CONSOLIDATION

VISAKA INDUSTRIES LIMITED®
ANNUAL REPORT 2012-13

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

The year 2012-13 was one of the most challenging for most industrial sectors the world over, India not excluded.

Visaka Industries Limited responded to this downturn by doing what it has always done – launching new products and enhancing production capacity in select businesses, while consolidating its presence in the others.

The result: the Company reported a 22% growth in revenues and a 47% increase in profit after tax.

Visaka Industries Limited is three businesses in one.

Cement asbestos products. Synthetic yarn. Fibre cement flat products.

These businesses respond to diverse sectoral pulls, so that when one may be doing well, another may be performing moderately.

The combined mix is an ability to sustain growth in revenues, profits, capacities and competitiveness into the long-term.

Parentage

Visaka Industries Limited (incorporated 1981) entered the production of Cement Asbestos Products (36,000 TPA) in 1985 and diversified into textile yarn manufacture (1992). In 2009, the Company expanded its building product mix to manufacture non-asbestos fibre cement board and panels (flat products).

Corporate

The promoters own 37.65% of the Company's equity. The Company enjoyed a market capitalisation of ₹155 cr as on 31st March, 2013. The Company's stock is actively traded on the Bombay Stock Exchange and the National Stock Exchange.

Business

The Company is engaged in two broad businesses – building products (cement asbestos products and fibre cement flat products like V-Boards and V-Panels) and textiles.

Presence

The Company is headquartered in Hyderabad (Andhra Pradesh), with manufacturing plants across ten regional locations and nine marketing offices.

Highlights, 2012-13

Building products business

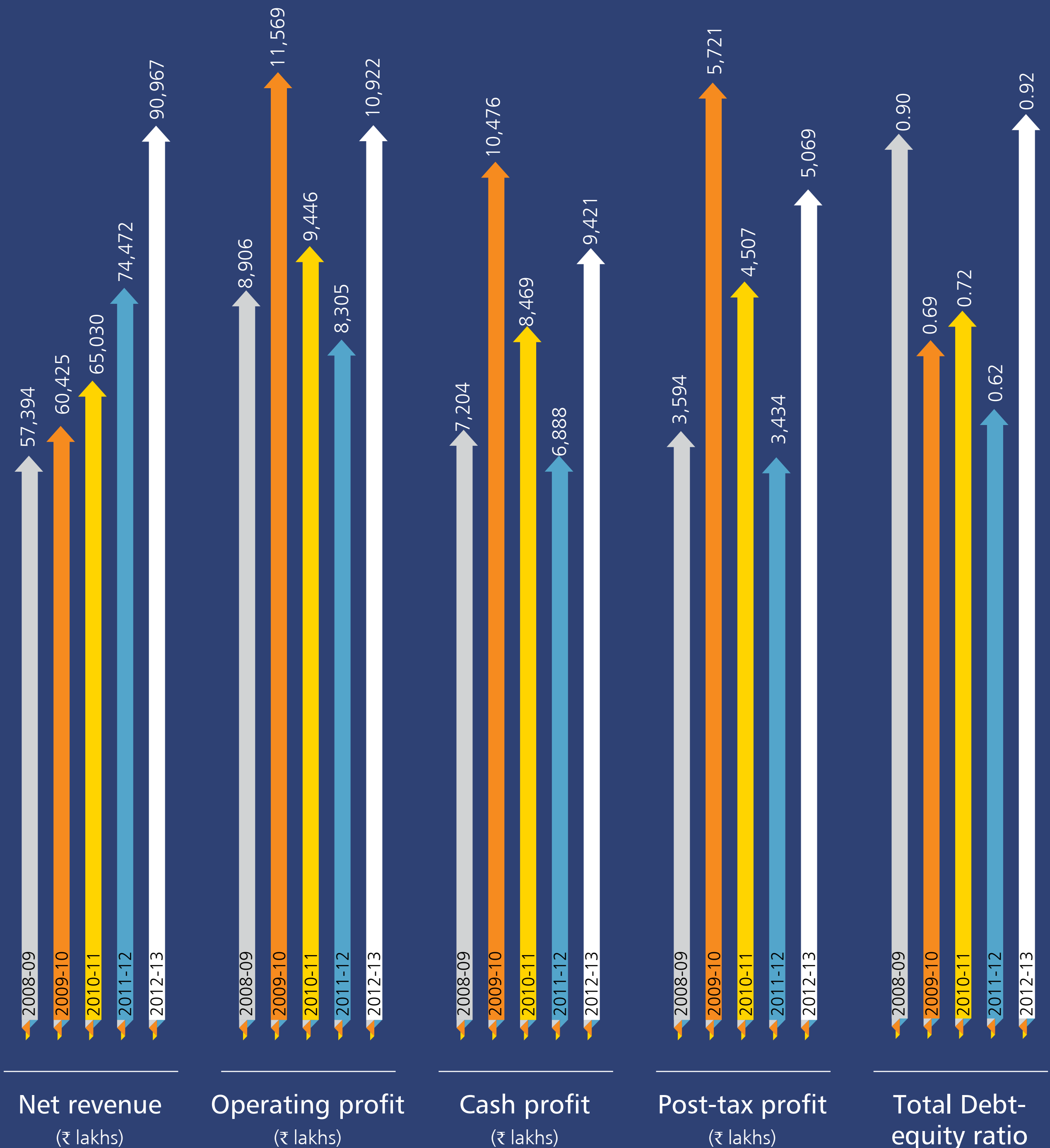
- Division revenues as a proportion of the Company's revenues is 82% in 2012-13 same as 2011-2012.
- Production (cement asbestos products) increased from 654198 MT IN 2011-12 TO 743624 MT in 2012-13; capacity utilisation was 99% as against 94% in 2011-12.
- The Company's sales volume of cement asbestos products grew by 4% and fibre cement flat sheets by 11% in 2012-13 over 2011-2012
- Average cement asbestos product realisation increased by 17.5% in 2013 over 2011-12

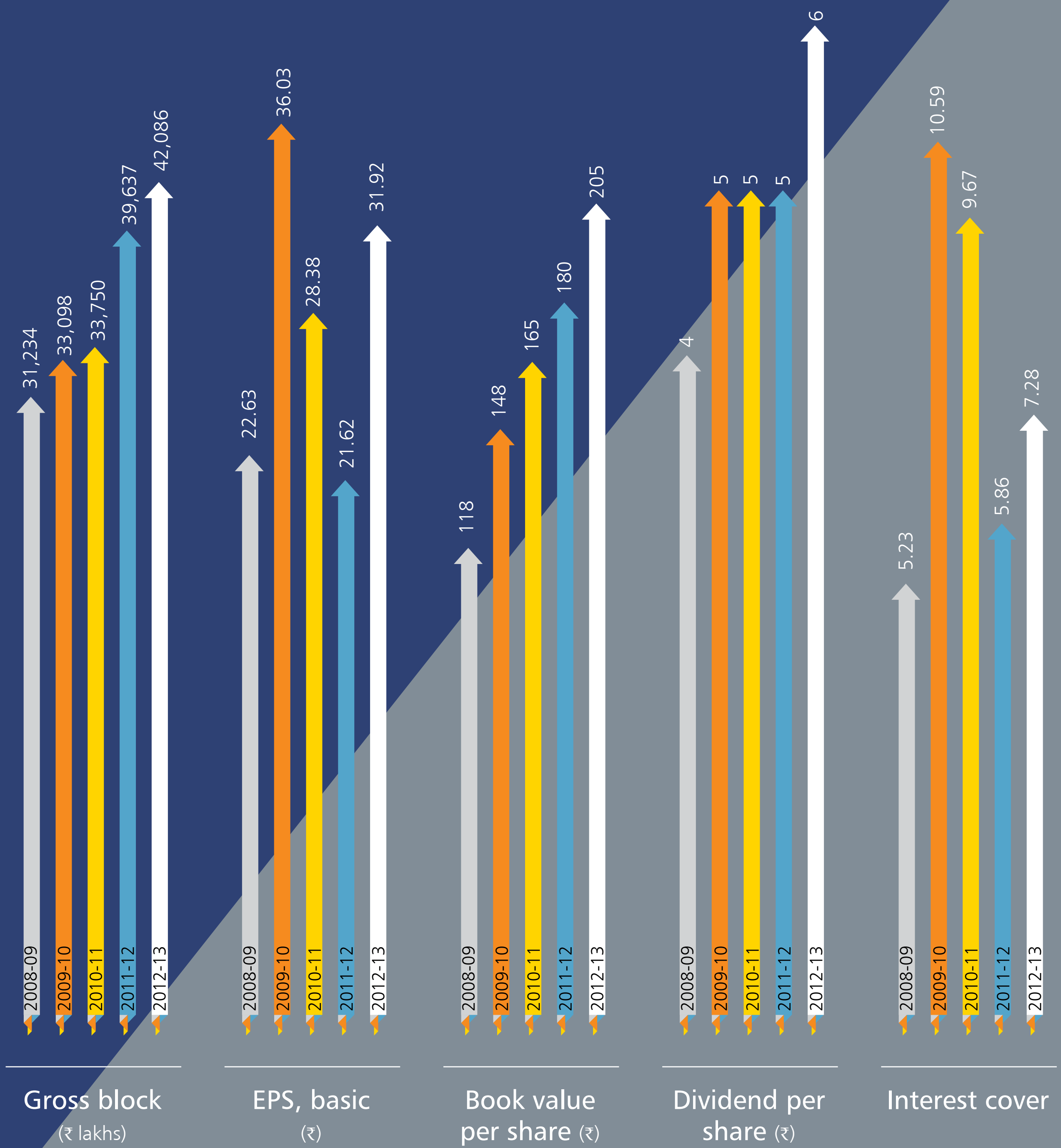
Textile business

- Revenues as a proportion of the Company's revenues is about 18% in 2012-13 same as in 2011-2012
- Production was 7897 MT in 2012-13 where as 8030 MT in 2011-12
- Domestic sales increased from 5301 MT in 2011-12 to 6158 MT; export sales decreased from 2416 MT in 2011-12 to 2094 MT; Exports accounted for 25% of total yarn sales in 2012-13
- Average yarn realisation increased from ₹178 per kg in 2011-12 to ₹200 per kg in 2012-13

Products	Manufacturing facility	Installed capacity (31st March, 2013)
Cement asbestos products	Patancheru (Andhra Pradesh) Vijayawada (Andhra Pradesh) Paramathi (Tamil Nadu) Tumkur (Karnataka) Midnapur (West Bengal) Rae Bareli (Uttar Pradesh) Pune (Maharashtra) Sambalpur (Odisha)	752000 MT
Fibre cement flat products	Miryalguda (Andhra Pradesh)	48000 MT
Textiles	Nagpur (Maharashtra)	29 MTS M/CS

FINANCIAL HIGHLIGHTS, 2012-13




Gross block
(₹ lakhs)
2008-09 31,234
2009-10 33,098
2010-11 33,750
2011-12 39,637
2012-13 42,086
EPS, basic
(₹)
2008-09 22.63
2009-10 36.03
2010-11 28.38
2011-12 21.62
2012-13 31.92
Book value
per share (₹)
2008-09 118
2009-10 148
2010-11 165
2011-12 180
2012-13 205
Dividend per
share (₹)
2008-09 4
2009-10 5
2010-11 5
2011-12 5
2012-13 6
Interest cover
2008-09 5.23
2009-10 10.59
2010-11 9.67
2011-12 5.86
2012-13 7.28

STRENGTHS

CORPORATE

Product profile: The Company manufactures products that capitalise on an ongoing improvement in lifestyle standards in India and abroad.

Diversified: Visaka is a diversified company engaged in the manufacture of building products and synthetic blended yarn. The former accounted for 82% of revenues and the latter 18%, in 2012-13; the former accounted for 76% of profit before tax and the latter 24%, in 2012-13.

Growth: A combination of aggression and conservatism translated into increased CAGR in revenues of 12% in the five years leading to 2012-13.

Wide market: The Company addresses a range of customers – rural Indians who buy cement asbestos sheets, global institutional customers who buy the Company's yarn and individual cum institutional customers through its fibre cement flat products under the name of V-Board and V-Panels.

Gearing: The Company is relatively under-borrowed; its gearing was 0.92 at the end of 2012-13,which coupled with an interest cover of 7.28, represent adequate fiscal comfort. The average cost of the Company's debt was 10.3 % in 2012-13. There is a growing reliance on cash to fund operations and derive the best procurement bargains.

Management bandwidth: The Company's professional management comprises rich experience and stability in its senior management (the majority have been with the Company for more than 15 years), the process is mediated through chalking out, annual business plans and setting targets (revenues and profits) and defining employee responsibilities.

Technology: The Company has progressively invested in modern technologies across each of its business – its fibre cement plants are fully automated, its yarn manufacturing units use state-of-the-art twin air jet spinning technology (Murata).

BUILDING PRODUCTS DIVISION

Position: The Company was the seventh largest cement asbestos product manufacturer in India in 1996; it is the second largest today. The Company's CAGR in revenues is 13% in the five years leading to 2012-13.

Technological excellence: Visaka's automated fibre cement plant incorporates sophisticated technologies; its consistency in properties and strengths exceed ISI standards; the Company's manufacturing plants consume the lowest electricity per tonne.

Efficient distribution chain: The Company generally markets directly to retailers as opposed to the conventional company-distributor-retailer model; this facilitates a better knowledge of marketplace realities.

A combination of aggression and conservatism translated into increased CAGR in revenues of 12% in the five years leading to 2012-13.

Distribution network: The Company possesses a strong distribution network of 6000 retailers inrural and semi urban markets; it derives 85 to 90 % of its sales from these markets while the rest 10 to 15% is derived from institutional sales to the government, industries and poultry farms.

Sizeable market share: The Company's Visaka and Shakti brands account for a significant share of India's organised cement asbestos market.

Fabrication capability: The Company's rich engineering competence is reflected in an ability to design and fabricate cement asbestos manufacturing equipment for six of its eight plants, reducing the overall cost compared with the industry benchmark 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; rated capacity utilisation was achieved within four months of start-up.

Manufacturing presence: The Company's cement asbestos product manufacturing facilities are dispersed nationally which helps address regional needs – four in South India, one in North India, two in East India and one in West India.

Competitive: The Company's historical cement asbestos products capacity corresponds to ₹264 cr of gross block at a historical cost of about ₹3,475 per MT as against a prevailing greenfield commissioning cost of ₹4,500 per MT.

De-risked product mix: The Company's building products division also comprises fibre cement boards (non- asbestos) used in urban and semi-urban interiors ensuring a well spread out product mix.

Superior quality: The Company's fibre cement plant is certified by the ISI. The V-Board division possesses HPSC technology conforming to ISO 14862-2000 norms.

Intellectual capital: The Company's 3,970 employees represent the best industry talent in the areas of engineering, finance, production, marketing, commercial, regulatory and quality management capabilities.

TEXTILES BUSINESS

High margins: The Company manufactures value-added yarn, enjoying some of the highest margins in its segment.

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

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

Excellent product 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).

Benchmark productivity: The Company's twin airjet productivity is quoted as the benchmark by machinery manufactures (Murata of Japan).

Reputed clientele: The Company's domestic textiles clients comprise brand-enhancing names like Grasim Industries, Siyaram Silk Mills Ltd, S.Kumar Nationwide Ltd, Shreekar Polyester Pvt.Ltd, Puneet Syntex Pvt. Ltd, Anand Silk Mills, G.M. Knitting Industries Pvt. Ltd, D.C.Textiles, Kalpesh Synthetics Pvt. Ltd, Raj Rajendra Industries Ltd.

Superior quality: Visaka's yarns are environment-friendly and OEKO-TE-certified. The Company's adherence to stringent quality processes resulted in the ISO certification.

"WE INTEND TO BE NICHE AND DIFFERENTIATED AND RANK NUMBER ONE IN THE INDUSTRY"

Smt. G. Saroja Vivekanand, Managing Director, reviews the Company's performance in 2012-13

Q| How would you review the performance of the Company in 2012-13?

A| In terms of financial performance, there was an improvement with overall profit after tax increasing from ₹34 cr in 2011-12 to ₹51 cr in 2012-13.

- PBT of our building products business grew from ₹46.45 cr in 2011-12 to ₹56.82 cr in 2012-13
- PBT of our yarn division increased from ₹4.78 cr in 2011-12 to ₹17.82 cr in 2012-13

What is important to note is that even though the global and Indian economies continued to be broadly subdued, the Company succeeded in growing each of its businesses. I must make another point here: the growth of the Company during the last financial year also represented the vindication of our multi-business model wherein there could always be one business that does well and more than makes up for another that may temporarily not be performing as well. This overall combination enabled the Company to report an attractive performance in what was a challenging year for most.

Q| The building products business reported a profit before tax of ₹42 cr in the first quarter of 2012-13 but eventually finished the year with a PBT of ₹57 cr, indicating a considerable slowdown in the subsequent quarters.

A| There is a general perception that in a country where the rural incomes are largely unaffected by the health of the global or national economies, the sale of asbestos cement sheets would remain largely insulated and unaffected. This conviction was born out of experience when this had actually happened, creating an expectation that this would recur. However, even as the building products business continued to report quarter on quarter profits that were higher than the corresponding quarters of the previous financial year, the big break transpired in the 3rd quarter – a PBT of ₹6.98 cr in 3rd quarter of 2011-12 declined to ₹3.29 cr in 3rd quarter of 2012-13, PBT of ₹15.86 cr in 4th quarter of 2011-12 declined to ₹4.90 cr in 4th quarter of 2012-13.

There are a number of suggested reasons for this decline: it appears that the country's low GDP growth in 2012-13 finally caught up with rural offtake; the impact of the global slowdown extended to rural India; the high Consumer Price Index (with a high food component) moving close to 10% began to affect rural disposable incomes, a weak Middle East job market translated into weak repatriations, precoated steel sheets became more competitive. There was an increase in the cost of asbestos fibre by 23% in the last year and 48% in last four years in dollar terms that could not be passed on to customers and there was also moderation in IT salaries.

Q| What are some positives that one can look at?

A| The time has come for analysts to stop see year-on-year performance of the Company but to start taking a three-year block perspective of our performance. Three-year performance blocks provide a true and fair picture of the Company with the annual profitability variations evened out. So when one sees the Company's performance across three-year blocks this is what you will find: in the three years leading to 2012-13, the Company generated a PAT of ₹130 cr compared with the immediately preceding three-year block leading to 2009-10 the Company had generated a PAT of ₹101 cr.

There is something else that analysts and shareholders should appraise – the financial engine of the Company, which makes it possible to report consistently higher profits across performance blocks of three years each. For instance, the Company enjoys a modest gearing of 0.90 with no long-term debt except for ₹10 cr that the Company just borrowed to fund it new Pune project, ₹15.24 cr of interest free loan and ₹5 cr of miscellaneous loans. Even as the Company had working capital of ₹270 cr on its books, this could be liquidated by just the sale of its inventory. This moderate gearing and latently positive liquidity represents the fundamental building block of the Company's ability to compete across market cycles.

Q| What is the Company's agenda?

A| The financial year under review was a decisive one for the fibre cement boards business: profit before tax increased from ₹1.30 cr in 2011-12 to ₹3.60 cr in 2012-13. What makes this product attractive is that it is not a commodity and can, if positioned effectively, substitute plywood. In India, the product is passing through a nascent phase in its life cycle whereby people are still discovering its attributes, so what one has seen during the year under review represents in our mind an inflection break that could translate into sustainable growth. The Company has prepared for this probable increase in product acceptance through an increase in production capacity that will come into play during 2013-14.

Besides, India consumes about17% of the global consumption of Chrysotile Asbestos even as the country accounts for 17% of the global population. For a product as basic as this, we feel that as rural incomes rise in India, consumption would rise disproportionately faster, justifying our progressive presence and investments in this space.

Q| What can shareholders expect during 2013-14?

A| The Company's fibre cement boards capacity of 48,000 TPA will be increased by 72,000 TPA during the second quarter of 2013-14, making us a significant player in terms of installed capacity in India. During the current financial year, we will educate architects on the product attributes through personal interactions, manuals and forums. Besides, we will continue to push exports. Out of the Company's production of 40000 MT in 2011-12, we exported 16,700 MT. Out of the Company's production of 45,800 MT in 2012-13, we exported 11,000 MT. In view of the port-proximity of our Pune location, we expect to scale our exports on the one hand and also cater to the vast growth coming out of Western India.

That apart, it should be kept in mind that we had an unusually weak last quarter in 2012-13 (PAT of ₹5.7 cr) and this effect extended into the first quarter of 2013-14. Since the Company had built up adequate inventory during the 2012 monsoons in anticipation of robust sales (which did not happen), it was compelled to stagger production during the last quarter of the year under review. We consider this to be a safe, asset-light and responsive model: we will invest in additional capacity in terms of products and in tenures where we are optimistic of liquidating stocks; we will invest closest to the upturn with correspondingly attractive gestation periods that accelerate revenues and shrink our payback.

In view of these factors, we consider the ongoing slowdown as a period of **consolidation** on the one hand and also a time of opportunity when we aggregate our resources to climb into the next round of growth.

A combination of aggression and conservatism translated into increased CAGR in revenues of 12% in the five years leading to 2012-13.

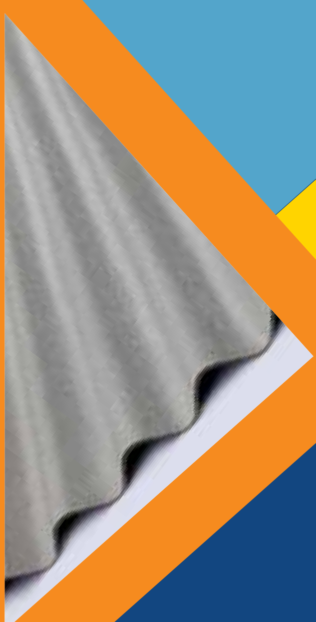
DIVISIONAL ANALYSIS

I. BUILDING PRODUCTS DIVISION

1. Cement asbestos products

₹684 Cr (NET) REVENUE	11.60% EBIDTA MARGIN	23% SALES INCREASE

7,52,000 TPA CAPACITY INSTALLED	75% REVENUE CONTRIBUTION



India's cement asbestos product sector has expanded attractively, driven by a growth in rural India and a pricing advantage over alternative materials. Cement asbestos sheet is generally preferred on account of its durability, safety and affordability. There are estimated 25 cr houses in India; 46% possess pucca roofs while the rest are made of thatch (temporary kuccha roofing) and clay tiles. Over the years, the use of clay tiles has been declining due to the non-availability of raw material and a general preference to graduate to superior roofing material. Among pucca houses, less than half use RCC slabs; the rest use ready-house roofing products (fibre cement roofing and metal roofing). Interestingly, the cost of a pucca roof using fibre cement roofing is only a third of the cost of an RCC ceiling slab. As a result, the market for fibre cement roofing is estimated at ₹4,000 cr and growing.

The Company's presence in the building products segment is dominated by cement asbestos products(91% of revenues), the other segments comprising flat products like V-Boards and V-Panels (9%).

Industry overview

Asbestos Cement Sheet (ACS) is a building material in which asbestos fibres are used to reinforce thin rigid cement sheets. It is a very popular building material, largely due to its durability.

These products are economically and durability-wise much more beneficial than the other alternatives such as GI Sheets, Galvalume Sheets, PVC Pipes, Steel Pipes and Ductile Iron Pipes among others.

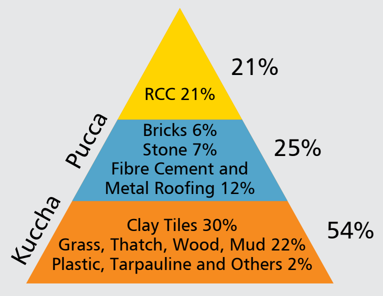
The Indian asbestos-cement (AC) industry comprises of AC roofing sheet production (90%) and AC Pipe production (10%).

Fibre cement roofing industry

The Indian fibre cement roofing sheet industry has a capacity of about 4 million MT; the industry is growing at 5 to 6% annually on the back of strong demand from its rural markets. The industry is largely commoditised. Asbestos cement sheets were originally an industrial product, increase in production and access points evolved it into a retail product. Nearly 85% of the country's sales are derived from India's rural markets and the rest from its industrial and other segments (warehouses, poultry, urban slums among others).

The key raw material of the sector comprise chrysotile (asbestos fibre), which constitutes 45% to 50% of the total raw material costs and is 100% imported. The other raw material is ordinary portland cement, flyash and wood pulp. To make 100 kgs of fibre cement roofing sheet, 80 kgs of input are required (43 kg of cement, 8 kg of asbestos fibre, 28 kg of flyash and the balance dry waste, pulp among other). The remaining is water weight, gained during the manufacturing process. Raw materials account for the largest operating expense (around 60-70% of total operating expense). Freight is a large cost, hence plant location is key to competitiveness.

Preferabillity chart



Following an increase in incomes, rural India has graduated from the thatched roof to the asbestos sheet alternative. These sheets are good insulators of heat and sound compared to thatched, tiled or galvanised metal roofs. These sheets are also water- and fire-resistant, relatively cheaper than galvanised metal roofs, require minimal maintenance and infrequent replacement.

Growth triggers

Economic growth: India is one of the fastest-growing economies in the world, catalysed by government programmes like Indira Awas Yojna, Golden Jubilee Rural Housing Finance Scheme, Pradhan Mantri Adarsh Gram Yojana, Productive Housing in Rural Area and Rural Housing Fund. Schemes like Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) guarantee employment to low-income individuals. There is a correlation between GDP growth and roofing demand; the latter growing at 1.3-1.5x GDP growth over a three to five year period.

Untapped potential: Rural India accounts for 70% of the country's population; 50% of rural India lives

Preference for asbestos fibre cement sheets

Characteristics	Asbestos Fiber Cement Sheets	Corrugated Galvanised Iron Sheets	Aluminum Sheets	Red Mud Plastic
Life Span (Years)	50 (Min) Non-Corrosive	5-10 Not (Corrosive)	Available	5 (Trends to get Flattened)
Maintenance	Nil	Every 3-5 years	Nil	Nil
Fire Rating	Retardant	Tendency to twist & melt	Tendency to twist & melt	Fire Prone
Thermal Conductivity/ Insulation	Good	Poor	Poor	Fair
Accoustic Rating	Good	Poor	Poor	Poor
Absorption of Rain & Wind Noise	Good (Deadens these noises)	Poor	Poor	Poor
Wind Resistence when installed	Good	Poor	Poor	Poor
Energy Consumption (KWH/ SqM)	<1	36.6	33	48
Manpower Potential	Intensive	Low	Low	Low
Imported Content (₹/SqM)	5.6	15-22.5	1	33

in kuccha and semi-pucca homes, which represent opportunities for pucca roofs and the use of cement asbestos sheets. Whenever economic conditions improve, the first choice of the rural poor is to replace the roof over their heads with an affordable and relatively durable product like an asbestos cement sheet. As per NABARD, the housing shortage in rural India is ~14.6 mn units, which indicates a large latent demand for the sheets. Over the past few years, players diversified geographically to address untapped markets.

Emerging trends: In 1978, 81% rural males depended on agriculture as their main source of income; in 2009-10, the proportion dropped substantially to about 55%. A decade ago, agriculture accounted for nearly 50% of the rural economy; now it accounts for about a fourth. Between 1999 and 2009, manufacturing GDP in rural India grew at 18% CAGR and now contributes about 55% of India's total manufacturing GDP. Increasingly, Indian villages are acquiring the characteristics of small towns.

Construction growth: The Indian construction industry (US $70billion) is growing at 10% on y-o-y basis and expected to sustain. The housing market is expected to witness annual growth of around 14% with a declining age group of ownership from 55-58 years 20 years ago to 30-38 years (source: ASSOCHAM).

New capacities: The industry participants are adding capacities to address growing demand. Visaka commissioned a 100,000 MT plant in Sambalpur (Orissa) in FY12 which has reached full potential during the year under review. An increase in capacities indicates robust demand growth for the next few years.

The Union Budget 2013-14 outlay for rural infrastructure

- The Ministry of Rural Development allocated ₹80,194 cr in 2013-14 (₹55,000 cr in the previous year)
- Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) was allocated ₹33,000 cr
- Pradhan Mantri Gram Sadak Yojana (PMGSY) was allocated ₹21,700 cr
- Indira Awaas Yojana was allocated ₹15,184 cr

Outlook

The softening of inflation and the expectation of a healthy demand from rural India are likely to grow the fibre cement sheet industry 5% to 6% per annum.

Corporate review

The Company possessed 752,000 TPA of installed capacity of cement asbestos products. The Company's revenues from this product accounted for 75% of its total revenue for 2012-13. The Company retained its position as the second largest cement asbestos product manufacturer in India.

Highlights

- The division set a production target of 725000 MT for 2012-13 and produced 743624 MT as against 6,54,198 MT in 2011-12.
- The division reported an overall capacity utilisation of 99%.
- Sales increased 4.4% from 6,54,439 MT in 2011-12 to 683243 MT in 2012-13.

Strengths

- The division continued to make the product superior in terms of load bearing capacity (the industry's most visible measure) to the government-recommended standard; it consistently exceeded the ISI requirement of load bearing capacity of 525 kgs.
- The division's output was nationally dispersed by a field force of 120 members who addressed the growing needs of 6,000 pan-Indian retailers. The Company's products were available even in population clusters of 5,000 or more.
- The Company provided material in small quantities with a greater frequency, making it possible for retailers to store less and order more frequently while strengthening their working capital management.
- The division focused on accelerating receivables.
- The division strengthened its brand through sustained outdoors vernacular advertising, meeting decision makers, marketing the 'perfect shelter' concept and enhancing across-the-counter availability at all times.
- The division enhanced its brand visibility through periodic interactions with customers, architects, government engineers and poultry farmers.

2. Fibre cement sheets (non-asbestos) – V-Boards and V-Panels

₹**60** Cr
(NET) REVENUE

9,750 TPA CAPACITY INSTALLED OF V-PANELS

48000 TPA CAPACITY INSTALLED V -BOARDS

7%
REVENUE CONTRIBUTION

95% Capacity utilization of V-boards

77% Capacity utilization of V-panels

Overview

The Company's building products division manufactures flat products like V-Boards and V-Panels. These products are fibre cement 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 of fibre cement flat products, which is being increased to 120,000 TPA the second largest company in India to manufacture these emerging generation products. The Sandwich Panel (V-Panel) Capacity is 9,750 TPA which can be increased after short gestation period depending on Market demand.

There is a growing use of flat products (V-Panels and V-Boards) on account of their environment-friendliness and price attractiveness over competing substitutes (without compromising quality features). It is expected that a shift in applications from plywood, particle boards and MDF boards to cement fibre sheets will catalyse offtake in applications like interiors, partitions, door panels, mezzanine flooring among others in offices and projects.

V-Boards

The Company established its V-Board business with HPSC technology, conforming to ISO 14862-2000 in May 2008.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, low erection cost, greater functionality, easy transportability (rather than being mixed on site) and safety in seismic zones. Following this, Visaka selected to invest in a second unit of 72,000 TPA near Pune, which is expected to be commissioned in the second quarter of 2013-14, reinforcing the Company's position as one of the largest producers in India.

Highlights

- Production increased from 40,047 MT in 2011-12 to 45,810 MT in 2012-13
- Sales increased from 36,377 MT in 2011-12 to 40,365 MT in 2012-13
- Revenue increased from ₹44 cr in 2011-12 to ₹53 cr in 2012-13
- EBIDTA increased from ₹442 lakhs in 2011-12 to ₹683 lakhs in 2012-13
- The Company is establishing a second unit of 72,000 TPA near Pune, which is expected to be commissioned in June-July 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. The product is positioned as a dry wall substitute and is ideal for disaster-prone areas, low on maintenance, enhances interior living area on account of its thinness and ideal wherever 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 and reused at different locations.

Visaka possesses an installed capacity of 9,750 TPA. The Company's customers for V-Panels comprise GMR Group, Punj Loyd, Shapoorji Pallonji, Soma Enterprises, TCS, Gujarat Ambuja Port, Eenadu Group, Coastal Projects, Uranium Corporation and Larsen & Toubro, among others.

Highlights

- Production increased from 5,957MT in 2011-12 to 7,514 MT in 2012-13
- Sales increased from 5,279 MT in 2011-12 to 6,875 MT in 2012-13
- Revenue increased from ₹7.40 cr in 2011-12 to ₹9.90 cr in 2012-13
- EBIDTA increased from ₹25 lakhs in 2011-12 to ₹61 lakhs in 2012-13

II. TEXTILE PRODUCTS DIVISION

₹164 Cr
(NET) REVENUE

13.4%
EBIDTA MARGIN

1888 SPINNING POSITIONS
CAPACITY INSTALLED

18%
REVENUE CONTRIBUTION

Visaka Industries diversified into the manufacture of synthetic yarn in 1992. Its textile division manufactures yarns using state-of-the-art twin air jet spinning machines (Murata, Japan) with 29 MTS Machines (equivalent to 51,000 ring spindles) where yarn quality is superior to conventional ring frame yarn. The Company produces about 8,000 tonnes of yarn per year and exports about 2,000 tonnes.

Visaka invested in the world's largest double yarn manufacturing plant based on twin air jet spinning. The unit developed melange yarns, grindle yarns, high twist yarns and specialty yarns with different blend styles. The unit has the distinction of being the largest global facility with Murata equipment, reporting one of the highest efficiencies. A high process control translated into ISO certification in 1995 and Star Export House status in 2008. Yarns are environment-friendly and were certified as per demanding OEKO·TEX standards in July 2008. The Company's yarn products are used to manufacture a range of fabrics (shirting, suiting, fashion fabrics, upholstery and embroidery laces). Its products are marketed to customers in Italy, the UK, the US, Germany, Australia, Egypt and Turkey, among others. The Company's air-jet yarns are marked by 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

- Average realisations across production increased from ₹178 per kg in 2011-12 to ₹200 per kg in 2012-13
- The division marketed products to brand-enhancing institutional clients like Grasim Industries, Siyaram Silk Mills Ltd, Donear Industries Ltd, S.Kumar Nationwide Ltd, Shreekar Polyester Pvt. Ltd, Puneet Syntex Pvt. Ltd, Anand Silk Mills, G.M. Knitting Industries Pvt. Ltd, D.C.Textiles, Kalpesh Synthetics Pvt. Ltd, Raj Rajendra Industries Ltd., the Company also marketed products to those manufacturing apparel, suitings, shirtings, industrial fabrics, upholstery and curtains. Nearly 25% 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 Germany, the US, Taiwan, Italy, Egypt, the UK, Pakistan, South Africa, Portugal and Turkey.
- The division reported an increase in machine speed, quality and efficiency - a rare combination
- There has been a substantial increase in power tariff from March 2012, though similar increase is applicable to all over the country.

Road ahead

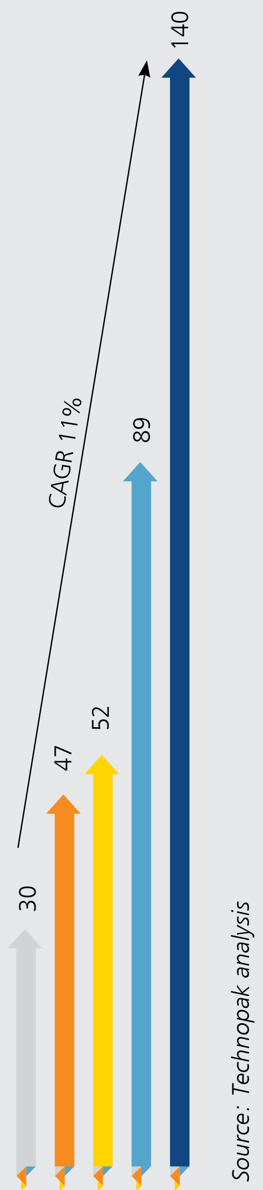
- The division expects to increase products and customers.
- It intends to make more value-added yarn with a corresponding increase in realisations and delta.
- We are adding about 10% to the spinning capacity with optimal investments. The additional capacity will be available from July 2013.
- It intends to increase exports to 35%.

Industry overview

The global textile market grew by 17.1% in 2011 to USD 706 billion. In 2016, the global textile market is expected to reach USD 833.9 billion, an increase of 32.2% over 2011. Fabric accounts for the largest segment of the global textile market, accounting for 82% of the market's total value. Asia-Pacific accounts for 60.7% of the global textile mills market value (Source: PR Newswire). The Indian textile and apparel industry is the world's second largest manufacturer with an estimated export value of US$ 34 billion and domestic consumption of US$ 57 billion. The sector contributes about 6% of the US$ 1.7 trillion Indian economy and provides employment to more than 105 million people.

Visaka's Cotton-Touch Airjet Spun Polyester yarns	Advantages
Successfully replaced cotton yarns for table napkins in the UK and the US	Superior cotton-touch, premium matt look, easily washable/ stain removable and pilling proof.
Also replaced cotton yarns and twisted filament yarns for upholstery fabrics in Belgium.	Premium matte look, passes the Martindale abrasion pilling test.
Easily stain-removable.	Retardant
Matte-look yarns are used for exclusive high-end shirting and feather light suitings for customers in Italy, France and the US	Comfort to the wearer, premium look, unique feel, a fabric that breathes.
Replaced twisted filament yarns and cotton yarns for curtain fabrics in Italy and France.	Superior cotton touch, wrinkle-free, premium matte look, easily washable and pilling proof.
Hair-free, matte-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 without hairy appearance.

India's USD 52 billion domestic textile and apparel industry has the potential to grow @ 11% CAGR to reach USD 140 billion by 2020



India domestic textile and apparel market
(USD billion)

Budget 2013-14 impact

- Technology Upgradation Fund Scheme (TUFS) for the textile sector has been extended to 12th Five Year Plan with an investment target of ₹1,510 billion.
- Provision of ₹24 billion for modernisation of the powerloom sector.
- Apparel parks to be set up under Scheme for Integrated Textile Parks (SITP). To incentivise apparel parks, ₹500 million was allocated to the Ministry of Textiles to provide an additional grant of up to ₹100 million to each Park.
- A new Integrated Processing Development Scheme to be implemented in the 12th Plan with an outlay of ₹5 billion to address the environmental concerns of the textile industry. Some ₹500 million was allotted in 2013-14 for the scheme.

India is among few countries with a presence across the supply chain from natural and synthetic fibers to finished goods. India's consumption of textiles and apparel is estimated at US$ 57 billion (apparel retail US$ 40 billion, technical textiles US$ 13 billion and home textiles US$ 4 billion). The country's textile industry is estimated to reach USD 115 billion by 2012-13 with an annual growth projection of 16%. Exports have grown from US$ 19 billion to US$ 34 billion in six years at a CAGR of 12%.

Outlook

The global textile and apparel trade is recovering from the recession of 2008-09 and is expected to grow from $510 billion to $1 trillion by 2020 catalysed by the increased outsourcing by developed countries from lower cost countries in Asia. India's textile and apparel market size in 2009 was ₹2.18 lakh cr (US$4 billion) and expected to grow at a compounded annual growth rate (CAGR) of 11% to ₹6.56 lakh cr (US$140 billion) by 2020. The domestic apparel retail market was worth ₹1.54 lakh cr (US$33 billion) in 2009 and will touch ₹4.70 lakh cr by 2020. India has the potential to increase its export share in world trade from 4.5% to 8% to reach US$80 billion by 2020. The high growth of Indian exports is possible due to increased sourcing shift from developed countries to Asia and India's strengths as a suitable alternative to China for global buyers.

CORPORATE SOCIAL RESPONSIBILITY


Inauguration of Borewell for supply of drinking water


Donation of Drinking Water Treatment Plant


Donation of Sewing Machines to the rural poor

At Visaka CSR is no mere acronym for 'Corporate Social Responsibility'. It is an integral part of the Visaka culture imbibed by one and all involved in the working of the Company. Corporate resource is viewed as a tool to fulfill the aspirational spirit for achieving the larger goal of economic activity – service and upliftment of the underprivileged sections of the society. We have also endeavoured to focus on ecology and the environment, atypical of a corporate engaged in the cutting and fabrication of thousands of tonnes of steel. With this in view, in the year 2000 Visaka had the established Visaka Charitable Trust. Since then the Trust has carried out the following activities in and around its factories in:

• Yeulumala village, Ramachandrapuram Mandal, Medak district Andhra Pradesh,

• Chiruva Village, Moudha Talaq, Nagpur District, Maharashtra,

• Manikkanatham Village, Paramati-Velur Talaq, Namakkal District, Tamil Nadu and also in

• Adilabad, Karimnagar and Ranga Reddy districts of Andhra Pradesh.

Year after year, we have continued to address all walks of life so as to raise the human index of the country which still remains abysmal for a multitude of people, in sharp contrast with the islands of affluence dominating the country's growth profile. As a part of these initiatives we have:

• Dug 1,500 bore wells in remote villages to supply drinking water.

• Donated a patrolling jeep to the Necklace Road Police Station.

• Supplied drinking water through tankers under various water supply schemes.

• Constructed irrigation tanks in remote villages which have benefited about 400 of the poorest of poor families belonging to scheduled castes.

• Built 60 classrooms to study in various schools/colleges.

• Reimbursed the salaries of 25 teachers.

• Provided classroom furniture for schools in as many as a thousand villages.

• Provided a night shelter for street children at Secunderabad.

• Donated towards the infrastructural enhancement of the Minority Girls Junior College.

• Conducted four eye check-up camps resulting in the restoration of eyesight of about 500 aged people.

• Conducted three mega health-camps benefiting about 3,000 people.

• Donated 1,050 sewing machines to poor families to help them gain self-sustenance.

• Donated prodigally to the Tsunami Relief Fund.

• Conducted a health-camp and donated artificial limbs which benefited 500 physically handicapped people at Chennur

• Donated to the Government Degree College for introduction of courses like B.A. and B.Com.

• Donated to the Lion's Club for setting up a blood bank.

• Donated towards buying school uniforms for mentally-handicapped individuals at Godavarikhani.

• Donated for pilot training for poor students

• Donated towards organising a seminar on creating awareness about career options and opportunities among students in collaboration with Friends Union.

FINANCIAL ANALYSIS, 2012-13

The accounts of the Company were prepared under the historical cost convention as per revised Schedule VI and with the applicable accounting assumptions 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 the 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 picture of its topline.

Financial picture

(₹ cr)

	2012-13	2011-12
Net sales revenue	909.67	744.72
EBIDTA	109.22	83.05
PAT	50.69	34.34
Cash profit	94.21	68.88
EBIDTA margin (%)	12	11

Revenue analysis

The Company's total revenues grew 21.60% from ₹755 cr in 2011-12 to ₹918 cr in 2012-13. The Company's net sales revenue break-up is indicated below:

Segment-wise results

(₹ cr)

Business segment	Net sales revenue derived in 2012-13	Capital employed (as on 31st March, 2013)	Operating profit, (2012-13)	Net profit before tax (2012-13)
Building products	744.74	527.22	87.03	56.82
Synthetic yarn	164.93	58.77	22.19	17.82

Expenses

Total expenses (pre-interest, depreciation and tax) increased 20% from ₹672 cr in 2011-12 to ₹809 cr in 2012-13. As a proportion of total revenue, expenses decreased 100 basis points from 89% in 2011-12 to 88% in 2012-13.

Raw materials: Raw material costs increased 30% to ₹583 cr in 2012-13 from ₹448 cr in 2011-12, following an increase in production volume and raw material costs. Raw material costs as a proportion of net sales increased 400 bps from 60% in 2011-12 to 64% in 2012-13.

Employee: Employee costs increased 12.20% from ₹41.90 cr in 2011-12 to ₹47.01 cr in 2012-13, on account of additional recruitment. Employee costs as a percentage of net sales degrew marginally from 5.63% in 2011-12 to 5.17% in 2012-13.

Capital employed

Capital employed by the Company increased 33% from ₹489 cr as on 31st March, 2012 to ₹651 cr as on 31st March, 2013, owing to an increase in reserves and surplus and working capital requirement. The loan fund was largely used to meet working capital requirement consequent to growth in business operations. The proportion of networth to capital employed decreased from 58.62% in 2011-12 to 50.08 % in 2012-13.

Net worth: Networth increased 13.80% from ₹286.47 cr as on 31st March, 2012 to ₹326.05 cr as on 31st March, 2013.

Equity capital: Equity share capital comprised 158,80,952 fully-paid equity shares of ₹10 face value. As on 31st March, 2013, the promoter's stake stood at 37.65%, and public shareholding at 62.35%.

Reserves and surplus: Reserves increased 15.31% from ₹270 cr as on 31st March, 2012 to ₹310 cr as on 31st March, 2013. The Company's free reserves as a proportion of total reserves increased from 99.4% in 2011-12 to 99.5% in 2012-13.

External funds: The Company's external funds stood at ₹298.66 cr as on 31st March, 2013. External funds increased by 68% from ₹176.75 cr as on 31st March, 2012. The Company's debt-equity ratio stood at 0.92 as on 31st March, 2013 (0.62 in 2011-12).

Debt cost: The Company's interest outflow (gross) increased 6% from ₹14.17 cr in 2011-12 to ₹15.01 cr in 2012-13. The Company's debt cost decreased to10.3% in 2012-13 as against about 12.5% in 2011-12.

Fixed assets

Gross block increased 6% from ₹396 cr in 2011-12 to ₹421 cr in 2012-13. The gross block accounted for 65% of the Company's capital employed in 2012-13 against 81% in 2011-12.

The Company provided depreciation on the Straight Line Method (SLM) for major assets, at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Depreciation for the year 2012-13 was ₹19.58 cr against ₹17.64 cr in 2011-12. Accumulated depreciation as a proportion of gross block stood at 40.63% in 2012-13 reflecting reasonable asset maturity and longevity.

Working capital

The Company's working capital outlay increased 10% from ₹95 cr as on 31st March, 2012 to ₹105 cr as on 31st March, 2013, on account of increased business volumes. Working capital as a proportion of total capital employed was 16% as on 31st March, 2013 compared with 19% as on 31st March, 2012.

	2012-13	2011-12
Current ratio	1.25	1.26
Quick ratio	0.35	0.53

Current assets

Inventory: The cumulative inventory position increased 75.58% from ₹155.54 cr as on 31st March, 2012 to ₹273 cr as on 31st March, 2013, owing to an increase in production capacities and sales. The inventory cycle stood at 99 days of turnover equivalent in 2012-13.

Sundry debtors: Effective receivables management helped reduce the debtors' cycle from 33 days of turnover equivalent in 2011-12 to 31 days in 2012-13. The overall debtors increased by 16.65% from ₹73.95 cr as on 31st March, 2012 to ₹86.27 cr as on 31st March, 2013.

Cash and bank balance: 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 stood at ₹33.58 cr as on 31st March, 2013.

Loan and advances: Visaka's loans and advances increased from ₹16.28 cr as at 31st March, 2012 to ₹26 cr as at 31st March, 2013 (increase of 60%), attributed to an increase in advance to suppliers of raw material.

Sundry liabilities

The current liability of the Company increased 40.28% from ₹238.54 cr as on 31st March, 2012 to ₹334.62 cr as on 31st March, 2013.

Income tax

Total tax outgo increased from ₹14.36 cr in 2011-12 to ₹23 cr in 2012-13. The average tax rate for the Company was 30.85 % in 2012-13 against 28.03% in 2011-12.

RISK MANAGEMENT

BUILDING PRODUCTS BUSINESS

1 RISK: THERE IS A PERCEPTION THAT CEMENT ASBESTOS PRODUCTS ARE HARMFUL.

MITIGATION: Cement asbestos products are not harmful as the quantum of fibre used in India is minimal (8%). No fatalities have been reported in India by users of the material. The Company uses white fibre whereas the carcinogenic blue fibre is banned. Besides, the free floating asbestos used by the Company is well below the 0.1fibres/ml of air standard fixed by Ministry of Environment. The Company's ongoing audit ensures a safe workplace for employees. The Company presents its case responsibly to the external world that the material used is safe.

2 RISK: THERE IS A RISK OF INTERRUPTED FIBRE SUPPLY AFFECTING PRODUCTION.

MITIGATION: The Company imports all the fibre it needs (three grades) from three countries (Russia, Brazil and Canada). Even as the Company has been working with suppliers for long, it enters into annual contracts with them based on its production plan for predictable supply. The Company keeps adequate raw material inventory as a hedge against shipment delays and unavailability of material.

3 RISK: THERE IS A RISK OF SUPPLYING TO PLACES FAR FROM THE PRODUCTION PLANT, THEREBY INCURRING HIGH FREIGHT AND TRANS-SHIPMENT BREAKAGE.

MITIGATION: The Company progressively commissioned plants in regions with attractive offtake but relatively inadequate supply. The Company's strategy is to service consumers across a radius of 500 kms. Each of the Company's plants cover mutually exclusive marketing zones, maximising national coverage.

4 RISK: THERE IS A RISK OF REALISATIONS DECLINING IN THE EVENT OF PRODUCT OVERSUPPLY OR DEMAND DESTRUCTION.

MITIGATION: There is a risk of over-supply especially when new capacities come on stream without corresponding market growth, resulting in a decline in realisations. However, as the market grows, realisations improve. The Company has generally marketed products in regions of under-supply, enhanced recall and strengthened market share. The result is that its material has generally sold quicker even in times of over-supply and commanded a premium in times of under-supply.

RISK: THE BUSINESS IS EXPOSED TO FOREX RISK, CONSIDERING THAT NEARLY ALL THE COMPANY'S REQUIREMENT OF FIBRE IS IMPORTED.

MITIGATION: The Company has a proactive hedging policy handled by a committee of executives. The Company also enjoys a natural hedge for a part of its imports through yarn export.

5 RISK: THE DEMAND FOR ROOFING SHEETS IS DEPENDENT ON RURAL INCOMES THAT MIGHT BE AFFECTED BY NATURAL CALAMITIES.

MITIGATION: The increased governments rural spending is expected to offset much of this risk in the medium-term. Total rural income, which is now at around $572 billion, is estimated to reach $1.8 trillion by 2020-21. *[Source: The Hindu, November 29, 2012]*

TEXTILES BUSINESS

1 RISK: THE COMPANY MAY BE AFFECTED BY DECLINING YARN REALISATIONS.

MITIGATION: The Company has consciously selected to be present at the value-added end of the business through the manufacture of niche products. Some of the products fetch realisations higher than the prevailing industry average. The Company's average realisation per kg of end product was ₹178 in 2011-12 and ₹200 in 2012-13.

2 RISK: THE COMPANY COULD BE AFFECTED BY A RISE IN INPUT PRICES.

MITIGATION: This risk affects the entire industry. However, the Company has provided for this risk by suitably altering its inputs, reducing costs, enhancing product quality and strengthening realisations.

3 RISK: THE COMPANY COULD BE AFFECTED BY A DECLINE IN OFFTAKE AND PRODUCT RELEVANCE.

MITIGATION: The Company has deliberately graduated to the manufacture of yarns used in value-added end products. The Company addresses the needs of weavers whomake branded garments and home textiles. There is a growing market for these products in India on account of income increase, a greater proportion of the population becoming earners, a decline in the average age and a general inclination to graduate to better living standards.

4 RISK: THE COMPANY'S TEXTILES BUSINESS MAY BE AFFECTED BY HIGH DEBT.

MITIGATION: The Company's textiles business is attractively under-leveraged and sustained by cash accruals.

CORPORATE

1 RISK: THE COMPANY COULD RUN THE RISK OF POOR LIQUIDITY AFTER MEETING ITS DEBT REPAYMENT, ASSET EXPANSION, INTEREST PAYMENT AND OVERHEADS COMMITMENTS.

MITIGATION: The Company is attractively under-borrowed with a gearing (including working capital) of 0.90. The Company possesses an interest cover in excess of 7, indicating adequate comfort in meeting financial and other commitments. The average maturity of the term debt is five Years.

2 RISK: THE COMPANY'S BUSINESS PORTFOLIO MAY BE INCOMPATIBLE.

MITIGATION: The Company's businesses are not related, so it is hypothetically possible for one business to do well when the other is not, an adequate de-risking measure. However, all businesses generated growing surpluses during 2012-13.

DIRECTORS' REPORT

Dear members

Visaka Industries Limited

Your Directors are pleased to present the 31st Annual Report of the Company with Audited Balance Sheet and Statement of Accounts. The financial highlights are as follows

(₹ in lakhs)

PARTICULARS	2012 - 2013	2011 - 2012
Total Revenue	91816	75512
Profit for the year before taxation	7464	5124
Provision for taxation	2095	1690
Profit for the year after taxation	5069	3434
Balance brought forward from previous year	1082	1570
Profit available for appropriation	6151	5004
Dividend on Equity Share Capital	953	794
Corporate Dividend Tax	159	128
Transfer to General Reserve	4000	3000
Balance carried to Balance Sheet	1039	1082

Dividend:

Your Directors Declared Interim Dividend of ₹2.50 (i.e. 25%) per share of ₹10 each during the Financial Year 2012 -2013. Your Directors recommend payment of Final Dividend of ₹3.50 (i.e. 35 %) Per Share of ₹10 each for the Financial Year ended on 31st March, 2013. With the above the total Dividend Paid will be ₹6 (i.e. 60 %) per Share of ₹10 each. The Company is absorbing Corporate Dividend Tax of ₹158.87 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 manufacturing and selling cement asbestos sheets, V – Boards (fibre cement sheets), panels and spinning yarn.

a) BUILDING PRODUCTS BUSINESS:

Cement Asbestos division:

This industry is more than 75 years old in India.

Cement asbestos products continue to be in demand because of the industry's efforts in making more roads in rural regions, its affordability, and other qualities such as corrosion resistance, weather resistance and fire-proof nature.

Currently there are about 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.

Opportunities and threats:

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

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

According to the information gathered by us almost 80 - 85% of rural people use thatched roof/tiles for shelter. Thatched roofs need regular replacement and tiled roof needs continued maintenance. Therefore whenever the economic conditions improve the first choice of the rural population is to replace the roof over their head with the affordable and relatively durable product namely, 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 on housing for the rural population 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. 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 is attracting new entrants into this line of business. Closure of Canadian and Zimbabwean asbestos mines is a matter of concern.

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

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 654198 tonnes during the previous year the production during the financial year ended 31st March, 2013 was 743624 tonnes. The sales during the financial year ended on 31st March, 2013 were 683243 tonnes as against 654439 tonnes sold during FY 2011–12 recording an increase of 4.4%.

Financial performance:

The net turnover of the cement asbestos division during the year was ₹684 cr as compared to ₹558 cr during the previous year.

Outlook:

The arrival of new entrants have caused the competition to become more acute.

BOARDS DIVISION AND PANELS DIVISION:

Industry structure and developments:

The capacity of the industries producing same or similar product is 281000 metric tonnes per annum with total of seven players.

Opportunities and threats:

These are environmentally-friendly products which save time and are cost-effective. They are a good substitute for wood and helps in reducing deforestation. They have an aesthetic appeal and can be painted in any colour and can be used both internally and externally. They are durable and can stand for over 25 years or more with proper maintenance.

They bring in the triple advantage of being fireproof, water-resistant and termite-resistant.

Cellulose pulp needed to manufacture these boards and panels have to be imported. Compared to wood/plywood workability is a matter of concern, moreover initial handling is comparatively difficult as well.

Risks and concerns:

There is a lack of entry barriers. Import of cement board materials from Philippines/Thailand/China and Malaysia is a matter of concern.

Production and sales volumes:

The total production for the period ended 31st March, 2013 was 45,810 metric tonnes as against production for the year ended 31st March, 2012 of 40,047 Metric Tonnes, and sales for the year ended on 31st March, 2013 was 40,365 metric tonnes (including export of 11,062 metric tonnes) as against 36,377 (including export of 16,966) metric tonnes for the previous year.

Financial performance:

The net turnover from this division during the year was ₹53 cr as compared to ₹44 cr during the previous year.

Outlook

The industry is growing at an average rate of 13% to 15% annually. Export opportunities in African and GCC countries are encouraging. Australian/Sri Lankan and Maldivian markets are also opening up. New applications such as tile underlay and kitchen cabinets are gaining popularity. In areas like acoustics in theatres and hospitals, use of cement boards is increasing.

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 the 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 7,514 metric tonnes as against 5,957 metric tones during the previous year. Sales were 6.875 metric tonnes as against 5,279 metric tonnes during the previous year.

The net sales turnover was ₹9.89 cr as against ₹7.40 cr during the previous year.

b) SYNTHETIC YARN BUSINESS:

Industry structure and development

Spinning division did well during the year 2012-13.

The drastic increases in power tariff in our country coupled with higher polyester fibre prices have made our yarns uncompetitive in the international market place. Also, rampant usage of recycled polyester fibre by the ring spinning industry has taken away the market for commodity products.

Price of synthetic yarns from South-East Asian nations continue to be much lower than the Indian yarn prices in the international marketplace.

Opportunities and threats

With about 50% of installed spinning capacity in our country, with severe power shortage during the year 2012-13, Tamil Nadu has virtually paralysed the spinning activity in our country.

Our spinning mill, which is strategically located in power-surplus Vidharba region has worked with 95.2% utilisation, thus we have enjoyed the second best performing year in our spinning history.

The introduction of TUFS (Technological Upgradation Fund Scheme), will bring in unprecedented facilities for investment in textiles. Gujarat and Maharashtra are poised to increase the spinning capacity by about two million spindles during 2013-14. As the capacity addition in weaving and knitting is not commensurate with spinning, there could be an over supply of yarn for a while, till a balance is achieved.

Risks and concerns

The major concerns include currency fluctuations and fall in fibre prices.

Outlook for 2013-14

Our yarns are used for the manufacture of high-end garments in India. The continued strong growth in per capita consumption of textiles in our country, especially in the readymade garments sector should augur well for further growth and ensure profits for our spinning division. Also, the current surge in demand for Indian cotton yarns from China has created a shortage of yarn in India, which should help us to do well in 2013-14 as well.

Production and sales volumes:

The production in the spinning unit during the year 2012 - 2013 was 7,897 metric tonnes as compared to 8,030 metric tonnes during the previous year. The sales were 8,252 metric tonnes of yarn (including export of 2,094 metric tonnes) during the year 2012 - 2013 as compared to 7,717 metric tonnes (including export of 2,416 metric tonnes) in the previous year.

Financial Performance:

The net turnover of this division during the last fiscal was ₹165 cr compared to ₹137 cr 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 unauthorised use or losses, executing transactions with proper authorisation and ensuring compliance of internal policies. The Company has a well-defined delegation of power with authority limits for approving revenue as well as capital expenditure. Processes for formulating and reviewing annual and long-term business plans have been laid down to ensure adequacy of the control system, adherence to the management instructions and legal compliances. The Company uses ERP (Enterprise Resource Planning) system to record data for accounting and connects to different locations for efficient exchange of information. This process ensures that all transaction controls are continually reviewed and risks of inaccurate financial reporting, if any, are dealt with immediately.

Material developments in human resources / industrial relations front:

The Company believes that human resource is its most valuable resource which has to be nurtured well so that it is equipped to meet the challenges posed by the changing 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 31.03.2013 is 3,970. 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, 2013 was ₹7.86 cr. 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 2004 – 2005 has been transferred to Investor Education and Protection Fund on 27.09.2012 upon expiry of the mandatory seven year 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 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 had 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 programmes devoted to the cause of the destitute, the rural poor by providing the basic necessities of life to them. This has helped to enhance the image of the Company.

The main areas of activity of the Trust include providing 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:

Shri M P V Rao, Whole-time Director is reappointed for a period of two Years with effect from 01.04.2012.

As per Article 120 of the Articles of Association of the Company, Shri Bhagirat B. Merchant, Shri Gusti J. Noria and Shri P. Abraham retire by rotation and being eligible offer 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.

Cost Auditors

Ministry of Corporate Affairs vide Order No. F. No. 52/26/CAB – 2010 dated 24th January, 2012 has ordered for auditing of cost records for those industries which are specified in the order. In the said order blended fibres / Textiles are required to get the cost records audited by a Practicing Cost Accountant or a Firm of Cost Accountants.

M/s. Sagar & Associates, Cost Accountants were appointed as cost auditors of the Company for cost audit of Synthetic Yarn Division of the Company for the financial year 2012 – 2013 who is expected to give his report for the year 2012 – 2013 by September.

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: 20.05.2013
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, 2013.

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

I. ELECTRICTIY	2012-13	2011-12
Purchase in Kwh	36694920	33318780
Amount (₹)	228131770	179919660
Average Rate (₹/Unit)	6.22	5.40
II. OWN GENERATION		
Units Generated (KWH)	4668	4520
Units Per Liter of Diesel Oil (KWH)	1.89	2.67
Average Cost (₹/Unit)	25.89	16.15

(c) Consumption Per Unit Of Production

	2012-13	2011-12
Yarn production in (kgs)	7897011	8029905
Electricity Units / kg of yarn (kwh)	4.65	4.15

FORM B

RESEARCH & DEVELOPMENT:

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

Asbestos division:

In respect to the asbestos division, the Company has been experimenting with 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 to 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 to the Asbestos division, use of substitute fibres 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 2012 - 2013 are as follows:

Total foreign exchange used and earned:

(₹ in lakhs)

	31.03.2013	31.03.2012
Earnings in Foreign Currency		
Export of Goods (FOB Value)	5107.30	6006.25
CIF value of Imports		
Raw Materials	31980.70	17511.94
Components and Spare Parts	141.67	142.62
Capital Goods	192.19	312.39

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, 2013.

Sl. No	Name and Qualifications	Age in years	Designation	Remuneration (₹ Lakhs)	Experience	Date of Commencement of Employment	Last Employment (Position held)	Shareholding %
1	Smt. G. Saroja Vivekanand, B.A.	48	Managing Director	339.70	10 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, 2013.

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

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

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

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

REPORT ON CORPORATE GOVERNANCE

(Pursuant to clause 49 of the listing agreement)

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE CODE:

The Company's Philosophy on Corporate Governance is to ensure fairness, transparency, accountability and responsibility 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, maximise 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 eight Directors, in all, categorised as under:

S. No.	Name	Category and Designation	No. of Directorships held in other companies	No. of Board Meetings Attended	Attended Last AGM	No. of Memberships/ Chairmanships held in committees of other Companies
1	Shri. Bhagirat B. Merchant	Non –Executive Independent Chairman	2	4	YES	1
2	Dr. G. Vivekanand	Non – Executive Promoter Director Vice Chairman	7	6	YES	Nil
3	Smt. G. Saroja Vivekanand	Executive Promoter Managing Director	2	6	Yes	Nil
4	Shri. M.P.V. Rao	Executive Whole Time Director	Nil	6	Yes	Nil
5	Shri Nagam Krishna Rao	Non –Executive Independent Director	Nil	1	NO	Nil
6	Shri. Gusti J. Noria	Non –Executive Independent Director	5	6	Yes	Nil
7	Shri V. Pattabhi	Non –Executive Independent Director	4	6	Yes	1
8	Shri. P. Abraham	Non –Executive Independent Director	13	1	No	7

Number of Board Meetings held during the financial year 2012 – 2013, were six. The dates on which these Meetings were held are 24.05.2012, 05.07.2012, 06.08.2012, 29.10.2012, 12.11.2012 and 11.02.2013 respectively.

Details of directors being appointed and re - appointed:

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

Accordingly Shri Bhagirat B. Merchant, Shri Gusti J. Noria and Shri. P Abraham retire by rotation at the ensuing Annual General Meeting.

A brief profile of Shri Bhagirat B. Merchant, Shri Gusti J. Noria and Shri P Abraham Rao are given below.

Shri Bhagirat B. Merchant:

Shri Bhagirat B. Merchant is the Fellow Member of Institute of Chartered Accountants of India. He has been on the Board of Your Company since 1983. He has had a long and varied experience in Accounts, Finance and Capital markets. He was a past president of Mumbai Stock Exchange Limited.

Shri Bhagirat B. Merchant is a Director of M/s. E – Cube Solutions (India) Limited and Chairman of M/s. Tarragon Capital Advisors (India) Private Limited.

Shri Bhagirat B. Merchant does not hold any Equity Shares in the Company and is not related to any other Director on the Board.

Shri Gusti J. Noria:

Shri Gusti J. Noria, BSc, M.A is Managing Director of M/s. Normak Fashions Private Limited manufacturers of famous 'Estelle' brand of artificial jewelry. He has had a long and varied experience in manufacturing, marketing and export aspects of the artificial jewelry business. He has been on the Board of your Company since 2000.

Shri. Gusti J. Noria does not hold any Equity Shares of the Company and is not related to any other Director on the Board.

Shri. P Abraham:

Shri P. Abraham is a retired IAS Officer. He served the Government as Commissioner of Industries Andhra Pradesh, Chairman, Maharashtra State Electricity Board and Union Energy Secretary. He was a member of the Union Public Service Commission.

Shri. P Abraham holds 450 Equity Shares of the Company and is not related to any other Director on the Board.

3. AUDIT COMMITTEE:

Terms of reference and composition:

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

The Audit Committee consists of four members. Out of them three are Non - Executive Independent Directors and one is Executive Director. President (Finance) and Auditors attend the meeting. The Company Secretary is the ex-officio Secretary to the Audit Committee. The total number of meetings held were four on 24.05.2012, 06.08.2012, 29.10.2012, 11.02.2013 respectively.

All members attended all the four meetings of the Committee except Shri P. Abraham and Shri Bhagirat B. Merchant were unable to attend audit Committee meeting held on 24.05.2012 and 06.08.2012 respectively.

Audit Committee was reconstituted on 5th July, 2012 with Shri Bhagirat B. Merchant, Shri.Gusti J. Noria, Shri. V. Pattabhi and Smt. G. Saroja Vivekanand

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 V. Pattabhi and Shri. Gusti J. Noria. The Company Secretary is the ex-officio Secretary of the Remuneration Committee. During the year Remuneration Committee meeting was held for re appointment of Shri M. P. V. Rao as Whole-time Director on 05.07.2012. 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 2012-2013 are given below:

(in ₹)

Director	Designation	Salary	Perquisites	Commission	Sitting Fees	Total
Shri. Bhagirat B. Merchant	Chairman	Nil	Nil	750000	35000	785000
Dr. G. Vivekanand	Vice – Chairman	Nil	Nil	Nil	Nil	Nil
Smt. G. Saroja Vivekanand	Managing Director	2400000	2770663	28800000	Nil	33970663
Shri. M.P.V.Rao	Whole Time Director	2700000	2710835	Nil	Nil	5410835
Shri. Nagam Krishna Rao	Director	Nil	Nil	750000	5000	755000
Shri. Gusti Noria	Director	Nil	Nil	750000	50000	800000
Shri. V. Pattabhi	Director	Nil	Nil	750000	50000	800000
Shri. P. Abraham	Director	Nil	Nil	750000	5000	755000

Perquisites include house rent allowance, leave travel assistance and contribution to Provident Fund, Superannuation Funds and provision for Gratuity.

Details of Shareholding of Non-Executive Directors as on 31st March, 2013:

S. No	Name	Category	No of Equity Shares of ₹10/- each
1	Dr G Vivekanand	Non – Executive Promoter Director	5768116
2	Shri Nagam Krishna Rao	Non – Executive Independent Director	118450*
3	Shri V Pattabhi	Non – Executive Independent Director	500
4	Shri P Abraham	Non – Executive Independent Director	450

* Includes 1,14,750 shares held jointly.

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 lakhs per director per financial year.

5. SHAREHOLDERS/INVESTORS GRIEVANCES COMMITTEE:

Shri V Pattabhi heads the Committee.

Dr. G. Vivekanand, Smt G.Saroja Vivekanand, and Shri M.P.V. Rao are the other members of the Committee. The Company Secretary is the Ex-Officio Secretary.

We have received eight 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	1
Non receipt of Dividend Warrants	2
Non receipt of Share Certificates	0
Non receipt of Annual Reports	5
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	05.07.2012	10.30 A.M.	YES	Regd. Office: Survey No. 315, Yelumala village, R.C. Puram Mandal, Medak District – 502 300, Andhra Pradesh
2	25.07.2011	10.30A.M	YES	Regd. Office: Survey No. 315, Yelumala village, R.C. Puram Mandal, Medak District – 502 300, Andhra Pradesh
3	29.06.2010	11.00A.M	YES	Regd. Office: Survey No. 315, Yelumala village, R.C. Puram Mandal, Medak District – 502 300, Andhra Pradesh

Special resolution passed through postal ballot:

Special Resolutions passed through Postal Ballot: The Company has passed the following resolutions as Postal Ballot during the year 2012 – 2013.

1. Altered its object clause of Memorandum of Association, whereby some existing sub-clauses were deleted and new sub-clauses were added in order to reflect the main business activity carried on by the Company.
2. Authority to create security on the properties of the Company.

   The Company has complied with the provisions of Section 192A of the Companies Act, 1956 read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2011.

   Shri P. V. Ramana Kumar, chartered accountant was appointed as scrutiniser for conducting the postal ballot process.

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 three years.

(c) The Company has not adopted a whistlebllower policy.

(d) Declaration by CEO on Compliance of Code of Conduct as stipulated under Clause 49 of Listing Agreement is annexed to this report.

8. MEANS OF COMMUNICATION:

Quarterly results of the Company are published in Business Standard or Economic Times (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 forms part of the Directors Report.

9. GENERAL SHAREHOLDER'S INFORMATION:

Annual General Meeting (AGM) Date	29.06.2013
Time	11.00 A.M.
Venue	Regd. Office: Survey No. 315, Yelumala Village, R.C. Puram Mandal, Medak District, Andhra Pradesh
Financial Year	2012 – 2013
Book Closure Date	25.06.2013 to 29.06.2013
Rate of Dividend	₹3.50 (i.e. 35%) Final Dividend

Dividend Payment Date	24.07.2013
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 2012 - 2013.

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, 2013.

S. No	Month	Price	
		High	Low
1	April	86.25	72.00
2	May	92.00	76.75
3	June	113.00	86.65
4	July	106.40	91.00
5	August	137.00	100.80
6	September	134.70	114.10
7	October	141.00	130.05
8	November	138.00	121.00
9	December	143.90	121.00
10	January	141.50	122.30
11	February	129.00	109.00
12	March	114.90	95.55

Registrar and Share Transfer Agents:

M/s. Karvy Computershare Private Limited
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 and Distribution Schedule:

Shareholding Pattern as on 31st March, 2013:

Category	No.of share holders	Total shares	Demat shares	A+B(%)	A+B+C(%)
(II)	(III)	(IV)	(V)	(VI)	(VII)
PROMOTER AND PROMOTER GROUP					
INDIAN					
Individual / HUF	2	5979255	5979255	37.65	37.65
Central Government / State Government	–	–	–	–	–
Bodies Corporate	–	–	–	–	–
Financial Institutions / Banks	–	–	–	–	–

Category	No.of share holders	Total shares	Demat shares	A+B(%)	A+B+C(%)
(II)	(III)	(IV)	(V)	(VI)	(VII)
Others	–	–	–	–	–
Sub Total A(1) :	2	5979255	5979255	37.65	37.65
FOREIGN					
Individuals (NRIs / Foreign Individuals)	–	–	–	–	–
Bodies Corporate	–	–	–	–	–
Others					
-Foreign Bodies Corporates	–	–	–	–	–
Sub Total A(2) :	0	0	0	0	0
Total A= A(1) + A (2) :	2	5979255	5979255	37.65	37.65
PUBLIC SHAREHOLDING					
INSTITUTIONS					
Mutual Funds / UTI	5	2118	0	0.0133	0.0133
Financial Institutions / Banks	9	199921	196571	1.2589	1.2589
Central Government / State Government (s)	–	–	–	–	–
Venture Capital Funds	–	–	–	–	–
Insurance Companies	–	–	–	–	–
Foreign Institutional Investors	3	365411	365411	2.3009	2.3009
Foreign Venture Capital Investors	–	–	–	–	–
Others	–	–	–	–	–
Sub Total B(1):	17	567450	561982	3.57	3.57
NON - INSTITUTIONS					
Bodies Corporate	406	3689865	3674755	23.2345	23.2345
Individuals					
(i) Individual holding nominal share capital up to ₹1 lakh	13339	3971628	3464229	–	25.0088
(ii) Individual holding nominal share capital in excess of ₹1 lakh	42	1525141	1472231	9.6036	9.6036
Others					
CLEARING MEMBERS	17	2424	2424	0.0153	0.0153
NON RESIDENT INDIANS	125	145189	144019	0.9142	0.9142
Sub Total B(2):	13929	9334247	8757658	58.78	58.78
Total B = B(1) + B (2) :	13946	9901697	9319640	62.35	62.35
Total (A + B) :	13949	15880952	15298895	100	100
Shares Held by Custodians. against which Depository Receipts have been issued	–	–	–	–	–
GRAND TOTAL (A + B + C) :	13949	15880952	15298895	100	100

Distribution Schedule as on 31st March, 2013:

Distribution Schedule - Consolidated as on 31/03/2013

Category	No. of Cases	% of Cases	Total Shares	Amount	% of Amount
1-5,000	12,251	87.852272	17,450,21	17450210	10.988138%
5,001- 10,000	871	6.245966	700,655	7006550	4.411921%
10,001- 20,000	429	3.076372	650,214	6502140	4.094301%
20,001- 30000	120	0.860524	309,704	3097040	1.950160%
30,001- 40,000	61	0.437433	219203	2192030	1.380289%
40,001- 50,000	49	0.351380	229,403	2294030	1.444517%
50001- 100,000	84	0.602366	636,436	6364360	4.007543%
100001& Above	80	0.573682	113,90316	113903160	71.723131%
TOTAL	13945	100.00 %			
15880952	158809520	100.00%	–	–	–

Dematerialization of shares and liquidity:

As on 31.03.2013, 96.33% of the paid-up share capital of the Company has been dematerialised.

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

Plant Locations: Given elsewhere 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 among others., should be addressed to:

M/s. Karvy Computershare Private Limited

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 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 among others., 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
Company Secretary cum Advisor

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: 20.05.2013

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 cr 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, 19th October, 2001, in an article captioned "EPA comes clean on Asbestos", reported "Faced with a public health scare 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 Galvanised 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.)	<1	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

Sl. No.	Characteristics	A C Sheets	Corrugated Galvanised Iron Sheets	Aluminum Sheets
13.	Effect of high winds	Minimum	Unacceptable rattling sound	Rattling sound
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 standardised 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.

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To

The Members of

Visaka Industries Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Visaka Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, 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 those 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 comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

   e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

A.V.Sadasiva
Partner
M.No.018404

Place: Secunderabad
Date: 20th May, 2013

Annexure

Re: Visaka Industries Limited

Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" 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. As explained to us, the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and the nature of its business. No material discrepancies were noticed on such physical verification.

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

ii. a. The inventories have 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 not granted any loans to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.

b. 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 ₹618.39 Lakhs and the year-end balance of loans taken is ₹133.39 Lakhs.

c. 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.

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

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, 2013 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	17.46	2008-09	CIT (Appeals)
Income-Tax Act, 1961	Income Tax	21.76	2009-10	CIT (Appeals)
Central Excise Act, 1944	Excise Duty	873.85	2003-04 & 2004-05	CESTAT, Chennai
Central Excise Act, 1944	Penalty	1323.85	2003-04 & 2004-05	CESTAT, Chennai
Central Sales Tax Act, 1956	Central Sales Tax	3.23	2008-09	Appellate Deputy Commissioner (CT), Hyderabad
Bihar VAT Act, 2005	VAT	12.45	2007-08	Joint Commissioner of Commercial Taxes (Appeal), Patna
Bihar VAT Act, 2005	VAT	12.36	2006-07	Joint Commissioner of Commercial Taxes (Appeal), Patna
West Bengal VAT Act, 2003	VAT/Interest	13.23	2006-07	Senior Joint Commissioner, Midnapur
Central Sales Tax Act, 1956	Central Sales Tax	2.13	2006-07	Joint Commissioner, Midnapur
Bihar VAT Act, 2005	VAT/Interest	3.77	2005-06	Joint Commissioner (Appeals)
Orissa VAT Act, 2004	VAT/Penalty	4.02	April 2005 to September 2009	Additional Commissioner of Sales Tax, Bhubaneswar
Central Sales Tax Act, 1956	Central Sales Tax/ Penalty	1.22	2006-07 and 2007-08	Additional Commissioner of Sales Tax, Bhubaneswar
Service Tax	Service Tax	1.76	January 2005 To September 2005	High Court,
(Finance Act, 1994)				Nagpur
Service Tax	Service Tax	1.67	October 2005 To March 2006	High Court,
(Finance Act, 1994)				Nagpur
Service Tax	Service Tax	2.09	April 2006 To September 2006	Bhandara Division, Nagpur
(Finance Act, 1994)				
Service Tax	Service Tax	1.64	October 2006 to February 2007	Bhandara Division, Nagpur
(Finance Act, 1994)				
Customs, Central Excise & Service Tax Drawback Rules, 1995	Duty Draw Back	152.1	July 2009 to March 2011	Commissioner (Appeals), Nagpur

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 any loans and advances 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: 20th May, 2013

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, 2013 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, 2013, 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: 20th May, 2013

Balance Sheet as at 31st March, 2013

(₹ Lacs)

PARTICULARS	Note	31st March, 2013	31st March, 2012
I. EQUITY & LIABILITIES			
(1) Shareholders' Funds			
(a) Share capital	2	1,592.07	1,592.07
(b) Reserves and surplus	3	31,012.56	27,055.50
		32,604.63	28,647.57
(2) Non-Current Liabilities			
(a) Long-term borrowings	4	2,972.77	533.62
(b) Deferred tax liabilities (net)	5	2,636.23	2,543.87
(c) Other Long term liabilities	6	2,120.41	1,802.87
		7,729.41	4,880.36
(3) Current Liabilities			
(a) Short-term borrowings	7	24,058.76	14,627.67
(b) Trade payables	8	5,564.20	5,473.17
(c) Other current liabilities	9	3,235.10	2,496.40
(d) Short-term provisions	10	790.14	1,256.97
		33,648.20	23,854.21
TOTAL		73,982.24	57,382.14
II.ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	24,986.99	24,444.51
(ii) Capital work-in-progress		1,643.98	397.31
		26,630.97	24,841.82
(b) Non-current investments	12	1,507.37	1,505.85
(c) Long term loans and advances	13	3,948.20	1,067.32
		5,455.57	2,573.17
(2) Current assets			
(a) Inventories	14	27,310.95	15,554.92
(b) Trade receivables	15	8,627.16	7,395.85
(c) Cash and cash equivalents	16	3,358.75	5,387.98
(d) Short-term loans and advances	17	2,598.84	1,628.40
		41,895.70	29,967.15
TOTAL		73,982.24	57,382.14
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: 20th May, 2013

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
Company Secretary cum Advisor

Statement of Profit and Loss for the year ended 31st March, 2013

(₹ Lacs)

PARTICULARS	Note	31st March, 2013	31st March, 2012
I. Revenue from operations	18	91,480.30	75,044.91
II. Other Income	19	335.60	467.10
III.Total Revenue (I + II)		91,815.90	75,512.01
IV. Expenses:			
Cost of materials consumed	20	58,248.05	44,788.29
Purchase of stock-in-trade		63.96	-
Changes in inventories	21	(5,230.54)	(437.66)
Employee benefits expense	22	4,701.11	4,189.88
Finance cost	23	1,501.02	1,416.83
Other expenses	24	23,111.14	18,666.57
Depreciation	11	1,957.59	1,764.37
Total Expenses		84,352.33	70,388.28
V. Profit before tax (III - IV)		7,463.57	5,123.73
VI. Tax expense:			
(1) Current tax		2,302.42	1,436.19
(2) Deferred tax		92.37	253.45
VII. Profit for the year (V-VI)		5,068.78	3,434.09
VIII. Earning per equity share:	26		
(1) Basic		31.92	21.62
(2) Diluted		31.92	21.62
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: 20th May, 2013

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
Company Secretary cum Advisor

Cash Flow Statement for the year ended 31st March, 2013

(₹ Lacs)

	31st March , 2013		31st March , 2012	
A) CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit before tax and extra-ordinary items		7463.57		5123.73
Adjustments for:				
Depreciation	1957.59		1764.37	
Loss on Sale of Fixed Assets	13.50		8.29	
Fixed Assets Written Off	10.31		0.98	
Finance cost	1501.02	3482.42	1416.83	3190.47
Operating Profit before working capital changes		**10945.99**		**8314.20**
Working Capital Changes:				
(Increase) / Decrease in Trade and other receivables	(2883.36)		(486.73)	
(Increase) / Decrease in Inventories	(11756.03)		(726.99)	
Increase / (Decrease) in Trade & other Payables	864.13	(13775.26)	1377.81	164.09
Cash Generated from Operations		(2829.27)		8478.29
Direct Taxes paid		(2537.62)		(1427.12)
Net Cash Flow from Operating Activities		**(5366.89)**		**7051.17**
B) CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets	(5967.67)		(4093.74)	
Proceeds on Sale /Adjustments to Fixed Assets	22.22		16.45	
Investments/Advances towards Share Capital	(1.52)		(9.17)	
Net Cash Flow from Investing Activities		**(5946.97)**		**(4086.46)**
C) CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from Long Term borrowings	2523.75		0.00	
Repayment of Term Loans	(188.62)		(1081.13)	
Increase/(Decrease) in Short term borrowings	10030.58		(759.41)	
Increase/(Decrease) in Other secured &unsecured Loans	(174.65)		638.21	
Dividend paid Including Corporate Dividend Tax	(1370.83)		(376.38)	
Finance cost	(1535.60)		(1383.46)	
Net Cash Flow from Financing Activities		**9284.63**		**(2962.17)**
Net increase/(decrease) in Cash and Cash Equivalents		(2029.23)		2.54
Cash and Cash equivalents as at 31.03.2012		5387.98		5385.44
Cash and Cash equivalents as at 31.03.2013		3358.75		5387.98

Note: The Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard on "Cash Flow Statement" (AS-3) Companies (Accounting standard) Rules 2006.

As per our report of even date

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

A. V. Sadasiva
Partner
Membership No. 18404

Place: Secunderabad
Date: 20th May, 2013

For and on behalf of the Board of Directors

Bhagirat B. Merchant
Chairman

Dr. G. Vivekanand
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Gusti J Noria
Director

V. Pattabhi
Director

M. P. V. Rao
Whole Time Director

K. V. Soorianarayanan
Company Secretary cum Advisor

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) **Revenue Recognition:**

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

iii) **Fixed Assets:**

Tangible

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.

iv) **Depreciation:**

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

v) **Borrowing Costs:**

Borrowing costs 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.

vi) **Investments:**

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

vii) **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.

viii) **Foreign Currency Transactions:**

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

b) Monetary items denominated in foreign currencies at the year- end are translated at the year-end rates, the resultant gain or loss will be recognized in the statement of profit and loss account.

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

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

x) **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.

xi) **Employee Benefits:**

a) Retirement benefits in the form of Provident Fund and Superannuation Fund are defined contribution schemes and the contributions are charged to the Profit and Loss Account of the year when the contribution to the respective funds are due. The Company has created an approved Superannuation Fund and accounts for the contribution made to LIC against an insurance policy taken with them. There are no other obligations other than the contribution payable to the funds.

b) Gratuity and Leave Encashment liabilies are defined benefit obligations and provided on the basis of independent actuarial valuation on projected unit credit method made at the end of the year. The company has created an approved gratuity fund, which has taken a group gratuity cum insurance policy with Life Insurance Corporation of India (LIC), for future payment of gratuity to the employees. Also the company has created a fund with LIC for leave encashment of employees for future payment.

xii) **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.

Note 2 Share Capital

(₹ Lacs)

PARTICULARS	31st March, 2013	31st March, 2012
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	500.00	500.00
₹100/- each		
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

Note	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 entiltled 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.

Note	2.2	The details of shareholders holding more than 5% shares

Name of the shareholder	31st March, 2013		31st March, 2012	
	No. of Shares	% holding	No. of Shares	% holding
a) Dr.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

Note	2.3	The reconcilation of the number of shares as at 31st March 2013 is set out below :

	31st March, 2013	31st March, 2012
Number of shares at the beginning of the year	1,58,80,952	1,58,80,952
Add: Shares issued during the year	-	-
Number of shares as at the end of the year	1,58,80,952	1,58,80,952

Note	3	Reserves & Surplus

(₹ Lacs)

PARTICULARS	31st March, 2013	31st March, 2012
Capital reserve	169.29	169.29
Securities premium reserve	4,903.45	4,903.45
General reserve		
i) Opening balance	20,900.00	17,900.00
ii) Transferred from Surplus	4,000.00	3,000.00
	24,900.00	**20,900.00**
Surplus		
i) Opening balance	1,082.76	1,570.28
Add : Net profit transferred from Statement of Profit & Loss	5,068.78	3,434.09
Less Appropriations:		
a) Interim dividend	397.02	-
b) Final dividend	555.83	794.05
c) Corporate dividend tax	158.87	127.56
d) Amount transferred to general reserve	4,000.00	3,000.00
	5,111.72	3,921.61
Surplus - Closing balance	1,039.82	1,082.76
TOTAL	31,012.56	27,055.50

Note	4	Long term borrowings

(₹ Lacs)

PARTICULARS	31st March, 2013	31st March, 2012
a) Secured loans		
Term loans from banks	950.00	-
Loans from others	1,626.65	102.90
b) Unsecured loans		
Deferred payment liabilities	221.25	221.25
Public deposits	158.65	197.83
Long term maturities of finance lease obligations	16.22	11.64
TOTAL	2,972.77	533.62

Note 4.1

Term loans from banks represent loan taken from HDFC Bank Limited for the fibre cement boards project near Daund Taluk, Pune District in Maharastra. The loan sanctioned is ₹6870.00 lacs out of which ₹1000 lacs is drawn during the year 2012-13. The loan is repayable in 20 quarterly installments commencing from Jan'14. The current rate of interest is 10.70% as at the balance sheet date. This loan is secured by first mortgage and charge in favour of HDFC Bank Ltd on all the Company's fixed assets both present and future on pari passu basis with other lenders, second charge on the current assets of the Company and personal guarantee of the Vice-chairman Dr G Vivekanand of the Company. Out of the above ₹50.00 lacs is repayable in the financial year 2013-14 and ₹200.00 lacs each year from the financial year 2014-15 to 2018-19 (upto December, 2018)

Note 4.2

(i) Loans from others include ₹102.90 lacs obtained from Life Insurance Corporation of India against key man insurance policy at 9% which matures on 28-03-2018. This loan has no specific terms of repayment .

(ii) The company has availed an interest free loan of ₹1523.74 lacs during the financial year from The Pradeshiya Industrial & Investment Corporation of U.P. Ltd for the cement asbestos unit at Raebareli, U.P which is sanctioned under the Industrial Investment Promotion Scheme 2003 . The loan is secured by first charge on the entire fixed assets of the Company both present and future, by way of first pari-passu charge with all the secured lenders of the Company. The loan is repayable (each installment drawn) after 10 years from the date of disbursement. The outstanding amount is repayable in the financial year 2022-23.

Note 4.3

Deferred payment liabilities represent sales tax deferment relating to Cement Asbestos Unit at Patancheru, Medak District in Andhra Pradesh. 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.

Note 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.

Note 4.5

The company has taken data process equipments on finance lease which is payable in quarterly instalment. The rate of interest varies from 10% to 13% per annum.

Note	5	Deferred tax liabilty (Net)

(₹ Lacs)

PARTICULARS	31st March, 2013	31st March, 2012
a) Deferred tax Asset		
a) Doubtful debts	13.56	16.04
b) Compensation due to Voluntary Retirement	-	1.96
c) Others	42.34	-
	55.90	18.00
b) Deferred tax Liability		
Depreciation	2,692.13	2,561.87
	2,692.13	2,561.87
Deferred tax Liability (Net)	2,636.23	2,543.87

Note	6	Other Long term liabilities

(₹ Lacs)

PARTICULARS	31st March, 2013	31st March, 2012
a) Security deposits	2,101.21	1,785.47
b) Rent Deposit	19.20	17.40
TOTAL	2,120.41	1,802.87

Note	6.1

Security deposits include deposits received from stockists (i.e Dealers) ₹2032.56 Lacs (P.Y ₹1723.73 Lacs), transporters ₹27.09 lacs (P.Y. ₹24.59 Lacs) , sales agents ₹41.55 lacs (P.Y. ₹37.15 lacs) as collateral at the time of agreement/contract. These have no specific maturity date and are not repayable as long as they continue business with the company. These deposits carry interest at the rate of 9% per annum.

Note	7	Short term borrowings

(₹ Lacs)

PARTICULARS	31st March, 2013	31st March, 2012
a) Secured loans		
From Banks		
Working capital loans	10,552.33	9,463.26
b) Unsecured loans		
From Banks		
Short term loans	13,263.71	4,322.20
From Others		
Inter corporate deposits from related parties	133.39	618.39
Inter corporate deposits from others	109.33	223.82
TOTAL	24,058.76	14,627.67

Note 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 Dr G.Vivekanand of the Company.

Note 7.2

Unsecured short term loans from banks include buyers credit availed from a) Kotak Mahindra Bank Limited of ₹3087.99 lacs (P.Y ₹ 2492.88 lacs), b) HDFC Bank Limited of ₹3925.69 Lacs (P.Y ₹829.31 lacs) , c) Yes Bank Limited of ₹1250.02 lacs (P.Y. ₹ Nil) and d) short term loan of ₹5000 lacs from ICICI Bank ltd. These loans are backed by the personal guarantee of Vice-Chairman Dr G Vivekanand of the Company. All these loans are repayable within six months from the date of availment. The short term loan is repayable in June 13.

Note 8 Trade Payables

(₹Lacs)

PARTICULARS	31st March, 2013	31st March, 2012
a) Trade Payables		
Dues to micro and small enterprises	-	-
Other suppliers	2,589.59	2,314.09
b) Others		
Advance from customers	447.18	539.91
Expenses payable	2,527.43	2,619.17
TOTAL	5,564.20	5,473.17

Note 8.1

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

Note 9 Other Current Liabilities

(₹ Lacs)

PARTICULARS	31st March, 2013	31st March, 2012
a) Current maturities of long term debts (Refer Note 4.1)	50.00	188.62
b) Current maturities of finance lease obligations (Refer Note 4.5)	36.28	13.92
c) Current maturities of Public deposits (Refer Note.4.4)	627.42	507.87
d) Interest accrued but not due	85.33	119.91
e) Unpaid dividend	65.83	52.37
f) Statutory liabilities	2,370.24	1,613.71
TOTAL	3,235.10	2,496.40

Note 9.1

Statutory liabilites include liabilites accounted towards sales tax, service tax,excise duty and TDS.

Note 10 Short Term Provisions

(₹ Lacs)

PARTICULARS	31st March, 2013	31st March, 2012
a) Provision for Employee benefits		
- Leave encashment	19.65	50.83
- Gratuity	120.19	72.44
b) Proposed dividend & Corporate dividend tax	650.30	922.86
c) Provision for income-tax (Net of Advance tax)	0.00	210.84
TOTAL	790.14	1,256.97

Note 11 Fixed Assets

(₹ Lacs)

Name of the Asset	Gross Block				Depreciation				Net Block	
	As at 01.04.2012	Additions	Deductions	As at 31.03.2013	As at 01.04.2012	Additions	Deductions	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012
Tangible										
Land	2,724.11	695.48	-	3,419.59	-	-	-	-	3,419.59	2,724.11
Buildings	11,953.47	609.35	-	12,562.82	1,943.90	284.57	-	2,228.47	10,334.35	10,009.57
Plant & Equipment	23,471.92	922.25	59.13	24,335.04	12,585.28	1,524.01	37.69	14,071.60	10,263.44	10,886.64
Furniture & Fixtures	264.22	12.09	0.69	275.62	171.17	14.63	0.26	185.54	90.08	93.05
Office Equipment	230.67	34.67	1.41	263.93	94.93	11.36	0.37	105.92	158.01	135.74
Vehicles	451.24	123.41	32.04	542.61	138.00	46.12	10.26	173.86	368.75	313.24
Data processing Equipment	498.87	75.84	3.88	570.83	252.62	59.28	2.55	309.35	261.48	246.25
Assets taken on Finance Lease				-						
Data processing Equipment	41.99	73.00	-	114.99	6.08	17.62	-	23.70	91.29	35.91
TOTAL	39,636.49	2,546.09	97.15	42,085.43	15,191.98	1,957.59	51.13	17,098.44	24,986.99	24,444.51
Previous Year	33750.34	6009.77	123.62	39636.49	13,525.50	1,764.37	97.89	15,191.98	24,444.51	20,224.84

Note 12 Non-current investments

(₹ Lacs)

PARTICULARS	31st March, 2013	31st March, 2012
Non Trade at cost		
Long term - Unquoted		
a) Investments in Equity Instruments		
Visaka Thermal Power Limited (Associate)	255.85	221.50
25,58,468 (P.Y 22,15,000) shares of ₹10 each		
Percentage of holding 22.22% (P.Y. 19.84%)		
Somerset Entertainment Ventures (Singapore) Pte Ltd	1,250.00	1,250.00
1,31,903 (P.Y 1,31,903) shares of Singapore $ of 10 each		
b) Advance against share capital	1.52	34.35
TOTAL	1,507.37	1,505.85

Note 13 Long term loans & advances

(₹ Lacs)

PARTICULARS	31st March, 2013	31st March, 2012
Unsecured Considered good		
a) Capital Advances	2,818.93	644.02
b) Deposits wih Government and Others	679.27	423.30
c) Deposit with Central Excise (Refer Note No.37)	450.00	-
Unsecured Considered doubtful		
a) Capital Advances	388.00	388.00
Less: Provision for doubtful advances	(388.00)	(388.00)
TOTAL	3,948.20	1,067.32

Note 13.1

Capital advances include ₹2330.42 lacs paid for fibre cement boards project at Daund Taluk, Pune District in Maharashtra.

Note 14 Inventories

(₹ Lacs)

PARTICULARS	31st March, 2013	31st March, 2012
(Valued at lower of cost or net realizable value)		
a) Raw Material	13,376.87	6,885.09
(including material in transit of ₹350.57 lacs (P.Y of ₹487.35)		
b) Work-in-progress	2,801.07	2,604.29
c) Finished goods	10,549.35	5,515.59
(including goods in transit of ₹52.38 lacs (P.Y of ₹274.58)		
d) Stores and spares	583.66	549.95
TOTAL	27,310.95	15,554.92

Note 15 Trade Receivables

(₹ Lacs)

PARTICULARS	31st March, 2013	31st March, 2012
a) Outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	20.69	16.28
Unsecured, considered good	26.74	31.72
Doubtful	42.15	49.44
Less: Allowance for bad and doubtful debts	(42.15)	(49.44)
b) Others		
Secured, considered good	1,364.36	1,088.35
Unsecured, considered good	7,215.37	6,259.50
TOTAL	8,627.16	7,395.85

Note 16 Cash & Cash Equivalents

(₹ Lacs)

PARTICULARS	31st March, 2013	31st March, 2012
a) Balances with banks in current and deposit accounts	3,266.59	5,335.12
b) Cash on hand	92.16	52.86
TOTAL	3,358.75	5,387.98
Balance with banks includes -		
Unpaid dividend account	65.83	52.37
Margin money deposits against Bank Guarantee	0.90	450.90

Note 17 Short term loans & advances

(₹ Lacs)

PARTICULARS	31st March, 2013	31st March, 2012
Unsecured Considered good		
Supplier Advances	1,777.44	1,124.83
Employee Advances	153.79	71.73
Interest Receivable	31.20	34.80
Prepaid expenses & Other receivables	134.27	54.05
Advance Income tax (Net of Provision for Income tax)	24.35	0.00
Cenvat & Vat credit available	477.79	342.99
TOTAL	2,598.84	1,628.40

Note 18 Revenue from Operations

(₹ Lacs)

PARTICULARS	31st March, 2013	31st March, 2012
Sale of products	100,191.15	80,804.29
Other operating revenue		
Export incentives	359.02	428.44
Provision for Doubtful debts written back	7.29	40.95
Sale of scrap	146.54	103.97
Revenue from operations (Gross)	100,704.00	81,377.65
Less: Excise Duty	9,223.70	6,332.74
Revenue from operations (Net)	91,480.30	75,044.91
Details of products sold		
1. Cement Asbestos	77,159.32	61,811.14
2. Textile yarn	16,493.29	13,745.63
3. Boards	5,438.77	4,434.97
4. Panels	1,099.77	812.55
TOTAL	100,191.15	80,804.29

Note 19 Other Income

(₹ Lacs)

PARTICULARS	31st March, 2013	31st March, 2012
Interest	100.39	88.62
Insurance Income	44.77	54.09
Provisions written back	-	84.21
Miscellaneous Income	190.44	240.18
TOTAL	335.60	467.10

Note 19.1

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

Note 19.2

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

Note	20	Cost of raw materials consumed

(₹ Lacs)

PARTICULARS		31st March, 2013	31st March, 2012
Cement Asbestos			
- Asbestos Fibre/ Wood Pulp		29,850.27	19,788.97
- Cement		13,245.64	11,063.88
- Others		3,893.25	2,876.92
	TOTAL	**46,989.16**	33,729.77
Textile Yarn			
- Polyester Staple Fibre		7,929.67	8,031.11
- Viscose Staple Fibre		951.38	892.75
- Others		10.26	7.42
	TOTAL	**8,891.31**	8,931.28
Fibre Cement Boards			
- Woodpulp		836.19	841.23
- Cement		516.17	483.91
- Others		655.90	530.28
	TOTAL	**2,008.26**	1,855.42
Panels			
- Cement		112.71	109.37
- Others		246.61	162.45
	TOTAL	**359.32**	271.82
	GRAND TOTAL	**58,248.05**	**44,788.29**

Note: During the year Boards costing ₹254.56 lacs have been used in Panel divison(Previous year ₹195.78 lacs)

Note	21	Changes in inventories

(₹ Lacs)

PARTICULARS		31st March, 2013	31st March, 2012
Finished Goods			
Closing Inventory		10,549.35	5,515.59
Opening Inventory		5,515.59	5,245.76
Stock of Trial Production		-	380.31
	(A)	**5,033.76**	**(110.48)**
Work in Progress			
Closing Inventory		2,801.07	2,604.29
Opening Inventory		2,604.29	2,056.15
	(B)	**196.78**	548.14
Changes in Inventories (A+B)		5,230.54	437.66

(₹ Lacs)

PARTICULARS	31st March, 2013	31st March, 2012
Details of Closing Inventory		
Finished goods		
a) Cement Asbestos	8,908.66	3,636.50
b) Textile yarn	920.60	1,404.22
c) Boards	530.43	343.27
d) Panels	189.66	131.60
TOTAL	10,549.35	5,515.59
Work-in-progress		
a) Cement Asbestos	2,504.36	2,326.37
b) Textile yarn	296.71	277.92
TOTAL	2,801.07	2,604.29
Details of Opening inventory		
Finished goods		
a) Cement Asbestos	3,636.50	3,886.85
b) Textile yarn	1404.22	930.09
c) Boards	343.27	340.29
d) Panels	131.60	88.53
TOTAL	5,515.59	5,245.76
Work-in-progress		
a) Cement Abestos	2,326.37	1,788.48
b) Textile yarn	277.92	267.67
TOTAL	2604.29	2056.15

Note 22 Employee benefits expense

(₹ Lacs)

PARTICULARS	31st March, 2013	31st March, 2012
Salaries, Wages and Bonus	3,837.62	3,392.38
Contribution to Provident & Other Funds	504.42	452.44
Staff Welfare Expenses	359.07	345.06
TOTAL	4,701.11	4,189.88

Note 23 Finance Cost

(₹ Lacs)

PARTICULARS	31st March, 2013	31st March, 2012
Interest expense	1,421.76	1,389.21
Other borrowing cost	76.31	27.62
Interest on shortfall in payment of Advance tax	2.95	-
TOTAL	1,501.02	1,416.83

Note 24 Other Expenses

(₹ Lacs)

PARTICULARS	31st March, 2013	31st March, 2012
Consumption of stores & spare parts	2,710.29	2,221.90
Cost of packing materials consumed	603.82	550.68
Power and fuel	5,099.46	3,880.72
Rent	100.78	68.38
Repairs to Buildings	330.63	329.70
Repairs to Machinery	588.60	509.53
Insurance	143.86	150.01
Rates & Taxes	94.73	68.89
Wages - Contract Labour	1,499.82	1,187.41
Travelling & Conveyance	655.30	536.60
Commission & Discount	424.57	378.75
Freight	5,607.07	5,210.87
Advertisement & Sales Promotion Expenses	863.33	632.87
Auditors' Remuneration	21.47	17.17
Directors' Sitting Fee	1.46	1.25
Bad Debts Written off	8.67	5.31
Foreign Exchange Loss (Net)	341.56	313.96
Loss on Sale of Fixed Assets (Net)	13.50	8.29
Non whole time Directors' Commission	37.50	37.50
Excise duty on Closing Inventory	916.73	(19.35)
Fixed Assets written off	10.31	0.98
Miscellaneous Expenses	3,037.68	2,575.15
TOTAL	23,111.14	18,666.57

Note 25 Payment to auditor

(₹ Lacs)

PARTICULARS	31st March, 2013	31st March, 2012
As Auditor		
For Statutory Audit	12.00	10.00
For Tax Audit	3.00	2.50
For Quarterly Audit	1.80	1.80
For other services		
For Certification, Taxation matters, Other services etc.	3.27	1.94
Out of Pocket expenses	1.40	0.93
TOTAL	21.47	17.17

Note 26 Earnings per share (EPS)

(₹ Lacs)

PARTICULARS	31st March, 2013	31st March, 2012
Profit after tax	5,068.78	3,434.09
Weighted average number of equity shares in calculating Basic and Diluted EPS (Nos)	158.81	158.81
Basic and Diluted Earnings per Share (EPS) ₹	31.92	21.62

Note 27 Employee Benefits:

As per Accounting Standard 15 "Employee Benefits", the disclosures as defined in the Accounting Standard are given below:

Note 27.1 Defined Contribution plans:

(₹ Lacs)

PARTICULARS	31st March, 2013	31st March, 2012
Company's Contribution to Provident Fund	252.69	200.11
Company's Contribution to Superannuation Fund	64.55	64.86

Note 27.2 Defined Benefit plans:

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

a) Gratuity - Disclsoures as per AS 15:

(₹ Lacs)

PARTICULARS	31st March, 2013	31st March, 2012
1 Changes in the Present Value of Obligation		
Present value of obligations as at beginning of the year	640.12	459.93
Interest cost	49.24	39.09
Current Service cost	48.85	38.40
Benefits paid	(49.06)	(29.81)
Actuarial (gain)/loss on obligations	131.72	132.51
Present value of obligations as at end of year	820.87	640.12
2 Changes in Fair value of plan assets		
Fair value of plan assets at beginning of the year	567.67	479.40
Expected return on plan assets	57.07	45.91
Contributions	120.77	72.17
Benefits paid	(49.06)	(29.81)
Actuarial gain/(loss) on plan assets	4.23	-
Fair value of plan assets at the end of year	700.68	567.67
3 Assets recognized in the Balance Sheet		
Present value of obligations as at the end of the year	820.87	640.12
Fair value of plan assets as at the end of the year	700.68	567.67
Funded status	(120.19)	(72.45)
Net asset/(liability) recognized in balance sheet	(120.19)	(72.45)

4 Expenses recognized in the Statement of Profit & Loss		
Current service cost	48.85	38.40
Interest cost	49.24	39.09
Expected return on plan assets	(57.07)	(45.91)
Net Actuarial (gain)/loss recognized in the year	127.48	132.51
Expenses recognized in statement of profit and loss	**168.50**	**164.09**
5 Assumptions		
Discount Rate	8%	8%
Salary Escalation	4%	4%

b) Leave Encashment - Disclosures as per AS 15:

(₹ Lacs)

PARTICULARS	31st March, 2013	31st March, 2012
1 Changes in the Present Value of Obligation		
Present value of obligations as at beginning of the year	172.67	110.23
Interest cost	13.81	8.82
Current Service cost	34.81	2.67
Benefits paid	-	-
Actuarial (gain)/loss on obligations	39.09	50.95
Present value of obligations as at end of year	**260.38**	**172.67**
2 Changes in Fair value of plan assets		
Fair value of plan assets at beginning of the year	121.93	79.54
Expected return on plan assets	16.32	9.03
Contributions	99.08	33.36
Benefits paid	-	-
Actuarial gain/(loss) on plan assets	3.41	-
Fair value of plan assets at the end of year	**240.74**	**121.93**
3 Assets recognized in the Balance Sheet		
Present value of obligations as at the end of the year	260.38	172.67
Fair value of plan assets as at the end of the year	240.74	121.93
Funded status	(19.64)	(50.74)
Net asset/(liability) recognized in balance sheet	**(19.64)**	**(50.74)**
4 Expenses recognized in the Statement of Profit & Loss		
Current service cost	34.81	2.67
Interest cost	13.81	8.82
Expected return on plan assets	(16.32)	(9.03)
Net Actuarial (gain)/loss recognized in the year	35.68	50.95
Expenses recognized in statement of profit and loss	**67.98**	**53.41**
5 Assumptions		
Discount Rate	8%	8%
Salary Escalation	4%	4%

Note 28 Finance lease (Disclosure as per AS -19)

The company has taken Data Prcocessing Equipments on financial lease as mentioned in Fixed Assets - Tangible. The details as per AS-19 are as under:

(₹ Lacs)

PARTICULARS	31st March, 2013	31st March, 2012
a) Outstanding balance of minimum lease payment		
Not later than one year	40.44	16.51
Later than one year and not later than five years	16.99	12.38
TOTAL	57.43	28.89
b) Present value of (a) above		
Not later than one year	36.27	13.92
Later than one year and not later than five years	16.22	11.64
TOTAL	52.49	25.56
Finance charge	4.94	3.33

Note 29

Capital work in progress includes ₹1519.46 lacs (including borrowing cost of ₹64.05 lacs on ₹1000 lacs drawn from HDFC Bank Ltd) incurred for fibre cement boards plant near Daund, Pune district in Maharastra state.

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.

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)
Miss.G.Vrithika (Daughter of Mrs. Saroja Vivekanand)
Miss.G.Vaishnavi (Daughter of Mrs. Saroja Vivekanand)

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:

(₹ Lacs)

Nature of Transaction	Associate	Key Management Personnel	Relatives of key Management personnel	Enterprises Controlled By relatives of key management personnel	Total
Share Capital	255.85				255.85
	(221.50)				(221.50)
Advance towards Share Capital	1.52				1.52
	(34.35)				(34.35)
Remuneration		393.81	8.46		402.27
		(269.41)	(2.08)		(271.49)
Dividend paid		15.83	432.60		448.43
		(4.22)	(115.36)		(119.58)
Interest expense on Deposits			Nil		Nil
			(1.20)		(1.20)
ICDs Received	50.00			5.00	55.00
	(1000)			(11.46)	(1011.46)
ICDs Repaid	540.00			Nil	540.00
	(848.66)			(11.46)	(860.12)
Interest on ICDs	21.48			0.27	21.75
	(46.44)			(Nil)	(46.44)

Figures in brackets represent previous year.

Note 32 Expenditure in Foreign Currency

(₹ Lacs)

PARTICULARS	31st March, 2013	31st March, 2012
Travel	48.89	14.15
Commission on Export Sales	67.62	79.98
Royalty	6.14	19.53
	122.65	113.66

Note 33 Earnings in Foreign Currency

(₹ Lacs)

PARTICULARS	31st March, 2013	31st March, 2012
Export of Goods (FOB Value)	5107.30	6006.25

Note 34 CIF Value of Imports

(₹ Lacs)

PARTICULARS	31st March, 2013	31st March, 2012
Raw Materials	31,980.70	17511.94
Components, stores and spare Parts	141.67	142.62
Capital Goods	192.19	312.39

Note 35 PARTICULARS of Unhedged Foreign Currency Exposure as at the Balance Sheet date.

PARTICULARS	Currency	31st March, 2013	31st March, 2012
Sundry Creditors	USD	1,182,017	968,570
Sundry Debtors	USD	496,876	849,535
	GBP	16,741	35,541
	EUR	140,180	12,609
Others			
a)Buyers credit	USD	5,055	580,999
b)Royality	AUD	34,676	11,851
c)Commission	EUR	-	188
	GBP	1,720	2,877
	USD	32,452	86,221

Note 36 Consumption of Raw Materials and other materials

PARTICULARS	31st March, 2013		31st March, 2012	
	₹ Lacs	%	₹ Lacs	%
a) Raw Materials				
i) Imported	31,015.78	53	21,004.99	47
ii) Indigenous	27,232.27	47	23,783.30	53
TOTAL	**58,248.05**	**100**	**44,788.29**	**100**
b) Components, Spares, Consumables & Packing Materials				
i) Imported	102.65	3	105.51	4
ii) Indigenous	3,211.46	97	2,667.07	96
TOTAL	**3,314.11**	**100**	**2,772.58**	**100**

Note 37 Provisions, Contingent Liabilities and Contingent Assets:

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

(₹ Lacs)

PARTICULARS	31st March, 2013	31st March, 2012
Contingent Liabilities:		
Income tax	97.61	50.17
VAT/CST	52.41	7.00
Excise duty/Service Tax*	2,806.96	2,654.80
TOTAL	2,956.98	2,711.97

*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. This is in appeal against which a pre -deposit of ₹450 lacs has been made.

Note 38 Commitments:

(₹ Lacs)

PARTICULARS	31st March, 2013	31st March, 2012
Estimated amount of contracts remaining to be executed on capital account	3,165.31	250.04
TOTAL	3,165.31	250.04

Note 39 Segment information for the year ended 31st March, 2013

I) Information about Primary business segments

(₹ Lacs)

	31st March, 2013			31st March, 2012		
	Building Products	Synthetic Yarn	Consolidated	Building Products	Synthetic Yarn	Consolidated
REVENUE						
External Sales(Net)	74,474.16	16,493.29	90,967.45	60725.92	13745.63	74471.55
Inter Segment Sales	-	-	-	-	-	-
Total Revenue	74,474.16	16,493.29	90,967.45	60,725.92	13,745.63	74,471.55
Segment Result	7,795.92	2,043.26	9,839.18	6690.45	882.90	7573.35
Exceptional Items			-	-		-
Unallocated Corporate expenses			(988.71)			(1,071.52)
Operating Profit			8,850.47			6,501.83
Interest Expense			(1,501.02)			(1,416.83)
Rental & Other Income			114.12			38.73
Income tax			(2,394.79)			(1,689.64)
Profit from ordinary activities			5,068.78			3,434.09
Net Profit			5,068.78			3,434.09
Other information						
Segment Assets	59,948.90	6,585.99	66,534.89	47,509.15	7,331.36	54,840.51
Unallocated Corporate Assets			7,447.35			2,541.63

Total Assets			73,982.24			57,382.14
Segment Liabilities	7,226.10	708.10	7,934.20	7,144.28	762.36	7,906.64
Unallocated Corporate liabilities			33,443.41			20,827.93
Total Liabilities			41,377.61			28,734.57
Capital Expenditure	1,987.30	380.90	2,368.20	5,444.39	418.69	5,863.08
Unallocated Capital Expenditure			177.89			146.69
Total Capital Expenditure			2,546.09			6,009.77
Depreciation	1,589.64	340.30	1,929.94	1,414.20	333.37	1,747.57
Unallocated Depreciation			27.65			16.80
Total Depreciation			1,957.59			1,764.37

II) Information about secondary business segments

(₹ Lacs)

	31st March, 2013			31st March, 2012		
	India	Outside India	Total	India	Outside India	Total
Revenue by Geographical Markets						
External	85,325.53	5,641.92	90,967.45	68,136.38	6,335.17	74,471.55
Total	85,325.53	5,641.92	90,967.45	68,136.38	6,335.17	74,471.55
Carrying Amount of Segment Assets	73,982.24	-	73,982.24	57,382.14	-	57,382.14
Additions to Fixed Assets	2,546.09	-	2,546.09	6,009.77	-	6,009.77

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

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

As per our report of even date

For and on behalf of the Board of Directors

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

A. V. Sadasiva
Partner
Membership No. 18404

Place: Secunderabad
Date: 20th May, 2013

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
Company Secretary cum Advisor

CORPORATE INFORMATION

Board of Directors

Shri. Bhagirat B. Merchant	-	Chairman
Dr. G. Vivekanand	-	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

Company Secretary cum Advisor

Shri. K.V. Soorianarayanan

Committees of the Board

Audit Committee

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

Remuneration Committee

Shri. Bhagirat B. Merchant	-	Chairman
Shri. V. Pattabhi	-	Member
Shri. Gusti J. Noria	-	Member

Shareholders Grievances Committee

Shri. V. Pattabhi	-	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.

Cost Auditors:

M/s. Sagar & Associates
206, Raghava Ratna Towers
Chirag Ali Lane, ABIDS
Hyderabad - 500001.

Bankers:

State Bank of India - Corporate Accounts Group Branch, Hyderabad
State Bank of Hyderabad – Industrial Finance Branch, Hyderabad
HDFC Bank - Begumpet Branch, Hyderabad

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 – Plant 7**
   70/3A, 70/3, Sahajpur Industrial Area
   Nandur Village, Taluk Daund,
   Pune District, Maharashtra

8. **A C Division – Plant 8**
   Plot No. 1994, 2006
   Khata No. 450
   Chaka No. 727
   Paramanpur Village,
   Tehsil: Maneswar,
   Sambalpur District
   Odisha - 768200

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

10. **V – Boards & 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®

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

NOTICE

Notice is hereby given that the 31st 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 Saturday the 29th day of June 2013 at 11 AM to transact the following business.

ORDINARY BUSINESS

1. To adopt the Balance Sheet as at 31st March, 2013 and Profit and Loss Account for the Financial Year ended on that date and the reports of the Directors' and Auditors' thereon.
2. To ratify the Declaration of Interim Dividend of ₹1.50 (i.e. 15%) on Equity Shares of ₹10/- each of the Company declared by the Board of Directors on 6th August, 2012.
3. To ratify the Declaration of Interim Dividend of ₹1.00 (i.e. 10%) on Equity Shares of ₹10/- each of the Company declared by the Board of Directors on 29th October, 2012.
4. To declare Final Dividend for the Financial Year ended 31st March, 2013.
5. To appoint a Director in place of Shri. Bhagirat B Merchant, who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint a Director in place of Shri. Gusti J Noria, who retires by rotation and being eligible, offers himself for reappointment.
7. To appoint a Director in place of Shri. P Abraham, who retires by rotation and being eligible, offers himself for reappointment.
8. 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 reappointed 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 authorised to fix their remuneration for the period".

SPECIAL BUSINESS

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

   "**RESOLVED THAT** pursuant to Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 (the 'Act') read with Schedule XIII thereto and subject to such other approvals or permissions as may be necessary, consent of the members of the Company be and is hereby accorded for reappointment of Mr. M.P.V. Rao as Whole-time Director of the Company for a period of 2 years with effect from 1st April 2012 (i.e., from 1st April 2012 to 31st March 2014.) On the following terms and conditions as recommended by Remuneration Committee of the Board of Directors of the Company:

1. Basic Salary: Rs. 225,000/- (Rupees Two Lakhs Twenty Five Thousand Only) per month

   A. PERQUISITES:

   a. HRA 50% of basic salary per month

   b. Helper allowance Rs. 10,000/- (Rupees Ten Thousand only) per month

   c. Children's education allowance Rs. 100/- (Rupees One Hundred only) per month

   d. Other allowances being books and periodicals and dress allowance amounting to Rs. 4,000/- (Rupees Four Thousand only) per month

   e. Contribution to Provident Fund, Superannuation Fund or Annuity Fund not exceeding 27 per cent of basic salary.

B. Medical Reimbursement

Expenses incurred for self and family subject to a ceiling of one month Basic Salary of Mr. M.P.V Rao in a year or two month's Basic Salary over a period of two years.

C. Leave Travel Concession

Leave Travel Assistance for self and family equivalent to one month's Basic Salary per annum.

The annual Increment of Mr. M.P.V Rao will be fixed based on the Company's performance.

The overall remuneration payable to Managing Director and Whole-time Director shall not exceed 10% of the net profits of the Company in each Financial Year as Per Section I of Part II of Schedule XIII of Companies Act, 1956.

Notwithstanding anything contained herein above, where, in any financial year during the currency of this appointment, the company has no profits or its profits are inadequate, the above remuneration shall be payable subject to the limits prescribed under Section II, Part II of Schedule XIII of the Companies Act, 1956."

By Order of the Board
For VISAKA INDUSTRIES LIMITED

Date : 20th May, 2013
Place : Hyderabad

K.V.SOORIANARAYANAN
Company Secretary cum Advisor

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 24.06.2013.
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 accounts 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 2004 – 2005 has been transferred to Investor Education and Protection Fund on 27.09.2012 upon expiry of 7 years period. Unpaid/Unclaimed Dividend for the Year 2005 – 2006 will be transferred to Investor Education and Protection Fund on 29.06.2013 Shareholders who have not claimed Dividend for the year 2005 - 2006 are requested to claim the dividend on or before 28.06.2013.
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 three 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. 9

Considering the immense contribution made by Mr. M.P.V. Rao as Whole Time Director to the Company the Board of directors at their meeting held on 5th July 2012 has re – appointed him as Whole-time Director with effect from 1st April 2012 for a period of two Years i.e. 1-4-2012 to 31.03.2014. Mr. Rao has over 43 years of experience in the technical side of asbestos cement industry. He has been instrumental in economising operations and increasing capacity in our Patancheru and Paramathi units and developed the technology for asbestos cement sheets machines capable of manufacturing 10,000 tonnes per month breaking the myth that the standard asbestos cement sheet manufacturing machines can produce only 3,000 tonnes per month. We have been successfully operating these machines in our Tumkur, Rae Bareilly and Vijayawada units.

The Company has immensely benefited by his technical expertise in setting up the reinforced building boards division.

As per Section 269 read with Schedule XIII of the Companies Act, 1956 the re- appointment of Whole Time Director shall be approved by the members of the Company. Hence this resolution is proposed for your approval.

The Board of Directors recommends the above Resolution at item no. 9 for your approval.

None of the directors, other than Mr. M.P.V. Rao, are interested in the resolution.

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

Date : 20th May, 2013
Place : Hyderabad

K.V.SOORIANARAYANAN
Company Secretary cum Advisor

VISAKA INDUSTRIES LIMITED®

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

ATTENDANCE SLIP

I hereby record my presence at the 31st Annual General Meeting of the Company being held at 11 AM on Saturday the 29th Day of June 2013 at its registered office.

Name of the Shareholder :

Name of the Proxy :

Signature of Member / Proxy :

Regd. folio/*Client ID :

*Applicable for members holding shares in electronic form.

Note: To be signed and handed over at the entrance of the Meeting Venue

VISAKA INDUSTRIES LIMITED®

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FORM OF PROXY

[See section 176(6)]

Regd. Folio/*Client ……………… No. of Shares ………… Sl. No……….

I/We………………………………………………………………….. of …………………………………….. in the district of ……………… being a member/member(s) of the above named Company hereby appoint ……………. of …………………. in the district of ………………or failing him …….. of …………………… in the district of ……………………. as my / our proxy to vote for me/us on my/our behalf at the 31st Annual General Meeting of the Company to be held at 11 AM on Saturday the 29th Day of June 2013 or adjournment thereof.

Signed this ……………… day of ………. 2013

Affix One Rupee Stamp here

Signature ________

Note: The proxy duly completed should be deposited at the Registered Office of the Company not less than 48 (Forty Eight) hours before time fixed for holding the meeting.

*Applicable for members holding shares in electronic form.

A TRISYS product
info@trisyscom.com

www.visaka.in

FORM A

Format of Covering Letter of the Annual Audit Report to be filed with the Stock Exchanges:

1	Name of the Company	**Visaka Industries Limited**	
2	Annual Financial Statements	**31st March 2013**	
3	Type of Audit observation	**Unqualified**	
4	Frequency of observation	**Not Applicable**	
5	signed by	**G. Saroja Vivekanad** Managing Director	**V Vallinath** President (Finance)
		Bhagirat B Merchant Chairman of Audit Committee	**A V Sadasiva** Auditor

M. ANANDAM & CO. CHARTERED ACCOUNTANTS SECUNDERABAD