

P R E P A R E D



Visaka Industries Limited
Annual report 2010-11

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.

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Visaka Industries encountered an industry downtrend in 2010-11, marked by an increase in raw material costs on the one hand and a decline in realisations on the other.

However, the Company is adequately prepared for a rebound in industry fortunes.

		Through timely investments in plants, processes and intellectual capital.							
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Through a combination of product quality and operational scale.

Through strong customer loyalty generated from the day the Company went into business.

Visaka Industries is a cement fibre sheet and a textile yarn company. The Company addresses the growth coming out of India's building and textile sectors.

- Incorporated in 1981, Visaka Industries entered the production of corrugated cement fibre sheets (36,000 TPA) in 1985 and diversified into a textile yarn manufacture in 1992. In 2009, the Company expanded its building products division to manufacture non-asbestos fibre board and panels (flat products).
- The promoters own 37.7% of the Company. The Company enjoyed a

market capitalisation of Rs. 159.60 crore. as on March 31, 2011. The Company's stock is actively traded on the Bombay Stock Exchange and the National Stock Exchange.

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

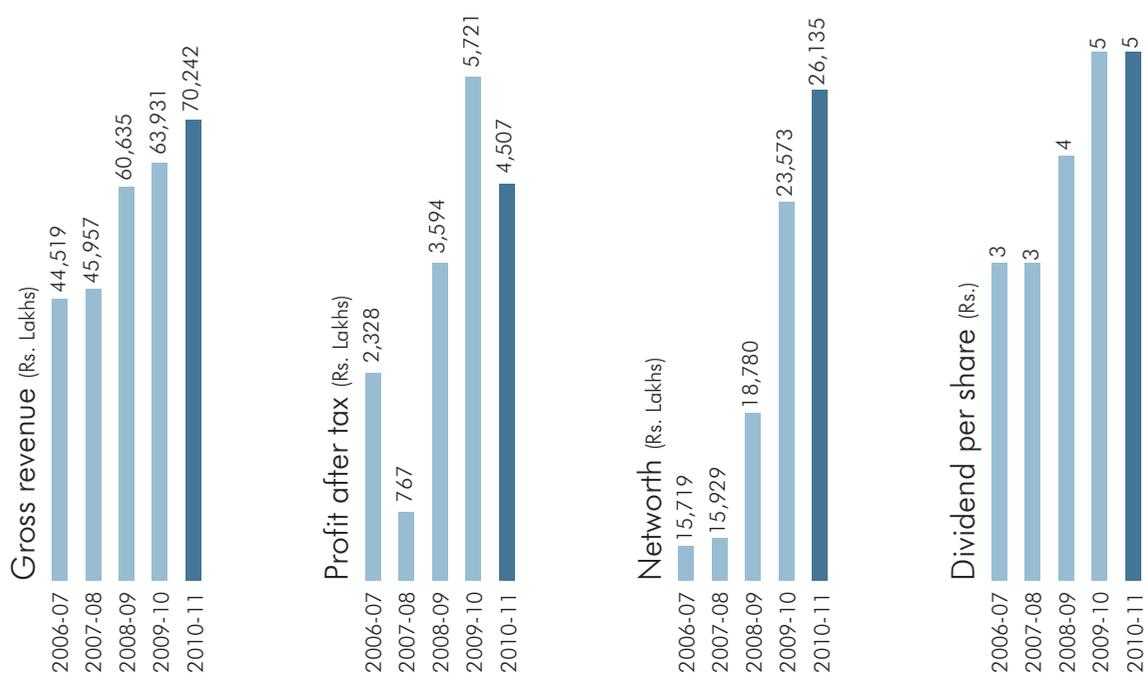
Products	Manufacturing locations	Installed capacity, 31 March 2011
Cement asbestos products	Patancheru (Andhra Pradesh), Paramathi (Tamil Nadu), Midnapur (West Bengal), Vijayawada (Andhra Pradesh), Tumkur (Karnataka), Raebareli (Uttar Pradesh) and Pune (Maharashtra).	6,52,000 MT
Flat products	Miryalguda (Andhra Pradesh)	60,000 MT
Panels	Miryalguda (Andhra Pradesh)	1,50,000 Nos. per annum
Textiles	Nagpur (Maharashtra)	1,816 spinning positions

Financial performance

The salient features of the financial performance are:

- PBT was lower by 20.92% – from Rs. 8,637 lakhs in the previous year to Rs. 6,829 lakhs in the current year.
- PAT was also lower by 21.22% from Rs. 5,721 lakhs in the previous year to Rs. 4,507 lakhs in the current year.
- EPS was lower at Rs. 28.38 in the current year compared with Rs. 36.03 in the previous year.
- EBIDTA fell from Rs. 11,569 lakhs in the previous year to Rs. 9,446 lakhs in the current year.
- Gross block increased from Rs. 33,098 lakhs as on 31st March, 2010 to Rs. 33,750 lakhs as on 31st March, 2011.
- Capital employed increased from Rs. 40,970 lakhs as on 31st March, 2010 to Rs. 47,310 lakhs as on 31st March, 2011.
- Working capital increased 19.65% from Rs. 19,048 lakhs as on 31st March, 2010 to Rs. 22,791 lakhs as on 31st March, 2011.
- Interest cover declined from 10.59 to 9.67
- Debt-equity ratio stood at 0.72 against 0.69 in the previous year.

Highlights



Managing Director's review

When we had previously communicated through our annual report, we sounded upbeat for a number of reasons – buoyant demand, attractive realisations and growing production capacity.

However, our industry reality transformed significantly thereafter. Industry demand declined and input costs rose. Our assets could not be fully utilised and average capacity utilisation declined from 92% to 90% in cement asbestos business during the year under review. The result of the dual combination was that our topline grew 7.6% to Rs. 65,030 lakhs and our bottomline declined 21% to Rs. 4,507 lakhs.

Challenges faced

The year was challenging for several industry-driven reasons:

The year witnessed rising raw material prices, which could not be passed on to consumers. Margins declined although we were able to contain the decline by monitoring market appetite and producing accordingly. This controlled oversupply in the marketplace, preventing further price erosion.

*Our cement asbestos products division reported a lower profitability by 34% due to increasing input costs (specially imported fibre and cement) which could not be passed on to consumers. Our

new business of fibre cement sheets showed an improvement in terms of revenue and reduction in losses as compared to the previous year.

* Our textiles division recorded a profit before tax growth of 46% to Rs. 2,192 lakhs, owing to improved realisations and higher sales. A shortage of cotton resulted in rising cotton prices, which strengthened the demand and realisations of synthetic yarn (manufactured by us).

Capacity additions

Despite the downtrend in asbestos products during the year under review, we are optimistic about the national consumption appetite and our industry's prospects.

In view of this, we expect to commission a 1,00,000 TPA cement sheet asbestos product plant in Sambalpur (Orissa) in June 2011. Our Rs. 40 crore investment has been funded largely through internal accruals. This strengthened our regional penetration on the one hand and increased our cement asbestos sheet production capacity from 6,52,000 lakh TPA to 7,52,000 lakh TPA. This plant is expected to break even in 2011-12.

The expansion and modernisation undertaken at our Pune plant is operational, stabilised and streamlined. The plant reported a profit during the year under review, vindicating

our investment.

Outlook

The Indian economy continues to be robust, GDP growing 8.6% in 2010-11 on the back of higher rural incomes, rising agricultural production and stronger government support. Since the monsoonal outlook is positive for the current year, we expect a rebound in offtake to translate into higher industry realisations. Visaka is attractively placed to capitalise on this improvement through a higher capacity, high asset utilisation, dispersed national presence and stronger brand building.

G. Saroja Vivekanand

Managing Director

profit before tax growth
on textiles

46%

Strengths

Business mix: The Company's product portfolio – from textiles to building solutions – is relatively counter-cyclical.



Scale: The Company possesses the second-largest production capacity of cement asbestos in India. It possesses the single largest twin air jet equipment installation in India.

Technology excellence: The Company's high-tech fibre cement plant is fully automated, incorporating the latest and most sophisticated technology while its yarn manufacturing units use state-of-the-art twin air jet spinning technology from Murata, Japan.

Market share: The Company – with 16% market share – is the second-largest player in the cement asbestos product industry (four players comprise 65% of the industry).



Intellectual capital: The Company's senior level management is highly experienced, with most personnel having been with Visaka for over ten years.

Quality: The Company's fibre cement plant is certified by the ISI. The V-Board division possesses HPSC technology conforming to IS 14862-2000. Visaka's yarns are environment-friendly and OEKO-TEX certified. The Company's adherence to stringent quality processes resulted in the ISO certification.



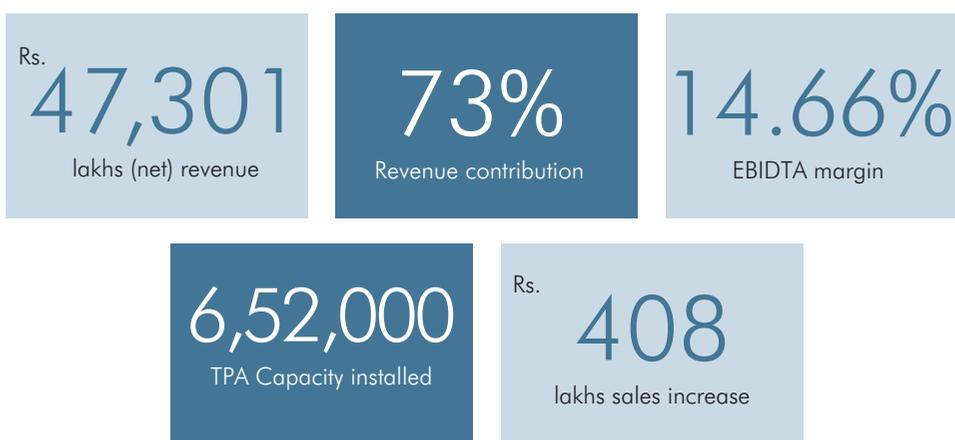
Wide market: The Company's products cater to a wide market, the product mix ranges from roofing to interior solution to textiles.

Clientele: The Company caters to an established customer base in the domestic and export markets. Its domestic textile clients include Siyaram's, Pantaloon, Harry's Collection, RVIVA, Rolson Industries, BK Lane, among others.



I. Building products division

1. Cement asbestos products



The Company, with a capacity of 6,52,000 TPA and 16% market share, is India's second-largest cement asbestos product manufacturer.

Visaka's high-tech cement asbestos products plant is fully automated and incorporates the latest state-of-the-art sophisticated technology, resulting in a consistency in physical properties, which exceeds standards prescribed by national quality authorities.

Highlights, 2010-11

- The Company's sales increased by 0.87% (Rs. 408 lakhs) despite a 5% increase in volumes. The increase in raw material, power and freight costs could not be fully passed on to consumers.
- The Company revamped its Pune plant

through expansion (1,00,000 TPA from 70,000 TPA) and modernisation initiatives in 2009-10, the benefits of which were now reported.

Challenges

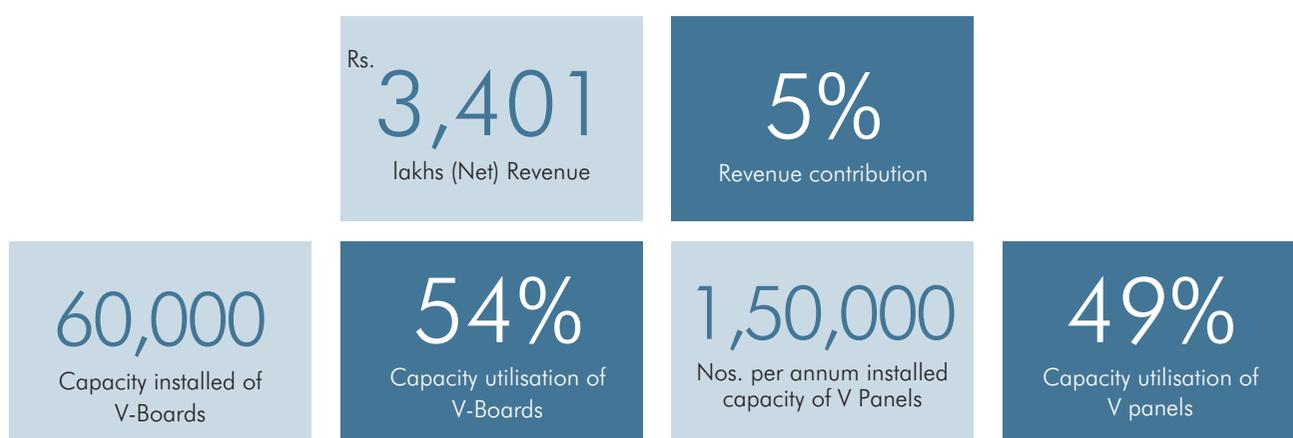
The cement asbestos market is marked with entry barriers for small entrants owing to the high need for safety standards. The difference in the cost of substitute products (galvanised and coloured iron roofing) declined from 25% to 35%, resulting in consumers switching their preference.

Road ahead

The Company expects to commission a 1,00,000-TPA cement asbestos unit in Sambalpur (Orissa) from June 2011.



2. Fibre cement sheets (Flat products) – V-Boards and V-Panels



The Company established its V-Board business with HPSC technology conforming to IS 14862-2000 in May 2008. V-board, a non-asbestos product, is placed at par with international standard fibre cement sheets. The product - using cement, fly ash, pulp and silica – is positioned as a plywood substitute in interior solutions. The cement component reinforces strength and durability while the pulp imparts workability and flexibility. V Panels were introduced by the Company in

January 2010 (installed capacity 500 panels a day).

Highlights, 2010-11

- The Company reported a favourable year in terms of sales volume. The Company reported sales of 33,457 tonnes (17,644 tonnes in 2009-10)
- The Company did not pass on rising raw material costs to customers and retained its pricing competitiveness in a challenging marketplace

- The Company exported the product to the Middle East
- The Company focused on enhancing capacity utilisation and sales
- The Company widened its distributors' network across India

V-Board's applications

V-Boards find application in false ceilings, wall partitions, wall and door paneling, mezzanine flooring, back liners and various other interior and furniture applications.

Programme	Allocation	Purpose
Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)	Rs. 40,000 crore	For providing 100 days of wage employment to each rural household opting for it
Pradhan Mantri Gram Sadak Yojana (PMGSY)	Rs. 20,000 crore	For providing connectivity to eligible unconnected rural habitations through good, all-weather roads and their systematic upgradation
Indira Awas Yojana	Rs. 10,000 crore	For providing assistance to rural BPL families for house construction and upgradation of kutchha houses
National Rural Livelihood Mission (NRLM)/Swarna Jayanti Gram Swarozgar Yojana(SGSY)	Rs. 2,914 crore	For establishing micro enterprises in rural areas

Road ahead

Going ahead, the Company looks to expand its presence across the Middle East, Australia, South Africa and Africa. The Company plans to increase its V-Board production to 45,000 tonnes in 2011-12 and is also studying expansion plans. The Company expects to strengthen its brand through advertising.

Drivers for the building products division

The Company sees India's rural market catalysing demands for the following reasons:

Better monsoons/agricultural growth: India's agricultural growth target for 2010-11 was 4% but the country's agriculture output expanded 5.6% following good monsoons. India's farm growth may cross 4% in 2011-12 on the back of a normal monsoon in 2011.

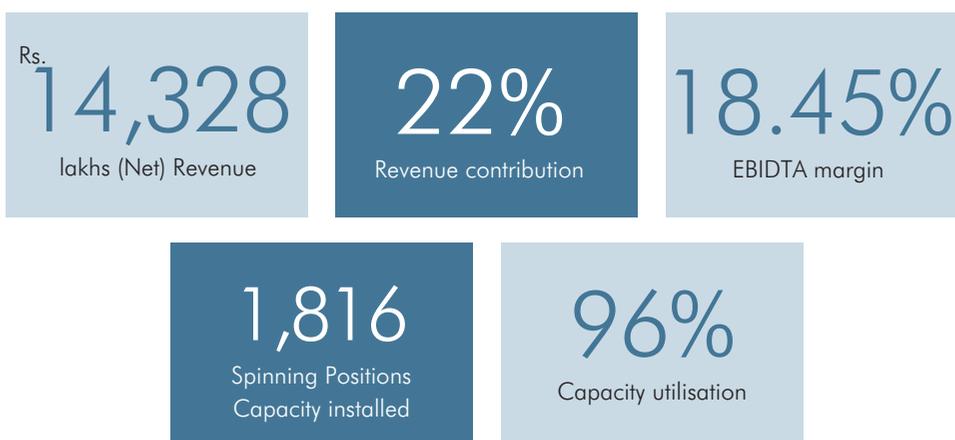
Government schemes: With the

government's thrust on rural development, the Union Budget 2011-12 proposed a 12% increase in rural development outlay from Rs. 66,100 crore to Rs. 74,100 crore for 2011-12.

Increased rural purchasing power: With 152 million rural households in

India, rural consumption expenditure outstrips total urban consumption expenditure by 30%. The estimated consumption of rural India in FY10 was US\$ 202.3 billion and the government will be spending US\$ 23 billion over three years to support rural consumption growth.

II. Textile division



The Company's textile division manufactures a range of cotton and synthetic fibres including melange yarns, high-twist yarns and specialty yarns with different blend styles. The Company possesses state-of-the-art Twin Air Jet Spinning technology from Murata, Japan with 28 MTS machines equivalent to 50,000 spindles. Visaka is the world's largest unit with MTS installation. This division is ISO and OEKO-TEX-certified and was awarded the Star Export House Status in 2004.

Highlights, 2010-11

- The Company reported a favourable good year for the following reasons:
 - Turnover increased to Rs. 143 crore (Rs. 120 crore in 2009-10)

- EBIDTA margins improved to 18.45% (17.19% in 2009-10)
- Net profit before tax increased to Rs. 22 crore (Rs. 15 crore in 2009-10)
- Cotton prices increased following crop shortage, which incentivised a conversion to synthetic alternatives, increasing realisations and sales.
- The Company exported 27% of its yarn output in 2010-11, a growth of 7% over the previous year. Export markets include Italy, Belgium, the UK, the USA, Spain, Germany, Turkey and Australia.
- The Company's domestic clients include Siyaram's, Pantaloon, Harry's Collection, RVIVA, Rolson Industries and BK Lane, among others.

Industry performance

The Indian textile and clothing market is currently estimated at US\$ 55 billion. The textile sector in India grew 7.5% in 2010-11, accounting for about 17% of the country's export earnings. The Indian textile and clothing market is expected to grow from US\$ 55 billion to US\$ 100-billion by 2015. The global per capita fibre consumption is expected to grow steadily to 11-12 kg per capita by 2025, indicating a growing global requirement for fibre.

Road ahead

The Company plans to increase value-added product exports even as yarn realisations are expected to decline.

Directors Report

To,
The Members,
Visaka Industries Limited

Your Directors are pleased to present the 29th Annual Report of the Company with Audited Balance Sheet and Statement of Accounts. The financial highlights are as follows:

(Rs. in lakhs)

Particulars	2010 – 2011	2009 – 2010
Gross Income	66552	63841
Profit for the year before taxation	6829	8637
Provision for taxation	2322	2916
Profit for the year after taxation	4507	5721
Balance brought forward from previous year	1489	696
Profit available for appropriation	5996	6417
Dividend on Equity Share Capital	794	794
Corporate Dividend Tax	132	134
Transfer to General Reserve	3500	4000
Balance carried to Balance Sheet	1570	1489

Dividend

Your Directors Declared Interim Dividend of Rs. 3/- (i.e. 30%) per share of Rs. 10/- each during the Financial Year 2010 -2011. Your Directors recommend payment of Final Dividend of Rs. 2/- (i.e. 20%) Per Share of Rs. 10/- each for the Financial Year ended on 31st March, 2011. With the above the total Dividend Paid will be Rs. 5/- (i.e. 50%) per Share of Rs. 10/- each. The Company is absorbing Corporate Dividend Tax of Rs. 131.89 lakhs on the Equity Dividend and the Dividend declared and paid this year is not taxable in the hands of Shareholders.

Management discussion and analysis

Your Company is in the Business of Manufacture and Sale of Cement asbestos Sheets, V – Boards (Fiber Cement Sheets) and Spinning Yarn.

A. Cement asbestos business

Industry structure and developments:

This industry is more than 73 years old industry in India.

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

Currently there are 20 entities in the Industry with about 68 manufacturing plants throughout the Country. The products are marketed under their respective brand names mainly through dealers for the retail market and directly for projects and government departments. The total production for the year 2010 - 2011 was estimated at 48 lac metric tones. The industry demand as measured by the total sales of the industry has been growing considerably over the years, the growth for the last year being about 2% (The sales increased from 41 lac metric tonnes in 2009 - 2010 to 42 lac metric tonnes during the year 2010 - 2011).

Opportunities and Threats:

Cement asbestos Sheets are mainly used as roofing materials in

rural and semi-urban housing and by industries and poultry sector.

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

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

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

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

The increased input cost is also a matter of concern.

Risks and Concerns:

Lack of entry barriers:

Lack of entry barriers is attracting new entrants into this line of business.

Increase in input costs

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

Activities of Ban Asbestos Lobby

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

A public interest litigation (W.P. No. 260 of 2004) filed by NGO named Kalyaneshwari seeking issue of writ of mandamus directing Union of India and States to immediately ban all uses of asbestos in any manner has been rejected by the Supreme Court of India.

Further the Supreme Court felt that case filed by Kalyaneshwari

lacks bona fides and is an abuse of the process of the court and case has been filed as proxy litigation for the purpose of achieving private interest. Supreme Court also observed that case was filed at the behest of rival business industrial group. It lacks merit therefore dismissed the writ petition and imposed simple imprisonment of one day with costs. Further the Court has directed the Registrar of Societies, Delhi, to take action against the contemnor society, namely, Kalyaneshwari and report back to the Court within 6 weeks.

Production and sales Volumes:

As against a production of 601973 tonnes during the previous year the production during the Financial Year ended 31st March 2011 was 589444 tonnes. The sales during the Financial Year Ended on 31st March 2011 was 583691 tonnes as against 558001 tonnes sold during the Financial Year 2009 – 2010 recording an increase of 4.60%.

Financial Performance:

The gross turnover of Cement asbestos Division during the year was Rs. 522.50 crores as compared to Rs. 502.76 crores during the previous year.

Outlook:

Since many new entrants have come competition has become acute.

Future plans

Cement asbestos sheet project at sambalpur district orissa.

The unit is expected to commence commercial production by end of June 2011.

Boards division

The total production for the period ended March 2011 was 32254 Metric tonnes as against production for the year ended March, 2010 of 19174 Metric Tonnes, and sales for the year ended on 31st March, 2011 was 28985 Metric Tonnes (including export of 5274 Metric Tonnes) as against 16806 (including export of 1131) Metric Tonnes for the previous year. The gross turnover from this division was Rs. 30.43 crores for the year ended 31st March 2011 compared to Rs. 15.80 crores in the previous year.

Outlook

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

Sandwiched Panel Unit

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

The production during the year was 5040 metric tonnes as against 1021 during the previous year. Sales was 4473 metric tonnes as against 838 metric tonnes during the previous year. The gross Sales Turnover was Rs. 619.61 lacs as against Rs. 111.71 lacs during the previous year.

B) Synthetic Yarn Business

Industry Structure and Developments:

The demand for Synthetic Yarn was good during the year 2010 – 2011 due to:

1. High Cotton Fibre / Yarn prices.
2. Short supply of Yarn due to power cut in various parts of the Country
3. Good demand for Indian Fabrics in International Market

Opportunities and Threats

The continued growth of GDP and demand for the Indian Fabric in the Domestic and International Market is an opportunity for us. The sudden fall in yarn prices and sluggish demand is a threat to Synthetic Industry.

Risks and Concerns:

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

Outlook:

The demand for yarn has suddenly come down. Import of yarn

from China is a matter of concern.

Production and Sales Volumes

The production in the spinning unit during the year 2010 - 2011 was 8733 metric tonnes as compared to 8705 metric tonnes during the previous year. The sales were 8750 metric tonnes of yarn (including export of 2363 metric tonnes) during the year 2010 - 2011 as compared to 8883 metric tonnes (including export of 1953 metric tonnes) in the previous year.

Financial Performance

The gross turnover of this division during the Current Year was Rs. 143.27 crores compared to Rs. 119.61 during the previous year.

Internal control systems and their adequacy

Your Company has in place adequate systems of internal control commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable Financial and Operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance of internal policies. The Company has a well defined delegation of power with authority limits for approving revenue as well as capital expenditure. Processes for formulating and reviewing annual and long term business plans have been laid down to ensure adequacy of the control system, adherence to the management instructions and legal compliances. The Company uses ERP (Enterprise Resource Planning) system to record data for accounting and connects to different locations for efficient exchange of information. This process ensures that all transaction controls are continually reviewed and risks of inaccurate Financial Reporting, if any, are dealt with immediately.

Material developments in human resources / industrial relations front

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

The total number of people employed in the company as on 31.03.2011 is 3751. 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, 2011 was Rs. 6.80 Crores. Deposits amounting to Rs. 8.74 Lacs remained unclaimed as on 31.03.2011. There are no unclaimed deposits which are transferable to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956.

Unclaimed dividend

As per the provisions of Section 205C of the Companies Act, 1956, Unclaimed Dividend amount of Rs. 4,54,173.00 in respect of the year 2002 – 2003 has been transferred to Investor Education and Protection Fund on 19.08.2010 upon expiry of the mandatory 7 years period. Letters have been sent to shareholders in respect of unpaid dividend for the year 2003-2004 advising them to encash their dividend warrants.

Banks and financial institutions

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

Corporate social responsibility

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

Main area of activity of the Trust is to provide Drinking Water by digging bore wells, construction of irrigation tanks in remote villages, building of Class Rooms in Schools and Colleges,

reimbursement of salaries of teachers, supply of class room furniture and conducting of health camps.

Directors

As per Article 120 of the Articles of Association of the Company, Shri. Gusti J Noria and Shri. P. Abraham retires by rotation. Shri. Gusti J Noria and Shri. P. Abraham being eligible offers themselves for reappointment.

Directors' responsibility statement

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

Corporate governance

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

Auditors

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

General

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

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

On behalf of the Board of Directors

Place: Secunderabad
Date: 27.05.2011

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, 2011.

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

	2010-2011	2009-2010
I. ELECTRICITY		
Purchase in Kwh	36559440	35530320
Amount (Rs.)	162225090	148259300
Average Rate (Rs./Unit)	4.44	4.17
II. OWN GENERATION		
Units Generated (KWH)	37141	9240
Units Per Liter of Diesel Oil (KWH)	3.42	2.59
Average Cost (Rs./Unit)	12.07	13.49

(c) Consumption Per Unit of Production

	2010-2011	2009-2010
Yarn production in (kgs)	8733499	8705200
Electricity units / kg of yarn	4.19	4.08

2. FORM B

Research & Development

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

Company:

Asbestos Division:

In respect of the Asbestos Division, the Company has been experimenting various substitutes both for cement and fibre and has also been varying the ratio of raw materials for improving quality and reducing cost.

Spinning Division:

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

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

Asbestos Division:

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

Spinning Division:

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

3. Future course of action:

Asbestos Division:

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

Spinning Division:

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

4. Expenditure on R&D:

No specific expenditure exclusively on R&D has been incurred.

The indigenous technology available is continuously being upgraded to improve the overall performance of the Company.

Foreign exchange earnings / Outgo

Our foreign exchange earnings / outgo during the year 2010-2011 are as follows:

Total foreign exchange used and earned:

(Rs. in lakhs)

	31.03.2011	31.03.2010
Earnings in foreign currency		
Export of Goods (FOB Value)	4100.22	2639.55
CIF value of Imports		
Raw Materials	16967.67	13751.73
Components and Spare Parts	33.81	49.32
Capital Goods	142.84	235.96

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, 2011.

Sl. No	Name and Qualifications	Age in years	Designation	Remuneration (Rs. in lakhs)	Experience (No. of years)	Date of Commencement of Employment	Last Employment (Position held)	Share-holding %
1.	Smt. G. Saroja Vivekanand, B.A.	46	Managing Director	323.13	8	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, 2011.

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

The Board of Directors and the Management of Visaka Industries Limited accept responsibility for the integrity and objectivity of these Financial Statements. The estimates and judgments relating to the Financial Statements have been made on a prudent and reasonable basis, in order that the Financial Statements reflect in a True and Fair manner, the form and substance of transactions,

and reasonably present the Company's State of Affairs and profits for the year. To ensure this, the Company has taken proper and sufficient care in installing a system of Internal Control and Accounting records, for safeguarding assets, and, for preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis. Our Internal Auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company have been followed. However, there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal controls and accounts.

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

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



REPORT ON

Corporate Governance

1. Company's philosophy on Corporate Governance Code

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

Your Company believes in a Code of Governance, which fulfills the Motto of "Service to Society through Commercial activities". We have implemented a Corporate Governance Code to ensure proper Quality, Customer Satisfaction, Prompt Payment to Suppliers, Good Employee-Employer relationship, Legal Compliance, Proper Debt Servicing, Maximize value to Equity Shareholders and responsibility to the nation by timely payment of taxes and as a premier Exporter.

2. Composition of Board of Directors

Your Company's Board is a professionally managed Board, consisting of 8 Directors, in all, categorized as under:

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

Number of Board Meetings held during the financial year 2010-2011 was 6. The dates on which these Meetings were held are 10.05.2010, 29.06.2010, 07.08.2010, 27.10.2010, 28.01.2011, 08.02.2011 respectively.

Details of Directors being appointed and re-appointed:

As per the Companies Act, 1956 Two Thirds of Directors should be retiring Directors. One – Third of these retiring Directors are required to retire every year and if eligible, these directors qualify for re-appointment.

Accordingly Shri. Gusti J Noria and Shri. P. Abraham retires by rotation at the ensuing Annual General Meeting.

A brief resume of Shri. Gusti J Noria and Shri. P. Abraham are given below.

Mr.Gusti J Noria, B. Sc, M.A is Managing Director of Normak Fashions Private Limited manufacturers of famous “Estelle” brand artificial jewelry. He has had a long and varied experience in manufacturing, marketing and Export of artificial jewelry Business. He has been on the Board of your Company since 2000.

Mr.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. He is a non-Whole time director.

3. Audit Committee

Terms of reference & composition:

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

Your Audit Committee consists of Five Members. Out of them four

are Non - Executive Independent Directors and the Managing Director, Vice Chairman, President (Finance) and Auditors are invitees to the meeting. President (Corporate) & Company Secretary of the Company is the Ex-Officio Secretary of the Audit Committee. The total number of meetings held was 4 on 10.05.2010, 07.08.2010, 27.10.2010 & 28.01.2011 respectively.

Shri. Bhagirat B. Merchant, Member and Chairman attended 4 meetings Shri. Gusti. J. Noria, Member of the Audit Committee attended 3 meetings of the Committee. Smt. G. Saroja Vivekanand, Member of the Audit Committee attended all the four meetings. Mr. V. Pattabhi attended 3 meetings. Shri.P. Abraham attended 2 meetings.

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

4. Remuneration Committee

The Company had set up a Remuneration Committee consisting of Shri. Bhagirat B. Merchant, Shri P. Abraham and Shri. Nagam Krishna Rao. Shri. K. V. Soorianarayanan, President (Corporate) & Company Secretary is the Ex-Officio Secretary of the Remuneration Committee. Remuneration Committee meeting was held for appointing Smt. G. Saroja Vivekanand as Managing Director on 10th May, 2010 and to fix remuneration to Smt G.Saroja Vivekanand and Shri M. P. V. Rao. 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 2010-2011 are given below:

(in Rupees)

Director	Designation	Salary	Perquisites	Commission	Sitting Fees	Total
Mr. Bhagirat B. Merchant	Chairman	Nil	Nil	750000	55000	805000
Dr. G. Vivekanand	Vice – Chairman	Nil	Nil	Nil	Nil	Nil
Smt. G. Saroja Vivekanand	Managing Director	24,00,000	24,13,893	27500000	Nil	32313893
Mr. M.P.V. Rao	Whole Time Director	1873316	1947453	Nil	Nil	3820769
Mr. Nagam Krishna Rao	Director	Nil	Nil	750000	5000	755000
Mr. Gusti J Noria	Director	Nil	Nil	750000	40000	790000
Mr. V. Pattabhi	Director	Nil	Nil	750000	45000	795000
Mr. P. Abraham	Director	Nil	Nil	750000	30000	780000

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

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

5. Shareholders/Investors Grievances Committee

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

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

We received 12 complaints from the shareholders during the year and solved all these complaints to the satisfaction of the shareholders. Details are given hereunder:

Nature of complaint	No. of complaints received and resolved
SEBI complaints	2
Non-receipt of dividend warrants	5
Non-receipt of share certificates	0
Non-receipt of annual reports	5
Dematerialisation of shares	0
Stock exchange complaints	0

Number of pending complaints: NIL

6. General Body Meetings

Sl. No.	Date of Annual General Meeting (AGM)	Time	Whether Special Resolution Passed	Location
1.	29.06.2010	11.00 A.M.	Yes	Regd. Office: Survey No. 315, Yelumala village, R.C. Puram Mandal, Medak District-502 300, Andhra Pradesh
2.	16.06.2009	11.00 A.M.	No.	
3.	28.07.2008	11.00 A.M.	Yes	

7. Disclosures

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

(b) Your Company has complied with all the provisions of the Companies Act, 1956, Rules and Regulations of the said Act, SEBI Guidelines, Stock Exchange Regulations and rules and regulations of other Statutory Authorities and there were no strictures, penalties

imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last 3 years.

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

8. Means of Communication

Quarterly results of the Company are published in Business Standard (English edition) and Surya (Regional edition) newspapers respectively. Annual results of the Company are displayed on the Company's website – “www.visaka.in”. The website also displays information about the Company and its products. The Management Discussion and Analysis Report forms part of the Directors Report.

9. General Shareholder's Information

Annual General Meeting (AGM) Date	25.07.2011
Time	10.30 A.M
Venu	Regd. Office: Survey No. 315, Yelumala Village, R.C. Puram Mandal, Medak District, Andhra Pradesh
Financial Year	2010 – 2011
Book Closure Date	20.07. 2011 – 22.07.2011
Rate of dividend recommended	Rs. 5 (i.e. %) including Rs. 3 interim dividend declared by Board of Directors.
Dividend Payment Date	22.08.2011
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 2010-2011.

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, 2011.

S.No	Month	Price		Volume Traded
		High	Low	
1.	April	187.40	123.95	2773129
2.	May	192.90	153.00	2797368
3.	June	161.60	158.15	1095907
4.	July	186.90	158.05	1092549
5.	August	156.05	151.00	1386974
6.	September	159.75	154.70	917752
7.	October	161.00	138.80	806511
8.	November	149.65	115.00	534908
9.	December	139.75	120.10	234980
10.	January	136.50	110.00	180035
11.	February	117.95	92.20	180065
12.	March	109.60	96.50	335454

Registrar and share transfer agents:

M/s Sathguru Management Consultants Pvt. Limited,
Plot No. 15, Hindi Nagar, Punjagutta,
Hyderabad 500034.

Telephones : 0091-40-30160333

Fax numbers: 0091-40-40040554

E-mail : STA@sathguru.com

Share transfer system:

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

Distribution of shareholding

Distribution of shareholding as on 31.03.2011

Category	No. of Shares held	% of Holding
Promoter's Holding		
Promoters		
Indian promoters	5987530	37.70
Foreign promoters	–	–
Persons acting in concert	–	–
Sub total	5987530	37.70
Non-promoter's holding		
Institutional investors		
Mutual funds and UTI	9302	0.06
Banks, insurance companies, financial institutions, Central/State Govt. Inst / Non-Government Institutions	222711	1.40
Foreign institutional investors	465021	2.93
Sub total	697034	4.39
Others		
Private corporate bodies	3296716	20.76
Indian public	5682455	35.78
NRI's / OCBs	217217	1.37
Any other (Please Specify)	–	–
Sub total	9196388	57.91
Grand total	15880952	100.00

Distribution schedule

As on March 31st, 2011, the Distribution Schedule was as follows:

Category (no. of shares)		No. of shareholders	% of total shareholders	No. of shares	% of total shares
From	To				
1	5000	13559	88.05	1951725	12.29
5001	10000	933	6.06	746393	4.70
10001	20000	450	2.92	689384	4.34
20001	30000	149	0.97	384618	2.42
30001	40000	78	0.51	283689	1.79
40001	50000	54	0.35	254590	1.60
50001	100000	96	0.62	737756	4.65
100001	Above	81	0.53	10832797	68.21
	Total	15400	100.00	15880952	100.00

Dematerialisation of shares and liquidity:

As on 31.03.2011, 96.20% of the paid up share capital of the Company has been dematerialized.

There were no outstanding GDRs/ADRs.

Plant Locations: Elsewhere given in the annual report

10. Investor relations

Enquiries, if any relating to shareholder accounting records, share transfers, transmission of shares, change of address / bank mandate details for physical shares, receipt of dividend warrants, loss of share certificates etc., should be addressed to:

M/s. Sathguru Management Consultants Private Limited

Registrars and Share Transfer Agents

Plot No. 15, Hindi Nagar Colony

Punjagutta, Hyderabad.

Pin: 500 034.

Telephones : 091 - 040 – 30160333

Fax numbers : 091 - 040 – 40040554

E-mail ID : sta@sathguru.com

(OR) directly to the Company to:

The President (Corporate) & Company Secretary

Visaka Industries Limited

Visaka Towers, 1-8-303/69/3

S.P. Road, Secunderabad.

Pin: 500 003.

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

Fax numbers : 091 - 040 – 27813837

Investor grievances

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

E-mail ID for registering

investor complaints : soori@visaka.in

Compliance officer : K.V. Soorianarayanan
President (Corporate) &
Company Secretary

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



Declaration by CEO of the Company on code of Conduct

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

I hereby declare that:

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

For **Visaka Industries Limited**

Place: Secunderabad
Date: 27.05.2011

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.

3. 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 to lack of adequate scientific knowledge ex. Usage of amphibole (blue) variety in such applications resulted in unfortunate western experience. Though these particular usages have since been discontinued in the west, the claims relating to the past

keep appearing in the media resulting in general confusion. In India asbestos fibre was never used as sprayed insulation.

- b) But, once the scientific research into the risks of asbestos was set in motion, development and installation of pollution control systems took place, enabling the asbestos mining and asbestos cement Industries to maintain safe and acceptable levels of dust pollution at the work places.
- c) Once the safety fears were defined, the Governments have stepped in and laid down pollution control regulations and the mechanisms to enforce their compliance. Compliance with these regulations and standards assure the workers in asbestos-cement Industries a risk-free environment.

For the consumer, the Asbestos Cement products were always safe

4. What is the situation in India

- a) Blue asbestos which lead to health problems which banned through out the world including in India.
- b) In India, only the chrysotile variety of asbestos, which is considered safer, is used in asbestos-cement products, namely, sheets and pipes. The fibers are mixed and bonded with cement and other raw material. After all the fibres are locked into the matrix there is no chance of air contamination.
- c) Even in the West, studies of workers using only chrysotile to make AC Products have no increased risks as per study by reputed scientists. Similar is experience in India with workers in asbestos-cement product industry without any adverse health effects in spite of decades of service, there being no risk of exposure to asbestos dust because of (1) Not using amphibole asbestos considered hazardous. (2) Adopting west process (3) Observing pollution 'control measures installed in the factories. Health of the workers is closely monitored as per directives and regulations of the government agencies.
- d) There is no risk whatsoever in living or working under the AC roof, as asbestos fibres are bonded (locked in) with cement and cannot get released in to the atmosphere.
- e) Transportation of drinking water in AC pipes is absolutely

safe as confirmed by the World Health Organization. Ingested asbestos if any does not pose any health risk.

- f) Apart from the Fibre Variety, the health problems, which arose in the West in the past, were because of usage of mixed asbestos in the buildings, mostly in friable form for insulation purposes. Indian climatic conditions never required the type of asbestos spraying and insulation, at one time common in the West. Thus, the health hazards and risks associated with the past asbestos fibre usage in the western countries, have nothing to do with the asbestos products or applications in India.
- g) "In India Asbestos Cement sheets have been extensively used by Indian Railways for the last 50 years to provide the safest form of roofing to the thousands of Railway Platforms across the country where over 1 crore people step everyday. It is noteworthy that AC Sheets have withstood the test of time with no reported risk/casualty to the Indian traveler nor has there been any adverse effect on the local environment.

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

- h) It is worth noting that India uses only about 6 to 7% of the asbestos produced in the world. (The rest is used in other countries, where obviously, controlled usage is favored as in India)
- i) All the member industries of chrysotile asbestos cement products manufacturers association (CACPMA) carry out dust level measurements and health surveillance programs as prescribed by regulatory authorities. Directorate General of Factory Advisory Services & Labour Institutes (DGFASLI) has taken up a multi disciplinary national project on occupational health and working environment in asbestos industries in the year 2004. The dust levels measured in various departments of twelve factories were less than 0.13 fibre/ml of air. 620 randomly selected employees of above factories were medically screened for asbestos related diseases. No asbestos related diseases

were detected in above employees who are exposed to chrysotile fibre for the last 5-20 years.

5. What are the policies of government of India on asbestos

- a) The Government of India has constituted various expert committees to study the asbestos industry and having been satisfied that asbestos does not actually pose a health risk to the workers at the manufacturing plants so long as the work place pollution controls were in place, or to the public who use the asbestos-cement products, the Ministry of Industry, Government of India, have favoured controlled usage.
- b) The Ministry of Industry, Ministry of Labour, Ministry of Environment, Ministry of Consumer Affairs, Bureau of Indian Standards, et al have laid-down regulations, standards, guidelines and recommendations specific to the asbestos industry, in line with those of International Labour Organization, World Health Organization and other bodies. The Central and State Pollution Control Boards, Labour and Factory Inspectors also regularly monitor the factories' compliance with the mandatory safety standards and pollution control levels.
- c) The latest expert committee reviews of Ministry of Environment, Central Pollution Control Board, and Ministry of Consumer Affairs and Bureau of Indian Standards completed in the year 2002-03 have concluded that the asbestos-cement Industry can operate in a safe environment under the laid-down pollution control levels.

6. Are there any court rulings on asbestos usage?

- a) Concerns caused by the past medical findings in the Western countries, when asbestos applications were indiscriminate and bereft of pollution controls, resulted not only in anti-asbestos media campaign and litigation, but also led some environmental activists and NGOs approaching the courts for effective remedies
- b) The Supreme Court of India has, in Jan 1995, disallowed one such appeal and permitted the continued usage of asbestos and, asbestos products, as the petitioners failed

to produce evidence to prove that asbestos-based items or their manufacturing process in India were dangerous to health. The Supreme Court had laid down certain guidelines and the implementation of the same are being monitored by the Chrysotile Information Centre.

- c) After considering a strong case by the powerful Environmental Protection Agency, the United States Court of Appeals has, in 1991, rejected an appeal for phasing out asbestos cement and other asbestos based products in USA, again for lack of evidence to warrant such a prohibition.
- d) Most recently in June 2001, the Supreme Court in Brazil has also rejected a petition by some activists for ban of asbestos cement production. Brazil, incidentally is one of the largest producers and users of asbestos

7. Are asbestos and asbestos cement products still used in other countries

- a. There is no ban on production or usage of asbestos cement sheets or pipes in USA and Canada and most of the other world nations. Less than a dozen countries have regulations restricting use of asbestos based products most of which had, in any case, been phased out much earlier.
- b. The USA still imports AC pipes for water transportation.
- c. Most recently in 2001, Canada has reintroduced asbestos to make asphalt asbestos compound for re-paving of the roads, for more flexibility, resistance and for reducing fissures on the road surface.
- d. As said earlier, even today, Russia, China, Japan, Thailand, India, Brazil and Indonesia are among the largest users of AC sheets and other products.
- e. About 94% of Chrysotile Asbestos produced worldwide is consumed by countries other than India. India uses barely 6 to 7% of world's asbestos fibre production. This goes to prove that AC sheet and pipe production and usages of these products are very much prevalent in most of the world.
- f. This asbestos production and usage in most countries confirms that these products do not cause the health problems as propagated by some zealots and industrial

competitors. There are activists everywhere who pursue some issue or the other, often with inadequate research or deliberately fed misinformation for their personal gains, Asbestos is merely one such issue, which 95% of the world nations chose to ignore.

8. Are workmen installing ac roof at risk of exposure to asbestos

- a) No certainly not, when the recommended work practices are followed while on the job.
- b) A typical study was conducted on handling, cutting & installation of asbestos cement roofing sheets. The typical test results show the fibre concentration in air sampling is found to be around 0.07 fibre/cc which is far below the level of 0.5 fibre/cc envisaged.

9. Is It Dangerous To Live Or Work Under An Asbestos Cement Roof?

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

10. Is public at risk due to weathering of asbestos cement products

- a) Asbestos cement sheets do not decay or rot because of the inherent properties of asbestos fibre and cement. These do not crumble due to continued exposure to the elements or due to age. There is no evidence that people living under asbestos-cement roof, or the general public living around asbestos →cement-roofed buildings or factories producing asbestos cement products have been specifically affected in any manner.
- b) In fact studies have concluded that increase in asbestos dust concentration in the near vicinity of asbestos cement roofing is so insignificant that it cannot be detected even by a scanning electron microscope.

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

Even the World Health Organization has approved the

usage of AC pipes for drinking water. As stated earlier, the most health conscious USA uses AC pipes for drinking water transportation.

12. What is the latest that is heard in the West about' asbestos?

- a) The Times, London, 18 Sept 2001, quoting Mr. Richard Wilson, Professor .of Physics at Harvard University in Cambridge, Massachusetts, USA, reported that "asbestos is the best Insulator we know of, and not to use it because of hysterical public health reasons, is absurd".
- b) The Wall Street Journal, USA, 19 October 2001, in an article captioned "EPA comes clean on Asbestos", reported "Faced with a public 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 Ministry 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 reactive, ignitable or toxic.	Asbestos cement is completely safe. It is not corrosive,
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 Asbestos fibres in water are ingested without any harm whatsoever. Therefore the AC water pipes pose no threat.
4.	Asbestos cement production is banned in the USA	The US Court of Appeals rejected a proposed ban on scientific grounds. Asbestos-cement products are not banned in the USA

SL No.	Characteristics	A C Sheets	Corrugated Galvanized Iron Sheets	Aluminum Sheets
1.	Life Span (Years)	50 (Min.) Non-Corrosive	10-15	N.A.
2.	Maintenance	Nil	Every 3-5 years	Nil
3.	Fire Rating	Retardant	Tendency to Twist and melt	Tendency to twist and melt
4.	Thermal Insulation	Good	Poor	Poor
5.	Accoustic Rating	Good	Poor	Poor
6.	Absorption of rain and wind noise	Good (deadens these noises)	Poor	Poor
7.	Energy consumption required in production (kwh/Sqm.)	2.4	36.6	33.0
8.	Man Power potential	Intensive	Low	Low
9.	Wind resistance when installed	Good	Poor	Poor
10.	Weather effect	None	None	Surface Oxidation
11.	Bimetallic Reaction	None	None	Present in contact with concrete and other metals presence of moisture



SL No.	Characteristics	A C Sheets	Corrugated Galvanized Iron Sheets	Aluminum Sheets
12.	Condensation	Low and will not affect sheet	High and will affect sheet	High and will result in corrosion
13.	Effect of high winds	Minimum	Unacceptable rattling sound	Rattling sound
14.	Noise level	Low	High	High
15.	Protective coating	Not required	Not required	Required to avoid direct contact with cement, limesoil, iron, copper etc.
16.	Storage	Can be stored in open space at work site	Needs closed godown for storage to avoid weather assaults	Needs closed godown for storage to avoid weather assaults
17.	Coverage Efficiency	Approx. 50% higher taking into account lap losses.	Effective laid area becomes only 67% as compared to AC Sheets.	Effective laid area becomes only 67% as compared to AC Sheets.
18.	Cost	Low	High	Highest

Brief on Dr. David Bernstein's Study

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

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

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

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



FINANCIAL SECTION



Auditors' Report

To
The Members of
Visaka Industries Limited

1. We have audited the attached Balance Sheet of **Visaka Industries Limited**, as at 31st March, 2011, the Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our Comments in the annexure referred to in paragraph 3 above, we report that;
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our Audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books;
 - c) The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt by this report comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - i. in the case of the Balance Sheet, of the State of Affairs of the company as at 31st March, 2011;
 - ii. in the case of the Profit & Loss account, of the Profit of the Company for the year ended on that date; and
 - iii. in the case of the Cash Flow statement, of the Cash Flows for the year ended on that date.

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

A.V.Sadasiva
Partner

Place: Secunderabad
Date: 27th May, 2011

M.No.18404
Firm Regn. No.000125S

Annexure

Re: Visaka Industries Limited

Referred to in Paragraph 3 of our report of even date

- i. a. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. According to the information and explanations given to us, the company has a phased programme of verification of fixed assets that is reasonable having regard to the size of the company and the nature of its business.
- c. The Company has not disposed of any substantial part of its fixed assets so as to affect its going concern status.
- ii. a. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c. The Company has maintained proper records of its inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii. a. The Company has taken an 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 Rs.1082.50 Lakhs and the year-end balance of loans taken is Rs.467.06 Lakhs. The Company has not granted loan to any party covered in the register maintained under section 301 of the Companies Act, 1956.
- b. In our opinion, the rate of interest and other terms and conditions on which loans have been taken from the parties covered in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie prejudicial to the interest of the Company.
- c. The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
- d. There is no overdue amount of loans taken from the Company listed in the register maintained under section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- v. a. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. i. 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



Annexure (Contd.)

Re: Visaka Industries Limited

are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.

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

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

ix. a. According to the information and explanations given to us and the records of the company examined by us, the Company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales tax, custom duty, excise duty, cess and other statutory dues as applicable with the appropriate 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, 2011 which have not been deposited on account of dispute pending, are as under:

Name of the Statute	Nature of the Dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income-Tax Act, 1961	Income Tax	2.34	F.Y 2002-2003	DCIT
Income-Tax Act, 1961	Income Tax	39.41	F.Y 2007-08	CIT (Appeals)
Central Excise Act, 1944	Excise Duty	1323.85	F.Y 2003-04 & 2004-05	CESTAT, Chennai
Central Excise Act, 1944	Penalty	1323.85	F.Y 2003-04 & 2004-05	CESTAT, Chennai
Sales Tax Act – State of Bihar	VAT/Interest/ Penalty	10.93	F.Y 2005-06	Joint Commissioner (Appeals)
Central Sales Tax Act, 1956	Central Sales Tax	3.23	F.Y 2008-09	Deputy Commissioner (CT) Hyderabad
Service Tax (Finance Act, 1994)	Service Tax	1.76	January 2005 To September 2005	High Court
Service Tax (Finance Act, 1994)	Service Tax	1.67	October 2005 To March 2006	High Court
Service Tax (Finance Act, 1994)	Service Tax	2.09	April 2006 To September 2006	Bhandara Division, Nagpur
Service Tax (Finance Act, 1994)	Service Tax	1.64	October 2006 to February 2007	Bhandara Division, Nagpur

Annexure (Contd.)

Re: Visaka Industries Limited

- x. The company has no accumulated losses and it has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.
- xii. According to information and explanations given to us and based on the documents and records produced to us, the Company has maintained adequate documents and records in respect of loans and advances granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly the provisions of clause 4(xiii) 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, financial misappropriation of Rs.16 Lakhs by an employee of the Company has been brought to the notice of the Company during the year under audit and the amount recovered through possession of employee's property which is estimated to cover the misappropriation.

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

A.V.Sadasiva
Partner

Place: Secunderabad
Date: 27th May, 2011

M.No.18404
Firm Regn. No.0001255



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, 2011 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, 2011, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

A.V.Sadasiva
Partner

Place: Secunderabad
Date: 27th May, 2011

M.No.18404
Firm Regn. No.000125S

Balance Sheet as at 31st March, 2011

(Rs. in lakhs)

	Schedule	31st March, 2011	31st March, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	1592.07	1592.07
Reserves and Surplus	2	24543.02	21980.72
		26135.09	23572.79
Loan Funds			
Secured Loans	3	14294.79	11654.91
Unsecured Loans	4	4590.19	4548.58
		18884.98	16203.49
Deferred Tax Liabilities (Net)	5	2290.41	1193.52
Total		47310.48	40969.80
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	6	33750.34	33098.47
Less: Depreciation		13525.50	12322.45
Net Block		20224.84	20776.02
Capital Work in Progress/Advances		2797.85	915.86
		23022.69	21691.88
Investments	7	1496.68	229.82
Current Assets, Loans & Advances			
Inventories		14827.92	11666.68
Sundry Debtors		6948.42	5076.61
Cash and Bank Balances		5385.44	6087.20
Loans and Advances		8909.81	7825.73
		36071.59	30656.22
Less Current Liabilities & Provisions	9		
Current Liabilities		5936.63	5718.69
Provisions		7343.85	5889.43
		13280.48	11608.12
Net Current Assets		22791.11	19048.10
Notes on Accounts	14		
Total		47310.48	40969.80

Schedules 1 to 14 annexed here to form part of these Accounts.

As per our report of even date

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

A. V. Sadasiva
Partner
Membership No. 18404

Place: Secunderabad
Date: 27th May, 2011

For and on behalf of the Board of Directors

Bhagirat B. Merchant
Chairman

Gusti J Noria
Director

M. P. V. Rao
Whole Time Director

Dr. G. Vivekanand
Vice-Chairman

V. Pattabhi
Director

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

Smt. G. Saroja Vivekanand
Managing Director



Profit and Loss Account for the year ended 31st March, 2011

(Rs. in lakhs)

	Schedule	31st March, 2011	31st March, 2010
INCOME			
Gross Sales		70,241.70	63,930.59
Less: Excise Duty		5,212.13	3,505.85
Net Sales		65,029.57	60,424.74
Other Income	10	1,068.00	835.03
Increase/(Decrease) In Inventories	11	454.97	2,581.30
		66,552.54	63,841.07
EXPENDITURE			
Raw Material Consumption		37,073.25	33,622.02
Manufacturing and Other Expenses	12	20,033.43	18,650.34
		57,106.68	52,272.36
Profit Before Interest & Depreciation		9,445.86	11,568.71
Interest	13	976.53	1,092.77
Depreciation	6	1,640.09	1,839.12
Profit before Taxation		6,829.24	8,636.82
Provision for			
Current Tax / Earlier Years		2,244.11	2,847.86
Deferred Tax		77.73	67.82
Profit for the year after Taxation		4,507.40	5,721.14
Balance brought forward from Earlier Year		1,488.82	695.45
Profit available for appropriation		5,996.22	6,416.59
Interim Dividend		476.43	476.43
Final Dividend		317.62	317.62
Corporate Dividend Tax		131.89	133.72
Transfer to General Reserve		3,500.00	4,000.00
Balance Carried to Balance Sheet (Schedule 2)		1,570.28	1488.82
Earnings Per Share			
Basic		28.38	36.03
Diluted		28.38	36.03
Notes on Accounts	14		

Schedules 1 to 14 annexed here to form part of these Accounts.

As per our report of even date

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

A. V. Sadasiva
Partner
Membership No. 18404

Place: Secunderabad
Date: 27th May, 2011

For and on behalf of the Board of Directors

Bhagirat B. Merchant
Chairman

Gusti J Noria
Director

M. P. V. Rao
Whole Time Director

Dr. G. Vivekanand
Vice-Chairman

V. Pattabhi
Director

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

Smt. G. Saroja Vivekanand
Managing Director

Cash Flow Statement For the year ended 31st March, 2011

(Rs. in lakhs)

	31st March, 2011	31st March, 2010
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extra-ordinary items	6829.24	8636.82
Adjustments for:		
Depreciation	1640.09	1839.12
Loss on Sale of Fixed Assets	0.40	18.64
Fixed Assets Written Off	2.23	280.64
Profit on Redemption of Investments	(0.40)	(8.89)
Interest Expenses	976.53	1092.77
Operating Profit before working capital changes	9448.09	11859.10
Working Capital Changes:		
(Increase) / Decrease in Trade and other receivables	(1339.90)	412.82
(Increase) / Decrease in Inventories	(3161.24)	(2670.05)
Increase / (Decrease) in Trade Payables	123.22	564.70
Cash Generated from Operations	5070.17	10166.57
Direct Taxes paid	(2341.25)	(2632.02)
Cash Flow from Operating Activities	2728.92	7534.55
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(3008.05)	(2968.27)
Proceeds on sale /Adjustments to Fixed Assets	34.52	14.10
Investments/Advances towards Share Capital	(1266.86)	(8.32)
Profit on Redemption of Investments	0.40	8.89
Cash Flow from Investing Activities	(4239.99)	(2953.60)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Long Term Borrowings	(3277.19)	(1943.51)
Increase/(Decrease) in Short Term borrowings (Including Working Capital)	5958.68	1271.96
Dividend paid Including Corporate Dividend Tax	(921.10)	(1291.64)
Interest Expenses	(951.08)	(1086.43)
Cash Flow from Financing Activities	809.31	(3049.62)
Net increase in Cash and Cash equivalents	(701.76)	1531.33
Cash and Cash equivalent as at 31.03.2010	6087.20	4555.87
Cash and Cash equivalent as at 31.03.2011	5385.44	6087.20

Note: The Cash Flow Statement has been prepared as per indirect method as set out in Accounting Standard-3 "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.

As per our report of even date

For and on behalf of the Board of Directors

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

Bhagirat B. Merchant
Chairman

Dr. G. Vivekanand
Vice-Chairman

Smt. G. Saroja Vivekanand
Managing Director

A. V. Sadasiva
Partner
Membership No. 18404

Gusti J Noria
Director

V. Pattabhi
Director

Place: Secunderabad
Date: 27th May, 2011

M. P. V. Rao
Whole Time Director

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



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

(Rs. in lakhs)

	31.03.2011	31.03.2010
SCHEDULE 1 SHARE CAPITAL		
Authorised Capital		
3,00,00,000 Equity Shares of Rs.10/- each	3000.00	3000.00
5,00,000 12% Cumulative Redeemable Preference Shares of Rs.100/- each	500.00	500.00
	3500.00	3500.00
Issued, Subscribed & Paid-up Capital		
15880952 Equity Shares of Rs 10/- each fully paid up in cash	1588.10	1588.10
Add: Shares forfeited - 79408 Shares	3.97	3.97
	1592.07	1592.07

	Balance as on 01.04.2010	Additions	Deductions	Balance as on 31.03.2011
SCHEDULE 2 RESERVES AND SURPLUS				
Central Subsidy	30.00	-	30.00	-
Capital Reserve	139.29	30.00	-	169.29
Securities Premium	4903.45	-	-	4903.45
Deferred tax Reserve	1019.16	-	1019.16	-
General Reserve	14400.00	3500.00	-	17900.00
Profit & Loss Account	1488.82	81.46	-	1570.28
	21980.72	3611.46	1049.16	24543.02
Figures for the Previous Year	17187.35	4793.37	-	21980.72

Notes:

- During the year, the Company has transferred Central subsidy of Rs 30 Lakhs pertaining to the Textile Unit at Nagpur to Capital Reserve.
- During the year, Deferred Tax Reserve of Rs.1019.16 Lakhs created on the application of transitional provisions as per the Accounting standard -22 issued by the ICAI in the year 2001-02 is transferred to Deferred Tax Liability.

	31.03.2011	31.03.2010
SCHEDULE 3 SECURED LOANS		
From Banks		
- Rupee Term Loans	1,269.75	4,982.16
- Working Capital	13,025.04	6,672.75
	14,294.79	11,654.91

Notes:

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

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

(Rs. in lakhs)

	31.03.2011	31.03.2010
SCHEDULE 4 UNSECURED LOANS		
Short Term Loans from Banks	1,519.83	2,000.00
Deposits from Public	680.08	485.88
Inter Corporate Deposits	467.06	380.50
Security Deposits from Stockists & Others	1,581.31	1,341.11
Interest free Sales Tax Loan	221.25	221.25
Others	120.66	119.84
	4,590.19	4,548.58

SCHEDULE 5 DEFERRED TAXES				
Deferred Tax Asset				
Opening Balance	68.97		93.59	
Less: Reversed during the year	4.12	64.85	24.62	68.97
		64.85		68.97
Deferred Tax Liability				
Opening balance	1262.49		1,219.30	
Add: Additions during the Year *	1092.77		43.19	
Less: Reversed during the year	-		-	
		2,355.26		1,262.49
		2,355.26		1,262.49

* Refer Note No.2 given in Schedule 2 " Reserves & Surplus"

SCHEDULE 6 FIXED ASSETS								
	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 01.04.2010	Additions	Deductions/ Adjustments	As at 31.03.2011	Depreciation for the year	Total Depreciation	As at 31.03.2011	As at 31.03.2010
Tangible:								
Land	2319.55	157.61	-	2477.16	-	-	2477.16	2319.15
Buildings	9506.90	122.46	28.16	9601.20	229.61	1701.08	7900.12	8034.13
Plant & Machinery	19853.66	639.63	6.03	20487.26	1310.40	11274.56	9212.70	9889.40
Furniture & Fixtures	229.89	16.65	-	246.54	12.22	153.26	93.28	88.85
Office Equipment	170.96	20.32	0.24	191.04	8.55	85.97	105.07	93.57
Vehicles	310.39	60.13	15.19	355.33	30.98	104.29	251.04	225.86
Data Processing Equipment	283.12	109.26	0.57	391.81	48.33	206.34	185.47	124.66
Intangible:								
Advertisement Rights	424.00	-	424.00	-	-	-	-	-
Total	33098.47	1126.06	474.19	33750.34	1640.09	13525.50	20224.84	20776.02
Previous Year	31234.19	3103.78	1239.50	33098.47	1839.12	12322.45	20776.02	19824.75

Notes:

Deduction of Rs 424 lakhs under advertisement rights represents amount depreciated as at the end of the previous year . Accordingly an equal amount has been reduced in the total depreciation.



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

(Rs. in lakhs)

	31.03.2011	31.03.2010
SCHEDULE 7 INVESTMENTS		
NON-TRADE-UNQUOTED (at Cost)		
Long Term Investments		
Visaka Thermal Power Limited		
22,15,000 Equity Shares of Rs.10/- each	221.50	0.50
(Previous Year 5000 shares of Rs 10 each)		
Advance against Share Capital	25.18	229.32
Somerset Entertainment Ventures (Singapore) Pvt Ltd		
Advance against Share Capital *	1,250.00	–
	1,496.68	229.82

* Against 10% stake in Singapore based Sports Promotion Company.
The equity shares are allotted on 6th April 2011.

SCHEDULE 8 CURRENT ASSETS, LOANS & ADVANCES		
A) Current Assets		
Inventories (As certified and valued by the Management)		
Stores & Spares	393.21	400.26
Raw Materials	7,132.80	4,419.48
Work-in-Process	2,056.15	1,896.40
Finished goods	5,245.76	4,950.54
	14,827.92	11,666.68
Sundry Debtors		
Secured- Considered good		
Over Six Months	10.47	12.74
Others	994.07	795.59
Unsecured-Considered good		
Over Six Months	69.78	51.01
Others	5,874.10	4,217.27
Over Six Months - Considered Doubtful	90.38	87.97
	7,038.80	5,164.58
Less : Provision for Doubtful debts	90.38	87.97
	6,948.42	5,076.61
Cash & Bank Balances		
Cash on hand	92.63	93.69
Balance with Scheduled Banks:		
– On Current Account	5,218.78	3,705.26
– On Deposit Account	74.03	2,288.25
	5,385.44	6,087.20

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

(Rs. in lakhs)

	31.03.2011	31.03.2010
SCHEDULE 8 CURRENT ASSETS, LOANS & ADVANCES (Contd.)		
B) Loans & Advances (Unsecured)		
Advances recoverable in cash or in kind or for value to be received	2,149.78	2,751.63
Less: Provision for doubtful advances	388.00	388.00
	1,761.78	2,363.63
Deposits with Government	365.95	321.15
Intercompany deposits	21.63	–
Other Deposits	22.55	19.04
Advance Tax	6,737.90	5,121.91
	8,909.81	7,825.73

SCHEDULE 9 CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors		
Micro, Small & Medium Enterprises *	–	–
Others:		
– for Goods	1,427.20	1,408.45
– for Expenses	4,363.26	4,194.37
Interest accrued but not due	86.54	61.09
Unclaimed Dividend	59.63	54.78
	5,936.63	5,718.69
Provisions		
Provision for Taxation	6,939.69	5,420.85
Provision for Employees' Benefits	33.79	98.21
Proposed Dividend		
Equity Share Capital	317.62	317.62
Corporate Dividend tax	52.75	52.75
	7,343.85	5,889.43

*Refer Note No. 3 to Schedule -14

SCHEDULE 10 OTHER INCOME		
Interest	125.05	116.96
Insurance Claims	108.86	131.47
Export Incentives	308.18	201.55
Profit on Redemption of Investments	0.40	8.89
Foreign Exchange Gain	61.03	224.20
Profit on Sale of Assets	1.89	–
Other Miscellaneous Income	462.59	151.96
	1,068.00	835.03



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

(Rs. in lakhs)

	31.03.2011	31.03.2010
SCHEDULE 11 INCREASE/(DECREASE) IN INVENTORIES		
Closing Inventories		
Finished Goods	5,245.76	4,950.54
Work in Process	2,056.15	1,896.40
	7,301.91	6,846.94
Opening Inventories		
Finished Goods	4,950.54	2,871.21
Work in Process	1,896.40	1,346.81
Stock of Trial Production	–	47.62
	6,846.94	4,265.64
Increase /(Decrease) in Inventories	454.97	2,581.30

SCHEDULE 12 MANUFACTURING AND OTHER EXPENSES		
Consumable Stores & Spares	2,543.19	2,320.32
Power & Fuel	3,349.91	2,954.94
Rent	61.73	57.20
Rates & Taxes		
– Excise Duty	66.37	611.92
– Others	79.39	153.85
Repairs & Maintenance		
– Buildings	252.95	157.91
– Plant & Machinery	380.61	330.40
– Others	200.76	188.57
Employee Cost		
– Salaries Wages & Bonus	2,821.38	2,464.09
– Company's Contribution to Provident Fund & Other Funds	288.58	184.90
– Workmen & Staff Welfare	277.61	235.86
Insurance	141.42	138.90
Travelling & Conveyance	454.45	372.64
Printing & Stationery	112.00	54.31
Freight	5,204.81	4,648.08
Commission & Discount	388.48	308.32
Advertisement & Sales Promotion	531.56	610.13
Vehicle Expenses	226.51	196.08
Sales Tax	17.61	6.42
Postage & Telephone	94.23	98.17
Bank Charges	176.77	147.00
Auditors' Remuneration	15.74	9.50
Directors Sitting Fee	1.75	2.05
Loss on Sale of Fixed Assets	2.29	18.64
Provision for Bad & Doubtful debts	2.41	–
Bad Debts Written Off	0.25	2.04
Fixed Assets Written Off	2.23	280.64
Contract Labour / Handling expenses	1,049.50	796.80
Other Expenses	1,288.94	1,300.66
	20,033.43	18,650.34

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

(Rs. in lakhs)

	31.03.2011	31.03.2010
SCHEDULE 13 INTEREST		
Fixed Loans	262.69	629.80
Working Capital	353.48	187.59
Short Term Loans	99.95	73.90
Others	260.41	201.48
	976.53	1,092.77

SCHEDULE 14 NOTES ON ACCOUNTS

1) Significant Accounting Policies

i) Basis of Accounting:

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

ii) Revenue Recognition:

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

iii) Fixed Assets:

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

iv) Depreciation:

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

v) Borrowing Costs:

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

vi) Investments:

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

vii) Inventories:

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

viii) Foreign Currency Transactions:

- Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of the transaction.
- Monetary items denominated in foreign currencies at the year end are translated at the year-end rates, the resultant gain or loss will be recognised in the profit and loss account.
- Any gain or loss arising on account of exchange difference on settlement of transaction is recognised in the profit and loss account.



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

SCHEDULE 14 NOTES ON ACCOUNTS (Contd.)

ix) Employee Benefits:

- a) Retirement benefits in the form of Provident Fund and Superannuation Fund are defined contribution schemes and the contributions are charged to the Profit and Loss Account of the year when the contribution to the respective funds are due. The Company has created an approved Superannuation Fund and accounts for the contribution made to LIC against an insurance policy taken with them. There are no other obligations other than the contribution payable to the funds.
- b) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. The company has created an approved gratuity fund, which has taken a group gratuity cum insurance policy with Life Insurance Corporation of India (LIC), for future payment of gratuity to the employees. The Company accounts for gratuity liability of its employees on the basis of actuarial valuation carried out at the year end by LIC.
- c) Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method. The company has created an approved leave encashment fund with LIC, for future payment of leave encashment to the employees. The Company accounts for leave encashment liability of its employees on the basis of actuarial valuation carried out at the year-end by LIC.

x) Taxes on Income:

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

xi) Leases:

Assets acquired under financial leases are 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.

xiii) Provisions, Contingent Liabilities and Contingent Assets:

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

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

a) Contingent Liabilities:

(Rs. in lakhs)

	2010-11	2009-10
In respect of		
Income tax	41.75	19.75
Value added tax	14.16	10.93
Excise duty/Service tax **	2654.80	2654.80

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

b) Provisions

(Rs. in lakhs)

	2010-11	2009-10
Sales Tax		
Opening Balance as on 01.04.2010	100.82	100.82
Additional Provision during the year	-	-
Provision reversed during the year	-	-
Balance as at 31.03.2011	100.82	100.82

Nature of Provision:

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

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

SCHEDULE 14 NOTES ON ACCOUNTS (Contd.)

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

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

i) **Key Management personnel:**

Mrs. G. Saroja Vivekanand – Managing Director
Mr. M. P. Venkateswara Rao – Wholetime Director

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

Dr. G. Vivekanand – Vice Chairman(Spouse of Mrs. Saroja Vivekanand)
Mr. G. Venkata 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) **Other entities under control:**

Visaka Charitable Trust

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

a) Aslesha Constructions Private Limited.

v) **Associate**

a) Visaka Thermal Power Private Limited

b) **Aggregated Related party disclosures:**

(Rs. in lakhs)

Nature of Transaction	Associate	Key Management Personnel	Relatives of key Management Personnel	Trusts	Enterprises Controlled by relatives of key Management personnel	Total
Share Capital	221.50 (0.50)					221.50 (0.50)
Advance towards Share Capital	25.18 (229.32)					25.18 (229.32)
Remuneration		361.35 (455.33)				361.35 (455.33)
Dividend paid		10.55 (14.77)	288.40 (403.75)			298.95 (418.52)
Donation to Charitable Trust				30.00 (5.00)		30.00 (5.00)
Interest expense on Deposits			6.71 (8.99)			6.71 (8.99)
ICDs Received	835.05 (Nil)				272.72 (285.00)	1107.77 (285.00)
ICDs Repayment	367.99 (Nil)				557.72 (Nil)	925.71 (Nil)
Interest on ICDs Received	13.98 (Nil)				27.18 (10.00)	41.16 (10.00)

Figures in brackets represent previous year.

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

SCHEDULE 14 NOTES ON ACCOUNTS (Contd.)

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

	Units	31.03.2011	31.03.2010
a. Net profit after tax	Rs in Lakhs	4507.40	5721.14
b. Weighted average of number of equity shares used in computing basic earnings per share	No. of shares (Lakhs)	158.81	158.81
c. Basic earnings per share (a/b)	Rs	28.38	36.03
d. Effect of potential equity shares for preferential allotment	No. of shares (Lakhs)	–	–
e. Weighted average of number of equity shares used in computing diluted earnings per share (b+d)	No. of shares (Lakhs)	158.81	158.81
f. Diluted earnings per share (a/e)	Rs.	28.38	36.03
g. Effect of potential equity shares for preferential allotment (c-f)	Rs.	–	–

6) Employee Benefits:

a) Defined Contribution plans:

(Rs. in lakhs)

	2010-11	2009-10
Company's Contribution to Provident Fund	169.72	138.56
Company's Contribution to Superannuation Fund	49.84	34.68

b) Defined Benefit plans:

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

(Rs. in lakhs)

	2010-11	2009-10
1. Changes in the Present Value of Obligation		
Present value of obligations as at beginning of the year	298.32	260.03
Interest cost	23.87	20.80
Current Service cost	23.27	19.51
Benefits paid	(18.96)	(18.43)
Actuarial (gain)/loss on obligations	133.43	16.41
Present value of obligations as at end of year	459.93	298.32
2. Changes in Fair value of plan assets		
Fair value of plan assets at beginning of the year	304.38	259.56
Expected return on plan assets	33.71	23.93
Contributions	160.27	39.32
Benefits paid	(18.96)	(18.43)
Actuarial gain/(loss) on plan assets	–	–
Fair value of plan assets at the end of year	479.40	304.38
3. Assets recognized in the Balance Sheet		
Present value of obligations as at the end of the year	459.93	298.32
Fair value of plan assets as at the end of the year	479.40	304.38
Funded status	19.47	6.06
Net asset/(liability) recognized in balance sheet	19.47	6.06

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

SCHEDULE 14 NOTES ON ACCOUNTS (Contd.)

b) Defined Benefit plans(Contd.):

(Rs. in lakhs)

	2010-11	2009-10
4. Expenses recognized in the Statement of Profit & Loss		
Current service cost	23.27	19.51
Interest cost	23.87	20.80
Expected return on plan assets	(33.71)	(23.93)
Net Actuarial (gain)/loss recognized in the year	133.43	16.41
Expenses recognized in statement of profit and loss	*146.86	*32.79
5. Assumptions	31.03.2011	31.03.2010
Discount Rate	8%	8%
Salary Escalation	4%	4%

* The company has made provision in the earlier years on the basis of total liability instead of present value. This excess provision is adjusted in the year 2010-2011. The actuarial loss on obligations for the year 2010-2011 include the increased liability on account of enhancement of gratuity limit to Rs 10lakhs from Rs 3.5 lakhs.

(ii) The details of Leave Encashment Plan with LIC is as follows:

(Rs. in lakhs)

	2010-11	2009-10
1. Changes in the Present Value of Obligation		
Present value of obligations as at beginning of year	78.40	75.40
Interest cost	6.27	6.03
Current Service cost	3.13	18.99
Benefits paid	–	(1.78)
Actuarial (gain)/loss on obligations	22.43	(20.24)
Present value of obligations as at end of year	110.23	78.40
2. Changes in Fair value of plan assets		
Fair value of plan assets at beginning of year	72.65	–
Expected return on plan assets	6.77	4.74
Contributions	0.12	69.69
Benefits paid	–	(1.78)
Actuarial gain/(loss) on plan assets	–	–
Fair value of plan assets at the end of year	79.54	72.65
3. Assets recognized in the Balance Sheet		
Present value of obligations as at the end of year	110.23	78.40
Fair value of plan assets as at the end of the year	79.54	72.65
Funded status	(30.69)	(5.75)
Net asset/(liability) recognized in balance sheet	(30.69)	(5.75)
4. Expenses recognized in the Statement of Profit & Loss		
Current service cost	3.12	18.99
Interest cost	6.27	6.03
Expected return on plan assets	(6.76)	(4.74)
Net Actuarial (gain)/loss recognized in the year	22.43	(20.24)
Expenses recognized in statement of profit and loss	25.06	0.04
5. Assumptions		
Discount Rate	8%	8%
Salary Escalation	4%	4%

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

SCHEDULE 14 NOTES ON ACCOUNTS (Contd.)

- 7) During the year the company has created deferred tax liability of Rs.73.61 Lakhs (Previous year Rs. 43.19 Lakhs) on account of timing difference on depreciation, reversed deferred tax Asset of Rs.4.92 Lakhs on account of allowances in the income tax previously disallowed (previous year created of Rs.24.62 lakhs) and created deferred tax asset of Rs 0.80 on account of disallowance of provision for doubtful debts (previous year Nil).

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

Particulars	Currency	31.03.2011	31.03.2010
Sundry Creditors	US\$	1203614	1548215
	CAD	107000	273600
Sundry Debtors	US\$	1927872	671383
	GBP	172789	35221
	EURO	–	198381
	AUD	–	8585
Others	US\$	2296542	–

- 9) Capital WIP includes Rs.2482.20 Lakhs incurred for Cement Asbestos plant at Sambalpur, Orissa which is under implementation.

10) **Capacity, Production, Sales, Consumption and Stock**

(Quantitative information in respect of goods manufactured)

Products	31st March 2011				31st March 2010			
	Asbestos Yarn	Textile	Boards	Panels Products	Asbestos Yarn	Textile	Boards	Panels Products
Licensed Capacity per annum	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Installed Capacity (as Certified by the Management and not verified by the Auditors, being a technical matter)	652000 M.T.	1816 (Spinning Positions)	60000 M.T.	150000 (No.s)* (Per Annum)	652000 M.T.	1816 (Spinning Positions)	60000 M.T.	150000 (No.s)* (Per Annum)
	(Quantities in M.T.)	(Quantities in M.T.)	(Quantities in M.T.)	(Quantities in M.T.)	(Quantities in M.T.)	(Quantities in M.T.)	(Quantities in M.T.)	(Quantities in M.T.)
Opening Stock	98278	622	4634	656	65681	800	3123	512
Production during the year	589444	8733	32254	5040	601973	8705	19174	1021
Sales during the year:								
– Domestic	583597	6387	23419	4448	557965	6930	15065	818
– Captive Consumption	94	–	–	25	36	–	610	–
– Exports	–	2363	5274	–	–	1953	1131	20
– Deemed Exports	–	–	292	–	–	–	–	–
– Consumption For Panels	–	–	2278	–	–	–	482	–
Total	583691	8750	31263	4473	558001	8883	17288	838
Transfer	10127	–	615	442	11375	–	375	39
Closing Stock	93904	605	5010	781	98278	622	4634	656

Note:

* Installed Capacity of Panels is shown in Nos approximate tonnage is 10300Mts

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

SCHEDULE 14 NOTES ON ACCOUNTS (Contd.)

11) Turnover (Gross)

(Rs. in lakhs)

	31st March 2011		31st March 2010	
	Quantity	Value	Quantity	Value
Asbestos Products - MT				
– Domestic	583,597	52,244.29	557,965	50,274.29
– Captive Consumption	94	6.40	36	2.39
	583,691	52,250.69	558,001	50,276.68
Textile Yarn - MT				
– Domestic	6,387	10,698.30	6,930	9,406.44
– Exports	2,363	3,629.57	1,953	2,555.48
	8,750	14,327.87	8,883	11,961.92
BOARDS - MT *				
– Domestic	23,419	2,385.60	15,065	1,407.40
– Captive Consumption			610	42.31
– Exports	5,274	625.82	1,131	130.57
– Deemed Exports	292	32.11		
	28,985	3,043.53	16,806	1,580.28
PANELS - MT				
– Domestic	4,448	616.86	818	108.18
– Captive Consumption	25	2.75		
– Exports	–		20	3.53
	4,473	619.61	838	111.71
		70,241.70		63,930.59

12) Raw Materials Consumed

(Rs. in lakhs)

	31st March 2011		31st March 2010	
	Quantity	Value	Quantity	Value
Asbestos Products - MT				
– Asbestos Fibre/ Woodpulp	49,253	16,186.74	48,994	15,844.87
– Cement	250,412	8,675.63	254,963	8,763.31
– Others	166,319	2,073.17	169,011	1,680.92
Textile Yarn - MT				
– Polyester Staple Fibre	8,336	7,489.34	8,087	5,595.07
– Viscose Staple Fibre	622	957.04	752	932.67
– Others	6	18.85	29	43.40
Boards - MT				
– Woodpulp	1,690	724.40	1,005	295.65
– Cement	10,343	295.97	6,679	171.79
– Others	15,851	460.16	9,565	254.49
Panels - MT *				
– Cement	2,407	66.02	435	8.85
– Others	519	125.93	242	31.00
Total		37,073.25		33,622.02

Note :

* During the year 2278 M.T. of Boards Costing Rs.162.79 lakhs has been used in Panels Division.
(Previous year 482 M.T. of Boards Costing Rs.31.46 lakhs has been used in Panels Division)

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

SCHEDULE 14 NOTES ON ACCOUNTS (Contd.)

(Rs. in lakhs)

	31st March 2011	31st March 2010
13) Managerial Remuneration		
Salary	42.73	35.24
Commission	275.00	380.00
Perquisites	32.08	30.58
Contribution to Provident and Other funds	11.54	9.51
Commission to Non-wholetime Directors	37.50	37.50
	398.85	492.83
Computation of Net Profit under Section 198 and 309 of the Companies Act, 1956.		
Profit before Taxation	6,829.24	8,636.82
Add:		
Managerial Remuneration	398.85	492.83
Directors Sitting Fee	1.75	2.05
Provision for Advances		
Provision for Doubtful Debts	2.41	–
Less:- Profit on Redemption of Investments	0.40	8.89
	402.61	485.99
	7,231.85	9,122.81
Maximum Remuneration to Managing Director @ 5%	361.59	456.14
Commission to Managing Director restricted to	275.00	380.00
Maximum commission to Resident Indian -		
Non- whole time Directors @ 1%	72.32	91.23
Commission to Non-whole time Directors restricted to	37.50	37.50
14) Payment to Auditors		
Audit Fee	10.00	5.50
Tax Audit Fee	2.50	1.50
Fee for Quarterly review	1.20	1.20
Certification Fee & Taxation Service	1.09	0.77
Out of Pocket Expenses	0.95	0.53
	15.74	9.50
15) Expenditure in Foreign Currency		
Travel	21.66	15.33
Commission on Export Sales	69.66	44.11
Royalty	12.54	3.00
Others	5.43	–
	109.29	62.44
16) Earnings in Foreign Currency		
Export of Goods (FOB Value)	4,100.22	2,639.55
17) CIF Value of Imports		
Raw Materials	16,967.67	13,751.73
Component & Spare Parts	33.81	49.32
Capital Goods	142.84	235.96

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

SCHEDULE 14 NOTES ON ACCOUNTS (Contd.)

	31st March 2011		31st March 2010	
	(Rs. in lakhs)	%	(Rs. in lakhs)	%
18) Consumption of Raw Materials & Spare Parts				
a) Raw Materials				
i) Imported	17390.64	47	16152.46	48
ii) Indigenous	19682.61	53	17469.56	52
	37073.25	100	33622.02	100
b) Spare Parts & Consumables				
i) Imported	44.29	2	84.24	4
ii) Indigenous	2498.90	98	2236.08	96
	2543.19	100	2320.32	100
19) Capital Commitments				
Estimated amount of contracts remaining to be executed on capital account	1500.81		2381.45	

20) Segment information for the year ended 31st March, 2011

l) Information about Primary business

	31st March 2011			31st March 2010		
	Building Products	Synthetic Yarn	Consolidated	Building Products	Synthetic Yarn	Consolidated
Revenue						
External Sales(Net)	50701.69	14327.88	65029.57	48465.55	11959.19	60424.74
Inter Segment Sales	–	–	–	–	–	–
Total Revenue	50701.69	14327.88	65029.57	48465.55	11959.19	60424.74
Segment Result	6167.45	2512.71	8680.16	8850.83	1776.45	10627.28
Exceptional Items			–	(175.99)		(175.99)
Unallocated Corporate expenses			(899.83)			(755.91)
Operating Profit			7780.33			9695.38
Interest Expense			(976.53)			(1092.77)
Rental & Other Income			25.44			34.21
Income tax			(2321.84)			(2915.68)
Profit from ordinary activities			4507.40			5721.14
Extra ordinary Profit/Loss			–			–
Net Profit			4507.40			5721.14
Other information						
Segment Assets	41280.24	7910.65	49190.89	37142.63	6447.00	43589.63
Unallocated Corporate Assets			11464.91			9057.26
Total Assets			60655.80			52646.89
Segment Liabilities	5091.59	663.58	5755.17	4998.80	691.43	5690.23
Unallocated Corporate liabilities			28765.54			23383.88
Total Liabilities			34520.71			29074.11
Capital Expenditure	856.51	269.55	1126.06	3018.64	85.13	3103.77
Unallocated Capital Expenditure			–			–
Total Capital Expenditure			1126.06			3103.77
Depreciation	1313.02	323.88	1636.90	1410.82	425.11	1835.93
Unallocated Depreciation			3.19			3.19
Total Depreciation			1640.09			1839.12

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

SCHEDULE 14 NOTES ON ACCOUNTS (Contd.)

ii) Information about secondary business segments.

Revenue by Geographical Markets

	31st March 2011			31st March 2010		
	India	Outside India	Total	India	Outside India	Total
External	60774.18	4255.39	65029.57	57735.16	2689.58	60424.74
Inter-segment	-	-	-	-	-	-
Total	60774.18	4255.39	65029.57	57735.16	2689.58	60424.74
Carrying Amount of Segment Assets	60655.80	-	60655.80	52646.89	-	52646.89
Additions to Fixed Assets	1126.06	-	1126.06	3103.77	-	3103.77

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.

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

As per our report of even date

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

A. V. Sadasiva
Partner
Membership No. 18404

Place: Secunderabad
Date: 27th May, 2011

For and on behalf of the Board of Directors

Bhagirat B. Merchant
Chairman

Gusti J Noria
Director

M. P. V. Rao
Whole Time Director

Dr. G. Vivekanand
Vice-Chairman

V. Pattabhi
Director

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

29th Annual Report 2010-2011

Board of Directors

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

President (Corporate) & Company Secretary

K.V. Soorianarayanan

Committees of the Board

Audit Committee

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

Remuneration Committee

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

Shareholders Grievances Committee

Shri Nagam Krishna Rao - *Chairman*
Dr. G. Vivekanand - *Member*
Smt. G. Saroja Vivekanand - *Member*
Shri M.P.V. Rao - *Member*

Corporate Office:

Visaka Industries Limited
Visaka Towers, 1-8-303/69/3
S.P. Road, Secunderabad. 500 003.

Registered Office:

Survey No. 315, Yelumala Village,
R.C. Puram Mandal, Medak District
Andhra Pradesh.

Auditors:

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

Bankers:

State Bank of India
- Corporate Accounts Group Branch, Hyderabad
State Bank of Hyderabad
- Industrial Finance Branch, Hyderabad
IDBI Bank Limited
Axis Bank Limited

Plant Locations:

1. A.C. Division – Plant 1

Survey No.315, Yelumala Village
R.C.Puram Mandal, Medak District
Andhra Pradesh – 502 300.

2. A.C. Division – Plant 2

Behind Supa Gas
Manickanatham Village, Paramathi
Velur Taluq, Namakkal District
Tamil Nadu – 637 207.

3. A.C. Division – Plant 3

Changsole Mouza, Bankibund, G.P.No.4
Salboni Block, Midnapore West
West Bengal – 721 147.

4. A.C. Division – Plant 4

Survey No. 27/1
G. Nagenahalli Village, Kora Hobli
Tumkur Taluk & District
Karnataka.

5. A.C. Division – Plant 5

Village Kannawan, P.S. Bacharawan
Tehsil: Maharaj Ganj, Raibareli District
Uttar Pradesh – 229 301.

6. A C Division – Plant 6

Survey No. 179 & 180
Near Kanchikacharla, Jujjuru (Village)
Mandal: Veerula Padu, Krishna District
Andhra Pradesh – 521 181.

7. A.C. Division - 7

70/3A, 70/3, Sahajpur Industrial Area
Nandur Village, Taluk- Daund
Pune District
Maharashtra – 412 020

8. Textile Division

Survey No.179 & 180, Chiruva Village
Maudha Taluq, Nagpur District
Maharashtra.

9. V – Boards & Panels Division

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



VISAKA INDUSTRIES LIMITED[®]

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

Notice

Notice is hereby given that the 29th 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 MONDAY the 25th July 2011 at 10.30 A.M. to transact the following business.

Ordinary Business

1. To adopt the Balance Sheet as at 31st March, 2011 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 Rs. 3.00 (i.e. 30%) on Equity Share of Rs. 10/- each of the Company Declared by the Board of Directors on 27th October, 2010.
3. To declare Final Dividend for the Financial Year ended 31st March, 2011.
4. To appoint a Director in place of Shri. P Abraham, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri. Gusti J Noria, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors of the Company.
To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution.

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

Special Business

7. To consider and if thought fit, to pass, with or without

modification(s), the following Resolution/s as Special Resolution/s:

Remuneration of Directors (apart from Whole time Directors & Managing Director)

“RESOLVED THAT pursuant to the provisions of section 309 of the Companies Act, 1956 and clause 49 (IB) of the Listing Agreement, a sum not exceeding one percent per annum of the net profits of the Company subject to maximum of Rs.7.5 lacs computed in the manner referred to in sub section (1) of section 198 of the Companies Act,1956, be paid to and distributed amongst the directors of the Company (other than Managing and Whole time Directors of the Company, if any, for the time being) or to some or any of them in such amounts or proportions and in such manner as may be directed by the Board and such payments shall be made only in respect of the profits of the Company”

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 19th July, 2011.
3. While members holding shares in physical form may write to the Company for any change in their addresses and bank mandates, members having shares in electronic form may inform the same to their depository participants with whom they have Demat account immediately, so as to enable the

Company to dispatch the dividend warrants at their correct addresses.

4. Members desiring any information as regards accounts are requested to write to the Company at least seven days before the date of the meeting to enable the management to keep the information ready at the meeting.
5. As per the provisions of Section 205 C of the Companies Act, 1956, Unclaimed Dividend Amount in respect of 2002 - 2003 has been transferred to Investor Education and Protection Fund on 19.08.2010 upon expiry of 7 years period. Unclaimed Dividend for the year 2003-2004 will be transferred to Investor Education and Protection Fund on 10th July, 2011 Shareholders who have not claimed Dividend for the year 2003 - 2004 are requested to claim the dividend on or before 10th July, 2010.
6. As per the provisions of Section 205 C of the Companies Act, 1956, Unclaimed Dividend Amount in respect of Interim Dividend Declared during the Financial Year 2004 – 2005 will be transferred to Investor Education and Protection Fund on or after 6th August, 2011 Shareholders who have not claimed Interim Dividend for the year 2004 - 2005 are requested to claim the dividend on or before 5th August, 2011.
7. 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.
8. The Register of Directors Shareholding shall be open for inspection to any member of the Company during the period beginning 14 days before the date of Company's Annual General Meeting and ending 3 days after the date of its conclusion. The said register shall also remain open and accessible during the Annual General Meeting to any person having a right to attend the meeting.
9. **The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing**

paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members are requested to register their e-mail addresses in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to send their e – mail address to the following: 1) soori@visaka.in 2) sta@sathguru.com.

Annexure to the Notice

Explanatory Statement as required under Section 173 (2) of the Companies Act, 1956.

Item No. 7

Your Directors have been all along, contributing 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 – Executive 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, it is proposed to reward them by way of paying commission not exceeding 1% of the net profits of the Company for all of them put together. The commission will be calculated as provided in sub section (1) of section 198 of the Companies Act, 1956. The above payment to the Non – Executive Directors will be in addition to the sitting fee payable to them for attending Board /Committee meetings.

The Board of Directors recommends the above resolution for your approval.

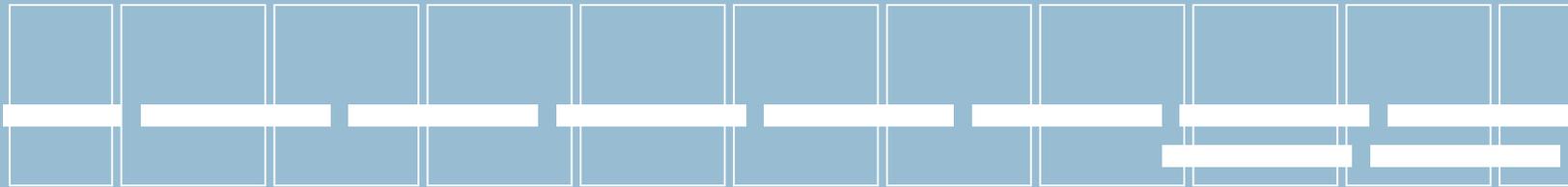
All the directors are deemed to be interested in this resolution.

By Order of the Board
For **Visaka Industries Limited**

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

Place : Secunderabad
Date : 27th May, 2011





www.visaka.in