe production and usages of these products are very much prevalent in most of the world.

f. This asbestos production and usage in most countries confirms that these products do not cause the health problems as propagated by some zealots and industrial competitors. There are activists everywhere who pursue some issue or the other, often with inadequate research or deliberately fed misinformation for their personal gains, Asbestos is merely one such issue, which 95% of the world nations chose to ignore.

8. Are workmen installing AC Roof at risk of exposure to Asbestos?

a) No certainly not, when the recommended work practices are followed while on the job.

b) A typical study was conducted on handling, cutting & installation of asbestos cement roofing sheets. The typical test results show the fibre concentration in air sampling is found to be around 0.07 fibre/cc which is far below the level of 0.5 fibre/cc envisaged.

9. Is it Dangerous to live or work under an Asbestos Cement roof?

a) Not at all. There is no risk, whatsoever, to health as the asbestos fibres are locked-in and bound with cement and there is no possibility of these fibres escaping (from the products) into the ambient air.

b) Several measurements have confirmed this fact. ¬

10. Is public at risk due to weathering of Asbestos Cement products?

a) Asbestos cement sheets do not decay or rot because of the inherent properties of asbestos fibre and cement. These do not crumble due to continued exposure to the elements or due to age. There is no evidence that people living under asbestos-cement roof, or the general public living around asbestos ¬cement-roofed buildings or factories producing asbestos cement products have been specifically affected in any manner.

b) In fact studies have concluded that increase in asbestos dust concentration in the near vicinity of asbestos cement roofing is so insignificant that it cannot be detected even by a scanning electron microscope.

11. Is it wrong to use AC pipes for carrying drinking water?

Even the World Health Organization has approved the usage of AC pipes for drinking water. As stated earlier, the most health conscious USA uses AC pipes for drinking water transportation.

12.What is the latest that is heard in the west About' asbestos?

a) The Times, London, 18 Sept 2001, quoting Mr. Richard Wilson, Professor .of Physics at Harward University in Cambridge, Massachusetts, USA, reported that "asbestos is the best Insulator we know of, and not to use it because of hysterical public health reasons, is absurd".

b) The Wall Street Journal, USA, 19 October 2001, in an article captioned "EPA comes clean on Asbestos", reported "Faced with a public healthscare the EPA (Environmental Protection Agency of the USA) decided to cough up the truth about asbestos. Its officials bent over backward to get out the message that asbestos was harmful only if breathed at high levels and over sustained periods of Time" The north Tower contained 40 floors of asbestos. The EPA repeated that the public was not at any real risk from the asbestos released from the collapse of the WTC north tower and swirling around downtown Manhattan.

c) After Sept 11, 2001 collapse of WTC towers, Prof. Art Robinson, founder of the Oregon Institute of Science and Medicine, said "asbestos was an early victim of junk science and enviro-fear propaganda", Had the (top floors) contained Asbestos, the towers would have stood for four hours, saving 5000 lives.

d) The USA Geological Survey Fact Sheet FS 12 -1 of March 2001 reports "There have been thousands of applications for asbestos. Most were viewed as practical solutions to difficult problems. For instance, (I) asbestos helped make the braking systems in automobiles much more dependable, (II) It enabled the production of inexpensive cement-based water supply pipes (iii) Chrysotile (asbestos) is also mined in the US. One firm in California, accounted for all US chrysotile production in 1999.

e) La Presse, Canada, May 18,2001 has quoted Katherine Glasson, press officer for the Minister of Transport as having said "this material is not dangerous". The paper also said" the Ministery of Transport estimates to use 1,00,000 tons of asbestos-asphalt for the repaving of its road network this year as compared to 17,000 tons last year.

Some Popular Misconceptions

	MYTHS	FACTS
1.	Asbestos cement is dangerous material	Asbestos cement is completely safe. It is not corrosive, reactive, ignitable or toxic.
2.	Inhalation of even one fibre of asbestos is harmful.	Thousands of asbestos fibres, invisible, are inhaled by us everyday from natural resources, without any harm. Asbestos Cement Roof will not add to the environmental fibres.
3.	Asbestos cement water pipes cause colonic carcinoma and other diseases.	Asbestos fibres in water are ingested without any harm whatsoever. Therefore the AC water pipes pose no threat.
4.	Asbestos cement production is banned in the USA	The US Court of Appeals rejected a proposed ban on scientific grounds. Asbestos-cement products are not banned in the USA

Sl. No.	Characteristics	A C Sheets	Corrugated Galvanized Iron Sheets	Aluminum Sheets
1.	Life Span (Years)	50 (Min.) Non-Corrosive	10-15	N.A.
2.	Maintenance	Nil	Every 3-5 years	Nil
3.	Fire Rating	Retardant	Tendency to Twist and melt	Tendency to twist and melt
4.	Thermal Insulation	Good	Poor	Poor
5.	Accoustic Rating	Good	Poor	Poor
6.	Absorption of rain and wind noice	Good (deadens these noices)	Poor	Poor
7.	Energy consumption required in production (kwh/Sqm.)	2.4	36.6	33.0
8.	Man Power potential	Intensive	Low	Low
9.	Wind resistance when installed	Good	Poor	Poor
10.	Weather effect	None	None	Surface Oxidation
11.	Bimetallic Reaction	None	None	Present in contact with concrete and other metals presence of moisture
12.	Condensation	Low and will not affect sheet	High and will affect sheet	High and will result in corrosion
13.	Effect of high winds	Minimum	Unacceptable rattling sound	Rattling sound

Sl. No.	Characteristics	A C Sheets	Corrugated Galvanized Iron Sheets	Aluminum Sheets
14.	Noise level	Low	High	High
15.	Protective coating	Not required	Not required	Required to avoid direct contact with cement, limesoil, iron, copper etc.
16.	Storage	Can be stored in open space at work site	Needs closed godown for storage to avoid weather assaults	Needs closed godown for storage to avoid weather assaults
17.	Coverage Efficiency	Approx. 50% higher taking into account lap losses.	Effective laid area becomes only 67% as compared to AC Sheets.	Effective laid area becomes only 67% as compared to AC Sheets.
18.	Cost	Low	High	Highest

Brief on Dr. David Bernstein's Study

A study was undertaken by Dr. David Bernstein, Consultant in Toxicology, Geneva, Switzerland along with other scientists Rick Rogers, USA and Paul Smith, Switzerland during 2003-2004. This study was initiated by the Quebec Government and the Chrysotile Institute, Canada. The aim of this study was to establish the difference in biopersistence of Chrysotile and other varieties of asbestos (amphiboles) and so also the substitute materials.

The study included a standardized inhalation biopersistence following the recommendations of the European Commission (EC) Interim Protocol for the Inhalation Biopersistence of synthetic mineral fibres in which the lungs were digested to evaluate fibre content remaining. In addition, confocal microscopy was used to examine lungs in three dimensions to determine where and what size the remaining fibres were in the lungs. The study was carried out on wistar rats (specific pathogen free quality).

The results published in end 2004 after 1 year of cessation of exposure showed that chrysotile is cleared from the lung with a clearance half time of 11.4 days for the fibres longer than 20 um. Chrysotile clears in a range similar to that of glass and stone wools. It remains less biopersistent than ceramic and special purpose glasses and considerably less biopersistent than amphibole asbestos. At 1 year after cessation of exposure, no long (L>20 um) chrysotile fibres remained in the lung. In contrast, with amosite asbestos there were 4 X 105 long fibres (L>20 um) remaining in the lungs at one year after cessation of exposure.

These results fully support the differentiation of chrysotile from amphiboles reported in recent evaluations of available epidemiological studies. The value of this study and other similar studies is that it shows that a low exposure levels pure chrysotile is probably not hazardous.

AUDITORS' REPORT

To
The Members of
Visaka Industries Limited

1. We have audited the attached Balance Sheet of **Visaka Industries Limited** ('the Company'), as at 31st March, 2012 and also the Statement of Profit and Loss and 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
   d) In our opinion the Balance Sheet, Statement of Profit and Loss 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, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 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, 2012;
      ii. in the case of the Statement of Profit and Loss, 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
Firm Regn. No.000125S

A. V. Sadasiva
Partner
M.No.18404

Place: Secunderabad
Date: 24th May, 2012

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.

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 unsecured loans from two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 778.53 Lakhs and the year-end balance of loans taken is ₹ 618.39 Lakhs.

b. In our opinion, the rate of interest and other terms and conditions on which loans have been taken from the parties covered 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. The Company has not granted any loans to companies, firms or other parties 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.

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.

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, 2012 which have not been deposited on account of dispute pending, are as under:

Name of the Statute	Nature of the Dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income-Tax Act, 1961	Income Tax	34.96	F.Y 2008-09	CIT (Appeals)
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	3.77	F.Y 2005-06	Joint Commissioner (Appeals)
Central Sales Tax Act, 1956	Central Sales Tax	3.23	F.Y 2008-09	Deputy Commissioner (CT) Hyderabad
Service Tax (Finance Act, 1994)	Service Tax	1.76	January 2005 to September 2005	High Court, Nagpur
Service Tax (Finance Act, 1994)	Service Tax	1.67	October 2005 to March 2006	High Court, Nagpur
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
Income-Tax Act, 1961	TDS	1.31	F.Y 2009-10	DCIT, (TDS Circle) Hyderabad
Income-Tax Act, 1961	TDS	13.9	F.Y 2010-11	DCIT, (TDS Circle) Hyderabad

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 not granted loans and advances granted 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) if 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 utilization 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
Firm Regn. No.000125S

A. V. Sadasiva
Partner
M.No.18404

Place: Secunderabad
Date: 24th May, 2012

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, 2012 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, 2012, 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
Firm Regn. No.000125S

A.V. Sadasiva
Partner
M.No.18404

Place: Secunderabad
Date: 24th May, 2012

Balance Sheet as at 31st March, 2012

(₹ in lakhs)

Particulars	Note	31st March, 2012	31st March, 2011
I. EQUITY & LIABILITIES			
1) Shareholders' Funds			
a) Share capital	2	1,592.07	1,592.07
b) Reserves and surplus	3	27,055.50	24,543.02
		28,647.57	**26,135.09**
2) Non-Current Liabilities			
a) Long-term borrowings	4	533.62	655.95
b) Deferred tax liabilities (net)	5	2,543.87	2,290.41
c) Other Long term liabilities	6	1,802.87	1,590.99
		4,880.36	**4,537.35**
3) Current Liabilities			
a) Short-term borrowings	7	14,627.67	15,011.93
b) Trade payables	8	5,473.17	4,495.87
c) Other current liabilities	9	2,496.40	3,066.86
d) Short-term provisions	10	1,256.97	605.96
		23,854.21	**23,180.62**
Total		**57,382.14**	**53,853.06**
II. ASSETS			
1) Non-current assets			
a) Fixed assets			
i) Tangible assets	11	24,444.51	20,224.84
ii) Capital work-in-progress		397.31	820.89
		24,841.82	**21,045.73**
b) Non-current investments	12	1,505.85	1,496.68
c) Long term loans and advances	13	1,067.32	2,524.97
		2,573.17	**4,021.65**
2) Current assets			
a) Inventories	14	15,554.92	14,827.92
b) Trade receivables	15	7,395.85	6,948.42
c) Cash and cash equivalents	16	5,387.98	5,385.44
d) Short-term loans and advances	17	1,628.40	1,623.90
		29,967.15	**28,785.68**
Total		**57,382.14**	**53,853.06**
Significant Accounting Policies	1		

As per our report of even date

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

A. V. Sadasiva
Partner
Membership No. 18404

Place: Secunderabad
Date: 24th May, 2012

For and on behalf of the Board of Directors

Bhagirat B. Merchant — *Chairman*
Dr. G. Vivekanand — *Vice-Chairman*
Smt. G. Saroja Vivekanand — *Managing Director*
Gusti J Noria — *Director*
V. Pattabhi — *Director*
M. P. V. Rao — *Whole Time Director*
K. V. Soorianarayanan — *President(Corporate) & Company Secretary*

Statement of Profit and Loss for the year ended 31st March, 2012

(₹ in lakhs)

Particulars	Note	31st March, 2012	31st March, 2011
I. Revenue from operations	18	75,044.91	65,411.53
II. Other Income	19	471.57	686.04
III. Total Revenue (I +II)		**75,516.48**	**66,097.57**
IV. Expenses:			
Cost of materials consumed	20	44,788.29	37,073.25
Purchase of stock-in-trade		–	10.48
Changes in inventories	21	(437.66)	(454.97)
Employee benefits expense	22	4,189.88	3,350.07
Finance cost	23	1,416.83	1,022.22
Other expenses	24	18,671.04	16,627.19
Depreciation	11	1,764.37	1,640.09
Total Expenses		**70,392.75**	**59,268.33**
V. Profit before tax (III - IV)		**5,123.73**	**6,829.24**
VI. Tax expense:			
1) Current tax		1,436.19	2,244.11
2) Deferred tax		253.45	77.73
VII. Profit for the year (V-VI)		**3,434.09**	**4,507.40**
VIII. Earning per equity share:	26		
1) Basic		21.62	28.38
2) Diluted		21.62	28.38
Significant Accounting Policies	1		

As per our report of even date

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

A. V. Sadasiva
Partner
Membership No. 18404

Place: Secunderabad
Date: 24th May, 2012

For and on behalf of the Board of Directors

Bhagirat B. Merchant — *Chairman*
Dr. G. Vivekanand — *Vice-Chairman*
Smt. G. Saroja Vivekanand — *Managing Director*
Gusti J Noria — *Director*
V. Pattabhi — *Director*
M. P. V. Rao — *Whole Time Director*
K. V. Soorianarayanan — *President(Corporate) & Company Secretary*

Cash Flow Statement for the year ended 31st March, 2012

(₹ in lakhs)

Particulars	31st March, 2012		31st March, 2011	
A) CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and extra-ordinary items		**5,123.73**		**6,829.24**
Adjustments for:				
Depreciation	1,764.37		1,640.09	
Loss on Sale of Fixed Assets	8.29		0.40	
Fixed Assets Written off	0.98		2.23	
Profit on Redemption of Investments	–		(0.40)	
Finance cost	1,416.83	3,190.47	1,022.22	2,664.54
Operating Profit before working capital changes		**8,314.20**		**9,493.78**
Working Capital Changes:				
(Increase) / Decrease in Trade and other receivables	(486.73)		(1,339.90)	
(Increase) / Decrease in Inventories	(726.99)		(3,161.24)	
Increase / (Decrease) in Trade & other Payables	1,377.81	164.09	123.22	(4,377.92)
Cash Generated from Operations		8,478.29		5,115.86
Direct Taxes paid		(1,427.12)		(2,341.25)
Cash Flow from Operating Activities		**7,051.17**		**2,774.61**
B) CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets/Capital WIP	(4,093.74)		(3,008.05)	
Proceeds on sale /Adjustments to Fixed Assets	16.45		34.52	
Investments/Advances towards Share Capital	(9.17)		(1,266.86)	
Profit on Redemption of Investments	–		0.40	
Cash Flow from Investing Activities		**(4,086.46)**		**(4,239.99)**
C) CASH FLOW FROM FINANCING ACTIVITIES				
Repayment of Term Loans	(1,081.13)		(3,712.41)	
Increase/(Decrease) in Bank borrowings	(759.41)		5,872.12	
Increase/(Decrease) in Other Secured & Unsecured Loans	638.21		521.78	
Dividend paid Including Corporate Dividend Tax	(376.38)		(921.10)	
Finance cost	(1,383.46)		(996.77)	
Cash Flow from Financing Activities		**(2,962.17)**		**763.62**
Net increase in Cash and Cash equivalents		2.54		(701.76)
Cash and Cash equivalents as on 31.03.2011		5,385.44		6,087.20
Cash and Cash equivalents as on 31.03.2012		**5,387.98**		**5,385.44**

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: 24th May, 2012

For and on behalf of the Board of Directors

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

Gusti J Noria — *Director*
V. Pattabhi — *Director*

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

Notes to the Financial Statements

Note 1 SIGNIFICANT ACCOUNTING POLICIES

i) **Basis of Accounting:**
The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

ii) **Presentation and disclosure of financial statements:**
During the year ended 31 March, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable for the current year.

iii) **Revenue and other income Recognition:**
Revenues and expenses are recognized 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.

iv) **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 capitalized.

v) **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.

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

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

vii) **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 or fair value.

viii) **Inventories:**
a) Consumables, Stores and Spares are valued at lower of cost or net realizable 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 realizable value.

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

x) **Taxes on Income:**
Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with Indian Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent

Note 1 SIGNIFICANT ACCOUNTING POLICIES *(Contd...)*

that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

xi) **Leases:**

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

xii) **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. The company has created an approved leave encashment fund with LIC, for future payment of leave encashment to the employees. The Company accounts for leave encashment liability of its employees on the basis of actuarial valuation carried out at the year-end by LIC.

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

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

(₹ in lakhs)

Particulars		31st March, 2012	31st March, 2011
Note 2 SHARE CAPITAL			
Authorized capital:			
3,00,00,000	Equity Shares of ₹10/- each	3,000.00	3,000.00
5,00,000	12% Cumulative Redeemable Preference Shares ₹ 100/- each	500.00	500.00
Total		**3,500.00**	**3,500.00**
Issued, subscribed & paid-up capital			
1,58,80,952	Equity Shares of ₹ 10/- each fully paid up	1,588.10	1,588.10
	Add: Shares forfeited - 79408 shares	3.97	3.97
Total		**1,592.07**	**1,592.07**

2.1. Rights attached to equity shares

The Company has only one class of equity shares having a face value of ₹10/- each. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

2.2. The details of shareholders holding more than 5% shares in the company

Name of the shareholder	31st March, 2012		31st March, 2011	
	No. of shares	% of holding	No. of shares	% of holding
a) G Vivekanand	57,68,116	36.32	57,68,116	36.32
b) Vigilance Security Services Private Limited	14,11,836	8.89	14,11,836	8.89

Notes to the Financial Statements as at 31st March, 2012

(₹ in lakhs)

Particulars	31st March, 2012	31st March, 2011
Note 3 RESERVES AND SURPLUS		
Central subsidy		
i) Opening balance	–	30.00
ii) Less:Transferred to Capital Reserve	–	30.00
	–	–
Capital reserve		
i) Opening balance	169.29	139.29
ii) Add: Transferred from Central Subsidy	–	30.00
	169.29	169.29
Securities premium reserve	4,903.45	4,903.45
General reserve		
i) Opening balance	17,900.00	14,400.00
ii) Transferred from Surplus	3,000.00	3,500.00
	20,900.00	17,900.00
Surplus		
i) Opening balance	1,570.28	1,488.82
Add : Net profit transferred from Statement of Profit & Loss	3,434.09	4,507.40
Less: Appropriation		
a) Interim dividend	–	476.43
b) Final dividend	794.05	317.62
c) Corporate dividend tax	127.56	131.89
d) Amount transferred to general reserve	3,000.00	3,500.00
	3,921.61	4,425.94
Surplus - Closing balance	1,082.76	1,570.28
Total	**27,055.50**	**24,543.02**
Note 4 LONG TERM BORROWINGS		
a) Secured loans		
Term loans from banks	–	194.75
Loans from others	102.90	102.90
b) Unsecured loans		
Deferred payment liabilities	221.25	221.25
Public deposits	197.83	137.05
Long term maturities of finance lease obligations	11.64	–
Total	**533.62**	**655.95**

4.1. 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 Vice chairman. There are no amounts repayable outstanding beyond 12 months from the balance sheet date.

4.2. Loans from others represent ₹102.90 Lacs obtained from Life Insurance Corporation of India against key man insurance policy at 9% interest which matures on 28-03-2018. This loan has no specific terms of repayment.

4.3. Deferred payment liabilities represent sales tax deferment relating to Cement Asbestos unit at patancheru. This loan is interest free and repayable at ₹ 200.18 lacs in the year 2019-20 and ₹ 21.07 lacs in the year 2020-21.

4.4. Public deposits represent deposits accepted from public carrying interest varying from 11% to 12%. The maturity of these deposits fall on different dates depending on the date of each deposit. There are no deposits which matured and remained unpaid as on the balance sheet date.

4.5. The company has taken an asset on finance lease which is repayable on quarterly instalment basis. The rate of interest is arrived based on the periodic lease payments which worked out to 12.66% per annum.

(₹ in lakhs)

Particulars	31st March, 2012	31st March, 2011
Note 5 DEFERRED TAX LIABILITY (NET)		
i) Deferred tax Asset		
i) Doubtful debts	16.04	26.66
ii) Sales tax	–	34.27
iii) VRS Compensation	1.96	3.92
	18.00	64.85
ii) Deferred tax Liability		
i) Depreciation and amortisation	2,561.87	2,355.26
	2,561.87	2,355.26
Deferred tax Liability (Net)	2,543.87	2,290.41
Note 6 OTHER LONG TERM LIABILITIES		
Security deposits	1,785.47	1,581.31
Other liabilities	17.40	9.68
Total	1,802.87	1,590.99

6.1. Security deposits include deposits received from stockists (i.e Dealers) of ₹ 1723.73 Lacs (P.Y. ₹ 1519.22 Lacs), transporters of ₹ 24.59 Lacs (P.Y. ₹ 26.09 Lacs), sales agents of ₹ 37.15 lacs (P.Y. ₹ 36 lacs) as collateral at the time of agreement/contract. These have no specific maturity date and are not repayable as long as they continue to have business relation with the company. These deposits carry interest at the rate of 9% per annum.

6.2. Other liabilities represent interest free rent deposits received.

Particulars	31st March, 2012	31st March, 2011
Note 7 SHORT TERM BORROWINGS		
a) Secured loans		
From Banks		
Working capital loans	9,463.26	13,025.04
b) Unsecured loans		
From Banks		
Short term loans	4,322.20	1,519.83
From Others		
Inter corporate deposits from related parties	618.39	467.06
Inter corporate deposits from others	223.82	–
Total	14,627.67	15,011.93

7.1. Working capital Loans from State Bank of India and State Bank of Hyderabad (under consortium arrangement) are repayable on demand which are secured on pari-passu basis by hypothecation of the Company's entire movable assets including stocks, all raw materials, work-in-process, stores & spares, finished goods and book debts, present and future, and personal guarantee of the Vice-chairman.

7.2. Unsecured short term loans from banks represent ₹ 3322.20 lacs of buyers credit availed from Kotak Mahindra Bank and HDFC Bank repayable in six months from the date of availment and ₹1000.00 lacs of short term loan from YES bank repayable on 30th May, 2012. These loans are backed by the personal guarantee of Vice-Chairman of the Company.

Particulars	31st March, 2012	31st March, 2011
Note 8 TRADE PAYABLES		
Trade Payables		
Dues to micro and small enterprises	–	–
Other suppliers	2,314.09	1,788.75
Other payables		
Advance from customers	539.91	427.64
Expenses payable	2,619.17	2,279.48
Total	5,473.17	4,495.87

8.1. Expense payable represents amount payable to various parties like transporters, advertising, security and other contractors. These also include provisions for current salaries, wages and other benefits.

(₹ in lakhs)

Particulars	31st March, 2012	31st March, 2011
Note 9 OTHER CURRENT LIABILITIES		
Current maturities of long term debts	188.62	1,075.00
Current maturities of finance lease obligations	13.92	–
Current maturities of Public Deposits	507.87	543.03
Interest accrued but not due	119.91	86.54
Unpaid dividend	52.37	59.63
Statutory liabilities	1,613.71	1,302.66
Total	2,496.40	3,066.86

9.1. 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 Vice chairman. The long term debts of ₹ 188.62 lacs are repayable at ₹ 93.75 lacs in December 2012 (IDBI bank loan at 9%) and ₹ 94.87 lacs in June 2012 (SBI loan at 13.75%). The long term debts of previous year (₹ 1075) lacs are repaid during the year 2011-12.

9.2. Public deposits represent deposits accepted from public carrying interest varying from 11% to 12%. The maturity of these deposits fall on different dates depending on the date of each deposit. There are no deposits which have matured and remained unpaid.

9.3. Statutory & other liabilities represent amounts payable towards VAT, CST, Service Tax , Excise Duty and TDS etc.

Particulars	31st March, 2012	31st March, 2011
Note 10 SHORT TERM PROVISIONS		
Provision for Employee benefits		
Leave encashment	50.83	33.80
Gratuity	72.44	–
Proposed dividend & Corporate dividend tax	922.86	370.37
Provision for income-tax (Net of Advance tax)	210.84	201.79
Total	1,256.97	605.96

Note 11 FIXED ASSETS - TANGIBLE

Name of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2011	Additions	Dedcutions	As at 31.03.2012	As at 01.04.2011	Additions	Dedcutions	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
Land	2,477.16	246.95	–	2,724.11	–	–	–	–	2,724.11	2,477.16
Buildings	9,601.20	2,352.27	–	11,953.47	1,701.08	242.82	–	1,943.90	10,009.57	7,900.12
Plant & Equipment	20,487.26	3,077.11	92.45	23,471.92	11,274.56	1,386.67	(75.95)	12,585.28	10,886.64	9,212.70
Furniture & Fixtures	246.54	17.68	–	264.22	153.26	17.91	–	171.17	93.05	93.28
Office Equipment	191.04	39.63	–	230.67	85.97	8.96	–	94.93	135.74	105.07
Vehicles	355.33	111.79	15.88	451.24	104.29	41.35	(7.64)	138.00	313.24	251.04
Data processing Equipment	391.81	122.35	15.29	498.87	206.34	60.58	(14.30)	252.62	246.25	185.47
Data processing Equipment on lease	–	41.99	–	41.99	–	6.08	–	6.08	35.91	–
Total	33,750.34	6,009.77	123.62	39,636.49	13,525.50	1,764.37	(97.89)	15,191.98	24,444.51	20,224.84
Previous Year	33098.47	1126.06	474.19	33750.34	12,322.45	1,640.09	(437.04)	13,525.50	20,224.84	20,776.02

Notes to the Financial Statements as at 31st March, 2012

(₹ in lakhs)

Particulars	31st March, 2012	31st March, 2011
Note 12 NON-CURRENT INVESTMENTS		
Non Trade at cost		
Long term - Unquoted		
a) Investments in Equity Instruments	–	
Visaka Thermal Power Limited(Associate)		
22,15,000 shares of ₹ 10 each (P.Y 22,15,000 shares of ₹ 10 each)	221.50	221.50
Somerset Entertainment Ventures (Singapore) Pte Ltd		
1,31,903 shares of Singapore $ of 10 each(P.Y Nil)	1,250.00	–
b) Advance against share capital	34.35	1,275.18
Total	**1,505.85**	**1,496.68**

12.1. Advance against share capital includes ₹ 34.35 Lacs (P.Y ₹ 25.18 lacs) in Visaka Thermal Power Limited, an Associate Company and ₹ Nil (P.Y. ₹ 1250.00 Lacs) in Somerset Entertainment Ventures (Singapore)of Pte Ltd.

Particulars	31st March, 2012	31st March, 2011
Note 13 LONG TERM LOANS & ADVANCES		
Unsecured Considered good		
a) Capital Advances	644.02	2,136.47
b) Deposits	423.30	388.50
Unsecured Considered doubtful		
a) Capital Advances	388.00	388.00
Less: Provision for doubtful advances	(388.00)	(388.00)
Total	**1,067.32**	**2,524.97**
Note 14 INVENTORIES		
(Valued at lower of cost or net realizable value)		
Raw Material (including material in transit of ₹ 487.35 lacs (P.Y of ₹ 48.04 lacs)	6,885.09	7,132.80
Work-in-progress	2,604.29	2,056.15
Finished goods (including goods in transit of ₹ 274.58 lacs (P.Y of ₹ 407.76 lacs)	5,515.59	5,245.76
Stores and spares	549.95	393.21
Total	**15,554.92**	**14,827.92**
Note 15 TRADE RECEIVABLES		
Over six months		
Secured, considered good	16.28	10.47
Unsecured, considered good	31.72	69.78
Doubtful	49.44	90.38
Less: Allowance for bad and doubtful debts	(49.44)	(90.38)
Others		
Secured, considered good	1,088.35	994.07
Unsecured, considered good	6,259.50	5,874.10
Total	**7,395.85**	**6,948.42**

Notes to the Financial Statements as at 31st March, 2012

(₹ in lakhs)

Particulars	31st March, 2012	31st March, 2011
Note 16 CASH AND CASH EQUIVALENTS		
Balances with banks in current and deposits accounts	5,335.12	5,292.81
Cash on hand	52.86	92.63
Total	**5,387.98**	**5,385.44**
Balance with banks includes-		
Unpaid dividend account	52.37	59.63
Margin money deposits against Bank Guarantee	450.90	0.90

Particulars	31st March, 2012	31st March, 2011
Note 17 SHORT TERM LOANS & ADVANCES		
Unsecured Considered good		
Inter corporate deposits	–	21.63
Supplier Advances	1,124.83	1,086.88
Employee Advances	71.73	50.33
Interest Receivable	34.80	39.84
Prepaid expenses & Other receivables	54.05	135.15
Cenvat & Vat credit available	342.99	290.07
Total	**1,628.40**	**1,623.90**
Note 18 REVENUE FROM OPERATIONS		
Sale of products	80,804.29	70,241.70
Other operating revenue		
Export incentives	428.44	308.18
Provision for Doubtful debts written back	40.95	–
Sale of scrap	103.97	73.78
Revenue from operations (Gross)	**81,377.65**	**70,623.66**
Less: Excise Duty	6,332.74	5,212.13
Revenue from operations (Net)	**75044.91**	**65,411.53**
Details of products sold		
1. Asbestos products	61,811.14	52,250.69
2. Textile yarn	13,745.63	14,327.87
3. Boards	4,434.97	3,043.53
4. Panels	812.55	619.61
Total	**80,804.29**	**70,241.70**
Note 19 OTHER INCOME		
Interest Income	88.62	125.06
Insurance Income	54.09	108.86
Provisions written back	84.21	–
Profit on redemption of investment	–	0.40
Exchange fluctuation gain	–	61.03
Profit on sale of fixed assets	4.47	1.89
Miscellaneous Income	240.18	388.80
Total	**471.57**	**686.04**

19.1. Interest income represents Interest on electricity deposits, Bank deposits and on over due bills from customers.

19.2. Miscellaneous income includes sales tax refund, rental income and sale of advertisement rights etc.

19.3. Provisions written back represent sales tax liability which was provided in earlier years on procurement of fly ash from thermal power stations and others in the state of Tamilnadu consequent to the receipt of revised orders from the department.

Notes to the Financial Statements for the year ended 31st March, 2012

(₹ in lakhs)

Particulars	31st March, 2012	31st March, 2011
Note 20 COST OF RAW MATERIALS CONSUMED		
Asbestos Products		
- Asbestos Fibre/ Woodpulp	19,788.97	16,186.74
- Cement	11,063.88	8,675.63
- Others	2,876.92	2,073.17
Textile Yarn		
- Polyester Staple Fibre	8,031.11	7,489.34
- Viscose Staple Fibre	892.75	957.04
- Others	7.42	18.85
Boards		
- Woodpulp	841.23	724.40
- Cement	483.91	295.97
- Others	530.28	460.16
Panels		
- Cement	109.37	66.02
- Others	162.45	125.93
Total	**44,788.29**	**37,073.25**

Note: During the year Boards costing 195.78 lacs have been used in Panels Division (Previous year Boards costing 162.79 lacs have been used in Panels Division)

Particulars	31st March, 2012	31st March, 2011
Note 21 CHANGES IN INVENTORIES		
Finished Goods		
Closing Stock	5,515.59	5,245.76
Opening Stock	5,245.76	4,950.54
Stock of Trial Production	380.31	–
(A)	(110.48)	295.22
Work in Progress		
Closing Stock	2,604.29	2,056.15
Opening Stock	2,056.15	1,896.40
(B)	548.14	159.75
Changes in inventories (A+B)	**437.66**	**454.97**
Details of closing inventory		
Finished Goods		
1. Asbestos products	3,636.50	3,886.85
2. Textile yarn	1,404.22	930.09
3. Boards	343.27	340.29
4. Panels	131.60	88.53
Total	**5,515.59**	**5,245.76**
Work-in-progress		
1. Asbestos products	2,326.37	1,788.48
2. Textile yarn	277.92	267.67
Total	**2,604.29**	**2,056.15**
Details of Opening inventory		
Finished goods		
1. Asbestos products	3,886.85	3,949.68
2. Textile yarn	930.09	585.48
3. Boards	340.29	348.99
4. Panels	88.53	66.39
Total	**5,245.76**	**4,950.54**
Work-in-progress		
1. Asbestos products	1,788.48	1,712.83
2. Textile yarn	267.67	183.57
Total	**2056.15**	**1896.40**

Notes to the Financial Statements for the year ended 31st March, 2012

(₹ in lakhs)

Particulars	31st March, 2012	31st March, 2011
Note 22 EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages and Bonus	3,392.38	2,783.88
Contribution to Provident & Other Funds	452.44	288.58
Staff Welfare Expenses	345.06	277.61
Total	**4,189.88**	**3,350.07**
Note 23 FINANCE COST		
Interest expense	1,389.21	976.53
Other borrowing cost	27.62	45.69
Total	**1,416.83**	**1,022.22**
Note 24 OTHER EXPENSES		
Consumption of stores & spare parts	2,221.90	2,100.81
Cost of packing materials consumed	550.68	442.38
Power and fuel	3,880.72	3,369.08
Rent	68.38	61.73
Repairs to Buildings	329.70	252.95
Repairs to Machinery	509.53	361.45
Insurance	150.01	141.42
Rates & Taxes	68.89	79.39
Wages - Contract Labour	1,187.41	1,049.50
Travelling & Conveyance	536.60	454.45
Commission & Discount	378.75	388.48
Freight	5,210.87	5,204.81
Advertisement & Sales Promotion Expenses	632.87	531.56
Auditors' Remuneration	17.17	15.74
Directors' Sitting Fee	1.25	1.75
Bad Debts Written off	5.31	0.25
Foreign Exchange Loss (Net)	313.96	–
Loss on Sale of Fixed Assets	12.76	2.29
Non whole time Directors' Commission	37.50	37.50
Miscellaneous Expenses	2,556.78	2,131.65
Total	**18,671.04**	**16,627.19**
Note 25 PAYMENT TO AUDITOR		
As Auditor		
For Statutory Audit	10.00	10.00
For Tax Audit	2.50	2.50
For Quarterly Review of Accounts	1.80	1.20
For other services		
For Certification, Taxation matters, other services etc.	1.94	1.09
Reimbursement of expenses	0.93	0.95
Total	**17.17**	**15.74**
Note 26 EARNINGS PER SHARE (EPS)		
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Total operations for the year		
Profit after tax (₹ in lacs)	3,434.09	4,507.40
Weighted average number of equity shares in calculating basic and diluted EPS (Nos)	158.81	158.81
Basic and Diluted Earnings per Share (EPS) (₹)	21.62	28.38

Notes to the Financial Statements for the year ended 31st March, 2012

OTHER NOTES TO ACCOUNTS

Note: 27. EMPLOYEE BENEFITS:

27.1 Defined Contribution plans: *(₹ in lakhs)*

Particulars	31st March, 2012	31st March, 2011
Company's Contribution to Provident Fund	200.11	169.72
Company's Contribution to Superannuation Fund	64.86	49.84

27.2 Defined Benefit plans:

During the year the company has done away with the ceiling of ₹ 10 lacs in respect of gratuity payable to its employees. The gratuity is now payable at actuals calculated as per the Payment of Gratuity Act. The leave rules have also been amended and these liabilities have been appropriately provided in the accounts.

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

(₹. in lakhs)

Particulars	31st March, 2012	31st March, 2011
Changes in the Present Value of Obligation		
1 Present value of obligations as at beginning of the year	459.93	298.32
Interest cost	39.09	23.87
Current Service cost	38.40	23.27
Benefits paid	(29.81)	(18.96)
Actuarial (gain)/loss on obligations	132.51	133.43
Present value of obligations as at end of year	**640.12**	**459.93**
2 Changes in Fair value of plan assets		
Fair value of plan assets at beginning of the year	479.40	304.38
Expected return on plan assets	45.91	33.71
Contributions	72.17	160.27
Benefits paid	(29.81)	(18.96)
Actuarial gain/(loss) on plan assets	–	–
Fair value of plan assets at the end of year	**567.67**	**479.40**
3 Assets recognized in the Balance Sheet		
Present value of obligations as at the end of the year	640.12	459.93
Fair value of plan assets as at the end of the year	567.67	479.40
Funded status	(72.45)	19.47
Net asset/(liability) recognized in balance sheet	**(72.45)**	**19.47**
4 Expenses recognized in the Statement of Profit & Loss		
Current service cost	38.40	23.27
Interest cost	39.09	23.87
Expected return on plan assets	(45.91)	(33.71)
Net Actuarial (gain)/loss recognized in the year	132.51	133.43
Expenses recognized in statement of profit and loss	**164.09**	**146.86**
5 Assumptions		
Discount Rate	8%	8%
Salary Escalation	4%	4%

Notes to the Financial Statements for the year ended 31st March, 2012

OTHER NOTES TO ACCOUNTS *(Contd...)*

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

Particulars	31st March, 2012	31st March, 2011
1 Changes in the Present Value of Obligation		
Present value of obligations as at beginning of year	110.23	78.40
Interest cost	8.82	6.27
Current Service cost	2.67	3.13
Benefits paid	–	–
Actuarial (gain)/loss on obligations	50.95	22.43
Present value of obligations as at end of year	**172.67**	**110.23**
2 Changes in Fair value of plan assets		
Fair value of plan assets at beginning of year	79.54	72.65
Expected return on plan assets	9.03	6.77
Contributions	33.36	0.12
Benefits paid	–	–
Actuarial gain/(loss) on plan assets	–	–
Fair value of plan assets at the end of year	**121.93**	**79.54**
3 Assets recognized in the Balance Sheet		
Present value of obligations as at the end of year	172.67	110.23
Fair value of plan assets as at the end of the year	121.93	79.54
Funded status	(50.74)	(30.69)
Net asset/(liability) recognized in balance sheet	**(50.74)**	**(30.69)**
4 Expenses recognized in the Statement of Profit & Loss		
Current service cost	2.67	3.12
Interest cost	8.82	6.27
Expected return on plan assets	(9.03)	(6.76)
Net Actuarial (gain)/loss recognized in the year	50.95	22.43
Expenses recognized in statement of profit and loss	**53.41**	**25.06**
5 Assumptions		
Discount Rate	8%	8%
Salary Escalation	4%	4%

Note: 28. FINANCE LEASE (Disclosure as per AS -19)

During the year the company has taken a server on financial lease. The details of lease are as under: *(₹ in lakhs)*

Particulars	31st March, 2012	31st March, 2011
a) Outstanding balance of minimum lease payment		
Not later than one year	16.51	–
Later than one year and not later than five years	12.38	–
Total	**28.89**	**-**
b) Present value of (a) above		
Not later than one year	13.92	–
Later than one year and not later than five years	11.64	–
Total	**25.56**	**-**
Finance charge	**3.33**	–

Note: 29. During the year the company has setup a new Cement Asbestos Products Plant at Sambalpur in Orissa. The plant has commenced production on 1st january 2012. The cost of fixed assets including preoperative expenditure has been capitalized.

Note: 30. We have recorded all known liabilities in the financial statements. The Company has not received any intimations 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 or payable as required under the said Act have not been given.

OTHER NOTES TO ACCOUNTS (Contd...)

Note:31. RELATED PARTY DISCLOSURES

i) Key management personnel:
Mrs. G.Saroja Vivekanand - Managing Director
Mr. M.P.Venkateswara Rao - Whole time Director

ii) **Relatives of key management personnel:**
Dr. G. Vivekanand - Vice Chairman (Spouse of Mrs. Saroja Vivekanand)
Mr. G. Venkat Krishna (Son of Mrs. Saroja Vivekanand)
Mr. G. Vamsi Krishna (Son of Mrs. Saroja Vivekanand)
Mrs. G. Vrithika (Daughter of Mrs. Saroja Vivekanand)
Miss. G. Vaishnavi (Daughter of Mrs. Saroja Vivekanand)

iii) **Other entities under control:**
Visaka Charitable Trust

iii) **Enterprise in which key management personnel and their relatives have control:**
a) Aslesha Constructions Private Limited.

iv) **Associate Company:**
a) Visaka Thermal Power Limited

v) **Aggregated Related Party Disclosures:** (₹ 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	221.50 (221.50)					221.50 (221.50)
Advance towards Share Capital	34.35 (25.18)					34.35 (25.18)
Remuneration		269.41 (361.35)	2.08 (Nil)			271.49 (361.35)
Dividend paid		4.22 (10.55)	115.36 (288.4)			119.58 (298.95)
Donation to Charitable Trust				Nil (30)		Nil (30)
Interest expense on Deposits			1.20 (6.71)			1.20 (6.71)
ICDs Received	1000.00 (835.05)				11.46 (Nil)	1011.46 (835.05)
ICDs Repaid	848.66 (367.99)				11.46 (Nil)	860.12 (367.99)
Interest on ICDs Received	46.44 (13.98)				Nil (Nil)	46.44 (13.98)

Figures in brackets represent previous year.

Note:32. EXPENDITURE IN FOREIGN CURRENCY

(₹ in lakhs)

Particulars	31st March, 2012	31st March, 2011
Travel	14.15	21.66
Commission on Export Sales	79.98	69.66
Royalty	19.53	12.54
Others	–	5.43
	113.66	109.29

Notes to the Financial Statements for the year ended 31st March, 2012

OTHER NOTES TO ACCOUNTS (Contd...)

Note:33. EARNINGS IN FOREIGN CURRENCY

(₹ in lakhs)

Particulars	31st March, 2012	31st March, 2011
Export of Goods (FOB Value)	6006.25	4100.22

Note:34. CIF VALUE OF IMPORTS

(₹ in lakhs)

Particulars	31st March, 2012	31st March, 2011
Raw Materials	17511.94	16967.67
Components, stores and spare Parts	142.62	33.81
Capital Goods	312.39	142.84

Note:35. PARTICULARS OF UNHEDGED FOREIGN CURRENCY EXPOSURE AS AT THE BALANCE SHEET DATE.

(₹ in lakhs)

Particulars	Currency	31st March, 2012	31st March, 2011
Sundry Creditors	US$	968,570	1,203,614
	CAD	-	107,000
Sundry Debtors	US$	849,535	1,927,872
	GBP	35,541	172,789
	EUR	12,609	–
Others	US$	580,999	2,296,542
	AUD	11,662	–

Note:36. CONSUMPTION OF RAW MATERIALS AND OTHER MATERIALS

Particulars	31st March, 2012		31st March, 2011	
	₹ in Lacs	%	₹ in Lacs	%
a) Raw Materials				
i) Imported	21,004.99	47	17,390.64	47
ii) Indigenous	23,783.30	53	19,682.61	53
Total	**44,788.29**	**100**	**37,073.25**	**100**
b) Components, Spares, Consumables & Packing Materials				
i) Imported	105.51	4	44.29	2
ii) Indigenous	2,667.07	96	2,498.90	98
Total	**2,772.58**	**100**	**2,543.19**	**100**

Note:37. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

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

Contingent Liabilities: (₹ in lakhs)

Particulars	31st March, 2012	31st March, 2011
Income tax	50.17	41.75
VAT/CST	7.00	14.16
Excise duty/Service Tax**	2,654.80	2,654.80
Total	**2,711.97**	**2,710.71**

**Includes ₹ 2647.70 lakhs disputed excise duty including penalty for purported under utilization of fly-ash in the product to be eligible for concessional rate of duty.

OTHER NOTES TO ACCOUNTS (Contd...)

Note:38. COMMITMENTS:

(₹ in lakhs)

Particulars	31st March, 2012	31st March, 2011
Estimated amount of contracts remaining to be executed on capital account	250.04	1,500.81
Other commitments	1,052.77	307.39
Total	**1,302.81**	**1,808.20**

Note:39. SEGMENT INFORMATION FOR THE YEAR ENDED 31 MARCH, 2012

I) Information about Primary business segments

(₹ in lakhs)

	31st March 2012			31st March 2011		
	Building Products	Synthetic Yarn	Consolidated	Building Products	Synthetic Yarn	Consolidated
Revenue						
External Sales (Net)	60,725.92	13,745.63	74,471.55	50701.69	14327.88	65029.57
Inter Segment Sales	–	–	–	–	–	–
Total Revenue	**60,725.92**	**13,745.63**	**74,471.55**	**50,701.69**	**14,327.88**	**65,029.57**
Segment Result	**6,690.45**	**882.90**	**7,573.35**	**6167.45**	**2512.71**	**8680.16**
Exceptional Items			–	–		–
Unallocated Corporate expenses			(1,071.52)			`(854.14)
Operating Profit			6,501.83			7,826.02
Interest Expense			(1,416.83)			(1,022.22)
Rental & Other Income			38.73			25.44
Income tax			(1,689.64)			(2,321.84)
Profit from ordinary activities			3,434.09			4,507.40
Net Profit			**3,434.09**			**4,507.40**
Other information						
Segment Assets	47,509.15	7,331.36	54,840.51	41,280.24	7,910.65	49,190.89
Unallocated Corporate Assets			2,541.63			4,662.17
Total Assets			**57,382.14**			**53,853.06**
Segment Liabilities	7,144.28	762.36	7,906.64	5,091.59	663.58	5,755.17
Unallocated Corporate liabilities			20,827.93			21,962.80
Total Liabilities			**28,734.57**			**27,717.97**
Capital Expenditure	5,444.39	418.69	5,863.08	856.51	269.55	1,126.06
Unallocated Capital Expenditure			146.69			–
Total Capital Expenditure			**6,009.77**			**1,126.06**
Depreciation	1,414.20	333.37	1,747.57	1,313.02	323.88	1,636.90
Unallocated Depreciation			16.80			3.19
Total Depreciation			**1,764.37**			**1,640.09**

II) Information about secondary business segments

Revenue by Geographical Markets

(₹ in lakhs)

	31st March 2012			31st March 2011		
	India	Outside India	Total	India	Outside India	Total
External	68,136.38	6,335.17	74,471.55	60,774.18	4,255.39	65,029.57
Total	**68,136.38**	**6,335.17**	**74,471.55**	**60,774.18**	**4,255.39**	**65,029.57**
Carrying Amount of Segment Assets	57,382.14	–	57,382.14	53,853.06	–	53,853.06
Additions to Fixed Assets	6,009.77	–	6,009.77	1,126.06	–	1,126.06

Notes:

Business Segments:

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

Financial Information about business segments is presented as above.

Geographical Segments:

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

Segment Revenue and Expenses:

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

Segment Assets and Liabilities:

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

Inter Segment Transfers:

The Company adopts a policy of pricing inter-segment transfers at cost to the transferor segment. However, during the year there are no such transactions.

Note:40. The company has made relevant disclosures which are applicable as per revised schedule VI and the figures for the previous year are reclassified /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: 24th May, 2012

For and on behalf of the Board of Directors

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

Gusti J Noria — *Director*
V. Pattabhi — *Director*

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

CORPORATE INFORMATION

Board of Directors

Shri Bhagirat 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 J. 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

Shri Bhagirat B. Merchant - *Chairman*

Shri P. Abraham, I.A.S. (Retired) - *Member*

Shri. V. Pattabhi - *Member*

Shri. Gusti J. Noria - *Member*

Smt. G. Saroja Vivekanand - *Member*

Remuneration Committee

Shri Bhagirat 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 – CAG Branch, Hyderabad

State Bank of Hyderabad – IFB, Hyderabad

IDBI Bank Limited

Axis 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 – Unit No. 7:**
   70/3A 70/3, Sahajpur, Industrial Area
   Nandur Village, Taluk Daund,
   Pune District, Maharastra

8. **A C Division – Plant 8**
   Plot No. 1994, 2006
   Khata No. 450,
   Chaka No. 727,
   Paramanpur Village
   Tehsil: Maneswar
   Sambalpur District
   Odisha – 768 200

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

10. **V-Boards and V-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.

VISAKA INDUSTRIES LIMITED®

Regd. Office: Survey No.315, Yelamala Village, R.C.Puram Mandal, Medak Dist - 502 300 (Andhra Pradesh)

Notice

Notice is hereby given that the 30th Annual General Meeting of VISAKA INDUSTRIES LIMITED will be held at its Registered Office at Survey No.315, Yelumala Village, Ramachandrapuram Mandal, Medak District – 502 300, Andhra Pradesh on 5th July, 2012 at 10.30 AM to transact the following business.

Ordinary Business

1. To adopt the Balance Sheet as at 31st March, 2012 and Statement of Profit and Loss for the Financial Year Ended on that date and the reports of the Directors' and Auditors' thereon.
2. To declare Dividend for the Financial Year ended 31st March, 2012.
3. To appoint a Director in place of Shri. Nagam Krishna Rao, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri. V. Pattabhi, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company.

   To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution.

   "RESOLVED THAT M/s M. Anandam & Co., Chartered Accountants, 7'A' Surya Towers, S.P. Road, Secunderabad - 500 003, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Meeting till the conclusion of the next Annual General Meeting of the Company and that the Board of Directors be and is hereby authorized to fix their remuneration for the period".

Special Business

6. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as Special Resolution:

   "RESOLVED THAT pursuant to Section 314(IB) of the Companies Act 1956 and such other provisions of the Companies Act, 1956 Mr. G. Vamsi Krishna a relative of Dr. G. Vivekanand, Vice Chairman and Smt. G. Saroja Vivekanad, Managing Director of the Company be appointed to hold an office or place of profit as Chief Business Strategist of the company for a period of three years commencing from 5th July, 2012 on the following terms and conditions:

   1. Salary : ₹50,000/-
   2. HRA : 50% of Salary
   3. Medical Allowance : 8.33% of Salary Per Annum
   4. Leave Travel Allowance : 8.33% of Salary Per Annum
   5. Provident Fund : 12% of Salary Per Month
   6. Super Annuation Fund : 15% of Salary Per Month
   7. Gratuity and other allowances will be provided as per the rules of the Company.

7. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as Special Resolution:

   "RESOLVED THAT pursuant to Section 163 and all other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force hereinafter referred to as the "Act", consent and approval of the Company be and is hereby accorded for keeping the Register of Members, Index of Members, copies of all Annual Returns under Section 159 and 160 of the Act together with copies of certificates and documents required to be annexed thereto under Sections 160 and 161 of the Act or any one or more of them at the office of M/s. Karvy Computershare Private Limited, having office at Plot No. 17 to 24, Vithal Rao Nagar, Madhapur, Hyderabad 500 081 and other Books or Registers at the corporate office of the Company situated at 1-8-303/69/3, S.P. Road, Secunderabad – 500 003.

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies, in order to be effective, must be received at the Registered Office of the Company not less than forty-eight hours before the meeting.
2. If the dividend on shares as recommended by the Directors is passed at the meeting, payment of such dividend will be made to those shareholders or their mandatee(s) whose names appear in the Company's register of members as on 30.06.2012.
3. While members holding shares in physical form may write to the Company for any change in their addresses and bank mandates, members having shares in electronic form may inform the same to their depository participants with whom they have Demat account immediately, so as to enable the Company to dispatch the dividend warrants at their correct addresses.
4. Members desiring any information as regards accounts are requested to write to the Company at least seven days before the date of the meeting to enable the management to keep the information ready at the meeting.
5. As per the provisions of Section 205 C of the Companies Act, 1956, Unpaid/Unclaimed Dividend for the Year 2003 – 2004 has been transferred to Investor Education and Protection Fund on 20.09.2011 upon expiry of 7 years period. Unpaid/Unclaimed Dividend for the Year 2004 – 2005 will be transferred to Investor Education and Protection Fund on 16.09.2012. Shareholders who have not claimed Dividend for the year 2004 - 2005 are requested to claim the dividend on or before 15th September, 2012.
6. All documents referred to in the notice and explanatory statement are open for inspection at the Registered Office of the Company during office hours on all working days except public holidays, between 11.00 A.M. and 1.00 P.M. up to the date of the Annual General Meeting.
7. The Register of Directors Shareholding shall be open for inspection to any member or holder of debentures of the Company during the period beginning 14 days before the date of Company's Annual General Meeting and ending 3 days after the date of its conclusion. The said register shall also remain open and accessible during the Annual General Meeting to any person having a right to attend the meeting.

Annexure to the Notice

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Item No. 6

Mr. G. Vamsi Krishna has done his Bachelor of Science from Purdue University, IN, USA. He joined the Company as Management Trainee in June 2011. Since, he is a relative of Dr. G. Vivekanand, Vice Chairman and Smt. G. Saroja Vivekanad, Managing Director of the Company and his remuneration is exceeding the limits prescribed under Section 314 (1B) of the Act, his appointment requires prior approval of members. His appointment will be for a period of three years from 5th July, 2012.

Mr. G. Vamsi Krishna has experienced and has understood the business nuances of the Company and setting the processes, systems and procedures in place and established control over the business. His scope of work covers complete control over the Strategic Planning for expanding into other Business apart from planning of current activities of the Company.

The Board of Directors recommends the above resolution at item no. 6 for your approval.

Dr. G. Vivekanand, Vice Chairman and Smt. G. Saroja Vivekanand, Managing Director are deemed to be interested in this resolution.

Item No. 7

The activities pertaining to share transfer, transmission, dematerialization, rematerialization etc., were being carried out by M/s. Sathguru Management Consultants Private Limited. Plot No. 15, Hindi Nagar, Punjagutta, Hyderabad - 500 034. Since, the above Registrar conveyed that they are closing down their Registry operations, the Board of Directors at their meeting held on 13th October, 2011 appointed M/s. Karvy Computershare Private Limited, having office at Plot No. 17 to 24, Vithalrao Nagar, Madhapur, Hyderabad 500 081 as Registrar & Share Transfer Agent of the Company with effect from 16th October, 2011.

The above change in Registrar & Transfer Agent would result in keeping the Register of Members, Index of Members, copies of Annual Returns etc. at the premises of the new Registrar & Share Transfer Agent viz., M/s. Karvy Computershare Private Limited, having office at Plot No. 17 to 24, Vithalrao Nagar, Madhapur, Hyderabad 500 081 and other Books or Registers at the Corporate Office of the Company situated at 1-8-303/69/3, S.P. Road, Secunderabad – 500 003. The approval of the shareholders is required to be obtained for the aforesaid.

The Board of Directors recommends the above resolution at item no. 7 for your approval.

None of the Directors of the Company is in any way, concerned or interested in the said resolution.

By Order of the Board
For **VISAKA INDUSTRIES LIMITED**

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

Date : 24th May, 2012
Place : Hyderabad

www.visaka.in