

VISHNU CHEMICALS LIMITED



19th
ANNUAL REPORT
2011 - 2012



Board of Directors:	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
Auditors:	C K S ASSOCIATES Chartered Accountants 87, Nagarjuna, Road # 3, Gagan Mahal Colony, HYDERABAD - 500 029	
Bankers:	STATE BANK OF HYDERABAD ANDHRA BANK INDIAN OVERSEAS BANK STATE BANK OF INDIA PUNJAB NATIONAL BANK UNION BANK OF INDIA	
Registered Office:	6-3-662/B/4 Sri Sai Nilayam, II Floor, Sangeetnagar Colony, Somajiguda Hyderabad - 500 082 Andhra Pradesh, India.	
Works:	Survey No.15 Gaddapotharam Medak District - 502319 Andhra Pradesh Survey No. 18-26 Nandini Road Bhilai - 490026 Chattisgarh State Plot No. 57 Phase - III IDA., Jeedimetla Hyderabad - 500 055 Andhra Pradesh Plot No. 29, IOCL Road J.N. Pharmacity, Parawada Vishakapatnam Dist - 531 019 Andhra Pradesh	
Registrar & Share Transfer Agent:	Bigshare Services Pvt. Ltd. 306, Right Wing, Amrutha Ville, Opp.Yasodha Hospital, Somajiguda, Raj Bhavan Road, Hyderabad - 500 082.	



Notice of Annual General Meeting:

Notice is hereby given that the Nineteenth Annual General Meeting of the members of **Vishnu Chemicals Limited** will be held on Friday the 28th September, 2012 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 31st March, 2012 and the Statement of Profit and Loss for the period ended on that date and directors and auditors Reports there on.
2. To appoint a Director in place of Sri. Ch.Siddartha who retires by rotation and being eligible, offers himself for re-appointment.
3. To resolve , not to appoint a director in the vacancy caused by retirement of Sri. Bajrang Lal Bajaj by rotation and who expressed his unwillingness for reappointment.
4. To resolve , not to appoint a director in the vacancy caused by retirement of Smt. Ch.Manjula by rotation and who expressed her unwillingness for reappointment.
5. To appoint Auditors and to fix their remuneration.

For and on behalf of the Board

Sd/-

(Ch. Krishna Murthy)

Chairman & Managing Director

Place: Hyderabad

Date: July 30, 2012

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. 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., 27.09.2012 to 28.09.2012 (Both days Inclusive).
3. A member may contact to the Share Transfer Agent of the Company for any information and clarifications. Bigshare Services Pvt. Ltd., 306, Right Wing, Amrutha Ville, Opp. Yasodha Hospital, Somajiguda, Raj Bhavan Road, Hyderabad - 500 082. Ph : 040 – 23374967, 23370295 Fax : 040 – 23370295. Email : bsshyd@bigshareonline.com

For and on behalf of the Board

sd/-

(Ch. Krishna Murthy)

Chairman & Managing Director

Place: Hyderabad

Date: July 30, 2012



DIRECTORS' REPORT

To

The Members

VISHNU CHEMICALS LIMITED

Your Directors are happy to present their Nineteenth Annual Report on the business and operations of the Company and the Financial Accounts for the year ended 31st March, 2012.

FINANCIAL RESULTS

(₹ in lakhs)

Particulars	2011-12	2010-11
Gross Income	35192.29	30647.11
Profit before Interest, Depreciation & Tax	5620.30	5144.34
Less: Depreciation	1134.36	1044.99
Less: Interest	3153.35	2473.57
Profit for the year before taxes	1332.59	1625.78
Less: Provision for Taxes	480.47	482.22
Profit after Taxes	852.12	1143.56
Add: Surplus brought forward from Previous Year	2828.74	1685.17
Surplus Carried forward to Balance Sheet	3680.86	2828.74

OPERATIONS:

The fuel oil cost has gone up abnormally during last financial year and the current financial year in view of international barrel price. As the company uses large quantity of fuel oil as energy source by which the profitability of the company during the previous year was affected. Therefore the company has taken up steps to source alternative fuel for saving the cost and improving the profitability which will reflect next financial year. Due to shortage of raw materials the production was not continuous during last financial year. In view of this, we have entered contracts with raw material suppliers during 1st quarter itself for smooth supply for entire year.

FUTURE PLANS:

This year the company is also planning to introduce new product Chrome Oxide Green in its Hyderabad facility which will enhance the company's turnover and profitability significantly. Furthermore the company is also planning for increasing the capacity of derivatives during the current financial year.

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:

Sri. Ch.Siddartha Director of the Company retire by rotation and being eligible, offer himself for re-appointment.

Sri. Bajrang Lal Bajaj and Smt. Ch.Manjula Directors of the Company retire by rotation and they express their unwillingness for reappointment.

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 Companies 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.

SHARE CAPITAL:

The Authorized Equity Share Capital of the Company has been increased from ₹ 120,000,000/- to ₹ 150,000,000/- and 7% Cumulative Redeemable preference Share Capital of the Company has been increased from ₹ 500,000,000/- to ₹ 600,000,000/-

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 ₹ 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 ₹ 14.27 lakhs and the total overstatement of depreciation is ₹ 57.20 lakhs till March 31, 2012.

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 "₹ 250.04 lakh of Entry tax, ₹ 43.06 lakhs of Sales tax and ₹ 15.38 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 ₹ 149.75 lakhs and ₹ 528.69 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 after March 2012. 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
Sri. Ch. Krishna Murthy	Chairman & Managing Director	₹ 4,00,000	26 years	55
Sri. Ch. Siddartha	Whole-time Director	₹ 2,50,000	6 years	27

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:

1. that in the preparation of the accounts for the Financial Year ended 31st March, 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. 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;
3. 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;
4. That the Directors had prepared the accounts for the year ended 31st March, 2012 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, 2012



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.

		2011-2012	2010-2011
Power and Consumption			
A 1. Electricity:			
a) Purchased			
Units	Nos.	22934073	23608274
Total Amount	₹	92531720	89460888
Rate/Unit	₹	4.03	3.79
b) Own Generation			
Units	KWH	627020	116649
Unit per Litre of Diesel Oil	KWH	3.24	2.67
Cost/Unit (Variable)	₹	13.54	14.75
2. Coal\Husk			
Quantity "C"(D) used in Boiler For Steam Generation	MTs	38784.54	32506.23
Total Cost	₹	141653566	107159220
Average Rate\Tonne	₹	3652.32	3727.82
3. Furnace Oil			
Quantity	KL	12935.40	12999.33
Total Amount	₹	498365117	367487715
Average Rate	Stand If any	38527.24	28269.74
B. CONSUMPTION PER UNIT OF PRODUCTION			
Products :			
1. Sodium Bichromate			
2. Basic Chromium Sulphate			
Electricity (KWH)\Diesel	Units	393.37	384.50
Furnace Oil	KLs	0.43	0.43
Coal\Husk	MTs	0.65	0.53



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 R&D centre has earned world class status in manufacturing operations, by identifying and implementing cost-competitive technologies and reducing materials and service costs. Vishnu is competitive with the lowest –cost producers in the global market. Reducing cycle time, optimizing supply chains and establishing global sourcing has resulted in high customer service level. And, a commitment to quality standards and the focus is always on meeting customer needs with low cost and high quality products.
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 chain in peptide synthesis in solution phase
 - Development of the new API Intermediates.
 - Asymmetric synthesis of chiral compounds.
 - Preparation of API drug impurities and isolation
 - Alliance 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 ₹ 12371.03 lakhs and used ₹ 5137.65 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 31st March 2012.

a) Composition and category of directors as on 31st March 2012

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 2011-12 and at the last Annual General Meeting.

Name of the Director	Meetings held during the tenure	Meetings Attended	Last AGM
Sri. Ch Krishna Murthy	7	7	YES
Smt. Ch Manjula	7	6	YES
Sri. Ch Siddartha	7	5	YES
Sri. U Dileep Kumar	7	7	YES
Sri. B.L. Bajaj	7	2	NO
Sri. V. Vimalanand	7	7	YES

c) No. of other Boards/Board Committees in which the Directors are either Member or Chairman during the year 2011-12

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



d) Number of Board Meetings held and dates on which they were held during 2011-12

Quarter	No. of Meetings	Dates on which held
Apr-Jun	3	14.04.2011, 30.05.2011 & 07.06.2011
Jul-Sep	2	30.07.2011 & 30.09.2011
Oct-Dec	1	30.10.2011
Jan-Mar	1	30.01.2012

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 frauds 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
Sri. B.L. Bajaj	Member	2
Sri U.Dileep Kumar	Chairman	4
Sri. 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 2011-12.



3. REMUNERATION COMMITTEE:

The remuneration Committee consists of Three Independent Directors.

a). Terms of Reference:

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

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

- i). Sri U.Dileep Kumar - Chairman
- ii). Sri. B.L.Bajaj - Member
- iii). Sri. 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. (₹)	Sitting Fee
1	Sri Ch Krishna Murthy	Managing Director	48,00,000	Nil
2	Sri 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) Sri U.Dileep Kumar - Chairman
- ii) Sri B.L.Bajaj - Member
- iii) Sri V. Vimalanand - Member

c. Name and Designation of compliance officer:

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

d. Details of Shareholders Complaints:

During the year the Company has received six 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 Sri. 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 7 (Seven) 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
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
2011	Hotel I K London, 6-3-656, Somajiguda, Hyderabad – 500082	Friday 30.09.2011	10.00 A.M

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 ₹	Outstanding as on 31.03.2012 ₹
Vasantha Transport Corporation	Proprietor	Ch Krishna Murthy	Transport Services, Hire Charges	71776747	(21207195)
Vishnu Life Sciences Ltd	Member	Ch. Siddartha	Sales, Conversion Lease Rentals	2221100	6818753
K.M.S. Infrastructure Ltd	Directors	Ch. Krishna Murthy and Ch Manjula	Contract Service	3436065	(2391254)

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 28th Day of September 2012 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	:	Sri Ch. Siddartha
	Date of Birth	:	12.05.1985
	Father's Name	:	Sri Ch. Krishna Murthy
	(Office address with telephone numbers other than the Company's address)	:	6-3-662/B/4, SRI SAI NILAYAM II FLOOR, SANGEETNAGAR COLONY SOMAJIGUDA, HYDERABAD, 500082 040-66626680
	Residence and Permanent Address	:	No. 919, ROAD NO. 47 JUBLI HILLS, HYDERABAD, 500033
	Telephone No	:	040-23547166
	Permanent A/c No.	:	AGHPC0087C

Market Price Data on Monthly basis:

Scrip Code:516072 **Company:**VISHNU CHEM **For the Period:** April 2011 to March 2012

Month	Open Price ₹	High Price ₹	Low Price ₹	Close Price ₹
Apr-11	94.00	110.00	93.50	100.50
May-11	101.75	103.00	88.10	91.55
Jun-11	86.30	98.35	83.50	86.60
Jul-11	87.05	92.50	81.40	86.00
Aug-11	86.25	86.40	55.05	60.00
Sep-11	59.90	86.50	58.00	75.40
Oct-11	74.00	80.90	64.05	68.05
Nov-11	65.30	75.00	52.30	57.35
Dec-11	61.45	63.65	54.00	54.25
Jan-12	53.00	68.90	53.00	55.95
Feb-12	56.00	60.00	52.00	52.25
Mar-12	53.00	58.00	45.00	51.65


Registrar and Transfer Agents :

Bigshare Services Pvt. Ltd.
 306, Right Wing, Amrutha Ville, Opp.Yasodha Hospital,
 Somajiguda, Raj Bhavan Road, Hyderabad - 500 082.
 Ph : 040 – 23374967, 23370295
 Fax : 040 – 23370295
 Email : bsshyd@bigshareonline.com

**Share Holding pattern of the company as on 31st March 2012 is :
 Distribution of Shareholding Pattern**

Category	No. of Shares held		Total Shares	% of Holding
	Physical	Depository		
A. Promoters' Holding				
1. Promoters				
a. Indian Promoters'	Nil	8959506	8959506	75.00
b. Foreign Promoters' *	-	-	-	-
c. Persons acting in concert **	-	-	-	-
SUB-TOTAL	Nil	8959506	8959506	75.00
2. Non-Promoters Holding				
3. Institutional Investors	-	-	-	-
a. Mutual Funds and UTI	-	-	-	-
b. Banks, Financial Institutions Insurance Companies (Central /State Govt. Institutions / Non – Government institutions	-	200	200	-
c. FIIs*				
SUB-TOTAL	-	200	200	-
4. Others				
a. Private Corporate Bodies	6875	222955	229830	1.92
b. Indian Public	221046	2180922	2401968	20.11
c. NRIs / OCBs*	42240	312276	354516	2.97
d. Any other (Please Specify)	-	-	-	-
SUB-TOTAL	270161	2716153	2986314	25.00
GRAND TOTAL	270161	11675859	11946020	100.00

* TOTAL FOREIGN SHAREHOLDINGS IN NUMBER IS 354516 AMOUNT TO 2.97 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
Gaddapotharam
Medak District
Andhra Pradesh- 502 319 | 2. SURVEY NO.18-26
Nandini Road
Bhilai- 490 026
Chattishgarh |
| 3. Plot No.57
Phase III
IDA, Jeedimetla
Hyderabad -500 055
Andhra Pradesh | 4. Plot No.29
J.N. Pharma City
IOCL Road - 531 019
Visakhapatnam Dist
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 19th Annual General meeting:

Date of Book Closure: 27.09.2012 to 28.09.2012 (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) The Ahmedabad Stock Exchange Ltd | The Ahmedabad Stock Exchange Ltd., 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 Directors.

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.

For VISHNU CHEMICALS LIMITED

sd/-

Ch. Krishna Murthy

Chairman & Managing Director

Place : Hyderabad

Date : July 30, 2012



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, 2012 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, 2012

**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 chemical industry is critical for the economic development of any country, providing products and enabling technical solutions in virtually all sectors of the economy.

Global chemical production growth slowed down from 4.4% p.a. in 1999-2004 to 3.6% p.a. in 2004-2009, with global chemical sales in FY10 valued at \$3.4 trillion. The industry is increasingly moving eastwards in line with the shift of its key consumer industries (e.g. automotive, electronics, etc.) to leverage greater manufacturing competitiveness of emerging Asian economies and to serve the increasing local demand. This has led to share of Asia in the global chemical industry increasing from 31% in 1999 to 45% in 2009.

With Asia's growing contribution to the global chemical industry, India emerges as one of the focus destinations for chemical companies worldwide. With the current size of approximately \$108 billion¹, the Indian chemical industry accounts for ~3% of the global chemical industry. Two distinct scenarios for the future emerge, based on how effectively the industry leverages its strengths and manages challenges. In the base case scenario, with current initiatives of industry & government, the Indian chemical industry could grow at 11% p.a. to reach size of \$224 billion by 2017. However, the industry could aspire to grow much more and its growth potential is limited only by its aspirations. In such an optimistic scenario, high end-use demand based on increasing per capita consumption, improved export competitiveness and resultant growth impact for each sub-sector of the chemical industry could lead to an overall growth rate of over 15% p.a. and a size of \$290 billion by 2017 (~6% of global industry). This has a potential for further upside in the future considering India's increasing competitiveness in manufacturing.

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 ₹ 12371.03 Lakhs was made towards exports sales and received ₹ 13038.36 Lakhs towards foreign exchange during the Financial Year under review.

Financial Conditions:

Share Capital: The Authorised Share Capital of the Company is ₹ 75,00,00,000/-. The Issued and Subscribed and Paid Up Capital of the Company is ₹ 59,44,60,200/-.

Reserves and Surplus: An Amount of ₹ 39,71,71,568/- is available under Reserves and Surplus as on 31.03.2012

Loan Funds: We have availed Corporate Term Loan of ₹ 30 Crores from State Bank of Hyderabad

Deferred Tax: The deferred Tax liability has arises as the company has got Profits during the year.

**Fixed Assets:****Amount in ₹**

Sl.No.	Particulars	As on 31.03.2012	As on 31.03.2011
1	Land	71928738	71928738
2	Building	609330621	605820368
3	Plant & Machinery	1691422586	1691422586
4	Office Equipment	4310000	3891550
5	Furniture & fixtures	9095744	8412540
6	Vehicles	20582399	16984072
7	Data Process Equipment	6145264	5629430
8	Lab Equipment	5381135	5381135
9	Intangible Assets (Computer Software)	4341026	4341026
10	R&D Equipment	39282883	39282883
11	Total	2461820396	2453094328
12	Less: Accumulated Depreciation	532532107	452827407
13	Net Block	1929288289	2033998699
14	Capital work in progress	424870640	244079656
15	Grand Total	2354158926	2278078355

Investments:

The Company having IDBI Growing Interest Bonds (98A) 6 Nos. of each ₹ 5000/-, 60,000 Equity Shares of ₹ 10/- each fully paid-up in M/s Koganti Power Limited (Un Listed) 50,000 units of ₹ 10/- each in SBI Mutual Funds and 39,138,943 units of ₹ 25.55/- each in PNB Mutual Funds.

Sundry Debtors:

The sundry debtors stand at ₹ 4963.61 Lakhs as on 31.03.2012 against ₹ 4897.60 Lakhs as on 31.03.2011. 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:

Amount (₹ in Lakhs)

Particulars	31.03.2012	31.03.2011
Cash and Cash Equivalents	963.08	779.19
Total assets	40287.29	36382.43
Cash and Cash Equivalents as a % of total assets	2.39	2.14

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 31.03.2012 and 31.03.2011 is given below.

CURRENT LIABILITIES:**Amount (₹ in Lakhs)**

	As on 31.03.2012	As on 31.03.2011
1. Sundry Creditors	7544.40	5276.42
2. Other Current Liabilities	5624.02	6422.56
Total	13168.42	11698.98



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 Financial 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 of VISHNU CHEMICALS LIMITED as at March 31, 2012, the Statement of Profit and Loss and also Cash Flow statement of the Company for the period 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(as amended) 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt 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, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f. In our opinion and to the best of our information and according to the explanations given to us, subject to
 - i) *the brought forward reserves being overstated as a result of Capitalisation of Interest of ₹ 312.82 lakhs on Term Loans for the period 2007-2008 in contravention of AS16 issued by ICAI and also a resultant overstatement of Fixed Assets by ₹ 312.82 lakhs, depreciation for the period by ₹ 14.27 and total depreciation reserve till March 31, 2012 by ₹ 57.20 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, 2012, and
 - ii. in the case of the Statement of Profit and Loss, of the Profit of the Company for the period ended on that date.
 - iii. in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

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

HYDERABAD
May 30, 2012

For C K S ASSOCIATES
Chartered Accountants
FRN 007390S

Sd/-
V. SRINATH
Partner
(Membership No. 021185)



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 period, which has a bearing on the assumption of going concern.
2.
 - a) The inventory has been physically verified during the period by the management. In our opinion, the frequency of verification is reasonable.
 - b) In our Opinion and according to the information and explanations given to us, 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 two parties covered in the register maintained under Section 301 of the Companies Act, 1956, with a maximum outstanding of ₹ 456.48 lakhs during the period and an amount of ₹ 454.48 lakhs outstanding as on March 31, 2012.
 - 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 ₹ 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, the scope of which, in our opinion to be commensurate with the size and nature of the business.
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 us 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, 2012, for a period of more than six months from the date they became payable as detailed below.

Nature of dues	Amount (₹ 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	85.10	2010-11	2010-11	Not paid
Entry Tax	25.34	April 11 – June 11	July 2011	Not paid
Sales Tax	43.06	2008-09	2008-09	Not paid
Works Contact Tax	12.19	2008-09	2008-09	Not paid
Works Contact Tax	1.76	2009-10	2009-10	Not paid
Works Contact Tax	1.43	2010-11	2010-11	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 (₹ 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	23.31	2008-2010	Addl. Commissioner (Appeal), Sales Tax, Cuttack

10. The Company does not have any accumulated losses as on March 31, 2012. 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 period which were paid subsequent to due dates an amount of Interest of ₹ 149.75 lakhs and Principal amount of ₹ 528.69 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.

Vishnu Chemicals Limited



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 30,2012

For C K S ASSOCIATES
Chartered Accountants
FRN 007390S

Sd/-
V. SRINATH
Partner
(Membership No. 021185)



BALANCE SHEET AS AT MARCH 31,2012

	Note No.	31-Mar-12 ₹	31-Mar-11 ₹
I. EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
a. Share Capital	1	594,460,200	594,460,200
b. Reserves and Surplus	2	397,171,568	311,959,678
		991,631,768	906,419,878
2. NON-CURRENT LIABILITIES			
a. Long Term Borrowings	3	676,271,766	671,596,558
b. Deferred Tax Liabilities (Net)	4	215,927,136	167,443,865
c. Other Long Term Liabilities	5	40,399,985	49,809,363
d. Long Term Provisions	6	7,427,534	3,769,556
		940,026,421	892,619,342
3. CURRENT LIABILITIES			
a. Short Term Borrowings	7	750,461,112	636,875,964
b. Trade Payables	8	754,440,371	527,642,381
c. Other Current Liabilities	9	562,401,883	642,255,628
d. Short Term Provisions	10	29,767,763	32,429,455
		2,097,071,129	1,839,203,428
TOTAL		4,028,729,318	3,638,242,648
II. ASSETS			
1. NON-CURRENT ASSETS			
a. Fixed Assets	11		
i. Tangible Assets		1,928,483,671	2,032,925,879
ii. Intangible Assets		804,616	1,072,821
iii. Capital Work-in-progress		424,870,640	244,079,656
		2,354,158,926	2,278,078,355
b. Non-Current Investments	12	2,130,000	2,130,000
c. Long Term Loans and Advances	13	125,858,569	82,369,511
d. Other Non-Current Assets	14	10,097,678	1,187,734
		138,086,247	85,687,245
2. CURRENT ASSETS			
a. Inventories	15	696,223,263	550,046,825
b. Trade Receivables	16	496,360,538	489,760,092
c. Cash and Bank Balances	17	96,307,907	77,919,318
d. Short Term Loans and Advances	18	206,709,893	123,665,305
e. Other Current Assets	19	40,882,544	33,085,508
		1,536,484,145	1,274,477,048
TOTAL		4,028,729,318	3,638,242,648

Refer to Accompanying Notes to Financial Statements

Per our report of even date
For C K S ASSOCIATES
Chartered Accountants
FRN No. 007390S

For and on behalf of the Board of Directors

Sd/-
V. SRINATH
Partner
Membership No.021185

Sd/-
CH. KRISHNA MURTHY
Chairman & Managing Director

Place : Hyderabad
Date: May 30, 2012

Sd/-
CH. MANJULA
Director


STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2012

	Note No.	31-Mar-12 ₹	31-Mar-11 ₹
REVENUE			
1. Revenue from Operations	20	3,293,659,991	2,874,916,480
2. Other Income	21	22,859,301	25,818,063
3. Total Revenue		3,316,519,292	2,900,734,543
EXPENSES			
a. Cost of Materials Consumed	22	1,519,970,611	1,273,995,085
b. Changes in Inventories of Finished Goods & Work-in-Progress	23	(160,201,152)	(54,669,662)
c. Employee Benefit Expense	24	102,882,023	94,556,647
d. Finance Costs	25	315,334,836	247,356,568
e. Depreciation and Amortisation Expense	11	113,436,480	104,499,490
f. Other Expenses	26	1,291,837,490	1,072,418,141
4. Total Expenses		3,183,260,288	2,738,156,269
5. Profit Before Tax		133,259,004	162,578,274
6. Tax Expense			
a. Current Tax (MAT)		26,665,127	32,401,847
Less: MAT Credit Entitlement		24,652,916	29,264,087
Net Current Tax		2,012,211	3,137,760
Tax Pertaining to Earlier Years		(2,448,369)	7,612,541
b. Deferred Tax	4	48,483,272	37,471,423
		48,047,114	48,221,724
7. Profit / (Loss) For The Period		85,211,890	114,356,550
8. Earnings Per Share			
Par Value Per Share ₹ 10/-			
Basic & Diluted		4.35	6.79

Refer to accompanying Notes to Financial Statements

Per our report of even date
For C K S ASSOCIATES
Chartered Accountants
FRN No. 007390S

Sd/-
V. SRINATH
Partner
Membership No.021185

Place : Hyderabad
Date: May 30, 2012

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 2011-12

	2011-12 ₹	2010-11 ₹
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit after Tax and Extraordinary items	85,211,890	114,356,550
Adjustments for :		
Depreciation	113,436,480	104,499,490
Deferred Tax	48,483,272	37,471,423
Income Tax (Provision)	26,665,127	32,401,847
Fringe Benefit Tax (Provision)	-	-
Income Tax (Prior Period Taxes)	(2,448,369)	7,612,541
Profit on Sale of Fixed Assets / Investments	-	-
Interest Paid	315,334,836	247,356,568
Miscellaneous expenditure written off	-	-
Interest Earnings	(10,911,470)	(5,646,125)
Operating profit before working Capital changes	575,771,766	538,052,294
Adjustments for :		
Increase/(Decrease) in Trade and Other Receivables	(6,600,447)	(191,951,243)
Increase/(Decrease) in Inventories	(146,176,438)	(12,739,509)
Increase/(Decrease) in Trade Payables	226,797,990	19,387,008
Increase/(Decrease) on Loans & Advances & Other Current Assets	(116,736,519)	(42,716,348)
Cash deficit from Operations	(42,715,414)	(228,020,092)
Direct Tax paid	(25,038,416)	(32,547,597)
Dividend paid	-	-
Cash generated from operations	(67,753,830)	(260,567,689)
Net Cash Flow from operating activities	508,017,936	277,484,605
B. CASH FLOWS FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(8,726,068)	(238,198,442)
Sale Proceeds from Fixed Assets	-	-
Purchase of Investments	-	-
Capital Work-in-progress	(180,790,984)	43,100,535
Increase / Decrease in Share Capital	(100,000,000)	100,000,000
Net Cash used in investing activities	(289,517,052)	(95,097,907)
C. CASH FLOWS FROM FINANCING ACTIVITIES :		
Proceeds from long-term borrowings	300,000,000	50,000,000
Repayment of term liabilities	(402,089,069)	(362,205,687)
Increase in Bank Borrowings Working Capital	42,281,190	105,315,570
Other Un Secured Loans	164,118,950	223,466,923
Interest Paid	(315,334,836)	(247,356,568)
Interest Received	10,911,470	5,646,125
Net Cash used in financing activities	(200,112,295)	(225,133,637)
Net increase / Decrease in cash and cash equivalents	18,388,589	(42,746,939)
Cash and cash equivalents as at 01.04.2011	77,919,318	120,666,257
Cash and Cash equivalents as at 31.03.2012	96,307,907	77,919,318

Per our report of even date
For C K S ASSOCIATES
Chartered Accountants
FRN No. 0073905

Sd/-
V. SRINATH
Partner
Membership No.021185

Place : Hyderabad
Date: May 30, 2012

For and on behalf of the Board of Directors

Sd/-
CH. KRISHNA MURTHY
Chairman & Managing director

Sd/-
CH. MANJULA
Director

**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, Sales Tax & rebates and is inclusive of excise duty 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.

1. SHARE CAPITAL

	31-Mar-12 ₹	31-Mar-11 ₹
Authorised Share Capital		
15000000 Equity Shares of ₹10/- par value (12000000)	150,000,000	120,000,000
60000000 7% Cumulative Redeemable Preference Shares of (50000000) ₹ 10/- par value	600,000,000	500,000,000
	750,000,000	620,000,000
Issued,Subscribed and Fully Paid-up Capital		
EQUITY SHARES		
At the beginning and close of the year		
11946020 Equity Shares of ₹10/- par value	119,460,200	119,460,200
PREFERENCE SHARES		
At the beginning and close of the year		
47500000 7% Cumulative Redeemable Preference Shares of ₹ 10/- par value	475,000,000	475,000,000
Total Share Capital	594,460,200	594,460,200

- All the equity shares carry equal rights and obligations including for dividend and with respect to voting rights.
- 7% Cumulative Redeemable Preference Shares which are cumulative nature are liable to be redeemed after the expiry of ten years from the date of its issue
- Names of shareholders holding more than 5% of the Share capital and their shareholding.

**a. EQUITY SHARES**

S.No.	Name of shareholder	31-Mar-12	31-Mar-11
1	Ch. Krishna Murthy - No of Shares	6,219,790	6,219,790
		52.07	52.07
2	Ch. Manjula - No of Shares	1,614,048	1,614,048
		13.51	13.51
3	Ch. Siddartha - No of Shares	1,125,668	1,100,018
		9.42	9.21

b. PREFERENCE SHARES

S.No.	Name of shareholder	31-Mar-12	31-Mar-11
1	Ch. Krishna Murthy - No of Shares	44,100,000	44,100,000
		92.84	92.84
2	Ch. Manjula - No of Shares	3,250,000	3,250,000
		6.84	6.84

4. "Dividend on Cumulative Redeemable Preference Share Capital:

Dividends on the 7% Cumulative Redeemable Preference Share Capital of ₹ 4,750 Lakhs has not been provided for the period 2011-12. However as the Preference Shares are cumulative in nature, the amount payable as dividend of ₹ 332.50 Lakhs (₹ 332.50 Lakhs) is being shown as a Contingent liability."

2. RESERVES & SURPLUS

	31-Mar-12 ₹	31-Mar-11 ₹
1. Capital Reserve		
a Balance at the beginning of the year	86,040	86,040
b Addition during the year	-	-
c Balance at the closing of the year	86,040	86,040
2. Other Reserves:		
General Reserve		
a Balance at the beginning of the year	29,000,000	29,000,000
b Addition during the year	-	-
c Balance at the closing of the year	29,000,000	29,000,000
3. Surplus		
a Balance brought forward from previous year	282,873,638	168,517,088
b Add: Transfer from Statement of Profit and Loss for the year	85,211,890	114,356,550
c Balance available for Appropriations	368,085,528	282,873,638
d Appropriations:	-	-
e Balance carried forward to next year	368,085,528	282,873,638
	397,171,568	311,959,678



3. LONG TERM BORROWINGS

	31-Mar-12 ₹	31-Mar-11 ₹
1. Secured:		
a Term Loans From Banks :	401,399,865	472,183,175
b Long Term Maturities of Finance Lease Obligations:	1,735,834	1,911,175
2. Unsecured :		
a Inter Corporate Deposits	10,000,000	-
b Sales tax deferment	16,187,993	20,354,134
c Long Term Security Deposits from Customers & Suppliers	201,500,000	131,500,000
d Loans from directors	45,448,074	45,648,074
	676,271,766	671,596,558

Terms of repayment, Security offered, Gurantees, Defaults, if any, with respect to:

1 Terms of Repayment & Rate of Interest

Particulars	Period of maturity with respect to the Balance Sheet date	No. of Installments Outstanding	Outstanding Amount of Installments
S B H TERM LOAN	13 Months	1	11,432,000 (60,432,000)
S B H TERM LOAN - 2	15 Months	1	8,487,500 (46,487,500)
S B H TERM LOAN - 3	52 Months	14	262,500,000
AB TERM LOAN	13 Months	1	6,332,000 (35,682,000)
AB TERM LOAN - 2	15 Months	1	5,738,000 (28,938,000)
S B I TERM LOAN	13 Months	1	5,956,000 (35,816,028)
I O B TERM LOAN	35 Months	8	25,000,000 (45,881,250)
UBI TERM LOAN	21 Months	3	75,954,365 (180,508,897)
PNB TERM LOAN	-	-	- (38,437,500)

Figures in the brackets relate to Previous Financial Year

The rate of Interest for Term Loans from Banks is ranging from respective Banks Base Rate - 1.50% to + 5%

2 Security:

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. The directors have extended their personal security i.e land, plots, Shares etc., first pari passu charge over the entire fixed assets of M/s. Vishnu Life Sciences Limited and also the relatives of the directors have given their personal security.

**3 Gurantees:**

All the above term loans are guranteed by the Directors, Sri. Ch. Krishna Murthy, Smt. Ch. Manjula & Sri. Ch. Siddartha

- 4** The hire purchase loans taken from ICICI Bank is secured against the assets purchased out of those loans. The net carrying amount of assets acquired on hire purchase as on 31st March 2012 is ₹ 85,60,462/- (₹ 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:-

₹ In Lakhs

Particulars	Minimum Lease Payment O/S	Future Interest on O/s Lease payments	P V of Minimum Lease Payments
Within one Year	27.53 (23.47)	3.11 (2.59)	24.42 (20.87)
Later than one year and not later than 5 years	18.45 (20.33)	1.09 (1.22)	17.36 (19.11)

Figures in the brackets relate to Previous Financial Year

5 Terms of Repayment (Non Interest bearing)

- | | | | |
|---|--|---|------------------------------|
| a | Intercorporate Deposits | : | Repayable after two years |
| b | Sales Tax Defferement | : | Repayable with in Five years |
| c | Security Deposits from Customers & Suppliers | : | Repayable after two years |
| d | Loans from directors | : | No terms specified |

4. DEFERRED TAX LIABILITIES (NET)

The Company has provided for Deferred Tax in accordance with the Accounting Standard on "Accounting for Taxes on Income" (AS 22) issued by the institute of Chartered Accountants of India. The details of deferred tax assets and liabilities of the Company as on the date of Balance Sheet are as follows:

	31-Mar-12 ₹	31-Mar-11 ₹
1. Deferred Tax Liability		
1. On account of Timing differences in Depreciation of Fixed Assets	236,521,659	225,165,000
2. Deferred Tax Assets		
a Expenses allowable on payment	(2,164,419)	1,254,904
b Carried forward losses as computed under Income Tax Act	22,758,942	56,466,231
3. Net Deferred Tax Liabilities / (Assets) for the period	48,483,271	37,471,423
4. Deferred Tax Liability / (Asset) - Total	215,927,136	167,443,865

**5. OTHER LONG TERM LIABILITIES**

	31-Mar-12	31-Mar-11
	₹	₹
1. Others		
a Creditors for Capital Expenditure	40,399,985	49,809,363

The Company has no information as to whether any of its vendors constitute a "Supplier" within the meaning of Section 2 (n) of the Micro, Small and Medium Enterprises Development Act, 2006 as no declarations were received under the said Act from them.

6. LONG TERM PROVISIONS

1. Provision for Employee Benefits (Funded)	7,427,534	3,769,556
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7. SHORT TERM BORROWINGS

A. Secured:		
1. Loans repayable on demand		
a From Banks :	600,904,569	558,623,378
B. Unsecured:		
1. From Others :		
a Inter Corporate Deposits	8,348,465	17,670,820
b Others	140,879,851	60,296,539
	149,228,316	77,967,359
2. Other Loans and Advances		
a Advance from Contractors	328,227	285,227
	750,461,112	636,875,964

Loans from Banks

1 The rate of Interest for Loans repayable on demand from Banks is ranging from respective Banks Base Rate + 4.25% to + 6.75%

2 Security:

Working Capital Loans from Banks are secured by first pari passu charge by way of hypothecation of inventories, book debts and other current assets of the company, and second pari passu charge on the fixed assets of the company. The directors have extended their personal security i.e Land, Plots, Buildings & Shares etc.

3 Gurantees:

All the above loans are guranteed by the Directors, Sri. Ch. Krishna Murthy, Smt. Ch. Manjula & Sri. Ch. Siddartha

8. TRADE PAYABLES

Trade payables	754,440,371	527,642,381
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The Company has no information as to whether any of its vendors constitute a "Supplier" within the meaning of Section 2 (n) of the Micro, Small and Medium Enterprises Development Act, 2006 as no declarations were received under the said Act from them.

**9. OTHER CURRENT LIABILITIES**

	31-Mar-12 ₹	31-Mar-11 ₹
1 Current maturities of long term debt	356,589,038	365,314,983
2 Current maturities of finance lease obligations	2,441,540	2,088,556
3 Interest accrued and due on borrowings	14,974,897	28,037,591
4 Term Loan Installment due but not paid	52,868,622	63,372,951
5 Advance from Customers	32,517,735	6,672,293
6 Unpaid dividends	232,893	232,893
7 Application Money received for allotment of securities and due for refund or allotments not made within due date or in excess of Authorised capital	-	100,000,000
8 Other payables		
a Outstanding Laibilities	26,303,505	18,957,002
b Sales Tax Deferment Current obligation	4,166,141	3,652,357
c Statutory dues Payable	72,307,513	53,927,003
	562,401,883	642,255,628

1. Terms and Conditions etc., on which Share Application Money has been received:

1. Terms and Conditions	Ranking for dividend and in all respects at par with the existing shares in the Company	
2. Number of shares proposed to be issued	NIL	10,000,000
3. Amount of premium, if any	NIL	NIL
4. Period before which shares are to be allotted	N.A	Not Specified
5. Whether the company has sufficient authorised capital to cover the share capital amount on allotment of shares out of share application money	N.A	NO
6. Interest accrued on amount due for refund	NIL	NIL
7. The period for which Share Application money has been pending beyond the period of allotment as mentioned in the share application form, along with the reasons for it being pending.	N.A	N.A

10. SHORT TERM PROVISIONS

1. Provision for Employee Benefits	2,525,523	4,365,557
2. Others		
a. Provision for Tax	27,242,240	28,063,898
	29,767,763	32,429,455



VISHNU CHEMICALS LIMITED

11 : STATEMENT OF FIXED ASSETS & DEPRECIATION AS ON 31.03.12

SL. No.	DESCRIPTION OF THE PROPERTY	GROSS BLOCK			DEPRECIATION AND AMORTISATION EXPENSES			NET BLOCK	
		As on 01.04.2011 ₹	Additions for the Period ₹	Deletions for the Period ₹	As on 31.03.2012 ₹	Additions for the Period ₹	Deletions for the Period ₹	As on 31.03.2012 ₹	As on 31.03.2011 ₹
A	Tangible Assets								
1	Land	71,928,738	-	-	71,928,738	-	-	71,928,738	71,928,738
2	Buildings	605,820,368	3,510,253	-	609,330,621	20,252,331	-	523,417,305	540,159,383
3	Plant & Machinery	1,691,422,586	-	-	1,691,422,586	88,029,521	-	1,277,263,249	1,365,292,771
4	Lab Equipments	5,381,135	-	-	5,381,135	255,604	-	3,530,919	3,786,523
5	R & D Equipment	39,282,883	-	-	39,282,883	1,865,937	-	30,190,259	32,056,196
6	Data Process Equipment	5,629,430	515,834	-	6,145,264	4,189,727	-	1,375,430	1,439,704
7	Office Equipment	3,891,550	418,450	-	4,310,000	1,635,851	-	2,481,648	2,255,699
8	Furniture & Fixtures	8,412,540	683,204	-	9,095,744	513,183	-	5,727,580	5,557,559
9	Vehicles	16,984,072	3,598,327	-	20,582,399	1,479,090	-	12,568,543	10,449,306
	Total (A)	2,448,753,302	8,726,068	-	2,457,479,370	113,168,275	-	1,928,483,671	2,032,925,879
B	Intangible Assets								
1	Computer Software	4,341,026	-	-	4,341,026	268,205	-	804,616	1,072,821
	Total (B)	4,341,026	-	-	4,341,026	268,205	-	804,616	1,072,821
C	Capital Work in Progress:								
1	Civil Works Under Construction	58,261,253	35,347,095	-	93,608,349	-	-	93,608,349	58,261,253
2	Plant & Machinery under erection	161,669,708	145,443,888	-	307,113,597	-	-	307,113,597	161,669,708
3	Pre-Operative Exp., Pending Capitalisation	24,148,695	-	-	24,148,695	-	-	24,148,695	24,148,695
	Total (C)	244,079,656	180,790,984	-	424,870,640	-	-	424,870,640	244,079,656
	TOTAL (A+B+C)	2,697,173,984	189,517,052	-	2,886,691,036	113,436,480	-	2,354,158,926	2,278,078,355
	Previous Year	2,502,076,077	195,687,330	589,423	2,697,173,984	104,499,490	541,220	2,278,078,355	2,186,938,716

**12. NON-CURRENT INVESTMENTS**

	31-Mar-12 ₹	31-Mar-11 ₹
1. Other Investments : (At Cost)		
a Equity Shares- Koganti Power Ltd (60000 Nos each ₹10/- Fully paid up)	600,000	600,000
b IDBI Bonds - 6 Bonds of ₹ 5000/- each	30,000	30,000
c SBI Mutual Funds - 50000 Units of ₹10/- each	500,000	500,000
d PNB Mutual Fund - 39138.943 units of ₹ 25.55 each	1,000,000	1,000,000
	2,130,000	2,130,000
1. Quoted Investments:		
a Aggregate Value	1,500,000	1,500,000
b Market Value	1,552,291	1,650,247
2. Unquoted Investment - Aggregate Value	630,000	630,000

13. LONG TERM LOANS & ADVANCES

1. Unsecured, Considered Good:		
1. Capital Advances	20,955,166	6,610,967
2. Deposits	21,392,237	16,932,294
3. Other Loans & Advances		
a MAT Credit Entitlement	82,395,166	57,742,250
b Others	1,116,000	1,084,000
	125,858,569	82,369,511

Capital Advances include ₹ 2,391,254/- (₹1,215,730/-) paid to related party towards advance for Civil Works

14. OTHER NON-CURRENT ASSETS

1. Deposit with Banks	1,244,698	1,000,000
2. Interest receivable on Margin Money	95,295	187,734
3. Fair Value of Plan Asset (Funded)	8,757,685	-
	10,097,678	1,187,734

15. INVENTORIES

Valued at Cost or Realisable Value, whichever is lower

1. Raw Materials	94,557,043	47,720,721
2. Work-in-progress	196,757,854	173,085,598
3. Finished Goods	303,120,451	166,591,555
4. Stores & Spares	101,276,394	121,558,894
5. Stock in Transit - Raw Material	511,521	-
6. Stock at Yard - Raw Material	-	41,090,057
	696,223,263	550,046,825

**16. TRADE RECEIVABLES**

	31-Mar-12 ₹	31-Mar-11 ₹
1. Unsecured, Considered Good		
a Outstanding for a Period Exceeding Six Months	39,655,466	9,204,742
b Other Receivables	456,705,072	480,555,350
	496,360,538	489,760,092

17. CASH AND BANK BALANCES

1. Cash & Cash Equivalents:		
a Balances with Banks	124,944	308,079
b Cash on Hand	923,563	859,239
2. Other Bank Balances		
a Deposit in Bank as Security for Borrowings	95,259,400	76,752,000
	96,307,907	77,919,318

18. SHORT TERM LOANS AND ADVANCES

1. Unsecured, Considered Good		
a Loans and Advances to Related Parties	21,207,195	8,607,870
2. Others		
a Advances to Suppliers	98,251,599	42,804,755
b Other Advances	4,879,435	7,941,637
c Balances with Central Excise, Service Tax & Sales Tax	77,894,125	61,362,104
d TDS Receivable	1,529,656	777,402
e Prepaid Expenses	2,947,883	2,171,537
	206,709,893	123,665,305

19. OTHER CURRENT ASSETS

1. Interest Receivable	4,872,452	2,712,455
2. Incentives Receivable	36,010,092	30,373,053
	40,882,544	33,085,508

**20. REVENUE FROM OPERATIONS**

	31-Mar-12 ₹	31-Mar-11 ₹
1. Sale of Products	3,476,697,957	3,028,085,970
2. Other Operating Revenues		
a Sale of Scrap	3,612,418	2,553,831
b Testing Charges	10,063,178	9,271,495
c Export Incentives	28,856,150	24,800,394
	3,519,229,703	3,064,711,690
Less: Excise Duty	225,569,712	189,795,210
	3,293,659,991	2,874,916,480

21. OTHER INCOME

1. Interest income		
a On Long Term Investments	95,295	72,913
b On Current investments	10,816,175	5,573,212
2. Other Non-Operating Income (net of expenses directly attributable to the income)		
a Insurance Claim Received	1,445,599	2,419,905
b Profit on Sale on Assets	-	11,797
c Gain on Foreign Currency Translation and Transactions	10,502,232	17,740,236
	22,859,301	25,818,063

22. COST OF MATERIAL CONSUMED

Opening Stock	47,720,721	167,372,631
Add: Purchase	1,566,806,933	1,154,343,175
Total	1,614,527,654	1,321,715,806
Less: Closing Stock	94,557,043	47,720,721
	1,519,970,611	1,273,995,085

23. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

1. Finished Goods		
a Opening Stock:	166,591,555	146,497,976
b Closing Stock:	303,120,451	166,591,555
	(136,528,896)	(20,093,579)
2. Work-in-progress		
a Opening Stock:	173,085,598	138,509,515
b Closing Stock:	196,757,854	173,085,598
	(23,672,256)	(34,576,083)
Total Decrease / (Increase)	(160,201,152)	(54,669,662)

**24. EMPLOYEE BENEFITS EXPENSE**

	31-Mar-12 ₹	31-Mar-11 ₹
1. Salaries & Wages	84,372,000	72,917,955
2. Contribution to Provident and Other Funds	4,171,215	4,092,384
3. Staff Welfare Expenses	14,338,808	17,546,308
	102,882,023	94,556,647

25. FINANCE COSTS

1. Interest Expenses	251,570,345	221,771,435
2. Interest on Others	30,020,942	11,443,307
3. Other Borrowing Costs	33,743,549	14,141,826
	315,334,836	247,356,568

26. OTHER EXPENSES

1 Consumables	692,325,801	516,049,816
2 Power & Fuel	99,286,238	89,776,256
3 Rent	14,900,573	10,590,512
4 Repairs & Maintenance - Buildings	822,831	192,234
5 Repairs & Maintenance - Machinery	55,674,137	43,886,960
6 Insurance	5,586,480	4,822,847
7 Rates & Taxes	14,700,117	9,320,656
8 Labour costs	34,190,124	33,336,215
9 Packing Charges	48,836,992	50,054,224
10 Shipping & forwarding Charges	122,756,061	112,930,248
11 Other Selling Cost	24,622,144	39,254,351
12 Bank charges	15,458,337	27,465,959
13 Transportation Charges	40,919,228	32,136,726
14 Effluent Disposal Expenses	44,785,217	8,302,614
15 Miscellaneous Expenses	68,281,818	58,986,350
16 Prior Period Expenses	8,691,392	35,312,173
	1,291,837,490	1,072,418,141

**27. CONTINGENT LIABILITIES AND COMMITMENTS (To the Extent Not Provided For):**

(Amount in ₹)

	As on 31.03.2012	As on 31.03.2011
1. Contingent Liabilities:		
a Claims against company not acknowledged as debt.	8,640,782	8,640,782
b Indemnity given by company to the banks for Bank Guarantees and Letters of Credit	163,088,070	237,925,000
2. Commitments:		
a Estimated amount of Contracts remaining to be executed on Capital account and not provided for.	15,312,055	---
b Dividend on 7% Cumulative Redeemable Preference Shares	125,125,000	91,875,000

28. Segment Reporting:

Geographic Segment:

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

(₹ in Lakhs)

Geographic Location	2011-12 Revenue	2010-11 Revenue	2011-12 %	2010-11 %
Domestic	22395.94	18960.05	64.42	61.73
External	12371.03	11755.82	35.58	38.27

Sundry Debtors based on geographical location:

(₹ in Lakhs)

Geographic Location	As on 31.03.2012	As on 31.03.2011	31.03.2012 %	31.03.2011 %
Domestic	4005.63	3711.05	80.70	75.77
External	957.97	1186.55	19.30	24.23

There is no Units/Assets outside India.

(₹ in Lakhs)

Geographic Location	Carrying amount of Segment assets		Additions to Fixed Assets	
	2011-12	2010-11	2011-12	2010-11
India	40287.29	36382.43	87.26	2387.88

29. 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:

Nature of Transaction	Key Management Personnel		Concerns in which Key Management is interested	
	2011-12	2010-11	2011-12	2010-11
Conversion Charges	--	--	19.81	34.68
Remuneration	78.00	78.00	--	--
Rent	--	--	2.40	2.40
Transportation Charges	682.97	860.32	--	--
Hire Charges	34.80	40.83	--	--
Contract Service	--	--	34.36	94.43
Receivables as on 31 st March	212.07	86.08	23.91	12.15
Payables as on 31 st March	--	--	68.19	70.76

30. Earning per share

(₹ in Lakhs)

	2011-12	2010-11
Profit after tax available to Equity Share holders after Considering dividend on Preferential Shares (a)	519.62	811.06
Weighted Average no of Shares Basic & Diluted (b)	11,946,020	11,946,020
Earning per Share Basic & Diluted (a)/(b)(₹)	4.35	6.79

31. Auditors' Remuneration

(₹ in Lakhs)

Particulars	2011-12	2010-11
1. Statutory Audit Fee	4.50	4.50
2. Tax Audit Fee	1.50	1.50
3. Other matters	4.20	0.50

32. Employee Benefits:

Defined benefit plans as per actuarial valuation on 31st March, 2012

(₹ in Lakhs)

	Gratuity (Funded)	Gratuity (Funded)	Leave Encashment (Funded)	Leave Encashment (Funded)
	2011-12	2010-11	2011-12	2010-11
1 Assumptions:				
Discount Rate	8.17%	8.17%	8.17%	8.17%
Escalation	3%	3%	3%	3%
2 Changes in present value of obligations:				
Present value of obligations at beginning of year	54.54	25.90	20.93	16.34
Interest Cost	4.44	1.73	1.70	1.20
Current Service Cost	10.04	6.25	7.22	7.02
Benefits Paid	(0.45)	(8.52)	(0.19)	(2.66)
Actuarial (gain)/ loss on obligation	(5.03)	29.18	(4.30)	(0.96)
Present Value of obligation at end of year	63.53	54.54	25.36	20.93

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

	Gratuity (Funded)	Gratuity (Funded)	Leave Encashment (Funded)	Leave Encashment (Funded)
	2011-12	2010-11	2011-12	2010-11
3	Changes in fair value of plan assets:			
	Fair value of plan assets at beginning of year	30.24	13.88	9.00
	Expected return on plan assets	2.38	2.32	0.99
	Contributions	--	23.13	6.30
	Benefits paid	(8.52)	(0.19)	(2.66)
	Actuarial gain/(loss) on plan assets	(0.28)	(0.47)	0.25
	Fair value of plan assets at the end of year	23.82	38.67	13.88
4	Fair value of plan assets:			
	Fair value of plan assets at beginning of year	30.24	13.88	9.00
	Actual return on plan assets	2.10	1.85	1.24
	Contributions	--	23.13	6.30
	Benefits paid	(8.52)	(0.19)	(2.66)
	Fair value of plan assets at the end of year	23.82	38.67	13.88
	Funded status	(30.72)	13.30	(7.06)
	Excess of Actual over estimated return on plan assets (actual rate of return = Estimated rate of return as ARD falls on 31 st March)	(0.28)	(0.47)	0.25
5	Actuarial gain/(loss) for the year – Recognized			
	Actuarial gain/(loss) for the year – Obligation	(29.18)	4.30	0.96
	Actuarial gain/(loss) for the year – plan assets	(0.28)	(0.47)	0.25
	Total (gain)/ loss for the year	(29.46)	3.83	1.21
	Actuarial (gain)/loss recognized in the year	(29.46)	3.83	1.21
6	The amounts to be recognized in the balance sheet and Statements of Profit and Loss			
	Present value of obligations as at the end of year	54.54	25.36	20.93
	Fair value of plan assets as at the end of the year	23.82	38.67	13.88
	Funded status	(30.72)	13.30	(7.06)
7	Net assets / (liabilities) recognized in balance sheet			
	Expenses recognized in statement of profit & loss			
	Current service cost	6.25	7.22	7.02
	Interest Cost	1.73	1.70	1.20
	Expected return on plan assets	(2.38)	(2.32)	(0.99)
	Net actuarial (gain)/ loss recognized in the year	29.46	(3.83)	(1.21)
	Expenses recognized in statement of Profit & loss	35.06	2.77	6.02



33. 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.
34. There is No change in Equity Share Capital. The Public Shareholding as on 31.03.2012 is 25%.
35. Additional information pursuant to note 5 of Part II of the revised Schedule VI of the Companies Act, 1956.

Particulars	2011-2012		2010-2011	
	Qty/ Mts	₹ in lakhs	Qty/ Mts	₹ in lakhs
A Sales				
Sodium Bichromate *	29661.449	16104.51	30452.715	12,717.74
Basic Chromium Sulphate	27916.100	15076.51	30598.055	13,229.07
Yellow Sodium Sulphate *	4761.745	82.10	6777.070	108.51
Chromic Acid *	293.000	720.90	445.700	808.44
Saccharine *	354.264	1576.94	628.261	2090.24
API		120.48		292.37
Others		1085.54		1,034.48
		34766.98		30,280.86
(* Includes Captive Consumption of 14601.244 Mts of SB, 3.05 Mts of Chromic Acid, 109.5 Mts of YSS, 15.375 Mts of Saccharine)				
B Raw Materials Consumption				
Soda Ash	29637.850	4563.17	29272.200	3895.88
Sulphuric Acid	17927.747	1101.30	19260.904	837.94
Chrome Ore	45404.299	7241.64	45431.317	6073.39
Lime Stone	7282.090	147.51	9651.434	160.22
Spent Acid	4548.915	333.02	2454.590	88.64
OTS	276.678	453.04	563.695	763.78
Others		1360.03		920.10
Total Consumption		15199.71		12739.95



Particulars	2011-2012		2010-2011	
C VALUE OF RAW MATERIALS CONSUMED				
a. Imported	5344.68	35.16%	5,500.17	43.17%
b. Indigenous	9855.03	64.84%	7,239.78	56.83%
	15199.71	100.00%	12,739.95	100.00%
D EARNINGS IN FOREIGN EXCHANGE				
Sodium Saccharin, B C S, S B etc.		12371.03		11755.82
E EXPENDITURE IN FOREIGN CURRENCY				
Raw Materials & Packing Material etc,		4933.48		4122.62
Capital Goods		13.17		518.39
Foreign Travel & Sales Exp		95.70		77.26
Professional Services		73.96		64.82
Sales Commission		12.16		47.05
Exhibitions		9.18		28.61
Others		-		9.71

36. Figures for the previous year have been regrouped, rearranged and reclassified wherever considered necessary to conform to the classification as required by the Revised Schedule VI of the Companies Act, 1956.

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/-
V. SRINATH
Partner
Membership No.021185

Sd/-
CH. KRISHNA MURTHY
Chairman & Managing Director

Place: Hyderabad
Date: May 30, 2012

Sd/-
CH. MANJULA
Director



Dear Shareholder,

Green Initiative in Corporate Governance: Save Paper

The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies under the Companies Act, 1956. MCA has issued a Circular no.18/2011 dated 29th April, 2011 read with their earlier circular no.17/2011 dated 21st April, 2011 stating that the service of notice / document by a company to its shareholders can now be made through electronic mode.

Our Company welcome the Green initiative taken by MCA, and in support of that the proposal to send documents such as the Notice of the Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report, etc., henceforth to the shareholders/members in Electronic Form to the e-mail address provided by them and made available to us by the Depositories in respect of shares in electronic form and to the addresses registered with the Registrar & Transfer Agent of the Company in respect of shares held in physical form.

You are requested to update your email address and also the changes, if any, in respect of your email addresses with the Depositories/RTA of the company.

Please inform any changes to your email address to your Depository Participant (in case of electronic form) or to the RTA (in case of physical form) from time to time.

Henceforth, the Company proposed to send/serve all the documents such as Annual Reports and other related documents through electronic mode to all the shareholders/members to their email addresses and made available to us by the Depositories/RTA, irrespective of their form of holding the shares (i.e either demat form or physical form).

The shareholders/members who are having registered email addresses and want to the documents in physical form/mode may request the Company accordingly to send the physical documents. Members/shareholders may please note that documents which have been served through electronic mode, will also be available on the Company's website <http://www.vishnuchemicals.com>.

We are sure that you will whole-heartedly support this initiative of 'Greener Environment' and co-operate with the Company to make it a grand success.

Thanking you,

Yours faithfully,

For VISHNU CHEMICALS LIMITED

Sd/-

COMPLIANCE OFFICER



VISHNU CHEMICALS LIMITED

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

ATTENDANCE SLIP FOR THE 19th 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 19th Annual General Meeting of Vishnu Chemicals Limited, held on Friday the 28th Day of September, 2012 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 19th Annual
General Meeting of the Company, to be held on Friday the 28th Day of September, 2012 at 10.00 A.M at The Hotel
I K London, Somajiguda, Hyderabad, or at any adjournment thereof.

Signature of the Shareholder/ First named shareholder

Revenue
Stamp
Re.1

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 :



VISHNU CHEMICALS LIMITED

6-3-662/B/4, Sri Sai Nilayam,
II Floor, Sangeetnagar Colony,
Somajiguda, Hyderabad - 500 082