

**VISHNU CHEMICALS LIMITED**



**18<sup>th</sup>**  
**ANNUAL REPORT**  
**2010 - 2011**



<b>Board of Directors:</b>	Sri. Ch. Krishna Murthy Sri. Ch.Siddartha Smt. Ch.Manjula Sri. Bajrang Lal Bajaj Sri. U.Dileep Kumar Sri V.Vimalanand	Chairman & Managing Director Whole-time Director Director Independent Director Independent Director Independent Director
<b>Auditors:</b>	C K S ASSOCIATES Chartered Accountants 87, Nagarjuna, Road # 3, Gagan Mahal Colony, Hyderabad - 500 029	
<b>Bankers:</b>	State Bank of Hyderabad Andhra Bank Indian Overseas Bank State Bank of India Punjab National Bank Union Bank of India	
<b>Registered Office:</b>	6-3-662/B/4 Sri Sai Nilayam, II Floor, Sangeetnagar Colony, Somajiguda, Hyderabad - 500 082 Andhra Pradesh, India.	
<b>Works:</b>	<b>Survey No.15</b> Gaddapotharam Medak District - 502319 Andhra Pradesh  <b>Survey No. 18-26</b> Nandini Road Bhilai - 490026 Chattisgarh State  <b>Plot No. 57</b> Phase - III IDA., Jeedimetla Hyderabad - 500 055 Andhra Pradesh  <b>Plot No. 29</b> IOCL Road Pharmacy, Parawada Vishakapatnam Dist - 531019 Andhra Pradesh	
<b>Registrar &amp; Share Transfer Agent:</b>	Sathguru Management Consultants Pvt. Ltd Plot No.15, Hindi Nagar, Behind Saibaba Temple, Punjagutta, Hyderabad – 500 034	



**Notice of Annual General Meeting:**

Notice is hereby given that the Eighteenth Annual General Meeting of the members of **Vishnu Chemicals Limited** will be held on Friday the 30<sup>th</sup> September, 2011 at 10.00 A.M at The Hotel I K London, Somajiguda, Hyderabad to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2011 and the Profit and Loss account for the year ended on that date and directors and auditors Reports there on.
2. To appoint a Director in place of Mr. V. Vimalanand who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Smt. CH. Manjula who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

**SPECIAL BUSINESS:**

5. To consider and if thought fit to pass, with or without modification the following resolution as a Special Resolution.  
"RESOLVED THAT, pursuant to the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any of the Companies Act, 1956 (the "Act"), read with Schedule XIII to the Act, and other applicable provisions, if any, of the Articles of Association of the Company and Board Resolution dated 29.12.2010, the approval of the members of the Company be and is hereby accorded to re-appoint Mr. Ch. Krishna Murthy as the chairman and Managing Director of the Company for a further period of 5 years with effect from 03.01.2011 and that he be paid remuneration of Rs. 4,00,000/- per month with effect from 03.01.2011 and other terms and conditions will remain the same as of the original appointment.

RESOLVED FURTHER THAT the Board be and is hereby authorized to alter and vary any of the terms and conditions relating to the remuneration payable to Mr. Ch. Krishna Murthy within the above limits subject to the provisions of the Companies Act, 1956.

6. To consider and if thought fit to pass, with or without modification the following resolution as Special Resolution.  
"RESOLVED THAT, pursuant to the provisions of Section 94(1) and other applicable provisions if any of the Companies Act, 1956 the Authorised Share Capital of the Company be and is hereby increased from Rs. 62,00,00,000 (Rupees Sixty Two Crores) to Rs. 75,00,00,000 (Rupees Seventy Five Crores) divided into 1,50,00,000 (One Crore Fifty Lakhs) Equity Shares of Rs. 10/- each and 6,00,00,000 (Six Crores) 7% Redeemable Preference Shares of Rs. 10/- each and to alter Clause V of Memorandum of Association of the company as under.  
Clause V:

The Authorised Share Capital of the Company is Rs. 75,00,00,000 (Rupees Seventy Five Crores) divided into 1,50,00,000 (One Crore Fifty Lakhs) Equity Shares of Rs. 10 each and 6,00,00,000 (Six Crores) 7% Redeemable Preference Shares of Rs. 10 each with power to the Company to increase, reduce or modify the said capital and to divide the shares for the time being of the company into several classes and attach thereto such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided for by the Articles of Association of the Company.

For and on behalf of the Board

Sd/-

(Ch. Krishna Murthy)

Chairman & Managing Director

Place: Hyderabad  
Date: July 30, 2011



Notes:

1. **A MEMBER ENTITLED TO ATTEND AND TO VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND PROXY NEED NOT BE MEMBER OF THE COMPANY. THE PROXY FORM IN ORDER TO BE EFFECTIVE, DULY COMPLETED MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.**
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto and form part of this Notice.
3. Pursuant to Sec 154 of the Companies Act, 1956 and Clause 16 of Listing agreement, the Register of Members and Share Transfer Books will remain closed for 2 days i.e., 29.09.2011 to 30.09.2011 (Both days Inclusive).
4. A member may contact to the Share Transfer Agent of the Company for any information and clarifications. Sathguru Management Consultants Pvt. Limited, Plot No.15, Hindi Nagar, Behind Saibaba Temple, Punjagutta, Hyderabad – 500 034. Ph : 040 – 30160333 Fax : 040 – 23354042. Email : [sta@sathguru.com](mailto:sta@sathguru.com) or [info@sathguru.com](mailto:info@sathguru.com)

## **EXPLANATORY STATEMENT PURSUANT TO SEC 173(2) OF THE COMPANIES ACT, 1956**

### **Item No. 5**

The Board of directors of your company at its meeting held on 29.12.2010 has re-appointed Mr. Ch. Krishna Murthy as Chairman and Managing director of the company for further period of five years with the effect from 03.01.2011 subject to your approval. The detailed terms of appointment of Mr. Ch. Krishna Murthy as given in the above resolution has been approved by the board based on recommendations of the regeneration committee of the company vide its meeting held on 2<sup>nd</sup> September, 2009

In terms of the provisions of Sections 198, 269, 309, 310, Schedule XIII and all other applicable provisions, if any of the Companies Act, 1956 (the "Act"), the above is required to be approved by the shareholders as a Special Resolution.

The terms and conditions as specified in the said resolution shall also be treated as an abstract of his terms of appointment and memorandum of disclosure of nature of interest or concerns therein in terms of section 302 of the companies Act, 1956.

Your board considers it desirable that the company should continue to avail his services and accordingly recommends the above resolutions for your approval.

None of the directors, except the incumbent Mr. Ch. Krishna Murthy along with his relatives Sri. Ch.Siddartha and Smt. Ch.Manjula, are interested or concerned in the above resolution.

### **Item No.6**

The Company's present Authorized Share Capital stands at Rs.62,00,00,000 (Rupees Sixty Two Crores) divided into 1,20,00,000 (One Crore Twenty Lakhs) equity shares of Rs.10/- (Rupees Ten Only) each and 5,00,00,000 (Five Crores) 7% redeemable preference shares of Rs.10/-(Rupees Ten Only)each. In view of capital investment requirement, the Board of Directors of your company has proposed to increase the Company's Authorized Capital to Rs. 75,00,00,000 (Rupees Seventy Five Crores) divided into 1,50,00,000 (One Crore Fifty Lakhs) Equity Shares of Rs. 10/- each and 6,00,00,000 (Six Crores) 7% Redeemable Preference Shares of Rs. 10/- each. This will open up the gates for funding the Company's capital investment requirements and to comply with the pre-conditions imposed by Banks/financial institutions while sanctioning loans to the Company. As per the provisions of the Companies Act, 1956, the alteration of Memorandum in connection with the increase of authorized share capital, requires the approval of shareholders in

**Vishnu Chemicals Limited**

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General Meeting. Therefore your directors recommend the afore stated resolution no.6 in the notice as a special resolution for your kind approval.

No Director is interested in the afore stated business except to the extent of shareholding in the capital of the company.

For and on behalf of the Board

Sd/-

(Ch. Krishna Murthy)

Chairman & Managing Director

Place: Hyderabad  
Date: July 30, 2011



## DIRECTORS' REPORT

To

The Members

### VISHNU CHEMICALS LIMITED

Your Directors are happy to present their Eighteenth Annual Report on the business and operations of the Company and the Financial Accounts for the year ended 31<sup>st</sup> March, 2011.

#### FINANCIAL RESULTS

(Rs. in lakhs)

Particulars	2010-11	2009-10
Gross Income	<b>31350.35</b>	22209.46
Profit before Interest, Depreciation & Tax	<b>5061.86</b>	3803.18
Less: Depreciation	<b>1044.99</b>	997.87
Less: Interest	<b>2391.08</b>	2103.95
Profit for the year before taxes	<b>1625.78</b>	701.36
Less: Provision for Taxes	<b>482.22</b>	540.10
Profit after Taxes	<b>1143.56</b>	161.26
Add: Surplus brought forward from Previous Year	<b>1685.17</b>	1523.91
Surplus Carried forward to Balance Sheet	<b>2828.73</b>	1685.17

#### OPERATIONS:

The company proposes to increase its capacity utilization in the coming years by debottlenecking various activities. The market for the products and prices are improving and absorbing the raw material price increase from time to time and both domestic and export markets are encouraging. This year the company is planning to introduce the new product Chrome Oxide Green in its Hyderabad facility which will enhance the company's turnover and profitability significantly. The management is continuing its efforts on human resources i.e training and personality development of personnel to meet the present challenges.

#### FUTURE PLANS:

The company is striving to achieve the growth @ 40% every year. The necessary basic infrastructure already created and only fine tuning is required to reach the targets. The product mix is already finalized keeping in view of the market requirement and potential. The company also looks for various possibilities to secure long term raw material supplies. The Management is also planning to reduce the debt burden on balance sheet by improving cash accruals.

#### DIRECTORS:

Mr V. Vimalanand and Mrs. Ch. Manjula, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.

#### CORPORATE GOVERNANCE – CLAUSE 49 OF THE LISTING AGREEMENT:

A separate Section on Corporate governance with a detailed compliance report thereon is annexed to the Annual Report. The Company Secretary Certificate with respect to compliance with the provisions concerning Corporate Governance, as required by clause 49 of Listing Agreement, is also annexed.



**MANAGEMENT DISCUSSION AND ANALYSIS REPORT – CLAUSE 49 OF THE LISTING AGREEMENT:**

A Separate Section on Management Discussion and analysis Report with a detailed compliance report thereon is annexed to the Annual Report.

**DIVIDEND:**

The Board of Directors has not recommended any dividend for the current financial year in order to augment internal resources to meet Company's operations.

**FIXED DEPOSITS:**

Your Company has not accepted any deposits covered by the provisions of Section 58AA of the Companies Act and Rules framed there under.

However the Company accepted unsecured loans from Promoters / Directors of the Company

**SHARE CAPITAL:**

The Board of Directors approved and recommended to increase the Share Capital of the Company from Rs.620,000,000/- to 750,000,000/-.

**INDUSTRIAL RELATIONS:**

The company has been enjoying cordial relations with its employees at all levels. Your Directors record their appreciation of the support and co-operation of all employees in the accelerated growth of the Company.

**AUDITORS:**

The Statutory Auditors M/s C K S Associates, Chartered Accountants, Hyderabad retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office, if reappointed.

**REPLIES TO AUDIT OBSERVATIONS:**

1. The Auditors have mentioned in their Report as point 4(f)(i) that the brought forward reserves being overstated by Rs.312.82 lakhs due to capitalization of term loan interest during 2007-08, in contravention of AS16 issued by The Institute of Chartered Accountants of India and fixed Assets of the Company have been overstated by the same amount. Consequently, the depreciation for the year is overstated by Rs.14.27 lakhs and the total overstatement of depreciation is Rs.42.93 lakhs till March 31, 2011.

With respect to the above, the management already clarified in the year 2007-08 that since, the operations with respect to the first line of production, which was commissioned, were at very insignificant level at that point in time and the plant becoming an integrated one only subsequent to the commissioning of second line, it was not deemed inappropriate to capitalize the interest.

2. The auditors have mentioned in their Annexure report as point 3(d) that there is no terms of repayment of term loans taken from the Directors.

There is no specific term for repayment of loans. The amount will be repaid based on availability of sufficient cash flows.

3. The auditors have mentioned in their Annexure report as point 9(a) that there is "Rs.156.88 lakhs of entry tax, Rs.55.51 lakhs of Sales tax, and Rs.16.46 lakhs of Works Contract Tax were outstanding for a period of more than 6 months."

As far as Entry Tax is concerned, liability arose on account of High Court decision for non acceptance of exemption claimed by the company along with other assesses and the company is waiting for High Court Decision. As far as Sales tax is concerned, the liability arises due to Input Vat Credit on Stock transfers. The Company has to pay the said amount along with regular taxes and company has sought the commercial tax department for extension of



time for making payment in installments. The Company will pay after getting the permission from commercial tax Department.

4. The auditors have mentioned in their Annexure report as point 11 that “interest and principal fallen due during the year Rs.280.09 lakhs and Rs.633.73 lakhs respectively”.

The company has regularly been paying all installments of Principal and Interest except few monthly installments, due to heavy repayment schedule and tight Cash Flow. However the same was paid immediately after March 2011. Therefore the company is not in default of repayment.

**PARTICULARS OF EMPLOYEES UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956:**

Name	Designation	Salary p.m.	Experience	Age
Shri. Ch. Krishna Murthy	Chairman & Managing Director	Rs.4,00,000	25 years	54
Shri. Ch. Siddartha	Whole-time Director	Rs.2,50,000	5 years	26

**DIRECTORS' RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 217(2AA):**

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956 your Directors confirm:

- That in the preparation of the accounts for the Financial Year ended 31<sup>st</sup> March, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures:
- That the Directors' had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the said Financial year and of the Profit of the company for the said financial year:
- That the Directors' have taken proper and sufficient care for the maintenance of adequate, accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- That the Directors had prepared the accounts for the year ended 31<sup>st</sup> March, 2011 on a “going concern” basis.

**Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo:**

Particulars required to be disclosed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are annexed hereto as Annexure to this Report.

**ACKNOWLEDGEMENT:**

Your Directors wish to express their sincere thanks to Bankers, Financial Institutions, Customers, suppliers for their continued support to the Company. The Directors also acknowledge with gratitude the continued support received from Investors, Shareholders and various Departments of State and Central governments.

Your directors place on record their appreciation of the Sincerity, Commitment and Contribution made by the Employees at all the levels for the smooth functioning of the operations of the Company.

By Order of the Board

Sd/-

**CH. MANJULA**

Director

Sd/-

**CH. KRISHNA MURTHY**

Chairman & Managing Director

Place: Hyderabad

Date : July 30, 2011





## ANNEXURE TO DIRECTORS REPORT

Information 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 and forming part of Directors Report.

**A. CONSERVATION OF ENERGY:**

Form for disclosure of particulars with respect to conservation of energy.

		2010-2011	2009-2010
<b>Power and Consumption</b>			
<b>A</b>	<b>1. Electricity:</b>		
	a) Purchased		
	Units	Nos. <b>23608274</b>	15636696
	Total Amount	Rs. <b>89460888</b>	64037573
	Rate/Unit	Rs. <b>3.79</b>	4.10
	b) Own Generation		
	Units	KWH <b>116649</b>	336122
	Unit per Litre of Diesel Oil	KWH <b>2.67</b>	3.26
	Cost/Unit(Variable (Rs.))	Rs. <b>14.75</b>	10.59
	2. Coal\Husk		
	Quantity"C"(D) used in Boiler	MTs <b>28745.85</b>	24527.75
	For Steam		
	Generation		
	Total Cost	Rs. <b>107159220</b>	77731402
	Average Rate\Tonne	Rs. <b>3727.82</b>	3169.12
	3. Furnace Oil		
	Quantity	KL <b>12999.33</b>	12076.57
	Total Amount	Rs. <b>367487715</b>	267791226
	Average Rate	Stand If any <b>28269.74</b>	22174.44
<b>B</b>	<b>CONSUMPTION PER UNIT OF PRODUCTION</b>		
	Products :		
	1. Sodium Bichromate		
	2. Basic Chrome sulphate		
	Electricity (KWH)\Diesel	<u>Units</u> <b>384.50</b>	325.15
	Furnace Oil	KLs <b>0.43</b>	0.480
	Coal\Husk	MTs <b>0.47</b>	0.490

**B. TECHNOLOGY ABSORPTION:**

Efforts made in Technology absorption are provided as under:



## RESEARCH AND DEVELOPMENT

1. Areas in which R & D activity has been carried out:
  - a) Peptide synthesis, Amino acid protection, de-protections and Unusual amino acid synthesis.
  - b) Carbohydrate chemistry and nitrogen heterocycles
  - c) Synthesis of advance Intermediates for API's.
  - d) Continuous improvement in the Process and cost reduction of Menadione, its salts and Saccharin.
2. VISHNU's business philosophy includes intensive analytical support for all the projects, which is reflected in a broad variety of analytical instruments. The Analytical labs are fully compliant to GMP practices. Vishnu has participated in the international conferences and exhibitions like Informex-USA to establish and create Business opportunities for itself. This has helped VISHNU R&D to brand itself as Amino acid and Peptides Company.

VISHNU RESEARCH has found that, we can work on different heterocycles which may have wide applications for New Chemical entities. Working on the oxygen and nitrogen heterocycles has again given an opportunity for Vishnu to have hands on experience on the new areas of chemistry. The approach was both traditional and innovative. The processes were established upto kilogram level so as to make it viable for commercial applications in near future.

VISHNU activities lay major emphasis on the protection, deprotection of amino acids, synthesis of unusual amino acids and solution phase peptide synthesis. The combination of Boc and Cbz chemistry in peptides has worked well and gave us confidence to have the advantage of Cost by using the Solution phase chemistry. This has helped Vishnu in synthesizing the Peptide by solution phase upto nine amino acids. This is cost effective. While working on the Peptide, it helped Vishnu to build up its product range in this segment.

### 3. Future Plans:

Vishnu R&D Center would have a clear business model of its own. The following would be the different role to be played:

- Research of the complicated chains in Peptide synthesis
- Pilot plant commercialization of the Peptide synthesis.
- Focus on R&D Peptides.
- Listing of Products in Amino acids, Peptides.
- Sales of low volume and high value products.
- Long term marketing contracts.
- Strategic alliances with Multinational companies and Academic Institutes

### 4. Expenditure incurred:

The Company has incurred revenue expenditure during the year for the R&D activity. However no capital expenditure was incurred during the year.

### C. FOREIGN EXCHANGE EARNING AND OUTGO:

Foreign Exchange earned Rs. 11755.82 lakhs and used Rs. 4868.46 lakhs during the year.



## REPORT ON CORPORATE GOVERNANCE

Vishnu Chemicals Limited is committed to pursue the principles of good corporate governance in order to be a good corporate citizen of India and also to keep abreast the shareholders of the Company with day-to-day affairs of the Company in the best possible manner.

### 1. BOARD OF DIRECTORS

The company has an Executive Chairman. The Chairman along with the Whole time Director manages the day-to-day affairs of the Company. The Board of the Company has a combination of Two Executive Directors and Four Non-Executive Directors comprising of 66% of the Board as on 31<sup>st</sup> March 2011.

a) Composition and category of directors as on 31<sup>st</sup> March 2011

Category	No. of Directors
Executive Directors(Promoter Directors)	2
Non- Executive Directors(Promoter Directors)	1
Independent Directors	3
Total	6

b) Attendance of each Director at the Board meetings held during the year 2010-11 and at the last Annual General Meeting.

Name of the Director	Meetings held during the tenure	Meetings Attended	Last AGM
Shri Ch Krishna Murthy	12	12	YES
Smt Ch Manjula	12	12	YES
Shri Ch Siddartha	12	11	YES
Shri. U Dileep Kumar	12	6	YES
Shri. B.L. Bajaj	12	1	NO
Shri. V. Vimalanand	12	6	YES

c) No. of other Boards/Board Committees in which the Directors are either Member or Chairman during the year 2010-11

Name of the Director	Boards		Committees	
	Chairman	Member	Chairman	Member
Shri Ch Krishna Murthy	Nil	1	Nil	Nil
Smt. Ch Manjula	Nil	1	Nil	Nil
Shri Ch Siddartha	Nil	Nil	Nil	Nil
Shri. B.L. Bajaj	1	2	1	Nil
Shri. U.Dileep Kumar	Nil	Nil	Nil	Nil
Shri. V. Vimalanand	Nil	Nil	Nil	Nil



d) Number of Board Meetings held and dates on which they were held during 2010-11

Quarter	No. of Meetings	Dates on which held
Apr-Jun	2	29.04.2010 & 29.05.2010
Jul-Sep	4	10.07.2010, 31.07.2010, 30.08.2010 & 28.09.2010
Oct-Dec	2	30.10.2010 & 29.12.2010
Jan-Mar	4	24.01.2011, 28.01.2011, 04.03.2011 & 22.03.2011

None of the directors on the Board is a member in more than ten committees and they do not act as Chairman of more than five committees across all companies in which they are directors.

## 2. AUDIT COMMITTEE:

The Audit Committee was formed with qualified and independent members of the Board of Directors of the Company.

### a. Brief description of terms of reference:

The terms of reference of the Audit Committee is in conformity with the provisions of paragraphs C & D in Sub-Clause II of clause 49 of the Listing Agreements entered with the Bombay Stock Exchange Ltd., and The Ahmedabad Stock Exchange Ltd., which inter alia, includes the following.

- Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Reviewing with management the annual financial statements before submission to the Board.
- Reviewing with management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there are suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with the auditors before commencement of audit, nature and scope of audit as well as to have post audit discussion to ascertain any area of concern.
- Reviewing the company's financial and risk management policies.

### b. Composition, name of members and Chairman and attendance:

During the year the audit committee met 4 (Four) times and following is the attendance of the members.

Name of the Director	Position Held	No. of Meetings attended
Shri. B.L. Bajaj	Member	1
Shri U.Dileep Kumar	Chairman	4
Shri.V.Vimalanand	Member	4

The following business was conducted during the year.

- Review of quarterly financial statements.
- Review of internal control systems with reference to the audits conducted by the internal auditors.
- Review of annual financial statements for the year 2010-11.



### 3. REMUNERATION COMMITTEE:

The remuneration Committee consists of Three Independent Directors.

#### a). Terms of Reference:

The Company specifically look into the remuneration payable to Executive Directors of the Company.

#### b). Composition, Name of Members and Chair Person:

- i). Shri U.Dileep Kumar - Chairman
- ii). Shri. B.L.Bajaj - Member
- iii). Shri.V.Vimalanand - Member

### REMUNERATION OF EXECUTIVE DIRECTORS:

The remuneration packages paid to the Executive Directors are fixed by the Board of Directors and approved by the Shareholders in the General Meetings. The remuneration was paid to the Executive directors out of the profits of the company U/s 198, 309, 310 read with Schedule XIII of Companies Act 1956. The details of remuneration paid to the Directors are as under:

Sl. No.	Name	Designation	Salary P.A. (Rs.)	Sitting Fee
1	Shri Ch Krishna Murthy	Managing Director	48,00,000	Nil
2	Shri Ch Siddartha	Whole-time Director	30,00,000	Nil

### 4. INVESTORS GRIEVANCE COMMITTEE:

The investors Grievance committee consists of three directors.

#### a. Terms of reference:

The Committee shall specifically look into the redressing of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend etc.

#### b. Composition, Name of Members and Chair person :

The committee comprises of the following Independent Directors:

- i) Shri U.Dileep Kumar - Chairman
- ii) Shri B.L.Bajaj - Member
- iii) Shri V.Vimalanand - Member

#### c. Name and Designation of compliance officer:

Shri P.Anjaneyulu, General Manager (F & A), 6-3-662/B/4, 2<sup>nd</sup> Floor, Sri Sai Nilayam, Sangeetnagar Colony, Somajiguda, Hyderabad. Ph : 040-66626680-83

#### d. Details of Shareholders Complaints:

During the year the Company has received three complaints and the company has resolved all the complaints to the satisfaction of shareholders.

#### e. No. of Complaints not solved to the satisfaction of Shareholders:

There was no pending complaint during the year under review.



**f. No. of pending share transfer :**

All shares which were received for transfer during the year were transferred and no transfer was pending.

**5. SHARE TRANSFER COMMITTEE:**

The members of Share Transfer Committee consist of Shri. Ch. Krishna Murthy and Smt. Ch. Manjula meet at regular interval to consider and ratify the share transfer duly approved by the Share Transfer Agents.

**6. BOARD PROCEDURE:**

At least four meetings are held every year and during the year under review 12 (Twelve) Board meetings were held. The Board meets at least once in every quarter to review the financial results and other items on the agenda. Notice for the Board meetings together with agenda are sent to all the directors in advance. The gap between two consequent board meetings did not exceed four months.

**7. ANNUAL GENERAL MEETINGS:**

a. The Details of Annual General Meetings of the company held during the last three years are under:

For the	Venue	Day & Date	Time
2008*	Hotel I K London, 6-3-656, Somajiguda, Hyderabad – 500082	Friday, 05.12.2008	11.00 A.M
2009	Hotel I K London, 6-3-656, Somajiguda, Hyderabad – 500082	Wednesday, 30.09.2009	11.00 A.M.
2010	The Golconda Hotel, 10-1-124, Masab Tank, Hyderabad - 500028	Saturday, 31.07.2010	11.00 A.M

\*The company has obtained extension of time for holding Annual General Meeting from the Registrar of Companies, Andhra Pradesh.

**b. The company has not passed any resolution through postal ballot during the Financial year.**

**8. DISCLOSURES:**

a. Disclosures on materially significant related party transactions:

Name of the Party	Description of Relationship	Name of the Interested Director	Nature of Transaction	Business Rs.	Outstanding as on 31.03.2011 Rs.
Vasantha Transport Corporation	Proprietor	Ch Krishna Murthy	Transport Services, Hire Charges	90114455	(8607870)
Vishnu Life Sciences Ltd	Member	Ch. Siddartha	Sales, Conversion Lease Rentals	3708300	7075856
K.M.S. Infrastructure Ltd	Directors	Ch. Krishna Murthy and Ch Manjula	Contract Service	9443173	(1215730)

b. Details of non-compliance by the company, penalties imposed on the company by the stock exchange, SEBI or any authorities on any matter related to capital markets:

There is no non-compliance, penalties imposed on the company by the stock exchanges, SEBI or any other authorities on any matter related to capital markets.



**9. MEANS OF COMMUNICATION:**

Financial results:

The Un-Audited quarterly, half yearly, nine months financial results and the annual audited financial results are published normally in the Andhra Prabha, Andhra Jyothi, The Financial Express, the Business Standard & Andhra Bhoomi in the State of Andhra Pradesh.

**10. MANAGEMENT DISCUSSION AND ANALYSIS:**

The management discussion and analysis report forms part of this Annual Report.

**11. GENERAL SHAREHOLDERS INFORMATION:**

**i. Annual General Meeting:**

Day, date and time: Friday the 30<sup>th</sup> Day of September 2011 at 10.00 A.M at Hotel IK London, 6-3-656, Kapadia Lane, somajiguda, Hyderabad – 500 082

**ii. Profile of Directors retiring by rotation/eligible for re-appointment**

- a). Full Name : Mr.V.Vimalanand
- Date of Birth : 03.04.1965
- Father's Name : V.Ramabrahmam
- (Office address with telephone numbers other than the Company's address) : 6-4-423, Krishna Nagar, Bholakpur, Musheerabad, Hyderabad - 500020  
040-27534759
- Residence and Permanent Address : 6-4-423, Krishna Nagar, Bholakpur, Musheerabad, Hyderabad - 500020
- Telephone No : 040-27534759
- Permanent A/c No. : ADPPV7505F
- b). Full Name : Mrs. Ch. Manjula
- Date of Birth : 17.05.1966
- Husband Name : Mr. Ch. Krishna Murthy
- (Office address with telephone numbers other than the Company's address) : - N.A -
- Residence and Permanent Address : Plot No.919, Jubli Hills, Road No.47, Hyderabad - 500033
- Telephone No : 040-23547166
- Permanent A/c No. : ADDPC8722H

**Market Price Data on Monthly basis:**

Scrip Code:516072 Company::VISHNU CHEM For the Period: April 2010 to March 2011

Amount (in Rs.)

Month	Open Price	High Price	Low Price	Close Price
Apr-10	76.40	80.45	69.00	72.90
May-10	72.75	74.75	66.00	68.95
Jun-10	67.35	75.40	65.40	72.00
Jul-10	72.00	74.90	67.35	72.30
Aug-10	71.05	94.90	67.25	81.15
Sep-10	84.45	119.90	77.50	102.85
Oct-10	103.85	108.90	93.30	96.25
Nov-10	103.05	129.00	90.00	101.05
Dec-10	103.80	130.00	94.10	114.55
Jan-11	120.00	120.00	96.15	106.30
Feb-11	107.40	108.95	84.00	89.55
Mar-11	90.00	110.00	80.10	95.05

**Registrar and Transfer Agents :**

Sathguru Management Consultants Pvt. Limited  
 Plot No.15, Hindi Nagar, Behind Saibaba Temple,  
 Punjagutta,  
 Hyderabad – 500 034  
 Ph : 040 – 3016 0333  
 Fax : 040 – 23354042  
 Email : [sta@sathguru.com](mailto:sta@sathguru.com) or [info@sathguru.com](mailto:info@sathguru.com)

**Shareholding pattern of the company as on 31<sup>st</sup> March 2011 is :****Distribution of Shareholding Pattern**

Category	No. of shares held		Total	% of
	Physical	Depository	Shares	Holding
A Promoters' Holding				
1. Promoters				
a. Indian Promoters'	Nil	8933856	8933856	74.79
b. Foreign Promoters**	—	—	—	—
c. Persons acting in concert**	—	—	—	—
SUB-TOTAL	Nil	8933856	8933856	74.79
B Non-Promoters Holding				
2. Institutional Investors	—	—	—	—
a. Mutual Funds and UTI	—	—	—	—
b. Banks, Financial Institutions	-	200	200	-





Category	No. of shares held		Total	% of
	Physical	Depository	Shares	Holding
Insurance Companies (Central/State Govt. Institutions/ Non-Government institutions c Fls*	-	-	-	-
SUB-TOTAL		200	200	
3. Others				
a. Private Corporate Bodies	6875	261790	268665	2.25
b. Indian Public	228471	2140243	2368714	19.82
c. NRIs/OCBs*	42240	332345	374585	3.14
d. Any other (Please Specify)	-	-	-	-
SUB-TOTAL	277586	2734378	3011964	25.21
<b>GRAND TOTAL</b>	<b>277586</b>	<b>11668434</b>	<b>11946020</b>	<b>100.00</b>

\* TOTAL FOREIGN SHAREHOLDINGS IN NUMBER IS 374585 AMOUNT TO 3.14 PERCENT & THERE IS NO GDR & ADR HOLDINGS IN ABOVE MENTIONED COMPANY

\*\* HOLDING OF PERSONS ACTING IN CONCERT IS NIL.

#### Plant Locations (Factory):

- |  |  |
|--|--|
| 1. SURVEY NO.15<br>Gaddapotharam<br>Medak District<br>Andhra Pradesh- 502319         | 2. SURVEY NO.18-26<br>Nandini Road<br>Bhilai- 490026<br>Chattishgarh                       |
| 3. Plot No.57<br>Phase III<br>IDA, Jeedimetla<br>Hyderabad -500055<br>Andhra Pradesh | 4. Plot No.29<br>Pharma City<br>IOCL Road - 531019<br>Visakhapatnam Dist<br>Andhra Pradesh |

#### Address for Correspondence:

(Registered Office)

6-3-662/B/4, Sri Sai Nilayam,  
II Floor, Sangeethnagar Colony,  
Somajiguda, Hyderabad – 500 082, Andhra Pradesh.  
Ph : 040-6662 6680-83; Fax : 040-2331 4158

#### Share Transfer System:

Shares lodged for physical transfer of shares would be registered within a period of 30 days.

#### i. Book Closure:

The company's Register of Members and Share Transfer books will remain closed for the purpose of 18<sup>th</sup> Annual General meeting;

Date of Book Closure: 29.09.2011 to 30.09.2011 (Date of Annual General Meeting)



**ii. Listing on Stock Exchanges:**

**The company's equity shares are listed on the following Stock exchanges**

- |  |   |
|--|---|
| a) The Bombay Stock Exchange Limited (BSE) | The Bombay Stock Exchange Ltd, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001                    |
| b) Ahmedabad Stock Exchange Ltd            | The Stock Exchange, Ahmedabad Kamadhenu complex, Opp. Sahajanand College, Panjara Bole, Ahmedabad – 380 015 |

**Other Information:**

- |   |   |
|---|---|
| c) The stock code of the company                      | VISHNU  |
| d) The ISIN for company's Equity Shares in Demat Form | INE270I01014  |
| e) Depository Connectivity                            | The Company has Depository Connectivity with CDSL and NSDL. |

**Declaration for Compliance with Code of Conduct**

Pursuant to Clause 49(I)(D) of the Listing Agreement, I hereby declare that the company has adopted a Code of Conduct for Director and senior management of the company at the meeting of the Board of Director. A Statement of allegiance to the Code of Conduct has been obtained from all the senior management personnel and functional heads and such statement of allegiance will be obtained on an annual basis from all the Directors, senior management personnel and functional heads.

**Place : Hyderabad**

**Date : July 30, 2011**

**For VISHNU CHEMICALS LIMITED**

Sd/-

**Ch. Krishna Murthy**

Chairman & Managing Director



**CERTIFICATE ON COMPLIANCE WITH THE CONDITION OF CORPORATE GOVERNANCE  
UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

To  
The Members of  
**VISHNU CHEMICALS LIMITED**  
Hyderabad

We have examined the compliance of conditions of Corporate Governance by M/s VISHNU CHEMICALS LIMITED ("the Company") for the year ended on March 31, 2011 as stipulated in clause 49 of the Listing Agreement of the said company with the stock exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the 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 no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Share Holders/Investors Grievance Committee.

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 L D Reddy & Co.,**  
Company Secretaries

**Sd/-**  
**L.Dhanamjaya Reddy**  
C P No : 3752

**Place : Hyderabad**  
**Date : July 30, 2011**



## MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION:

### Overview:

The financial statements have been prepared as per the requirements of the Companies Act, 1956. There are no material departures from the prescribed accounting standards in the adoption of the accounting standards. The management of the company accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflects 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.

### Industry Structure and developments:

The industry is broadly segmented into four major categories, Inorganic Chemicals, Organic Chemicals, Petrochemicals based specialties, and agro oriented chemicals. India is one of the world's most promising growth markets for the chemical industry and analyses by the Centre for Monitoring Indian Economy (CMIE) show an expected rise of 7.1 % in industrial production.

The Indian chemical industry is expected to grow at a higher CAGR [compound annual growth rate] of 13.6% to reach \$75.8bn by 2011-12. This would increase India's share in the global chemical Industry from the current 1.6% to 2.4% by 2011-12.

### Risks and concerns:

The Chemical Industry largely depends on the performance of Leather, paints and other related industry. If the performance of above industries affects, the chemical industry will also suffers.

### Results of operations:

#### Exports:

An amount of Rs. 11755.82 Lakhs was made towards exports sales and received Rs. 11141.51 Lakhs towards foreign exchange during the Financial Year under review.

### Financial Conditions:

<b>Share Capital:</b>	The Authorised Share Capital of the Company is Rs.62,00,00,000/-.The Issued and Subscribed and Paid Up Capital is of the company is Rs. 59,44,60,200/-.
<b>Share Application Money</b>	An Amount of Rs.10,00,00,000/- is received as share application Money for the proposed issue of 7% redeemable preference Shares
<b>Reserves and Surplus:</b>	An Amount of Rs. 31,19,59,678/- is available under Reserves and Surplus as on 31.03.2011
<b>Loan Funds:</b>	We have availed short Term Loan of Rs. 5 Cores From Indian Overseas Bank
<b>Deferred Tax:</b>	The deferred Tax liability has arised as the company has got Profits during the year.

**Fixed Assets:**

Amount (in Rupees)

Sl.No.	Particulars	As on 31.03.2011	As on 31.03.2010
1	Land	<b>71928738</b>	45516536
2	Building	<b>605820368</b>	524465084
3	Plant & Machinery	<b>1691422586</b>	1569379458
4	Office Equipment	<b>3891550</b>	3393261
5	Furniture & fixtures	<b>8412540</b>	8140855
6	Vehicles	<b>16984072</b>	11259659
7	Data Process Equipment	<b>5629430</b>	5077015
8	Lab Equipment	<b>5381135</b>	5381135
9	Intangible Assets (Computer Software)	<b>4341026</b>	3000000
10	R&D Equipment	<b>39282883</b>	39282883
11	Goodwill	<b>33731778</b>	33731778
12	<b>Total</b>	<b>2486826106</b>	2248627664
13	Less: Accumulated Depreciation	<b>452827407</b>	348869134
14	Net Block	<b>2033998699</b>	1899758530
15	Capital work in progress	<b>244079656</b>	287180192
16	<b>Grand Total</b>	<b>2278078355</b>	2186938722

**Investments:**

The Company having IDBI Growing Interest Bonds (98A) 6 Nos. of each Rs.5000/-, 60,000 Equity Shares of Rs.10/- each fully paid-up in M/s Koganti Power Limited (Un Listed), 50,000 units of Rs.10/- each in SBI Mutual Funds and 39,138.943 units of Rs.25.55/- each in PNB Mutual Funds.

**Sundry Debtors:**

The sundry debtors stand at Rs. 4897.60 Lakhs as on 31.03.2011 against Rs. 2978.09 Lakhs as on 31.03.2010. The debtors are considered as good, for which the company holds no security.

**Cash and Cash Equivalents:**

The company's cash and cash equivalents are as follows:

Particulars	Amount (Rs. in Lakhs)	
	31.03.2011	31.03.2010
Cash and Cash Equivalents	<b>789.19</b>	1206.66
Total assets	<b>29445.17</b>	26761.13
Cash and Cash Equivalents as a % of total assets	<b>2.68</b>	4.51

**Loans and advances:**

The loans and advances are unsecured, considered as good, recoverable in cash or kind or for value to be received.

**Current Liabilities:**

The Current Liabilities position as on 31.03.2011 and 31.03.2010 is given below.

**CURRENT LIABILITIES:**

Amount (Rs. in Lakhs)

	As on 31.03.2011	As on 31.03.2010
1. Sundry Creditors	<b>5841.24</b>	5807.99
2. Other Liabilities	<b>815.37</b>	654.75
Total	<b>6656.61</b>	6462.74

**Others:****Human Resources:**

The Company firmly believes that Human Resources and knowledge capital is vital for business success and creating values for share holders. The Company's philosophy is based on a pluralistic leadership and empowerment model, a performance driven and transparent culture. The Company's endeavor is to create competency based skill enhancement and development. The Company is rationalizing the internal rules, perquisites, entitlements and grades to flatten the organization further.

**Internal Control System:**

The Company has well defined internal control systems and procedures to ensure optimal use of Company's resources and protection thereof, facilitate accurate and speedy compilation of accounts and management information reports and compliance with laws and regulations. The Company has a well defined organization structure, authority levels and internal guidelines and rules for conducting business transactions. Internal / External auditor's observations and recommendations and adequacy of internal controls are also periodically reviewed by the Audit Committee of the Board of Directors.

**CERTIFICATION BY THE CHAIRMAN & MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER :**

The undersigned hereby certify the following under Clause 49 of listing agreement which forms part of the report of Corporate Governance

- a. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
  - i. These statements do not contain any materially untrue statement or omit any material fact nor do they contain statements that might be misleading;
  - ii. These statements together present a true and fair view of the company, and are in compliance with the existing accounting standards and / or applicable laws / regulations;
- b. We state to the best of our knowledge and belief, no transaction entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c. We are responsible for establishing and maintaining internal controls and have evaluated the effectiveness of internal control systems of the company; and have also disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, and what we have done or propose to do to rectify these;



- d. We have also disclosed to the auditors as well as the Audit Committee:
1. Significant changes in accounting polices during the year.
  2. Significant changes in accounting policies during the year have been disclosed in the notes to the financial statements; and
  3. Instances of significant fraud of which they have become aware and the involvement therein, by any of the management or any employee having a significant role in the company's control system over financial reporting.

Sd/-  
**T. Rama Krishna**  
General Manager (F&A)  
(Chief Finance Officer)

Sd/-  
**CH. KRISHNA MURTHY**  
Chairman & Managing Director



## AUDITORS REPORT

To

*The Members of VISHNU CHEMICALS LIMITED*

1. We have audited the attached Balance Sheet **VISHNU CHEMICALS LIMITED** as at March 31, 2011, the Profit and Loss account and also Cash Flow statement of the Company 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 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 the 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 (Auditors' Report) Order, 2003, issued by the Company Law Board in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, wherever applicable.
4. Further to our comments in the Annexure referred to 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 those 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 with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - e. On the basis of written representations received from the directors as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 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, subject to
    - i) *the brought forward reserves being overstated as a result of Capitalisation of Interest of Rs. 312.82 lakhs on Term Loans for the year 2007-2008 in contravention of AS16 issued by ICAI and also a resultant overstatement of Fixed Assets by Rs. 312.82 lakhs, depreciation for the year by Rs. 14.27 and total depreciation reserve till March 31, 2011 by Rs. 42.93 lakhs.*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 March 31, 2011, and
    - ii. in the case of the Profit and Loss account, of the Profit of the Company for the year ended on that date.
    - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

No.87, Road No.3,  
Gagan Mahal Colony

HYDERABAD  
May 30,2011

For C K S ASSOCIATES  
Chartered Accountants  
FRN 007390S

Sd/-  
J. RAM SESH CHOUDARY  
Partner  
(Membership No. 202150)



**ANNEXURE TO THE AUDITORS' REPORT**

1.
  - a) The Company has maintained proper records showing full particulars including the quantitative details and situation of fixed assets.
  - b) All the fixed assets have been physically verified by the management at intervals which, in our opinion, are reasonable, having regard to the size of the Company and the nature of its assets. No serious discrepancies were noticed on such verification.
  - c) No substantial part of fixed assets has been disposed off during the current year, which has a bearing on the assumption of going concern.
2.
  - 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 stocks 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 is maintaining proper records of inventory. No material discrepancies were noticed on verification between the physical stocks and the book records.
3.
  - a. As the company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, the matters to be reported under Paragraphs 4 (iii) (b),(c) and (d) are not applicable.
  - b. The Company has taken interest-free unsecured loans from three parties covered in the register maintained under Section 301 of the Companies Act, 1956, with a maximum outstanding of Rs.471.23 lakhs during the year and an amount of Rs.456.48 lakhs outstanding as on March 31, 2011.
  - c. The terms and conditions on which loans have been taken by the Company are not prejudicial to the interests of the company.
  - d. *As no terms of repayment have been specified, we are unable to comment whether the payment of principal is regular in respect of loans taken by the Company.*
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory, fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5.
  - a) According to the information and explanations given to us, we are of the opinion that the particulars or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
  - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements exceeding Rs.5 lakhs, entered in the register maintained under Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to the prevailing market prices at that relevant time.
6. According to the information and explanations provided to us, we are of the opinion that the Company has not accepted any deposits from the public and as such the directives issued by the Reserve Bank of India and the provisions of Section 58A and Section 58AA or any other relevant provisions of the Act and Rules framed there under are not applicable.
7. In our opinion, the Company has an internal audit system, commensurate with the size and nature of the business *but the scope may be expanded to cover the increase in operations.*
8. In our opinion and as per the information and explanations provided to us regarding the products manufactured by the company and the relevant orders, the maintenance of cost records has not been prescribed for the company by the Central Government under Section 209(1)(d) of the Companies Act, 1956



9. a) The Company is generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth-tax, service tax, customs duty, excise duty, cess and other statutory dues as are applicable with the appropriate authorities. According to the information given to the undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, wealth-tax, service tax, customs duty, excise duty and cess were outstanding, as at March 31, 2011, for a period of more than six months from the date they became payable as detailed below.

Nature of dues	Amount (Rs.in lakhs)	Period to which the amount relates	Due Date	Date of payment
Entry Tax	1.81	2006-07	2006-07	Not paid
Entry Tax	67.56	2008-09	2008-09	Not paid
Entry Tax	70.23	2009-10	2009-10	Not paid
Entry Tax	17.28	April 10 – June 10	July 2010	Not paid
Sales Tax	12.45	2007-08	2007-08	Not paid
Sales Tax	43.06	2008-09	2008-09	Not paid
Works Contact Tax	13.97	2008-09	2008-09	Not paid
Works Contact Tax	2.29	2009-10	2009-10	Not paid
Works Contact Tax	0.20	April 10- August 10	September 2010	Not paid

- b) According to information and explanations provided to us and the records of the company the disputed statutory dues that have not been deposited on account of matters pending before the appropriate authorities are as follows:

Nature of dues	Amount (Rs.in lakhs)	Period to which the amount relates	Forum where dispute is pending
Sales Tax	1.23	2006-2007	Appellate Deputy Commissioner Of Commercial Tax, Durg
Entry Tax	1.63	2006-2007	Appellate Deputy Commissioner Of Commercial Tax, Durg
Central Excise	46.82	1998-1999	CESTAT, Bangalore
Sales Tax	5.81	1998-1999	Sales Tax Appellate Tribunal, Hyderabad
Central Excise	30.92	2008-2009	The Assistant Registrar, Office of the customs Excise and Service Tax Appellate Tribunal, New Delhi
Sales Tax	1414.69	2008-2010	Addl. Commissioner (Appeal), Sales Tax, Cuttack

10. The Company does not have any accumulated losses as on March 31, 2011. The Company has not incurred any cash loss either during the current year or in the immediately preceding financial year.
11. According to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution or bank, *except the interest and principal fallen due during the year which were paid subsequent to due dates an amount of Interest of Rs.280.09 lakhs and Principal amount of Rs.633.73 lakhs.*
12. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debenture and other securities.
13. In our opinion the Company is not a nidhi/mutual benefit fund/society and as such, the matters to be reported under sub-clauses (a) to (d), Second Part of paragraph 4(xiii) are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company does not deal or trade in shares, securities, debentures and other investments.



15. In our opinion and according to the information and explanations given to us the Company has not given guarantee for loans taken by others.
16. In our opinion and based on the information and explanations given to us, the term loans were applied for the purpose for which they were obtained.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that the funds raised on short-term basis have not been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures.
20. The Company has not raised any money through public issue.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

HYDERABAD  
May 30,2011

For C K S ASSOCIATES  
Chartered Accountants  
FRN 007390S

Sd/-  
J. RAM SESH CHOUDARY  
Partner  
(Membership No. 202150)



## BALANCE SHEET AS AT MARCH 31, 2011

	SCHEDULE	31-03-2011 Rs.	31-03-2010 Rs.
<b>I. SOURCES OF FUNDS:</b>			
<b>1. SHAREHOLDERS' FUNDS:</b>			
a. Capital	1	594,460,200	594,460,200
b. Share Application Money		100,000,000	0
c. Reserves & Surplus	2	311,959,678	197,603,128
		<b>1,006,419,878</b>	<b>792,063,328</b>
<b>2. LOAN FUNDS:</b>			
a. Secured Loans	3	1,490,722,244	1,697,612,362
b. Unsecured Loans	4	279,931,491	56,464,568
		<b>1,770,653,735</b>	<b>1,754,076,930</b>
<b>3. DEFERRED TAXATION</b>		<b>167,443,865</b>	<b>129,972,442</b>
<b>TOTAL</b>		<b>2,944,517,478</b>	<b>2,676,112,700</b>
<b>II. APPLICATION OF FUNDS:</b>			
<b>1. FIXED ASSETS:</b>	5		
a. Gross Block		2,486,826,106	2,248,627,664
b. Depreciation		452,827,407	348,869,134
c. Net Block		2,033,998,699	1,899,758,530
d. Capital Work-in-progress		244,079,656	287,180,192
		<b>2,278,078,355</b>	<b>2,186,938,722</b>
<b>2. INVESTMENTS</b>	6	<b>2,130,000</b>	<b>2,130,000</b>
<b>3. CURRENT ASSETS, LOANS &amp; ADVANCES:</b>			
a. Inventories	7	550,046,825	537,307,316
b. Sundry Debtors	8	489,760,091	297,808,844
c. Cash & Bank Balances	9	78,919,318	120,666,257
d. Other Current Assets	10	91,015,492	41,626,347
e. Loans and Advances	11	148,292,566	156,506,585
		<b>1,358,034,293</b>	<b>1,153,915,349</b>
<b>Less: CURRENT LIABILITIES &amp; PROVISIONS</b>			
a. Current Liabilities	12	665,661,272	646,274,264
b. Provisions	13	28,063,898	20,597,107
		<b>693,725,170</b>	<b>666,871,371</b>
<b>NET CURRENT ASSETS</b>		<b>664,309,123</b>	<b>487,043,978</b>
<b>TOTAL</b>		<b>2,944,517,478</b>	<b>2,676,112,700</b>

Significant Accounting Policies &amp; Notes on Accounts

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Per our Report of even date  
for C K S ASSOCIATES  
Chartered Accountants  
Firm Reg No. 007390S

For and on behalf of the Board of Directors

Sd/-  
J RAM SESH CHOUDARY  
Partner  
Membership No.202150

Sd/-  
CH. KRISHNA MURTHY  
Chairman & Managing Director

Place: Hyderabad  
Date : May 30, 2011

Sd/-  
CH. MANJULA  
Director



## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING MARCH 31, 2011

	SCHEDULE	31-03-2011 Rs.	31-03-2010 Rs.
<b>INCOME</b>			
Sales		3,071,587,385	2,197,987,936
Less: Excise duty		189,795,210	129,725,409
		<b>2,881,792,175</b>	2,068,262,527
Other Income	14	63,448,178	22,958,298
		<b>2,945,240,353</b>	2,091,220,825
<b>EXPENDITURE</b>			
Raw Material Consumed	15	1,273,995,085	1,012,611,955
Payments & benefits to employees	16	86,756,647	58,326,431
Manufacturing, Administrative & Selling expenses	17	1,097,660,248	785,004,873
Financial Costs	18	239,108,098	210,395,199
Depreciation		104,499,490	99,786,697
Miscellaneous expenditure written off		0	2,595,810
Decrease / (Increase) in Stocks	19	(54,669,662)	(148,680,531)
		<b>2,747,349,906</b>	2,020,040,434
<b>PROFIT FOR THE YEAR</b>		<b>197,890,446</b>	71,180,390
Prior Period Expenditure (Net)		35,312,173	1,044,292
<b>PROFIT BEFORE TAX</b>		<b>162,578,273</b>	70,136,098
<b>PROVISION FOR TAX</b>			
Current Tax		32,401,847	12,097,107
Deferred Tax		37,471,423	42,846,921
Prior Period Taxes		7,612,541	11,163,325
Mat Credit Entitlement		29,264,087	12,097,107
<b>PROFIT AFTER TAX</b>		<b>114,356,549</b>	16,125,852
Add: Surplus Carried from Previous year		168,517,088	152,391,236
<b>SURPLUS TRANSFERRED TO BALANCE SHEET</b>		<b>282,873,638</b>	168,517,088
<b>EARNINGS PER SHARE:</b>			
Basic & Diluted		<b>9.57</b>	<b>1.35</b>

Per our Report of even date  
for C K S ASSOCIATES  
Chartered Accountants  
Firm Reg No. 007390S

For and on behalf of the Board of Directors

Sd/-  
J RAM SESH CHAUDARY  
Partner  
Membership No.202150

Sd/-  
CH. KRISHNA MURTHY  
Chairman & Managing Director

Place: Hyderabad  
Date : May 30, 2011

Sd/-  
CH. MANJULA  
Director



## SCHEDULE - 1

## SHARE CAPITAL

	31-03-2011 Rs.	31-03-2010 Rs.
<b>AUTHORISED CAPITAL:</b>		
12,000,000 Equity shares of Rs. 10/- each	<b>120,000,000</b>	120,000,000
50,000,000 7% Redeemable Preference Shares of Rs.10/- each	<b>500,000,000</b>	500,000,000
	<b>620,000,000</b>	620,000,000
<b>ISSUED, SUBSCRIBED &amp; PAID-UP CAPITAL:</b>		
11,946,020 Equity Shares of Rs.10/- each	<b>119,460,200</b>	119,460,200
7% Redeemable Preference Share Capital	<b>475,000,000</b>	475,000,000
	<b>594,460,200</b>	594,460,200

## SCHEDULE - 2

## RESERVES &amp; SURPLUS

Capital Reserve - Shares forfeiture	<b>86,040</b>	86,040
General Reserve	<b>29,000,000</b>	29,000,000
Profit & Loss Account	<b>282,873,638</b>	168,517,088
	<b>311,959,678</b>	197,603,128

## SCHEDULE - 3

## SECURED LOANS

Term Loans from Banks	<b>928,099,134</b>	1,243,536,306
Working Capital Borrowings	<b>558,623,379</b>	453,307,809
Hire Purchase Loans	<b>3,999,731</b>	768,246
	<b>1,490,722,244</b>	1,697,612,362

## SCHEDULE - 4

## UNSECURED LOANS

Sales Tax Deferment	<b>24,006,491</b>	24,263,950
Security Deposits from Customers/Suppliers	<b>131,500,000</b>	-
From - Directors	<b>45,648,074</b>	13,325,000
- Companies	<b>78,776,926</b>	18,875,618
- Others	-	-
	<b>279,931,491</b>	56,464,568



**SCHEDULE 5 : STATEMENT OF FIXED ASSETS & DEPRECIATION FOR THE YEAR ENDING 31<sup>ST</sup> MARCH, 2011**

Sl. No.	DESCRIPTION OF THE PROPERTY	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		As on 01.04.2010	Additions for the Period	Deletions for the Period	As on 31.03.2011	As on 01.04.2010	Additions for the Period	Deletions for the Period	As on 31.03.2011	As on 31.03.2010
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	Land Factory	45,516,536	26,412,202	-	71,928,738	-	-	-	71,928,738	45,516,536
2	Buildings - Factory	524,465,084	-	81,355,284	605,820,368	17,698,072	-	65,660,985	540,159,383	476,502,168
3	Plant & Machinery	1,569,379,458	3,265,190	118,777,938	1,691,422,586	82,098,986	-	326,129,815	1,365,292,771	1,325,348,627
4	Lab Equipments	5,381,135	-	-	5,381,135	1,339,008	255,604	-	3,786,523	4,042,126
5	R & D Equipment	39,282,883	-	-	39,282,883	5,360,750	1,865,937	-	32,056,196	33,922,133
6	Data Process Equipment	5,077,015	552,415	-	5,629,430	3,718,574	471,153	-	1,439,704	1,358,441
7	Office Equipment	3,393,261	498,289	-	3,891,550	1,451,486	184,365	-	2,255,699	1,941,779
8	Furniture & Fixtures	8,140,855	271,685	-	8,412,540	2,363,338	491,643	-	5,557,559	5,777,522
9	Vehicles	11,259,659	6,313,836	589,423	16,984,072	5,910,461	1,165,525	541,220	10,449,305	5,349,197
10	Computer Software	3,000,000	1,341,026	-	4,341,026	3,000,000	268,205	-	1,072,821	-
11	Goodwill	33,731,778	-	-	33,731,778	33,731,778	-	-	-	-
		2,248,627,664	38,654,643	200,133,222	2,486,826,106	348,869,138	104,499,490	541,220	2,033,998,699	1,899,758,530
	Capital Work in Progress:									
A	Civil Works Under Construction	92,002,129	43,276,394	74,653,985	60,624,538	-	-	-	60,624,538	92,002,129
B	Plant & Machinery under erection	158,966,562	112,452,927	112,113,066	159,306,423	-	-	-	159,306,423	158,966,564
4	Pre-Operative Exp., Pending	36,211,499	4,422,333	16,485,138	24,148,695	-	-	-	24,148,695	36,211,499
		287,180,191	160,151,654	-	244,079,656	-	-	-	244,079,656	287,180,192
	TOTAL	2,535,807,855	198,806,297	200,133,222	2,730,905,761	348,869,138	104,499,490	541,220	2,278,078,355	2,186,938,722
	Previous Year	2,393,995,813	141,812,043	76,092,602	2,535,807,855	249,082,437	99,786,697	-	2,186,938,722	2,144,913,376

**SCHEDULE - 6****INVESTMENTS**

	<b>31-03-2011 Rs.</b>	31-03-2010 Rs.
Long Term (Quoted)		
SBI Mutual Funds (50,000 Units of Rs. 10/- each, Market Value Rs.5,16,000/-)	<b>500,000</b>	500,000
PNB Mutual Funds (39138.943 Units of Rs.25.55 each, Market Value Rs.11,34,247/-)	<b>1,000,000</b>	1,000,000
Long Term (Un quoted)		
60,000 Eq.Shares of Rs.10/-each fully paid-up in Koganti Power Ltd.	<b>600,000</b>	600,000
6 Bonds of Rs.5,000/- each of IDBI Growing Interest 98A Series	<b>30,000</b>	30,000
	<b>2,130,000</b>	2,130,000

**SCHEDULE - 7****INVENTORIES**

(As certified by the Management)		
Raw Materials	<b>47,720,721</b>	167,372,631
Stores & Consumables	<b>121,558,894</b>	78,714,037
Stock-in-process	<b>173,085,598</b>	138,509,515
Finished Goods	<b>166,591,555</b>	146,497,976
Stock at yard/in Transit	<b>41,090,057</b>	6,213,157
	<b>550,046,825</b>	537,307,316

**SCHEDULE - 8****SUNDRY DEBTORS**

<i>Unsecured, considered good</i>		
Outstanding for a period exceeding six months	<b>10,056,135</b>	17,843,690
Other Debts	<b>479,703,956</b>	279,965,154
	<b>489,760,091</b>	297,808,844

**SCHEDULE - 9****CASH & BANK BALANCES**

Cash on hand	<b>859,239</b>	592,265
Balances with Scheduled Banks in		
- Current Accounts	<b>308,079</b>	3,694,388
- Fixed Deposits	<b>0</b>	53,500,000
- Margin Money Deposits	<b>77,752,000</b>	62,879,604
	<b>78,919,318</b>	120,666,257




**SCHEDULE - 10  
OTHER CURRENT ASSETS**

	31-03-2011 Rs.	31-03-2010 Rs.
Interest receivable	<b>2,900,189</b>	5,782,800
Incentives Receivable	<b>30,373,053</b>	7,365,384
MAT Credit Entitlement	<b>57,742,250</b>	28,478,163
	<b>91,015,492</b>	41,626,347

**SCHEDULE - 11  
LOANS AND ADVANCES**

<i>Unsecured, considered good</i>		
Advances recoverable in cash or kind or for value to be received	<b>68,669,823</b>	50,503,851
Deposits	<b>15,311,700</b>	10,277,354
Balances with Central Excise & Sales Tax	<b>61,362,104</b>	92,995,060
Balances with Income Tax	<b>777,402</b>	2,410,333
Prepaid expenses	<b>2,171,537</b>	319,988
	<b>148,292,566</b>	156,506,585

**SCHEDULE - 12  
CURRENT LIABILITIES**

Sundry creditors	<b>577,451,744</b>	558,121,179
Advances from customers	<b>6,672,293</b>	22,678,229
Deposits from Suppliers	<b>285,227</b>	252,227
Outstanding liabilities	<b>27,092,112</b>	15,603,826
Other Liabilities	<b>54,159,896</b>	49,618,804
	<b>665,661,272</b>	646,274,264

**SCHEDULE - 13  
PROVISIONS**

Income Tax	<b>28,063,898</b>	20,097,107
Fringe Benefit Tax	<b>0</b>	500,000
	<b>28,063,898</b>	20,597,107

**SCHEDULE - 14  
OTHER INCOME**

Insurance Claim Received	<b>2,419,905</b>	2,666,740
Interest earned (Included Tax deducted at Source of Rs.482431)	<b>5,646,125</b>	5,914,039
Balances written back (Net)	<b>1,004,395</b>	847,558
Export Incentives	<b>24,800,394</b>	490,041
Testing Charges Collected	<b>9,271,495</b>	8,320,919
Other Income	<b>2,553,831</b>	2,874,259
Profit on sale of Assets	<b>11,797</b>	-
Gain on Foreign Exchange fluctuations	<b>17,740,236</b>	1,844,742
	<b>63,448,178</b>	22,958,298


**SCHEDULE - 15  
RAW MATERIAL CONSUMED**

	31-03-2011 Rs.	31-03-2010 Rs.
Opening Stock	167,372,631	301,053,259
Add: Purchases	1,154,343,175	878,931,327
	<b>1,321,715,806</b>	1,179,984,586
Less: Closing Stock	47,720,721	167,372,631
	<b>1,273,995,085</b>	1,012,611,955

**SCHEDULE - 16  
PAYMENTS & BENEFITS TO EMPLOYEES**

Salaries & Wages	65,117,955	47,748,899
Staff & Workmen welfare Expenses	17,546,308	7,350,819
Contribution to Provident & Other Funds	4,092,384	3,226,713
	<b>86,756,647</b>	58,326,431

**SCHEDULE - 17  
MANUFACTURING, ADMINISTRATIVE & SELLING EXPENSES**

Stores, Consumables & Fuel	476,674,643	349,024,789
Power	129,151,429	89,508,826
Conversion charges	3,862,460	3,992,725
Labour costs	33,336,215	37,761,344
Repairs & Maintenance - Machinery	43,886,960	30,507,067
- Buildings	192,234	33,995
Factory Maintenance	13,955,276	10,421,605
Effluent Disposal expenses	8,302,614	16,268,693
Sales Tax & Entry Tax	52,011,290	47,545,745
Rates & Taxes	9,320,656	3,152,449
Insurance	4,822,847	4,729,928
Rent	10,590,512	3,194,286
Travelling, Vehicle Maintenance & Conveyance	11,657,703	7,124,089
Communication expenses	3,141,174	3,063,574
Printing & Stationery	1,044,840	1,081,511
Transportation	32,136,726	20,746,205
Bank charges	35,714,429	23,366,782
Packing Charges	50,054,224	36,568,000
Shipping & forwarding Charges	112,930,248	43,050,351
Other Selling Costs	39,254,351	27,313,078
Professional & Consultancy charges	7,377,857	4,180,761
Remuneration to Directors	7,800,000	4,137,500
Directors Sitting Fees	345,000	345,000
Security charges	2,847,735	2,573,153
Other Expenses	7,708,509	5,001,970
Excise Duty Adjustment on Closing Stock	(459,684)	10,311,446
	<b>1,097,660,248</b>	785,004,873



## SCHEDULE - 18

## FINANCIAL COSTS

	<b>31-03-2011</b>	31-03-2010
	<b>Rs.</b>	Rs.
Interest on Term Loans	<b>149,253,486</b>	139,319,261
Interest on Working Capital borrowings	<b>72,245,813</b>	52,345,518
Interest on Hire Purchase loans	<b>272,136</b>	110,861
Interest - Others	<b>11,443,307</b>	13,376,559
Loan processing charges/Up Front Fee	<b>5,893,356</b>	5,242,999
	<b>239,108,098</b>	210,395,199

## SCHEDULE - 19

## INCREASE/DECREASE IN STOCKS

<i>Stocks under process</i>		
Opening Stock	<b>138,509,515</b>	125,176,013
Less: Closing Stock	<b>173,085,598</b>	138,509,515
	<b>(34,576,083)</b>	(13,333,502)
<i>Finished Goods</i>		
Opening Stock	<b>146,497,976</b>	11,150,947
Less: Closing Stock	<b>166,591,555</b>	146,497,976
	<b>(20,093,579)</b>	(135,347,029)
Net (Increase) / Decrease	<b>(54,669,662)</b>	(148,680,531)



## SCHEDULE – 20

## NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDING MARCH 31, 2011

**A. Significant Accounting Policies:****a) Accounting Convention and Basis:**

The financial statements are prepared under the historical cost convention as a going concern in accordance with the generally accepted accounting principles and are based on accrual concept of accounting.

**b) Use of Estimates:**

The preparation of financial statements in conformity with the generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as on the date of the financial statements and the income and expenditure for the reporting year. Though these estimates and assumptions are based on the information available at that point in time, the actual results could differ from these estimates.

**c) Fixed Assets and Capital Work-in-Progress:**

Fixed assets are stated at cost (net of Cenvat credit & Vat) less accumulated depreciation and inclusive of all costs including financial expenses incurred till the asset is put to use. Indirect & Pre-operative expenses related or attributable to the Capital works up to commencement of commercial production are added to the cost of fixed assets in the year of commencement of commercial Production.

**d) Depreciation:**

Depreciation is provided on Straight Line Method in respect of assets situated at Bhilai, Jeedimetla (API), Corporate Office and Vizag Units and on Written down value Method in respect of assets situated at Kazipalli Unit, at rates prescribed in Schedule XIV to the Companies Act, 1956.

**e) Impairment of Assets:**

At the end of each accounting period, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with accounting standard 28 on "Impairment of Assets" issued by ICAI. An impairment loss is charged to the Profit and loss account in the period in which, an asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. The impairment loss recognized is reversed if there has been a change in the estimate of recoverable amount.

**f) Inventories:**

Inventories are valued at lower of cost or net realizable value on FIFO basis. Inventories comprises of raw materials, stores, spares & consumables and finished goods. Cost of Inventories comprises all cost of purchase, cost of conversion and other cost incurred in bringing the inventories to their present location and condition.

**g) Sales:**

Gross Sales comprise of Sale Value net of returns, Internal Transfers & rebates and is inclusive of excise duty, sales tax and Freight.

**h) Revenue recognition:**

Revenue is recognized on the transfer of property of goods as per contractual terms.

**i) Borrowing Costs:**

Borrowing costs attributable to a qualifying asset are capitalized as a part of the cost of assets and other borrowing costs are recognized as an expense in the year of incurrence.



**j) Excise duty and Sales Tax:**

The liability of excise duty on finished goods lying in stock at the close of the year is provided for in the accounts and included in the valuation of Inventory. Sales tax paid is charged to profit and loss account.

**k) Employee Benefits:**

- i) Contribution to Provident and pension Funds are funded with appropriate authorities and charged to the profit and loss account.
- ii) Liability for gratuity and leave encashment is provided on the basis of actuarial valuation by Life Insurance Corporation of India based on the unit credit method. Actuarial gains or losses are recognized in the Profit and Loss Account

**l) Investments:**

Long term investments are stated at cost net of provision for diminution in value other than temporary, if any. Current investments are carried at lower of cost or fair market value.

**m) Research & Development Expenditure:**

Capital Expenditure incurred has been disclosed separately in schedule of fixed assets and revenue expenditure incurred during the Research phase is charged to the Profit and Loss Account in the year of incurrence.

**n) Foreign Currency Transactions:**

Foreign currency transactions are accounted at the exchange rates prevailing on the date of the transaction. Foreign currency monetary items outstanding as at the Balance Sheet date are recognized using the exchange rate as on that date. Gains/Losses arising from the settlement of such transactions and translation of monetary assets and liabilities denominated in foreign currencies are accounted in the Profit and Loss account.

**o) Taxes on Income:**

Tax on income for the current period is determined on the basis of taxable income computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognized, subject to consideration of prudence, on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**B. Notes on Accounts:**

**1. Redeemable Preference Shares:**

The present Authorised Capital of the Company is fully issued and subscribed and for allotting the Share Application money of Rs. 1000 Lakhs received, the Authorised Capital needs to be increased by a resolution of the General Body, which is planned to be taken up in the ensuing Annual General Meeting.

**Dividend on Redeemable Preference Share Capital:**

Dividends on the 7% Redeemable Preference Share Capital of Rs.47.50 crores has not been provided for the year 2010-11. However as the Preference Shares are cumulative in nature, the amount payable as dividend is being shown as a Contingent liability.

**2. Secured Loans:**

- i) The Term Loans from Banks are secured by way of first pari passu charge on the fixed assets of the Company and second pari passu charge on the current assets of the company and are inclusive of overdue accrued Interest of Rs. 280.09 lakhs and principal overdue of Rs.633.73 lakhs.
- ii) Working capital loans from Banks are secured by first pari passu charge by way of hypothecation of inventory, book debts and other current assets of the company, and second pari passu charge on the fixed assets of the company.



- iii) The hire purchase loans taken from TATA Capital Limited, ICICI and State Bank of Hyderabad are secured against the assets purchased out of those loans. The net carrying amount of assets acquired on hire purchase as on 31<sup>st</sup> March 2011 is Rs.75,92,572/-. The company had capitalized the assets at their fair value considering the hire purchase agreements are in the nature of Finance Lease as defined in Accounting Standard 19 on "Leases". Installment payment are apportioned between Finance charge and Principal disclosed under secured loan. The details are as follows:- (Rs. in Lakhs)

Particulars	Minimum Lease Payments O/s		Future Interest on O/s Lease payments		P V of Minimum Lease Payments	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Within one Year	23.47	6.47	2.59	0.57	20.87	5.91
Later than one year and not later than 5 years	20.33	1.82	1.22	0.05	19.11	1.77

### 3. Contingent Liabilities: (Rs. in Lakhs)

	As on 31.03.2011	As on 31.03.2010
(a) Claims against the company not acknowledged as debts	86.41	138.30
(b) Indemnity given by Company to the banks for Bank Guarantees and Letters of Credit	2379.25	5572.52
(c) Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of Advances)	0.00	652.88
(d) Dividend on 7% Redeemable Preference Shares	918.75	586.25

### 4. Segment Reporting:

For the previous year the company has reported API division as a separate business segment though it did not satisfy the relevant 10% threshold in terms of AS17 and hence not required to be reported. In the current year the 2.48% contribution from API division on all specified thresholds has shrunk to minimal levels and so the reporting of this business segment has been dispensed with and the corresponding previous year's figures are also not being separately disclosed.

#### Geographic Segment:

The Company has two (2) geographical segments, i.e., (1) Domestic: (2) External. Revenue attributable to location of customers is as follows: (Rs. in Lakhs)

Geographic Location	2010-11	2009-10	2010-11	2009-10
	Revenue	Revenue	%	%
Domestic	18960.05	16923.92	61.73%	77.00%
External	11755.82	5055.96	38.27%	23.00%

Sundry Debtors based on geographical location: (Rs. in Lakhs)

Geographic Location	As on 31.03.2011	As on 31.03.2010	31.03.2011	31.03.2010
			%	%
Domestic	3711.05	2376.41	75.77%	79.80%
External	1186.55	601.68	24.23%	20.20%



There is no Units/Assets outside of india.

(Rs. in Lakhs)

Geographic Location	Carrying amount of Segment assets		Additions to Fixed Assets	
	2010-11	2009-10	2010-11	2009-10
India	<b>36382.43</b>	33414.68	<b>2387.88</b>	792.03

**5. Related Party Disclosures:**

Key Management Personnel:

1. Sri.Ch. Krishna Murthy, CMD
2. Smt. Ch. Manjula, Director
3. Sri Ch. Siddartha, Director

Concerns in which key management personnel are proprietors/directors:

1. Vasantha Transport Corporation
2. KMS Infrastructure Limited
3. Vishnu Life Sciences Limited

**Details of Transactions:**

(Rs. in Lakhs)

Nature of Transaction	Key Management Personnel		Concerns in which Key Management is interested	
	2010-11	2009-10	2010-11	2009-10
Purchases	—	—	—	—
Sales	—	—	—	—
Conversion Charges	—	—	<b>34.68</b>	39.93
Remuneration	<b>78.00</b>	82.75	—	—
Rent	—	—	<b>2.40</b>	2.40
Service Charges	—	—	—	—
Transportation Charges	<b>860.32</b>	651.60	—	—
Hire Charges	<b>40.83</b>	16.60	—	—
Contract Service	—	—	<b>94.43</b>	71.83
Receivables as on 31 <sup>st</sup> March	<b>86.08</b>	55.78	<b>12.15</b>	11.99
Payables as on 31 <sup>st</sup> March	—	—	<b>70.76</b>	61.88

**6. Earning per share**

	2010-11	2009-10
Profit after tax available to Equity Share holders (a) (Rs.in Lakhs)	<b>1143.56</b>	161.26
Weighted Average no of Shares Basic & Diluted (b)	<b>11,946,020</b>	11,946,020
Earning per Share Basic & Diluted (a)/(b) (Rs.)	<b>9.57</b>	1.35

**7. Deferred Taxation:**

	<b>2010-11</b> (Rs. in Lakhs)	2009-10 (Rs. in Lakhs)
Deferred Tax Liability as on Balance sheet date in respect of timing difference arising on account of difference between straight line and written down value Method and rates of depreciation and claim of deferred revenue Expenditure	<b>2251.65</b>	2142.13
Less: Deferred tax asset as on Balance sheet date in respect of unabsorbed depreciation/losses and allowable expenses u/s 43B	<b>577.22</b>	842.41
Deferred Tax Liability up to Balance Sheet Date	<b>1674.43</b>	1299.72
Less: Opening deferred tax liability	<b>1299.72</b>	871.25
Net Deferred Tax Liability (Asset) for the year	<b>374.71</b>	428.47

**8 Managerial Remuneration:**

<b>Particulars</b>	<b>2010-11</b> (Rs. in Lakhs)	2009-10 (Rs. in Lakhs)
Remuneration paid to Managing Director Salary and Allowances	<b>48.00</b>	48.00
Remuneration paid to Whole Time Directors Salary and Allowances	<b>30.00</b>	34.75

**9. Auditors' Remuneration**

<b>Particulars</b>	<b>2010-11</b> (Rs. in Lakhs)	2009-10 (Rs. in Lakhs)
1. Statutory Audit Fee	<b>4.50</b>	3.00
2. Tax Audit Fee	<b>1.50</b>	1.00
3. Other matters	<b>0.50</b>	5.50

**10. Employee Benefits:**

Defined benefit plans as per actuarial valuation on 31 <sup>st</sup> March, 2011		(Rs. in Lakhs)	
	<b>Gratuity</b> <b>(Funded)</b>	<b>Leave</b> <b>Encashment</b> <b>(Funded)</b>	
1 <u>Assumptions:</u>			
Discount Rate	8.17%	8.17%	
Escalation	3%	3%	
2 <u>Changes in present value of obligations:</u>			
Present value of obligations at beginning of year	25.90	16.34	
Interest Cost	1.73	1.20	
Current Service Cost	6.25	7.02	
Benefits Paid	(8.52)	(2.66)	
Actuarial (gain)/ loss on obligation	29.18	(0.96)	
Present Value of obligation at end of year	54.54	20.93	
3. <u>Changes in fair value of plan assets:</u>			
Fair value of plan assets at beginning of year	30.24	9.00	
Expected return on plan assets	2.38	0.99	
Contributions	—	6.30	
Benefits paid	(8.52)	(2.66)	





	Gratuity (Funded)	Leave Encashment (Funded)
Actuarial gain/(loss) on plan assets	(0.28)	0.25
Fair value of plan assets at the end of year	23.82	13.88
4. <u>Fair value of plan assets:</u>		
Fair value of plan assets at beginning of year	30.24	9.00
Actual return on plan assets	2.10	1.24
Contributions	—	6.30
Benefits paid	(8.52)	(2.66)
Fair value of plan assets at the end of year	23.82	13.88
Funded status	(30.72)	(7.06)
Excess of Actual over estimated return on plan assets (actual rate of return = Estimated rate of return as ARD falls on 31 <sup>st</sup> march)	(0.28)	0.25
5. <u>Actuarial gain/(loss) for the year – Recognized</u>		
Actuarial gain/(loss) for the year – Obligation	(29.18)	0.96
Actuarial gain/(loss) for the year – plan assets	(0.28)	0.25
Total (gain)/ loss for the year	(29.46)	1.21
Actuarial (gain)/loss recognized in the year	(29.46)	1.21
6. <u>The amounts to be recognized in the balance sheet and Statements of Profit and Loss</u>		
Present value of obligations as at the end of year	54.54	20.93
Fair value of plan assets as at the end of the year	23.82	13.88
Funded status	(30.72)	(7.06)
Net assets / (liabilities) recognized in balance sheet	(30.72)	(7.06)
7. <u>Expenses recognized in statement of profit &amp; loss</u>		
Current service cost	6.25	7.02
Interest Cost	1.73	1.20
Expected return on plan assets	(2.38)	(0.99)
Net actuarial (gain)/ loss recognized in the year	29.46	(1.21)
Expenses recognized in statement of Profit & loss	35.06	6.02

11. The company is unable to furnish the additional information required in terms of Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006 since it has no information from any of its creditors as to whether any of them constitute 'Suppliers' within the meaning of Section 2(n) of the Act
12. Due to non availability of suitable candidate, the company has not appointed a full time company secretary as per requirement of section 383 A of the Companies Act, 1956. However the company is making efforts to appoint a full time secretary, a compliance Certificate has been obtained from a Practicing Company Secretary.
13. There is No change in Equity Share Capital. The Public Share holding as on 31.03.2011 is 25.21%.
14. Additional information pursuant to the provisions of paragraphs 3,4C and 4D of Part II of Schedule VI to the Companies Act, 1956.



Production Details	2010-2011		2009-2010	
	Qty/ Mts	Rs. in Lakhs	Qty/ Mts	Rs. in Lakhs
<b>A 1. LICENSED CAPACITY</b>	<b>No License required</b>		<i>No License required</i>	
<b>2. CAPACITY INSTALLED(TPA)</b>				
Sodium Bichromate	<b>86,000</b>		93,000	
The API Unit at Jeedimetla being Primarily a R & D facility, installed Capacity there of is not quantifiable (as Certified by the management relied upon by Auditors being a technical matter)				
<b>Actual Production</b>				
Sodium Bichromate	<b>30,466.289</b>		25,327.106	
Basic Chromium Sulphate	<b>30,197.000</b>		23,813.543	
Yellow Sodium Sulphate	<b>20721.626</b>		17,835.640	
Chromic Acid	<b>434.568</b>		398.836	
Saccharine	<b>601.362</b>		865.400	
<b>B Sales</b>				
Sodium Bichromate *	<b>30452.715</b>	<b>12,949.66</b>	24866.742	8,104.27
Basic Chromium Sulphate *	<b>30598.055</b>	<b>13,334.83</b>	23,015.42	8,446.28
Yellow Sodium Sulphate *	<b>6777.070</b>	<b>110.69</b>	4657.070	92.25
Chromic Acid *	<b>445.700</b>	<b>835.58</b>	383.020	665.61
Saccharine *	<b>628.261</b>	<b>2,119.70</b>	792.270	2,525.27
API		<b>303.22</b>		1,557.54
Others		<b>1,062.19</b>		588.66
		<b>30,715.87</b>		21,979.88
(* Includes Captive Consumption of 15876.257 Mts of SB, 38.000 Mts of BCS, 23.85 Mts of Chromic Acid, 169.91 Mts of YSS, 183.506 Mts of Saccharine)				
<b>C Stock of Finished Goods</b>				
Sodium Bichromate	<b>493.124</b>	<b>460.53</b>	479.550	330.59
Basic Chromium Sulphate	<b>414.975</b>	<b>218.29</b>	816.030	324.09
Yellow Sodium Sulphate	<b>30086.295</b>	<b>705.64</b>	16141.739	278.35
Chromic Acid	<b>5.172</b>	<b>9.98</b>	16.304	25.94
Saccharine	<b>49.270</b>	<b>228.85</b>	76.169	368.58
API		<b>3.80</b>		113.75
Others		<b>38.82</b>		23.68
		<b>1665.91</b>		1,464.98



Production Details	2010-2011		2009-2010	
	Qty/ Mts	Rs. in Lakhs	Qty/ Mts	Rs. in Lakhs
<b>D Raw Materials Consumption</b>				
Soda Ash	29272.200	3895.88	23,008.804	3,333.84
Sulphuric Acid	19260.904	837.94	17,332.231	543.93
Chrome Ore	45431.317	6073.39	36,615.627	4,390.52
Lime Stone	9651.434	160.22	12,153.260	203.34
Spent Acid	2454.590	88.64	949.295	32.26
OTS	563.695	763.78	564.320	757.12
Others		920.10		1290.74
Total Consumption		12739.95		10551.75
<b>E VALUE OF RAW MATERIALS CONSUMED</b>				
a. Imported (Rs. in Lakhs)	5,500.17	43.17%	6,128.35	58.08%
b. Indigenous (Rs. in Lakhs)	7,239.78	56.83%	4,423.40	41.92%
	12,739.95	100.00%	10,551.75	100.00%
<b>F EARNINGS IN FOREIGN EXCHANGE</b>				
Sodium Saccharin, B C S, S B etc.		11755.82		5055.96
<b>G EXPENDITURE IN FOREIGN CURRENCY</b>				
Raw Materials& Packing Material etc,		4122.62		2268.72
Capital Goods		518.39		0.00
Foreign Travel & Sales Exp		77.26		22.61
Professional Services		64.82		28.70
Sales Commission		47.05		48.21
Exhibitions		28.61		16.48
Others		9.71		7.13

Previous year's figures have been reworked, regrouped and reclassified wherever necessary.

Signatures on Schedules 1 to 20

Per our Report of even date  
for C K S ASSOCIATES  
Chartered Accountants  
Firm Reg No. 007390S

Sd/-  
J RAM SESH CHOUDARY  
Partner  
Membership No.202150

Place: Hyderabad  
Date : May 30, 2011

For and on behalf of the Board of Directors

Sd/-  
CH. KRISHNA MURTHY  
Chairman & Managing Director

Sd/-  
CH. MANJULA  
Director



## Cash flow statement for the year 2010-11

	2010-11 Rs.	2009-10 Rs.
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Net Profit after Tax and Extraordinary items</b>	<b>114,356,536</b>	16,125,849
<b>Adjustments for :</b>		
Depreciation	103,958,270	99,786,697
Deferred Tax	37,471,423	42,846,924
Income Tax ( Provision )	32,401,847	12,097,107
Fringe Benefit Tax (Provision)	-	-
Income Tax ( Prior Period Taxes )	7,612,541	11,163,325
Profit on Sale of Fixed Assets / Investments	-	-
Interest Paid	239,108,098	210,395,198
Miscellaneous expenditure written off	-	2,595,811
Interest Earnings	(5,646,125)	(5,914,039)
<b>Operating profit before working Capital changes</b>	<b>529,262,590</b>	389,096,872
<b>Adjustments for :</b>		
Increase/(Decrease) in Trade and Other Receivables	(191,951,243)	(145,249,269)
Increase/(Decrease) in Inventories	(12,739,509)	(50,135,777)
Increase/(Decrease) in Trade Payables	19,387,008	316,957,805
Increase/(Decrease) on Loans & Advances & Other Current Assets	(41,175,114)	(2,320,216)
Cash deficit from Operations	(226,478,858)	119,252,543
<b>Direct Tax paid</b>	<b>(32,547,597)</b>	(23,011,662)
Dividend paid	-	-
<b>Cash generated from operations</b>	<b>(259,026,455)</b>	96,240,881
Net Cash Flow from operating activities	270,236,135	485,337,753
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	(238,198,442)	(79,203,034)
Sale Proceeds from Fixed Assets	-	-
Purchase of Investments	-	(980,000)
Capital Work-in-progress	43,100,535	(62,609,005)
Increase / Decrease in Share Capital	100,000,000	75,000,000
Net Cash used in investing activities	(95,097,907)	(67,792,039)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES :</b>		
Proceeds from long-term borrowings	50,000,000	-
Repayment of term liabilities	(362,205,687)	(26,260,434)
Increase in Bank Borrowings Working Capital	105,315,570	(8,352,645)
Other Un Secured Loans	223,466,923	(116,666,933)
Interest Paid	(239,108,098)	(210,395,198)
Interest Received	5,646,125	5,914,039
Net Cash used in financing activities	(216,885,167)	(355,761,171)
Net increase / Decrease in cash and cash equivalents	(41,746,939)	61,784,543
Cash and cash equivalents as at 01-04-2010	120,666,257	58,881,714
Cash and Cash equivalents as at 31.03.2011	78,919,318	120,666,257

Per our Report of even date  
for C K S ASSOCIATES  
Chartered Accountants  
Firm Reg No. 007390S

For and on behalf of the Board of Directors

Sd/-  
J RAM SESH CHOUDARY  
Partner  
Membership No.202150

Sd/-  
CH. KRISHNA MURTHY  
Chairman & Managing Director

Place: Hyderabad  
Date : May 30, 2011

Sd/-  
CH. MANJULA  
Director



## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(Submitted in terms of Part IV of Schedule VI to the Companies Act, 1956)

### I Registration Details

Registration No. 

0	1	-	4	6	3	5	9
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 State Code 

0	1
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Balance Sheet Date 

3	1	-	0	3	-	2	0	1	1
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### II Capital Raised during the Year (Amount in Rs.Thousands)

Public Issue 

	N	I	L				
--	---	---	---	--	--	--	--

 Rights Issue 

				N	I	L	
--	--	--	--	---	---	---	--

Bonus Issue 

	N	I	L				
--	---	---	---	--	--	--	--

 Private Placement 

				N	I	L	
--	--	--	--	---	---	---	--

### III Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)

#### Sources of Funds:

Total Liabilities	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td>2</td><td>9</td><td>4</td><td>4</td><td>5</td><td>1</td><td>7</td></tr></table>		2	9	4	4	5	1	7	Total Assets	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td>2</td><td>9</td><td>4</td><td>4</td><td>5</td><td>1</td><td>7</td></tr></table>		2	9	4	4	5	1	7		
	2	9	4	4	5	1	7														
	2	9	4	4	5	1	7														
Paid-up Capital	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td>6</td><td>9</td><td>4</td><td>4</td><td>6</td><td>0</td></tr></table>			6	9	4	4	6	0	Reserves & Surplus	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td>3</td><td>1</td><td>1</td><td>9</td><td>5</td><td>9</td></tr></table>			3	1	1	9	5	9		
		6	9	4	4	6	0														
		3	1	1	9	5	9														
Secured Loans	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td>1</td><td>4</td><td>9</td><td>0</td><td>7</td><td>2</td><td>2</td></tr></table>			1	4	9	0	7	2	2	Unsecured Loans	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td>2</td><td>7</td><td>9</td><td>9</td><td>3</td><td>1</td></tr></table>				2	7	9	9	3	1
		1	4	9	0	7	2	2													
			2	7	9	9	3	1													
Deferred Taxation	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td>1</td><td>6</td><td>7</td><td>4</td><td>4</td><td>3</td></tr></table>				1	6	7	4	4	3											
			1	6	7	4	4	3													

#### Application of Funds:

Net Fixed Assets	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td>2</td><td>2</td><td>7</td><td>8</td><td>0</td><td>7</td><td>8</td></tr></table>			2	2	7	8	0	7	8	Investments	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td></td><td></td><td>2</td><td>1</td><td>3</td><td>0</td></tr></table>						2	1	3	0
		2	2	7	8	0	7	8													
					2	1	3	0													
Net Current Assets	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td>6</td><td>6</td><td>4</td><td>3</td><td>0</td><td>9</td></tr></table>				6	6	4	3	0	9	Misc. Expenditure	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L
			6	6	4	3	0	9													
						N	I	L													
Accumulated Losses	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L											
						N	I	L													

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

Turnover	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td>2</td><td>9</td><td>4</td><td>5</td><td>2</td><td>4</td><td>0</td></tr></table>			2	9	4	5	2	4	0	Total Expenditure	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td>2</td><td>7</td><td>8</td><td>2</td><td>6</td><td>6</td><td>2</td></tr></table>			2	7	8	2	6	6	2
		2	9	4	5	2	4	0													
		2	7	8	2	6	6	2													
Profit/Loss Before Tax	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td>1</td><td>6</td><td>2</td><td>5</td><td>7</td><td>8</td></tr></table>			1	6	2	5	7	8	Profit/Loss after Tax	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td>1</td><td>1</td><td>4</td><td>3</td><td>5</td><td>6</td></tr></table>				1	1	4	3	5	6	
		1	6	2	5	7	8														
			1	1	4	3	5	6													
Earning Per Share	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td>9</td><td>.</td><td>5</td><td>7</td></tr></table>				9	.	5	7	Dividend Rate %	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>-</td><td></td></tr></table>								-			
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### V Generic Names of Three Principal Products of the Company

Item Code No.	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>2</td><td>8</td><td>4</td><td>1</td><td>5</td><td>0</td><td>0</td><td>1</td></tr></table>	2	8	4	1	5	0	0	1											
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Product Description	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>S</td><td>O</td><td>D</td><td>I</td><td>U</td><td>M</td><td>B</td><td>I</td><td>C</td><td>H</td><td>R</td><td>O</td><td>M</td><td>A</td><td>T</td><td>E</td></tr></table>	S	O	D	I	U	M	B	I	C	H	R	O	M	A	T	E			
S	O	D	I	U	M	B	I	C	H	R	O	M	A	T	E					
Item Code No.	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>2</td><td>8</td><td>3</td><td>2</td><td>1</td><td>0</td><td>0</td><td>3</td></tr></table>	2	8	3	2	1	0	0	3											
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Product Description	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>B</td><td>A</td><td>S</td><td>I</td><td>C</td><td>C</td><td>H</td><td>R</td><td>O</td><td>M</td><td>E</td><td>S</td><td>U</td><td>L</td><td>P</td><td>H</td><td>A</td><td>T</td><td>E</td></tr></table>	B	A	S	I	C	C	H	R	O	M	E	S	U	L	P	H	A	T	E
B	A	S	I	C	C	H	R	O	M	E	S	U	L	P	H	A	T	E		
Item Code No.	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>2</td><td>8</td><td>4</td><td>2</td><td>5</td><td>0</td><td>0</td><td>1</td></tr></table>	2	8	4	2	5	0	0	1											
2	8	4	2	5	0	0	1													
Product Description	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>C</td><td>H</td><td>R</td><td>O</td><td>M</td><td>I</td><td>C</td><td>A</td><td>C</td><td>I</td><td>D</td></tr></table>	C	H	R	O	M	I	C	A	C	I	D								
C	H	R	O	M	I	C	A	C	I	D										

Per our Report of even date  
for CKS ASSOCIATES  
Chartered Accountants  
Firm Reg No. 007390S

For and on behalf of the Board of Directors

Sd/-  
J RAM SESH CHAUDARY  
Partner  
Membership No.202150

Sd/-  
CH. KRISHNA MURTHY  
Chairman & Managing Director

Place: Hyderabad  
Date : May 30, 2011

Sd/-  
CH. MANJULA  
Director



**VISHNU CHEMICALS LIMITED**

Reg. Office: 6-3-662/B/4, II Floor, Sri Sai Nilayam,  
Sangeetnagar Colony, Somajiguda,  
Hyderabad - 500082

**ATTENDANCE SLIP FOR THE 18th ANNUAL GENERAL MEETING**

Please fill this Attendance Slip and hand it over at the entrance of the meeting hall.

Regd. Folio No./Client ID No

No. of Share(s)held:

I hereby record my presence at the 18<sup>th</sup> Annual General Meeting of Vishnu Chemicals Limited., held on Friday the 30<sup>th</sup> Day of September, 2011 at 10.00 A.M at The Hotel I K London, Somajiguda, Hyderabad.

\* Signature of the shareholder/proxy  
Authorized Representative

\*Strike out whichever is not applicable.

**TEAR HERE**

**VISHNU CHEMICALS LIMITED**

Reg. Office : 6-3-662/B/4, II Floor, Sri Sai Nilayam,  
Sangeetnagar Colony, Somajiguda,  
HYDERABAD - 500082

**PROXY FORM**

Regd. Folio No./Client ID.No.

No. of Shares Held :

I/We, ..... resident of  
..... in the district of being member(s) of Vishnu  
Chemicals Limited, hereby appoint Sri/Smt ..... resident of  
..... In the district of ..... as my/our proxy to  
vote for me / us and on my / our behalf at the 18<sup>th</sup> Annual General Meeting of the Company, to be held on Friday the  
30<sup>th</sup> Day of September, 2011 at 10.00 A.M at The Hotel I K London, Somajiguda, Hyderabad, or at any adjournment  
thereof.

Revenue  
Stamp  
Re.1

Signature of the Shareholder/ First named shareholder

**Note:** A Proxy need not be a member. The Proxy form in order to be effective should be duly stamped, completed, signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the time for holding the aforesaid meeting.

TEAR HERE

**BOOK POST  
PRINTED MATTER**

*If undelivered, please return to :*



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