

VISHNU CHEMICALS LIMITED



20th
ANNUAL REPORT
2012 - 2013



Board of Directors:	Sri. Ch. Krishna Murthy, Sri. Ch.Siddartha, Smt. Ch.Manjula, Sri. U.Dileep Kumar Sri V.Vimalanand Dr. S. Chandrasekhar	Chairman & Managing Director Whole-time Director Director Independent Director Independent Director Independent Director(w.e.f. 10.11.2012)
	Sri B.S. Harikrishna	Company Secretary

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. Pharmacy, Parawada Vishakapatnam Dist - 531019 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.
Ph : 040-23374967, 23370295



Notice of Annual General Meeting:

Notice is hereby given that the Twentieth Annual General Meeting of the members of **Vishnu Chemicals Limited** will be held on Saturday the 27th Day of July, 2013 at 10.00 A.M at Hotel I.K. London, 6-3-656, Kapadia Lane, Somajiguda, Hyderabad – 500082 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 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 U. Dileep Kumar who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri V. Vimalanand who retires by rotation and being eligible, offers himself 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 modifications, the following resolution as Ordinary Resolution.

“RESOLVED THAT, Dr. S. Chandrasekhar, who was appointed as an Additional Director on 10th November, 2012 on the Board of the Company in terms of Section 260 of the Companies Act, 1956 and who holds office as such up to the date of the ensuing Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Dr. S. Chandrasekhar as a candidate for the office of a Director of the Company, be and is hereby appointed as a Director of the Company, liable to retirement by rotation in accordance with the Articles of Association of the Company.

For and on behalf of the Board

Sd\-

(Ch. Krishna Murthy)

Chairman & Managing Director

Place: Hyderabad

Date: 30 May, 2013



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.**
- 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 two days i.e., 26.07.2013 to 27.07.2013 (Both days Inclusive).
- 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
- Shareholders are requested to update their E-mail address and also the changes, if any, in respect of E-mail addresses with depositories /RTA of the Company to enable the Company to send Annual Reports and other documents such as notices etc. in electronic form in view of the Green Initiative in Corporate Governance, initiated by Ministry of Corporate affairs.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

ITEM NO. 5

Dr. S. Chandrasekhar, Chief Scientist and Head Division of Natural Products Chemistry CSIR - Indian Institute of Chemical Technology was appointed as an Additional Director of the company in the Board Meeting held on 10th November, 2012. He has made significant contributions in diverse areas of organic chemistry especially in chiral chemistry and total synthesis of biologically active natural products (marine natural products with architectural complexity). He is a recipient of the National Academy of Sciences-Reliance platinum jubilee award in physical sciences and Ranbaxy Research award in Pharmaceutical sciences-2009. Dr. S. Chandrasekhar services were utilized by the company in the period between 2006 to 2009 as Independent Director. As the expertise and knowledge of Dr. S. Chandrasekhar is very much required for the Company's growth, it is proposed to re-appoint him as director of the company. A notice U/s. 257 of the said Act has been received from a member of the company. The director commend the Resolution No. 5 as an ordinary resolution for your approval.

For and on behalf of the Board

Sd\-

(Ch. Krishna Murthy)

Chairman & Managing Director

Place: Hyderabad

Date: 30 May, 2013



DIRECTORS' REPORT

To

The Members

VISHNU CHEMICALS LIMITED

Your Directors are happy to present their Twentieth Annual Report on the business and operations of the Company and the Financial Accounts for the year ended 31st March, 2013.

FINANCIAL RESULTS

(₹ in lakhs)

Particulars	2012-13	2011-12
Gross Income	35051.85	35192.29
Profit before Interest, Depreciation & Tax	5612.62	5620.30
Less: Depreciation	1223.01	1134.36
Less: Interest	3286.02	3153.35
Profit for the year before taxes	1103.59	1332.59
Less: Provision for Taxes	370.17	480.47
Profit after Taxes	733.41	852.12
Add: Surplus brought forward from Previous Year	3680.86	2828.74
Surplus Carried forward to Balance Sheet	4414.27	3680.86

OPERATIONS:

During the year of the operations, the company has successfully completed the alternative fuel facility and the numbers were reflected already in the balance sheet which were only for the later six months period. In fact the total benefit can be seen during the current financial year covering twelve months period which will improve our profitability. The major benefit derived from this facility has been passed on to our customers to be competitive in the market and to get more volume of business and to maximize our customer base.

Further during the year the power cost is increased and the government has allowed company to buy private power through exchanges at a market determined prices. Therefore this may cost high but the continuity of power and the quality of power improved which will have indirect benefit to the units as the running hours of the plant will improve. From the financial figures you can observe that there is an increase in the cost of power by ₹. 5 crores, though the operation levels are completely same. Thereby the overall profitability also reduced to the tune of ₹. 5 crores. The external and internal infrastructure of the company also improved during this year and ready to accommodate all the required infrastructure like godown facilities, transport facilities, material handling facilities and distribution facilities. During the year at the marketing channel the godown space has also been increased and storing enough stock to meet the customers requirement from time to time and to gain the customer satisfaction.

Chromic Acid and Chrome Oxide Green production is stabilized. International market and domestic market well accepted our product and getting repeated orders which will enhance the company turnover in the coming period.

FUTURE PLANS:

This year company is planning to complete the White Sodium Sulphate project and Co-generation project at their Visakhapatnam facility which will add up to the turnover and profitability as we have stocked substantial stock of by-product which will be converted into high value product with the completion of WSS plant.

Further more the company is also negotiating a long term contract with M/s. Procter and Gamble for supply of White Sodium Sulphate for their detergent industry at Hyderabad. The establishment of P & G unit at Hyderabad is a boon for our industry as the entire by-product can be sold to them.

The company is also concentrating on training and up gradation of skills at all levels to face the challenges and meet the market requirements. As the company is reaching to its Silver Jubilee year by 2015 it is time to consolidate all the areas such as infrastructure, production, marketing and human resources etc.

DIRECTORS:

Sri U.Dileep Kumar, Director of the Company retires by rotation and being eligible, offer himself for re-appointment.

Sri V.Vimalanand, Director of the Company retires by rotation and being eligible offer himself 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 Companies operations.

FIXED DEPOSITS:

Your Company has not accepted any deposits covered by the provisions of Section 5A, 58AA and any other provisions of the Companies Act and Rules framed there under.

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.

COST AUDITOR:

Pursuant to Section 233B of the Companies Act, 1956, the Central Government has prescribed Cost Audit of the company. Based on the recommendations of the Audit Committee and with the approval of Central Government Sri N.V.S Kapardhi, Cost Accountant, SRT-148, GHMC No. 7-1-621/468, S.R. Nagar, Hyderabad - 500088 was appointed as Cost Accountant of the Company for the year 2013-14.

COMPANY SECRETARY:

The Company has appointed Sri B.S. Harikrishna, an associate member of the Institute of Company Secretaries of India as whole time Company Secretary of the Company with effect from 25th April, 2013.

REPLIES TO AUDIT OBSERVATIONS:

1. The Auditors have mentioned in their Report 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 ₹ 71.47 lakhs till March 31, 2013.
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 ₹ 307.46 lakh of Entry tax, ₹ 43.06 lakhs of Sales tax, ₹ 16.69 lakhs of Works Contract Tax ₹ 258.88 lakhs of Income Tax and ₹ 0.23 lakhs of Professional 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.

Due to heavy payment obligation to Banks, the Company could not pay the taxes on time. However the Company is hopeful to clear off all the over dues during the year 2013-14.

4. The auditors have mentioned in their Annexure report as point 11 that “interest and principal fallen due during the year ₹ 185.99 lakhs and ₹ 986.28 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 company is planning to clear the over due amount of interest and principal before end of June 2013.

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

Name	Designation	Date of Appointment	Salary p.m. ₹	Experience	Age	Shareholding %
Sri. Ch. Krishna Murthy	Chairman & Managing Director	02-01-2006	4,00,000	27 years	56	52.07
Sri. Ch. Siddartha	Whole-time Director	02-01-2006	2,50,000	7 years	28	9.42

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 31st March, 2013, 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 31st March, 2013 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 : 30 May, 2013



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.

		2012-2013	2011-2012
A Power and Consumption			
1. Electricity:			
a) Purchased			
Units	Nos.	21738001	22934073
Total Amount	₹	145667219	92531720
Rate/Unit	₹	6.70	4.03
b) Own Generation			
Units	KWH	505762	627020
Unit per Litre of Diesel Oil	KWH	3.01	3.24
Cost/Unit(Variable (Rs.))	₹	15.56	13.54
2. Coal\Husk			
Quantity "C"(D) used in Boiler For Steam Generation	MTs	34247.21	38784.54
Total Cost	₹	152327727	141653566
Average Rate\Tonne	₹	4447.89	3652.32
3. Furnace Oil			
Quantity	KL	5288.46	12935.40
Total Amount	₹	240511766	498365117
Average Rate	₹	45478.59	38527.24
4. Pet Coke			
Quantity	MTs	1740.06	-
Total Amount	₹	14942932	-
Average Rate	₹	8588	-
B. CONSUMPTION PER UNIT OF PRODUCTION			
Products :			
1. Sodium Bichromate			
2. Basic Chromium Sulphate			
Electricity (KWH)\Diesel	Units	373.89	393.37
Furnace Oil	KLs	0.19	0.43
Pet Coke	MTs	0.06	-
Coal\Husk	MTs	0.58	0.65



B. TECHNOLOGY ABSORPTION:

Efforts made in Technology absorption are provided as under:

RESEARCH AND DEVELOPMENT

Company recognises the importance of innovation and creation of intellectual wealth for our customers through process R&D. We have considerable process research and development strength built upon a knowledge base of over 10 scientists and extensive custom project experience.

The majority of the process R&D activities are undertaken at the Development Centre which has a state of the art R&D facility housing 20 R&D staff working.

The process R&D activities are focused on:

- problem solving and safe, efficient scale-up delivering robust, economic, optimised processes
- continuous improvement and optimisation of existing projects to improve process, yield and quality

We can undertake all routine chemistries as well as a wide variety of sophisticated modern technologies ensuring an ability to deliver even the most complex and challenging of chemistries.

The aim of our process R&D work is to deliver products with a substantial cost reduction, an environmentally friendly process and allow for easy and efficient scale-up.

R&D planning:

The R&D Planning to conduct overall management and supervision of, such as determining subjects of research, assessment and resource allocation, management of R&D personnel, etc., in cooperation with laboratories and related departments to improve efficiency in R&D and to achieve optimum outcomes. The department also handles the globalization of R&D basis, promotion of open and linked innovations, mid- and long-term planning and R&D support of new businesses and products, as well as the support of business operations for market introduction.

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 ₹ 10,702.60 lakhs and used ₹ 6,107.06 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 2013.

a) Composition and category of directors as on 31st March 2013

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 2012-13 and at the last Annual General Meeting.

Name of the Director	Meetings held during the tenure	Meetings Attended	Last AGM
Sri. Ch Krishna Murthy	4	4	YES
Smt. Ch Manjula	4	4	YES
Sri. Ch Siddartha	4	3	YES
Sri. U Dileep Kumar	4	4	YES
Sri. B.L. Bajaj	2	Nil	NO
Sri. V. Vimalanand	4	4	YES
Dr. S. Chandrasekhar	1	1	NA

c) No. of other Boards/Board Committees in which the Directors are either Member or Chairman during the year 2012-13

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	3	Nil
Sri. V. Vimalanand	Nil	Nil	Nil	3
Dr. S. Chandrasekhar	Nil	Nil	Nil	3



- d) Number of Board Meetings held and dates on which they were held during 2012-13

Quarter	No. of Meetings	Dates on which held
Apr-Jun	1	30.05.2012
Jul-Sep	1	30.07.2012
Oct-Dec	1	10.11.2012
Jan-Mar	1	12.02.2013

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. During the year the Audit Committee was re-constituted upon the resignation of Sri B.L.Bajaj.

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. U.Dileep Kumar	Chairman	4
Sri. V. Vimalanand	Member	4
Dr.S. Chandrasekhar	Member	1

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 2012-13.
- Review of related party disclosures by the Directors
- Review of Business performance of the company



3. REMUNERATION COMMITTEE:

During the year the Remuneration Committee was re-constituted upon the resignation of Sri B.L.Bajaj. During the year there is no revision in the Remuneration to the Directors. 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). | Dr. S.Chandrasekhar | - | 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:

During the year the investors Grievance committee was re-constituted upon the resignation of Mr. B.L.Bajaj. 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). | Dr. S.Chandrasekhar | - | Member |
| iii) | Sri V. Vimalanand | - | Member |

c. Name and Designation of compliance officer:

Sri B.S. Harikrishna, Company Secretary cum Compliance Officer, 6-3-662/B/4, 2nd Floor, Sri Sai Nilayam, Sangeetnagar Colony, Somajiguda, Hyderabad. Ph : 66626680-83

d. Details of Shareholders Complaints:

During the year the Company has not received any complaints during the year under review.

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 4 (Four) 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
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
2012	Hotel I K London, 6-3-656, Somajiguda, Hyderabad – 500082	Friday 28.09.2012	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 31.03.2013
Vasantha Transport Corporation	Proprietor	Ch Krishna Murthy	Transport Services,	71,932,836	(9,767,241)
Vishnu Life Sciences Ltd	Member	Ch. Siddartha	Sales, Conversion Lease Rentals	502,000	1,187,313
K.M.S. Infrastructure Ltd	Directors	Ch. Krishna Murthy and Ch Manjula	Contract Service	3,378,452	(5,582,920)

- 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.

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: Saturday, the 27th Day of July, 2013 at 10.00 A.M at Hotel I.K. London, 6-3-656, Kapdia Lane, Somajiguda, Hyderabad 500082.



- ii. Profile of Directors retiring by rotation/eligible for re-appointment.
- a). Full Name : Sri U.Dileep Kumar
 Date of Birth : 10.08.1950
 Father's Name : Sri U. Hrishikesa Gupta
 (Office address with telephone numbers other than the Company's address) : Plot No. 13,14,15-105, Yella Reddy Guda, Apsara Apts, Maruthi Nagar, Hyderabad 040-23735666
 Residence and Permanent Address : Plot No. 13,14,15-105, Yella Reddy Guda, Apsara Apts, Maruthi Nagar, Hyderabad
 Telephone No : 040-23735666
 Permanent A/c No. : AAEPU9541J
- b). Full Name : Sri V. Vimalanand
 Date of Birth : 03.04.1965
 Father's Name : Sri V.Ramabrahmam
 (Office address with telephone numbers other than the Company's address) : No. 6-2-295/14, Padmarao Nagar, Hyderabad – 500028
 Ph: 040-2750 1154
 Residence and Permanent Address : # 6-4-423, Krishna Nagar, Bholakpur, Musheerababd, Hyderabad – 500020, A.P.
 Telephone No : 040-27004759
 Permanent A/c No. : ADPPV7505F

Market Price Data on Monthly basis:

Script Code:516072 **Company::**VISHNU CHEM **For the Period:** April 2012 to March 2013.

Month	Open	High	Low	Close
Apr 12	57.70	57.70	47.00	51.25
May 12	52.90	53.95	46.20	47.75
Jun 12	48.25	49.70	44.30	46.05
Jul 12	46.50	53.80	42.60	45.10
Aug 12	45.20	52.75	40.15	43.80
Sep 12	44.10	47.60	39.50	41.15
Oct 12	44.90	44.90	39.05	41.00
Nov 12	42.20	58.50	40.55	55.00
Dec 12	56.85	56.90	51.00	52.00
Jan 13	51.50	55.40	45.00	46.50
Feb 13	48.80	48.80	36.50	37.35
Mar 13	39.20	48.95	36.40	39.55

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, 2013 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	290296	297171	2.49
b. Indian Public	217474	2129487	2346961	19.64
c. NRIs / OCBs*	42240	291235	333475	2.80
d. Any other –Clearing Members	-	8707	8707	0.07
SUB-TOTAL	266589	2719725	2986314	25.00
GRAND TOTAL	266589	11679431	11946020	100.00

* TOTAL FOREIGN SHAREHOLDINGS IN NUMBER IS 333475 AMOUNT TO 2.80 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- 502319. | 2. SURVEY NO.18-26,
Nandini Road,
Bhilai- 490026,
Chattishgarh. |
| 3. Plot No.57,
Phase III,
IDA, Jeedimetla,
Hyderabad -500055,
Andhra Pradesh. | 4. Plot No.29,
J.N. Pharma City,
IOCL Road - 531019,
Visakhapatnam Dist,
Andhra Pradesh. |

Vishnu Chemicals Limited



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 20th Annual General meeting:

Date of Book Closure: 26.07.2013 to 27.07.2013 (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 | 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 Director.

A Statement of allegiance to the Code of Conduct has been obtained from all the senior management personnel and functional heads.

For VISHNU CHEMICALS LIMITED

Sd\-

Place : Hyderabad

Date : 30 May, 2013

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, 2013 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 : 30 May, 2013

**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:

Chemical industry is a capital as well as knowledge intensive industry. This industry plays a significant role in the global economic and social development. It is also a human resource intensive industry and hence generates lots of employment. Globally, more than 20 million people are expected to employ in this industry. The diversification within the chemical industry is huge and covers more than thousands of commercial products. Global chemical market size was estimated at \$3.6 trillion in 2011 and is expected to grow at 4-5% per annum over the next decade to reach \$5.8 trillion by 2021.

India currently accounts for only 3.3 % of the total chemical market with a market size of \$ 0.1 trillion in 2011. Indian chemical industry is also a much diversified industry with more than 70,000 commercial products. It accounted for ~13% of the gross value added by the industry segment. It accounted for ~13% of the total India's export. Indian chemical sector is very crucial for the economic development of country. Over the last five years Indian chemical industry has started to evolve rapidly. With significant capacity additions coming into place, the focus has also been towards investments in R&D. India's competence in this knowledge intensive industry is increasing however still the tapped potential is very limited. Moreover India has a very strong outlook for the key end user industries. To meet this increasing demand either the local production will have to ramp up or the imports will have to go up. Indian Govt. has increased its focus towards domestic manufacturing with the intent of increasing the share of manufacturing in GDP from 16% to 25% by 2022.

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 ₹ 11435.63 Lakhs was made towards exports sales and received ₹ 11535.50 Lakhs towards foreign exchange during the Financial Year under review.

Unclaimed Dividend :

As per the provisions of Section 205C of the Companies Act 1956, unclaimed dividend 2005-06 of ₹ 65,553 is due to transfer to Investor Education and Protection Fund upon expiry of mandatory period of 7 years. The last date of transfer is 6th August, 2013 and the same is under process.

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 ₹ 470,513,226/- is available under Reserves and Surplus as on 31.03.2013

Loan Funds:

Deferred Tax: The deferred Tax liability has arises due to timing differences on depreciation of Fixed Assets and Expenses allowable on payment.

**Fixed Assets:**

Amount in ₹

Sl.No.	Particulars	As on 31.03.2013	As on 31.03.2012
1	Land	72654702	71928738
2	Building	652523494	609330621
3	Plant & Machinery	1902362417	1691422586
4	Office Equipment	4508332	4310000
5	Furniture & fixtures	9158456	9095744
6	Vehicles	22604239	20582399
7	Data Process Equipment	6304814	6145264
8	Lab Equipment	5381135	5381135
9	Intangible Assets (Computer Software)	1341026	1341026
10	R&D Equipment	39282883	39282883
11	Total	2716121497	2458820396
12	Less: Accumulated Depreciation	651820219	529532107
13	Net Block	2064301276	1929288289
14	Capital work in progress	320716601	424870640
15	Grand Total	2385017877	2354158926

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), 1000 No of Equity Shares of ₹ 10/- each fully paid up in M/s Sireen Drugs Pvt Ltd, 50,000 units of ₹ 10/- each in SBI Mutual Funds, 39,138.943 units of ₹ 25.55/- each in PNB Mutual Funds and 89990 units ₹ 10/- per each in UBI Mutual Funds.

Sundry Debtors:

The sundry debtors stand at ₹ 4180.98 Lakhs as on 31.03.2013 against ₹ 4963.61 Lakhs as on 31.03.2012. 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	31.03.2013	31.03.2012
Cash and Cash Equivalents	939.51	994.41
Total assets	41211.87	40229.05
Cash and Cash Equivalents as a % of total assets	2.28	2.47

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 31.03.2013 and 31.03.2012 is given below.

CURRENT LIABILITIES:

Amount (₹ in Lakhs)

	As on 31.03.2013	As on 31.03.2012
1. Sundry Creditors	7290.32	7544.40
2. Other Current Liabilities	5366.18	5669.26
Total	12656.50	13213.66



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

Assistant Vice-President (Finance)
(Chief Finance Officer)

Sd\-

CH. KRISHNA MURTHY

Chairman & Managing Director



INDEPENDENT AUDITOR'S REPORT

To the Members of VISHNU CHEMICALS LIMITED

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

The brought forward reserves are overstated due to capitalisation of interest of ₹. 312.82 lakhs on Term Loans for the year 2007-08 in contravention of AS – 16 issued by ICAI, which also resulted in overstatement of fixed assets by ₹ 312.82 lakhs, depreciation for the period by ₹ 14.27 and total depreciation reserve till March 31, 2013 by ₹ 71.47 lakhs.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account
 - d) *Except for the effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;*
 - e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act. .

**For C K S Associates
Chartered Accountants
FRN No: 007390S**

**Sd/-
V. Srinath
Partner
M.No: 021185**

**May 30, 2013
Hyderabad**



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) 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 ₹.668.50 lakhs during the year and an amount of ₹.495.49 lakhs outstanding as on March 31, 2013.
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 of 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. The Company has not accepted any deposits from the public to which the directives issued by Reserve Bank of India and the provisions of Sections 58A, 58 AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under apply.
7. In our opinion, the Company has an internal audit system, which is commensurate with the size and nature of the business.
8. We have broadly viewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
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 which were outstanding, as at March 31, 2013, for a period of more than six months from the date they became payable are 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	67.58	2008-09	2008-09	Not paid
Entry Tax	70.24	2009-10	2009-10	Not paid
Entry Tax	85.06	2010-11	2010-11	Not paid
Entry Tax	74.86	2011-12	2011-12	Not paid
Entry Tax	7.91	April 2012 to June 2012	2012-13	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
Works Contact Tax	0.23	2011-12	2011-12	Not paid
Works Contact Tax	1.08	2012-13	2012-13	Not paid
Income Tax	5.77	2001-02	2001-02	Not paid
Income Tax	253.11	2011-12	2011-12	Not paid
Professional Tax	0.23	Aug -12	Sep - 12	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	8.96	2008-2010	Addl. Commissioner (Appeal), Sales Tax, Cuttack



10. The Company does not have any accumulated losses as on March 31, 2013. 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, the Company has defaulted in repayment of dues to financial institution/bank, *to the extent of Interest of ₹ 185.99 lakhs and Principal amount of ₹ 986.28 lakhs which were partly paid subsequent to the due dates.*
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), of 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 during the year under review.
20. The Company has not raised any money through public issue during the year under review.
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.

**For C K S ASSOCIATES
Chartered Accountants
FRN 007390S**

**Sd/-
V. SRINATH
Partner
M. No. 021185**

**HYDERABAD
May 30, 2013**



BALANCE SHEET AS AT MARCH 31,2013

	Note No.	31-Mar-13 ₹	31-Mar-12 ₹
I EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
a. Share Capital	1	594,460,200	594,460,200
b. Reserves and Surplus	2	470,513,226	397,171,568
		1,064,973,426	991,631,768
2. NON-CURRENT LIABILITIES			
a. Long Term Borrowings	3	261,414,146	474,771,766
b. Deferred Tax Liabilities (Net)	4	251,277,628	215,927,136
c. Other Long Term Liabilities	5	272,156,333	241,899,985
		784,848,106	932,598,887
3. CURRENT LIABILITIES			
a. Short Term Borrowings	6	955,194,072	750,132,885
b. Trade Payables	7	729,032,404	754,440,371
c. Other Current Liabilities	8	536,617,897	566,926,315
d. Short Term Provisions	9	50,521,341	27,174,730
		2,271,365,714	2,098,674,301
		4,121,187,247	4,022,904,955
II. ASSETS			
1. NON-CURRENT ASSETS			
a. Fixed Assets	10		
i. Tangible Assets		2,063,764,866	1,928,483,671
ii. Intangible Assets		536,410	804,616
iii. Capital Work-in-progress		320,716,601	424,870,640
		2,385,017,877	2,354,158,926
b. Non-Current Investments	11	3,040,000	2,130,000
c. Long Term Loans and Advances	12	152,528,087	125,858,569
d. Other Non-Current Assets	13	-	2,670,144
		155,568,087	130,658,713
2. CURRENT ASSETS			
a. Inventories	14	808,174,354	696,223,263
b. Trade Receivables	15	418,097,787	496,360,538
c. Cash and Bank Balances	16	93,951,353	99,440,735
d. Short Term Loans and Advances	17	199,848,878	205,180,236
e. Other Current Assets	18	60,528,911	40,882,544
		1,580,601,283	1,538,087,316
TOTAL		4,121,187,247	4,022,904,955

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, 2013

Sd/-
CH. MANJULA
Director


STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

	Note No.	31-Mar-13 ₹	31-Mar-12 ₹
1. REVENUE			
a. Revenue from Operations	19		
i Sale of Products		3,460,691,751	3,476,697,957
ii Other Operating Revenues		44,492,964	42,531,746
		3,505,184,715	3,519,229,703
Less: Excise Duty		255,292,712	225,569,712
		3,249,892,003	3,293,659,991
b. Other Income	20	10,808,982	22,859,301
Total Revenue		3,260,700,985	3,316,519,292
2. EXPENSES			
a. Cost of Materials Consumed	21	1,427,258,410	1,519,970,611
b. Changes in Inventories of Finished Goods & Work-in-Progress	22	(41,638,837)	(160,201,152)
c. Employee Benefit Expense	23	113,998,342	102,882,023
d. Finance Costs	24	328,601,652	315,334,836
e. Depreciation and Amortisation Expense	10	122,301,752	113,436,480
f. Other Expenses	25	1,210,481,443	1,283,146,098
Total Expenses		3,161,002,762	3,174,568,895
3. Profit before Prior Period Items		99,698,223	141,950,397
Prior Period Income (Net)		(10,660,340)	8,691,392
4. Profit Before Tax		110,358,563	133,259,005
5. Tax Expense			
a. Current Tax (MAT)		22,082,748	26,665,127
Less: MAT Credit Entitlement		20,416,334	24,652,916
Net Current Tax		1,666,414	2,012,211
Tax Pertaining to Earlier Years		-	(2,448,369)
b. Deferred Tax	4	35,350,491	48,483,272
		37,016,905	48,047,114
6. Profit For The Period		73,341,658	85,211,891
Earnings Per Share			
Par Value Per Share ₹ 10/-			
Basic & Diluted		2.90	3.90

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, 2013

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 ENDED MARCH 31, 2013

	2012-13 ₹	2011-12 ₹
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit after Tax and Extraordinary items	73,341,658	85,211,890
Adjustments for :		
Depreciation	122,301,752	113,436,480
Deferred Tax	35,350,491	48,483,272
Income Tax (Provision)	22,082,748	26,665,127
Income Tax (Prior Period Taxes)	-	(2,448,369)
Interest Paid	328,601,652	315,334,836
Interest Earnings	(10,518,016)	(10,911,470)
Operating profit before working Capital changes	571,160,285	575,771,766
Adjustments for :		
(Increase)/Decrease in Trade and Other Receivables	78,262,751	(6,600,447)
(Increase)/Decrease in Inventories	(111,951,091)	(146,176,438)
Increase/(Decrease) in Trade Payables & Other Current Liabilities	79,002,521	229,930,818
(Increase)/Decrease on Loans & Advances & Other Current Assets	(38,314,383)	(116,736,519)
Cash deficit from Operations	6,999,798	(39,582,586)
Direct Tax paid	(1,797,216)	(25,038,416)
Cash generated from operations	5,202,582	(64,621,002)
Net Cash Flow from operating activities	576,362,867	511,150,764
B. CASH FLOWS FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(4,423,838)	(8,726,068)
Sale Proceeds from Fixed Assets	585,416	-
Purchase of Investments	(910,000)	-
Capital Work-in-progress	(149,322,280)	(180,790,984)
Increase / Decrease in Share Capital	-	(100,000,000)
Interest Received	10,518,016	10,911,470
Net Cash used in investing activities	(143,552,686)	(278,605,582)
C. CASH FLOWS FROM FINANCING ACTIVITIES :		
Proceeds from long-term borrowings	-	300,000,000
Repayment of term liabilities	(308,739,158)	(402,089,069)
Increase in Bank Borrowings Working Capital	239,647,476	42,281,190
Other Un Secured Loans	(40,606,229)	164,118,950
Interest Paid	(328,601,652)	(315,334,836)
Net Cash used in financing activities	(438,299,563)	(211,023,765)
Net increase / Decrease in cash and cash equivalents	(5,489,382)	21,521,417
Cash and cash equivalents as at 01-04-2012	99,440,735	77,919,318
Cash and Cash equivalents as at 31-03-2013	93,951,353	99,440,735

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, 2013

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 Statement of Profit and Loss 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 comprise 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 are 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 as per the guidance note issued by ICAI.

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 based on the projected unit credit method. Actuarial gains or losses are recognized in the Statement of Profit and Loss.

**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 is disclosed separately in schedule of fixed assets and revenue expenditure incurred during the Research phase is charged to the Profit and Loss 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 for in the Statement of Profit and Loss.

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-13 ₹	31-Mar-12 ₹
Authorised Share Capital		
15000000 Equity Shares of ₹10/- par value	150,000,000	150,000,000
60000000 7% Redeemable Preference Shares of ₹ 10/- par value	600,000,000	600,000,000
	750,000,000	750,000,000
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% 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% Redeemable Preference Shares which are cumulative in nature, are liable to be redeemed after the expiry of ten years from the date of their issue
- “Dividend on Redeemable Preference Share Capital:**
Dividends on the 7% Redeemable Preference Share Capital of ₹ 4750 Lakhs has not been provided for the year 2012-13. 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.”
- Names of shareholders holding more than 5% of the Share capital and their shareholding.

**EQUITY SHARES**

S.No.	Name of shareholder	Shares	Shares
1.	Ch. Krishna Murthy - No of Shares - % held	6,219,790 52.07	6,219,790 52.07
2.	Ch. Manjula - No of Shares - % held	1,614,048 13.51	1,614,048 13.51
3.	Ch. Sidhartha - No of Shares - % held	1,125,668 9.42	1,100,018 9.21

PREFERENCE SHARES

S.No.	Name of shareholder	Shares	Shares
1.	Ch. Krishna Murthy - No of Shares - % held	44,100,000 92.84	44,100,000 92.84
2.	Ch. Manjula - No of Shares - % held	3,250,000 6.84	3,250,000 6.84

2. RESERVES & SURPLUS

	31 - Mar - 13 ₹	31 - Mar - 12 ₹
1. Capital Reserve Balance at the beginning and closing of the year	86,040	86,040
2. Other Reserves: General Reserve Balance at the beginning and closing of the year	29,000,000	29,000,000
3. Surplus Balance brought forward from previous year	368,085,528	282,873,638
Add: Transfer from Statement of Profit and Loss for the year	73,341,658	85,211,890
Balance available for Appropriations	441,427,186	368,085,528
Appropriations: Balance carried forward to next year	441,427,186	368,085,528
	470,513,226	397,171,568



3. LONG TERM BORROWINGS

	31-Mar-13 ₹	31-Mar-12 ₹
A. Secured:		
1. Term Loans From Banks :	200,000,000	401,399,865
2. Long Term Maturities of Finance Lease Obligations: From Banks	798,019	1,735,834
B. Unsecured:		
1. From Others : Inter Corporate Deposits	-	10,000,000
2. Deferred Payment Liabilities : Sales tax deferment	11,067,108	16,187,993
3. Loans and Advances from related parties: Loans from directors	49,549,019	45,448,074
	261,414,146	474,771,766

Terms & Conditions of the above Loans are given below:

1. Terms of Repayment & Rate of Interest

Particulars	Period of maturity with respect to the Balance Sheet date	No of Instalments Outstanding	Outstanding Amount of Instalments ₹
State Bank of Hyderabad Term Loan - I	1 Month	2	22,432,000 (55,432,000)
State Bank of Hyderabad Term Loan - II	3 Month	1	17,987,500 (53,487,500)
State Bank of Hyderabad Corporate Loan	43 Month	14	281,250,000 (300,000,000)
Andhra Bank Term Loan - I	1 Month	2	14,846,689 (37,332,000)
Andhra Bank Term Loan - II	3 Months	2	15,745,780 (33,438,000)
State Bank of India Term Loan	1 Month	2	11,556,000 (28,356,000)
Indian Overseas Bank Term Loan- I			- (5,256,750)
Indian Overseas Bank Term Loan- II			- (12,500,000)
Indian Overseas Bank Term Loan- III	22 Months	8	25,000,000 (37,500,000)
Union Bank of India Term Loan	9 Months	3	101,272,487 (206,117,775)
Punjab National Bank Term Loan	-	1	9,937,500 (41,437,500)



2. The Rate of Interest for Term Loans from Banks ranges from Base Rate -1.5% to +5%
3. **Security:**
The term loans from banks are secured by way of pari passu first charge on the fixed assets of the Company and pari passu second charge on the current assets of the company. The above loans are further secured by a pari passu first charge over the fixed assets of Vishnu Life Sciences Limited and the collateral security of assets of some of the Directors and their relatives.
4. **Gurantees:**
All the above term loans are guranteed by the Directors, Sri Ch. Krishna Murthy, Smt. Ch. Manjula & Sri Ch. Sidhartha
5. The hire purchase loans taken from ICICI Bank are secured against the assets purchased out of those loans. The net carrying amount of assets acquired on hire purchase as on 31st March 2013 is ₹ 79,03,110/- (₹ 85,60,462/-). The company had capitalized the assets at their fair value considering that 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 which is disclosed under secured loans. The details are as follows:-

Particulars	Minimum Lease Payment O/S ₹	Future Interest on O/s Lease Payments ₹	P V of Minimum Lease payments ₹
Within one Year	2,009,170 (2,752,706)	163,550 (311,166)	1,845,620 (2,441,540)
Later than one year and not later than 5 years	857,865 (1,856,598)	59,847 (109,002)	798,018 (1,747,596)

Figures in the brackets relate to Previous Financial Year

6. Terms of Repayment (Non Interest bearing)
 - a. Sales Tax Defferement : Repayable with in Four years
 - b. Loans from directors : No terms specified

4. DEFERRED TAX LIABILITIES (NET)

	31-Mar-13 ₹	31-Mar-12 ₹
1. Deferred Tax Liability On account of Timing differences in Depreciation of Fixed Assets	261,816,387	236,521,659
2. Deferred Tax Assets		
a. Expenses allowable on payment	1,438,490	(2,164,419)
b. Carried forward losses as computed under Income Tax Act	9,100,269	22,758,942
3. Net Deferred Tax Liabilities / (Assets) for the Year	35,350,491	48,483,271
4. Deferred Tax Liability / (Asset) - Total	251,277,628	215,927,136

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 as above:

**5. OTHER LONG TERM LIABILITIES**

	31-Mar-13 ₹	31-Mar-12 ₹
1. Creditors for Capital Expenditure	65,656,333	40,399,985
2. Long Term Security Deposits from Customers & Suppliers	206,500,000	201,500,000
	272,156,333	241,899,985

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. SHORT TERM BORROWINGS

A. Secured:		
1. Loans repayable on demand from Banks:	840,552,045	600,904,569
B. Unsecured:		
From Others :		
Inter Corporate Deposits	41,534,743	8,348,465
Others	73,107,285	140,879,851
	114,642,027	149,228,316
	955,194,072	750,132,885

Loans from Banks

1 The Rate of Interest for Loans repayable on demand from Banks range from Base Rate +4.25% to +6.75%

2 Security:

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

3 Gurantees:

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

7. TRADE PAYABLES

Trade payables	729,032,404	754,440,371
----------------	--------------------	-------------

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.

**8. OTHER CURRENT LIABILITIES**

	31-Mar-13 ₹	31-Mar-12 ₹
1. Current maturities of long term debt	201,400,365	356,589,038
2. Current maturities of finance lease obligations	1,845,619	2,441,540
3. Interest accrued and due on borrowings	18,599,044	14,974,897
4. Term Loan Instalment due but not paid	98,627,591	52,868,622
5. Book Overdraft	-	3,132,828
6. Advance from Customers	93,350,873	32,517,735
7. Advance from Contractors	254,598	328,227
8. Unpaid dividends	471,973	232,893
9. Other payables		
a. Outstanding Laibilities	27,915,462	27,366,882
b. Sales Tax Deferment Current obligation	5,120,885	4,166,141
c. Statutory dues Payable	89,031,486	72,307,513
	536,617,897	566,926,315

9. SHORT TERM PROVISIONS

1. Provision for Employee Benefits	4,523,225	1,462,146
2. Provision for Tax (Net)	45,998,116	25,712,584
	50,521,341	27,174,730



VISHNU CHEMICALS LIMITED

10. STATEMENT OF FIXED ASSETS & DEPRECIATION AS ON MARCH 31, 2013

Sl. No.	DESCRIPTION OF THE PROPERTY	GROSS BLOCK			DEPRECIATION AND AMORTISATION EXPENSES			NET BLOCK		
		As on 01.04.2012	Additions for the year	Capitalised during the year	Deletions for the year	As on 31.03.2013	Additions for the year	Deletions for the year	As on 31.03.2013	As on 31.03.2012
		₹	₹	₹	₹	₹	₹	₹	₹	₹
A	Tangible Assets									
1	Land	71,928,738	1,311,380	-	585,416	72,654,702	-	-	72,654,702	71,928,738
2	Buildings	609,330,621	-	43,192,873	-	652,523,494	22,286,725	-	544,323,463	529,417,305
3	Plant & Machinery	1,691,422,586	72,840	210,866,991	-	1,902,362,417	94,92,579	-	1,393,610,503	1,277,263,250
4	Lab Equipments	5,381,135	-	-	-	5,381,135	255,604	-	3,275,315	3,520,919
5	R & D Equipment	39,282,883	-	-	-	39,282,883	1,865,937	-	28,324,322	30,190,259
6	Data Process Equipment	6,145,264	159,550	-	-	6,304,814	506,626	-	1,041,994	1,389,068
7	Office Equipment	4,310,000	198,332	-	-	4,508,332	205,446	-	2,474,533	2,491,647
8	Furniture & Fixtures	9,095,744	62,712	-	-	9,158,456	534,673	-	5,255,618	5,727,580
9	Vehicles	20,582,399	2,021,940	-	-	22,604,339	1,785,957	-	12,804,428	12,586,545
	Total (A)	2,457,479,370	3,826,654	254,059,865	585,416	2,714,780,473	122,033,547	-	2,063,764,866	1,928,497,311
B	Intangible Assets									
10	Computer Software	1,341,026	-	-	-	1,341,026	268,205	-	804,616	804,616
	Total (B)	1,341,026	-	-	-	1,341,026	268,205	-	804,616	804,616
C	Capital Work in Progress									
11	Civil Works Under Construction	99,608,349	20,226,888	41,739,516	-	72,095,720	-	-	72,095,720	99,608,349
12	Plant & Machinery under erection	307,113,597	129,095,391	203,255,220	-	252,953,768	-	-	232,953,768	307,113,596
13	Pre-Operative Exp., Pending Capitalisation	24,148,695	-	8,481,582	-	15,667,113	-	-	15,667,113	24,148,694
	Total (C)	424,870,641	149,322,280	449,476,018	-	320,716,601	-	-	320,716,601	424,870,639
	TOTAL (A+B+C)	2,883,691,036	153,148,934	254,059,865	585,416	3,036,638,099	122,301,752	-	2,385,017,877	2,354,172,566
		2,697,173,984	189,517,052	-	-	2,886,691,036	113,036,480	-	532,532,107	2,278,078,355

**11. NON-CURRENT INVESTMENTS**

	31-Mar-13 ₹	31-Mar-12 ₹
1. Non Trade Investments - Unquoted (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. Sireen Drugs P Ltd - 1000 Shares @ ₹ 10/- per Share	10,000	-
2. Non Trade Investments - Quoted (At Cost)	-	
a. PNB Mutual Fund - 39138.943 units of ₹ 25.55 each	1,000,000	1,000,000
b. UBI Mutual Fund - 89990 Units each ₹ 10/- each	900,000	-
c. SBI Mutual Funds - 12136.374 Units of ₹ 41.20/- each	500,000	500,000
	3,040,000	2,130,000
1. Quoted Investments:		
a. Aggregate Value	2,400,000	1,500,000
b. Market Value	2,598,482	1,552,291
2. Unquoted Investment - Aggregate Value	640,000	630,000

12. LONG TERM LOANS & ADVANCES

1. Unsecured, Considered Good:		
a. Capital Advances	21,531,008	20,955,166
b. Deposits	28,185,580	22,508,237
c. Other Loans & Advances MAT Credit Entitlement	102,811,500	82,395,166
	152,528,087	125,858,569

(Capital Advances include ₹ 55,82,920/- (₹ 23,91,254/-) paid to a related party towards advance for Civil Works) The Company has made current tax provision for Minimum Alternate Tax u/s 115JB of the Income Tax Act 1961. As per the provisions of section 115JAA, MAT Credit Receivable has been recognised in the books of account as an asset to the extent there is convincing evidence that the company will pay normal Income tax during the specified period. MAT Credit is recognised in accordance with the guidance note issued by the Institute of Chartered Accountants of India. The Company will review the same at each balance Sheet date and write down the carrying amount of MAT Credit entitlement to the extent there is no longer convincing evidence to the effect that the company will pay normal Income Tax during the specified period.

13. OTHER NON-CURRENT ASSETS

1. Others		
a. Deposit with Banks	-	1,244,698
b. Interest receivable on Margin Money	-	95,295
c. Fair Value of Plan Asset (Funded)	-	1,330,151
	-	2,670,144

**14. INVENTORIES**

	31-Mar-13 ₹	31-Mar-12 ₹
Valued at Cost or Realisable Value, whichever is lower		
1. Raw Materials	143,341,615	94,557,043
2. Work-in-progress	203,676,587	196,757,854
3. Finished Goods	337,840,556	303,120,451
4. Stores, Spares & Packing	104,539,098	101,276,394
5. Stock in Transit - Raw Material	18,776,498	511,521
	808,174,354	696,223,263

15. TRADE RECEIVABLES

1. Unsecured, Considered Good		
a. Outstanding for a Period Exceeding Six Months	20,142,985	39,655,466
b. Other Receivables	397,954,802	456,705,072
	418,097,787	496,360,538

16. CASH AND BANK BALANCES

1. Cash & Cash Equivalents:		
a. Balances with Banks	2,181,933	3,024,879
b. Cash on Hand	2,699,630	923,563
2. Other Bank Balances		
a. Deposit in Bank as Security for Borrowings	88,597,817	95,259,400
b. Unpaid Dividend Accounts	471,973	232,893
	93,951,353	99,440,735

17. SHORT TERM LOANS AND ADVANCES

1. Unsecured, Considered Good		
1. Loans and Advances to Related Parties against services	9,767,241	21,207,195
2. Others		
a. Advances to Suppliers	103,603,854	98,251,599
b. Other Advances	5,013,171	4,879,435
c. Balances with Central Excise, Service Tax & Sales Tax	79,670,209	77,894,125
d. Prepaid Expenses	1,794,403	2,947,883
	199,848,878	205,180,236

18. OTHER CURRENT ASSETS

1. Interest Receivable	7,569,109	4,872,452
2. Incentives Receivable	52,959,802	36,010,092
	60,528,911	40,882,544

**19. REVENUE FROM OPERATIONS**

	31-Mar-13 ₹	31-Mar-12 ₹
1. Sale of Products	3,460,691,751	3,476,697,957
2. Other Operating Revenues		
a. Sale of Scrap	5,006,071	3,612,418
b. Testing Charges	6,894,215	10,063,178
c. Export Incentives	32,592,678	28,856,150
	44,492,964	42,531,746
Less: Excise Duty	255,292,712	225,569,712
	3,249,892,003	3,293,659,991

20. OTHER INCOME

1. Interest income		
a. On Long Term Investments	358,793	95,295
b. On Current investments	10,159,223	10,816,175
2. Other Non-Operating Income		
a. Insurance Claim Received	290,966	1,445,599
b. Gain on Foreign Currency Translation and Transactions	-	10,502,232
	10,808,982	22,859,301

21. COST OF MATERIAL CONSUMED

Opening Stock	94,557,043	47,720,721
Add: Purchase	1,476,042,982	1,566,806,933
Total	1,570,600,025	1,614,527,654
Less: Closing Stock	143,341,615	94,557,043
	1,427,258,410	1,519,970,611

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

1. Finished Goods		
a. Opening Stock:	303,120,452	166,591,555
b. Closing Stock:	337,840,556	303,120,451
	(34,720,105)	(136,528,896)
2. Work-in-progress		
a. Opening Stock:	196,757,854	173,085,598
b. Closing Stock:	203,676,587	196,757,854
	(6,918,733)	(23,672,256)
Total Decrease / (Increase)	(41,638,837)	(160,201,152)

**23. EMPLOYEE BENEFITS EXPENSES**

	31-Mar-13	31-Mar-12
	₹	₹
1. Salaries & Wages	99,538,155	84,372,000
2. Contribution to Provident and Other Funds	8,609,818	4,171,215
3. Staff Welfare Expenses	5,850,369	14,338,808
	113,998,342	102,882,023

24. FINANCE COSTS

1. Interest Expense	267,547,685	251,570,345
2. Interest on Others	27,574,702	30,020,942
3. Other Borrowing Costs	33,479,265	33,743,549
	328,601,652	315,334,836

25. OTHER EXPENSES

1. Consumables - Furnace Oil, Deisel & Petcoke	346,247,118	550,385,119
2. Consumables - Husk & Coal	152,339,307	141,940,682
3. Power	153,537,515	99,286,238
4. Rent	23,395,747	14,900,573
5. Equipment Hire Charges	21,087,735	9,089,291
6. Repairs & Maintenance - Buildings	428,625	822,831
7. Repairs & Maintenance - Machinery	48,909,500	55,674,137
8. Insurance	7,235,119	5,586,480
9. Rates & Taxes	12,962,882	14,700,117
10. Labour costs	36,922,964	34,190,124
11. Packing Charges	56,327,654	48,836,992
12. Shipping & forwarding Charges	145,038,276	122,756,061
13. Other Selling Cost	28,500,005	24,622,144
14. Bank charges	22,644,754	15,458,337
15. Transportation Charges	37,090,884	31,829,937
16. Effluent Disposal Expenses	55,999,141	44,785,217
17. Difference in Foreign Exchange	7,840,348	-
18. Miscellaneous Expenses	53,973,870	68,281,818
	1,210,481,443	1,283,146,098

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

(Amount in ₹)

	As on 31.03.2013	As on 31.03.2012
1. Contingent Liabilities:		
a. Claims against company not acknowledged as debt.	9,536,624	8,640,782
b. Indemnity given by company to the banks for Bank guarantees and Letters of Credit	147,227,616	163,088,070
c. Dividend on 7% Cumulative Redeemable Preference Shares including Dividend Tax	184,067,384	145,423,403
2. Commitments:		
Estimated amount of Contracts remaining to be executed on Capital account and not provided for.	----	15,312,055

27. 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	2012-13 Revenue	2011-12 Revenue	2012-13 %	2011-12 %
Domestic	23171.29	22395.94	66.96	64.42
External	11435.63	12371.03	33.04	35.58

Sundry Debtors based on geographical location:

(₹ in Lakhs)

Geographic Location	As on 31.03.2013	As on 31.03.2012	31.03.2013 %	31.03.2012 %
Domestic	3168.28	4005.63	75.78	80.70
External	1012.70	957.97	24.22	19.30

There are no Units/Assets outside India except External Debtors:

(₹ in Lakhs)

Geographic Location	Carrying amount of Segment assets		Additions to Fixed Assets	
	2012-13	2011-12	2012-13	2011-12
India	40199.17	39271.07	2578.87	87.26

28. 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:

(₹ in Lakhs)

Nature of Transaction	Key Management Personnel		Concerns in which Key Management is interested	
	2012-13	2011-12	2012-13	2011-12
Conversion Charges	--	--	2.62	19.81
Remuneration	78.00	78.00	--	--
Rent	--	--	2.40	2.40
Transportation Charges	--	--	719.33	682.97
Hire Charges	--	--	--	34.80
Contract Service	--	--	33.78	34.36
Receivables as on 31 st March	--	--	153.50	235.98
Payables as on 31 st March	--	--	11.87	68.19

29. Earning per share

(₹ in Lakhs)

	2012-13	2011-12
Profit after Tax	733.42	852.12
Less: Preference Dividend for the year and Dividend Tax thereon	386.44	386.44
Profit available to Equity Share holders (a)	346.98	465.68
Weighted Average no of Shares Basic & Diluted (b)	11,946,020	11,946,020
Earning per Share Basic & Diluted (a)/(b)(₹)	2.90	3.90

30. Auditors' Remuneration

(₹ in Lakhs)

Particulars	2012-13	2011-12
1. Statutory Audit Fee	4.50	4.50
2. Tax Audit Fee	1.50	1.50
3. Other matters	0.60	2.20

31. Employee Benefits:

Defined benefit plans as per actuarial valuation on 31st March, 2013

(₹ in lakhs)

	Gratuity (Funded) 2012-13	Gratuity (Funded) 2011-12	Leave Encashment (Funded) 2012-13	Leave Encashment (Funded) 2011-12
1 Assumptions:				
Discount Rate	8.00%	8.17%	8.00%	8.17%
Escalation	3%	3%	3%	3%
2 Changes in present value of obligations:				
Present value of obligations at beginning of year	63.53	54.54	25.36	20.93
Interest Cost	5.26	4.44	2.09	1.70
Current Service Cost	13.22	10.04	13.02	7.22
Benefits Paid	(4.25)	(0.45)	(1.95)	(0.19)
Actuarial (gain)/ loss on obligation	15.76	(5.03)	2.57	(4.30)
Present Value of obligation at end of year	93.52	63.53	41.10	25.36



	Gratuity (Funded) 2012-13	Gratuity (Funded) 2011-12	Leave Encashment (Funded) 2012-13	Leave Encashment (Funded) 2011-12
3	Changes in fair value of plan assets:			
	48.91	23.82	38.66	13.88
	0.04			
	4.29	3.17	3.45	2.32
	0.06	23.27	-	23.13
	(4.25)	(0.45)	(1.95)	(0.19)
	0.14	(0.90)	0.04	(0.47)
	49.18	48.91	40.20	38.67
4	Fair value of plan assets:			
	48.91	23.82	38.66	13.88
	0.04			
	4.42	2.27	3.48	1.85
	0.06	23.27	-	23.13
	(4.25)	(0.45)	(1.95)	(0.19)
	49.18	48.91	40.20	38.67
	(44.33)	(14.62)	(0.90)	13.30
	0.14	(0.90)	0.04	(0.47)
	(actual rate of return = Estimated rate of return as ARD falls on 31st march)			
5	Actuarial gain/(loss) for the year – Recognized			
	(15.76)	5.03	(2.57)	4.30
	0.14	(0.90)	0.04	(0.47)
	(15.62)	4.13	(2.53)	3.83
	(15.62)	4.13	(2.53)	3.83
6	<u>The amounts to be recognized in the balance sheet and Statements of Profit and Loss</u>			
	93.52	63.53	41.10	25.36
	49.18	48.91	40.20	38.67
	(44.34)	(14.62)	(0.90)	13.30
	(44.34)	(14.62)	(0.90)	13.30
7	Expenses recognized in statement of profit & loss			
	13.22	10.04	13.02	7.22
	5.26	4.44	2.09	1.70
	(4.29)	(3.17)	(3.45)	(2.32)
	15.62	(4.13)	2.53	(3.83)
	29.82	7.17	14.20	2.77



32. There is No change in Equity Share Capital. The Public Shareholding as on 31.03.2013 is 25%.
33. The sale of Land in the earlier years is recognized in the books on settlement of all the issues in connection therewith.
34. Additional information pursuant to note 5 of Part II of the revised Schedule VI of the Companies Act, 1956.

Production Details		2012-2013		2011-2012
		₹ in lakhs		₹ in lakhs
A Sales				
	Sodium Bichromate		12692.50	16104.51
	Basic Chromium Sulphate		15715.02	15076.51
	Others		6199.40	3585.96
			34606.92	34,766.98
B Raw Materials Consumption				
	Soda Ash		4364.62	4563.17
	ChromeOre		6784.32	7241.64
	Others		3123.64	3394.90
	Total Consumption		14272.58	15199.71
C VALUE OF RAW MATERIALS CONSUMED				
a.	Imported (₹ in Lakhs)	10185.08	71.36%	5344.68
b.	Indigenous (₹ in Lakhs)	4087.50	28.64%	9855.03
		14272.58	100.00%	15199.71
D Value of Imports on CIF Basis				
	Raw Material		10002.20	4713.40
	Packing Material		302.84	220.08
	Capital Goods		7.55	13.17
E EARNINGS IN FOREIGN EXCHANGE				
	Exports on FOB basis		10702.60	11726.42
F EXPENDITURE IN FOREIGN CURRENCY				
	Foreign Travel & Sales Expenses		110.67	95.70
	Professional Services		32.96	73.96
	Sales Commission		4.37	12.16
	Exhibitions		10.48	9.18
	Others		19.81	-



35. Figures for the previous year have been regrouped, rearranged and reclassified wherever considered necessary to conform to the classification/ presentation of the current year.

**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, 2013**

**Sd/-
CH. MANJULA
Director**



THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY



VISHNU CHEMICALS LIMITED

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

ATTENDANCE SLIP FOR THE 20th 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 20th Annual General Meeting of Vishnu Chemicals Limited, held on Saturday the 27th Day of July, 2013 at 10.00 A.M at The Hotel I. K. London, 6-3-656, Kapadia Lane, Somajiguda, Hyderabad - 500 082.

* 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 20th Annual General
Meeting of the Company, to be held on Saturday the 27th Day of July, 2013 at 10.00 A.M at The Hotel I. K. London,
6-3-656, Kapadia Lane, Somajiguda, Hyderabad - 500 082, 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