

VISHNU CHEMICALS LIMITED



21st
ANNUAL REPORT
2013-2014

Vishnu Chemicals Limited



Board of Directors:	Shri. Ch. Krishna Murthy, Shri. Ch. Siddartha, Smt. Ch. Manjula, Shri. U. Dileep Kumar Shri V. Vimalanand Dr. S. Chandrasekhar	Chairman & Managing Director Whole-time Director Director Independent Director Independent Director Independent Director
Company Secretary:	Shri. B.S. Harikrishna	
Auditors:	C K S ASSOCIATES Chartered Accountants 87, Nagarjuna, Road # 3, Gagan Mahal Colony, Hyderabad - 500 029	N.V.S. KAPARDHI Cost Accountants SRT-148, GHMC No. 7-1-621/468, S.R. Nagar Hyderabad - 500038
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 Telangana, India. www.vishnuchemicals.com email: vishnu@vishnuchemicals.com Ph: 040 - 66626680-83. Fax: 040-23314158	
Works:	Survey No. 15 Gaddapotharam Medak District – 502319 Telangana Plot No. 57 Phase - III IDA., Jeedimetla Hyderabad - 500 055 Telangana.	Survey No. 18-26 Nandini Road Bhilai – 490026. Chattisgarh State. Plot No.29, IOCL Road, J. N. Pharma city, Parwada, Visakhapatnam Dt. – 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.	
Listing	Bombay Stock Exchange Limited Ahmedabad Stock Exchange Limited	



Notice of Annual General Meeting:

Notice is hereby given that the Twenty First Annual General Meeting of the members of **Vishnu Chemicals Limited** will be held on Tuesday, the 30th Day of September, 2014, at 10.30 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, 2014 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 Smt. Ch. Manjula, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Shri. Ch. Siddartha, 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 increase the remuneration of Shri. Ch. Krishna Murthy (DIN: 00030274), Chairman & Managing Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT in accordance with the provisions of the Section 196, 197 and 198 read with Schedule V and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and other applicable provisions, if any, of the Companies Act, 2013 the remuneration of Shri Ch. Krishna Murthy, Chairman & Managing Director of the company be and is hereby revised from ₹ 400,000/- (Rupees Four Lakhs) per month to ₹ 5,50,000/- (Rupees Five Lakhs Fifty Thousand) per month by way of salary with effect from 1st August, 2014 and he is entitled to the additional benefits / perquisites as mentioned under “Additional Benefits / perquisites” for the unexpired term of his office i.e, up to 03.01.2016.

Shri. Ch. Krishna Murthy, Chairman & Managing Director is entitled to the following additional benefits / perquisites at the company’s cost.

- a). Personal Accident Insurance: As per rules of the company.
- b). Car: Free use of company’s car with driver.
- c). Reimbursement of expenses actually and properly incurred by him for the business of the company.

“RESOLVED FURTHER THAT, in the event of loss or inadequacy of profits in any Financial Year in terms of Schedule V of Companies Act, 2013 the minimum remuneration be paid to Shri. Ch. Krishna Murthy, Managing Director as prescribed in Schedule V of the said Act.

“RESOLVED FURTHER THAT, the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

6. To re-appoint Shri. Ch. Siddartha (DIN: 01250728) as a Whole-time Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:



“RESOLVED THAT in accordance with the provisions of Sections, 196, 197, 198 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the company be and is hereby accorded to the re-appointment of Shri. Ch. Siddartha (DIN: 01250728) as Whole-time Director of the company, liable to retire by rotation, for a period of 5 (five) years with effect from 1st August, 2014 with remuneration, perquisites, benefits and other allowances as under:

A. Salary: ₹. 4,00,000 per month

b. Perquisites: In addition to the salary, he shall be entitled to the perquisites, benefits set out below.

a). Personal Accident Insurance: As per rules of the company.

b). Car: Free use of company's car with driver.

c). Reimbursement of expenses actually and properly incurred by him for the business of the company.

“RESOLVED FURTHER THAT, in the event of loss or inadequacy of profits in any Financial Year in terms of Schedule V of Companies Act, 2013 a minimum remuneration be paid to Shri. Ch. Siddartha, Whole-time Director of the Company as prescribed in Schedule V of the said Act.

“RESOLVED FURTHER THAT, the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

7. To appoint Shri. U. Dileep Kumar (DIN: 02519654) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT, pursuant to the provisions of Section 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and qualification of Director) Rules, 2014 (including any statutory modifications(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement and in respect of whom the company has received a notice in writing from a member along with deposit of requisite amount pursuant to section 160 of the Act, proposing his candidature for the office of Director, Shri. U. Dileep Kumar (DIN: 02519654) be and is hereby appointed as an Independent Director of the Company to hold office for a period of 5 (Five) years till the date of 26th Annual General Meeting of the company.”

8. To appoint Shri. V. Vimalanand (DIN: 02693721) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT, pursuant to the provisions of Section 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and qualification of Director) Rules, 2014 (including any statutory modifications(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement and in respect of whom the company has received a notice in writing from a member along with deposit of requisite amount pursuant to section 160 of the Act, proposing his candidature for the office of Director, Shri. V. Vimalanand (DIN: 02693721) be and is hereby appointed as an Independent Director of the Company to hold office for a period of 5 (Five) years till the date of 26th Annual General Meeting of the company.”

9. To appoint Dr. S. Chandrasekhar (DIN: 00481481) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT, pursuant to the provisions of Section 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and qualification of director) Rules, 2014 (including any statutory modifications(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement and in respect of whom the company has



received a notice in writing from a member along with deposit of requisite amount pursuant to section 160 of the Act, proposing his candidature for the office of Director, Dr. S. Chandrasekhar (DIN: 00481481) be and is hereby appointed as an Independent Director of the Company to hold office for a period of 3 (Three) years till the date of 24th Annual General Meeting of the company.”

10. To approve the Agreement with M/s. Vasantha Transport Corporation (VTC), and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as a Special Resolution:

“RESOLVED THAT, pursuant to the provisions of section 188 of the Companies Act, 2013 all other applicable provisions of the Companies Act, 2013 (including any statutory modifications(s) or re-enactment thereof for the time being in force) the consent of the Company be and is hereby given for entering into contract with M/s. Vasantha Transport Corporation for availing transport services and to take on contract the trucks from M/s. Vasantha Transport Corporation on such terms and conditions as detailed in the Memorandum of Understanding at prevailing market prices for a period of 5 years from the date of this meeting for a total contract value not exceeding ₹ 14.00 Crores per annum.

“RESOLVED FURTHER THAT, the Board of Directors (hereinafter referred to as “the Board”) be authorised to alter and vary the terms and conditions of the said agreement as it may deem fit and as may be acceptable between the company and M/s. Vasantha Transport Corporation, subject to the amount not exceeding the contract value specified above.

“RESOLVED FURTHER THAT, the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

11. To approve the Agreement with M/s. Vishnu Life Sciences Limited, and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as a Special Resolution:

“RESOLVED THAT, pursuant to the provisions of section 188 of the Companies Act, 2013 all other applicable provisions of the Companies Act, 2013 (including any statutory modifications(s) or re-enactment thereof for the time being in force) the consent of the Company be and is hereby given for entering into contract with M/s. Vishnu Life Sciences Limited for taking of factory premises on lease including furniture and fittings on such terms and conditions as detailed in the Memorandum of Understanding at prevailing market prices for a period of 5 years from the date of this meeting for a total contract value not exceeding ₹ 6.00 Lakhs per annum.

“RESOLVED FURTHER THAT, the Board of Directors (hereinafter referred to as “the Board”) to alter and vary the terms and conditions of the said agreement as it may deem fit and as may be acceptable between the company and M/s. Vishnu Life Sciences Limited, subject to the amount not exceeding the contract value specified above.

“RESOLVED FURTHER THAT, the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

12. To approve the services availing from M/s. K.M.S. Infrastructure Limited, and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as a Special Resolution:

“RESOLVED THAT, pursuant to the provisions of section 188 of the Companies Act, 2013 and all other applicable provisions of the Companies Act, 2013 (including any statutory modifications(s) or re-enactment thereof for the time being in force) the consent of the Company be and is hereby given for availing services relating to civil constructions and related services from M/s. K.M.S. Infrastructure Limited from time to time at prevailing market rates as per the invoices raised from time to time for a period of 5 years from the date of this meeting.

“RESOLVED FURTHER THAT, the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”



13. To appoint Cost Auditor and to fix their remuneration for the financial year ending 31st March 2015 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT, pursuant to the provisions of Section, 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s. N.V.S Kapardhi, cost auditors, be appointed as Cost Auditor of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015 and be paid remuneration of ₹ 30,000 per annum.

“RESOLVED FURTHER THAT, the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

For and on behalf of the Board

Sd/-

(Ch. Krishna Murthy)

Chairman & Managing Director

Place: Hyderabad
Date: 9th August, 2014.

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN THE MEETING AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The instrument appointing the proxy must be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.
3. Members / proxies should bring duly filled Attendance Slips sent herewith to attend the meeting.
4. The Authorised Representatives of the Corporate Members are requested to bring a certified true copy of the Board Resolution pursuant to Section 113 of the Companies Act, 2013 duly authorizing them to attend and vote at the Annual General Meeting.
5. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the special business to be transacted at the meeting is annexed hereto.
6. The register of members and share transfer books of the Company will remain closed from 25.09.2014 to 30.09.2014 (both days inclusive).
7. Members whose shareholding is in the electronic mode are requested to inform change of address, emails, phone numbers and updates of savings bank account details to their respective depository participants.
8. Members wishing to claim dividends, which remain un claimed are requested to correspond with the Company Secretary, at the Company's registered office. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 and 125 of the Companies Act, 2013, be transferred to the Investor Education and Protection Fund.
9. Members are requested to send their queries, if any, on the accounts and operations of the Company, to the Company Secretary at least 7 days before the meeting.
10. **A Member or his/her proxy is requested to bring the annual report to the meeting as extra copies will not be distributed.**
11. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices etc., from the Company electronically.



12. Pursuant to the provisions of Section 107 and 108, read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer the option of E-Voting facility to all the members of the Company. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating e-voting. The Members who wish to attend Annual General Meeting can vote at the Meeting. The Company has appointed Mr. L. D. Reddy, Practicing Company Secretary as Scrutinizer.

13. The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 25.09.2014 at 10.00 A.M. and ends on 27.09.2014 at 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 29.08.2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter company name: Vishnu Chemicals Limited; EVSN: 140820007
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

PAN Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)

- Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the **folio/client id** number in the PAN field.
- In case the **folio** number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with **folio** number 1 then enter RA00000001 in the PAN field.

DOB Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.

Dividend Bank Details Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.

- Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares in the Dividend Bank details field.

- (viii) After entering these details appropriately, click on "SUBMIT" tab.



- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant Vishnu Chemicals Limited on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

For and on behalf of the Board

Sd/-

(Ch. Krishna Murthy)
Chairman & Managing Director

Place: Hyderabad
Date: 9th August, 2014.



EXPLANATORY STATEMENT PURSUANT TO SECTION 102(2) OF THE COMPANIES ACT, 2013:

ITEM NO. 5

In view of improved performance of the Company, like increase in Turnover from ₹ 350.52 Crores in 2012-13 to ₹ 379.59 Crores in the year 2013-14 and increase in Net Profit After Tax from ₹ 7.33 Crores to ₹ 13.12 Crores for the corresponding period keeping in view of the contribution made by the Managing Director for achieving the above performance and over all development of the Company, the Board recommended the proposal for increase of Remunerations from ₹ 4.00 Lakhs per month to ₹ 5.50 Lakhs per month to Managing Director as approved by Remuneration Committee and recommended by Audit Committee, in accordance with the Provisions of the Companies Act, 2013 for their remaining period of his tenure of appointment w.e.f 1st August 2014. The details of remunerations are as follows:

- a) Salary ₹ 5,50,000 per month

In addition to the above, they are entitled to the following benefits at the company's cost.

- i). Personal Accident Insurance: As per rules of the company.
ii). Car: Free use of company's car with driver.
iii). Reimbursement of expenses actually and properly incurred by him for the business of the company.

For the purposes of the foregoing, perquisites shall be valued as per Income Tax Rules, 1962. In the absence of any such rule, perquisites shall be evaluated at actual cost.

The board recommends passing of the proposed resolution made under item no. 5 to this notice.

Shri. Ch. Krishna Murthy may be deemed to be concerned or interested, financially or otherwise, to the extent of the aforesaid shareholding in respect of increase in remuneration. Smt. Ch. Manjula and Shri. Ch. Siddartha, Director and Whole-time Directors of the company respectively are relatives to Shri. Ch. Krishna Murthy, to the extent to the shareholding interest in the company, may be deemed to be concerned or interested.

Save and except the above, none of the other Directors of the Company are in any way concerned or interested in this resolution.

ITEM NO. 6

Keeping in view of the dedicated efforts made by Shri. Ch. Siddartha to bring the Company to a growth stage, it has been proposed re-appoint him for a further period of 5 years effective from 1st August, 2014. The company has developed manifold in terms of exports turnover, profits and overall performance of the company. Upon approval by Remuneration Committee and recommended by Audit Committee, the Board proposed to re-appoint him as Whole-time Director of the company and recommended the following remuneration.

- a) Salary ₹. 4,00,000 per month.

In addition to the above, he is entitled to the following benefits at the company's cost.

- i). Personal Accident Insurance: As per rules of the company.
ii). Car: Free use of company's car with driver.
iii). Reimbursement of expenses actually and properly incurred by him for the business of the company.

For the purposes of the foregoing, perquisites shall be valued as per Income Tax Rules, 1962. In the absence of any such rule, perquisites shall be evaluated at actual cost.

The board recommends passing of the proposed resolution made under the item no. 6 to this notice.



Shri. Ch. Siddartha may be deemed to be concerned or interested, financially or otherwise, to the extent of the shareholding in respect of his appointed as a Whole-time Director. Further Shri. Ch. Krishna Murthy and Smt. Ch. Manjula, Managing Director and Directors of the company respectively are his relatives and to the extent to the shareholding interest in the company, may be deemed to be concerned or interested in the appointment of Shri. Ch. Siddartha.

Save and except the above, none of the other Directors of the Company are in any way concerned or interested in this resolution.

ITEM NO. 7, 8 & 9

Shri. U. Dileep Kumar, Shri. V. Vimalanand and Dr. S. Chandrasekhar are independent Directors of the company and have held the positions as such for more than 5 (Five) years by Shri. U. Dileep Kumar and Shri. V. Vimalanand and for more than 3 (Three) years by Dr. S. Chandrasekhar.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement inter alia stipulating the conditions for the appointment of independent directors by a listed company.

It is proposed to appoint Shri. U. Dileep Kumar, Shri. V. Vimalanand as Independent Directors under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for 5 (Five) consecutive years for a term up to the date of the 26th Annual General Meeting of the Company and Dr. S. Chandrasekhar be appointed for a period of 3 (Three) years till the date of 24th Annual General Meeting of the Company.

Shri. U. Dileep Kumar, Shri. V. Vimalanand and Dr. S. Chandrasekhar are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

The Company has received notices in writing from members alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidatures of each of Shri. U. Dileep Kumar, Shri. V. Vimalanand and Dr. S. Chandrasekhar for the office of Directors of the Company. The Company has also received declarations from Shri. U. Dileep Kumar, Shri. V. Vimalanand and Dr. S. Chandrasekhar that they meet with criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Shri. U. Dileep Kumar, Shri. V. Vimalanand and Dr. S. Chandrasekhar fulfill the conditions for appointment as Independent Directors as specified in the Act and the Listing Agreement. Shri. U. Dileep Kumar, Shri. V. Vimalanand and Dr. S. Chandrasekhar are independent of the management.

Brief resume of Shri. U. Dileep Kumar, Shri. V. Vimalanand and Dr. S. Chandrasekhar, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

Copy of the draft letters for respective appointments of Shri. U. Dileep Kumar, Shri. V. Vimalanand and Dr. S. Chandrasekhar as Independent Directors setting out the terms and conditions are available for inspection by members at the Registered Office of the Company.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Shri. U. Dileep Kumar, Shri. V. Vimalanand and Dr. S. Chandrasekhar are interested in the resolutions set out respectively at Item Nos. 7, 8 and 9 of the Notice with regard to their respective appointments.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board commends the Ordinary Resolutions set out at Item Nos. 7, 8 and 9 of the Notice for approval by the shareholders.



ITEM NO. 10, 11 & 12

The company has been availing transport services from M/s. Vasantha Transport Corporation for many years and it has been proposed to continue to avail the services in future. M/s. Vasantha Transport corporation providing the transport services along with other related services. Similarly the company is taking on lease the factory premises of M/s. Vishnu Life Sciences Ltd on a fixed monthly rental. Further the company is availing services relating to civil constructions and related services of M/s. K.M.S. Infrastructure Limited.

Shri. Ch. Krishna Murthy, Managing Director of the company is sole proprietor of M/s. Vasantha Transport corporation. Further Shri. Ch. Krishna Murthy and Smt. Ch. Manjula are the Directors of the M/s. K.M.S. Infrastructure Limited. Shri. Ch. Siddartha, Whole-time Director of the company is a major shareholder in M/s. Vishnu Life Sciences Ltd.

Upon recommendations by the Audit Committee and in view of Section 188 and other related provisions of the Act and rules made therein the above contracts requires the approval of shareholders.

Shri. Ch. Krishna Murthy, Smt. Ch. Manjula and Shri. Ch. Siddartha are interested in the resolutions set out respectively at Item Nos. 10, 11 and 12 of the Notice with regard to approval of contracts.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board commends the Special Resolutions set out at Item Nos. 10, 11 and 12 of the Notice for approval by the shareholders.

ITEM NO. 13

The Board, on the recommendations of the Audit Committee, for the appointment and payment of remuneration to M/s. N.V.S Kapardhi, the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the appointment and payment of remuneration to Cost Auditor has to be ratified by the shareholders of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 13 of this Notice for appointment and payment of remuneration to Cost Auditor for the financial year ending March 31, 2015.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 13 of the Notice. The Board commends the Ordinary Resolution set out at Item No. 13 of the Notice for approval by the shareholders.

For and on behalf of the Board

sd/-

(Ch. Krishna Murthy)

Chairman & Managing Director

Place: Hyderabad
Date : 9th August, 2014



DIRECTORS' REPORT

To

The Members,**VISHNU CHEMICALS LIMITED**

Your Directors are happy to present their Twenty first Annual Report on the business and operations of the Company and the Financial statements for the year ended 31st March, 2014.

FINANCIAL RESULTS**(₹ in lakhs)**

Particulars	2013-14	2012-13
Gross Income	37959.59	35051.85
Profit before Interest, Depreciation & Tax	6346.44	5612.62
Less: Depreciation	1302.59	1223.01
Less: Interest	2934.83	3286.02
Profit for the year before taxes	2109.02	1103.59
Less: Provision for Taxes	796.86	370.17
Profit after Taxes	1312.16	733.41
Add: Surplus brought forward from Previous Year	4414.27	3680.86
Surplus Carried forward to Balance Sheet	5726.43	4414.27

OPERATIONS:

The company performance is on improving trend compared with the previous financial year. During the year of operations, the company sales has increased by 8.3% whereas the profitability increased by 78.91%. Though there is ₹.7.73 earning per share during the current year, the company could not declare dividend in view of banker's stipulations in order to increase the cash reserves.

FUTURE PLANS:

The company samples are also approved in the North American market and expecting the improved market share for our product in this region. Furthermore the company is expecting government support to increase its domestic market share also by extending better services and support to the customers and make suitability of the product to their needs.


DIRECTORS:

Smt. Ch. Manjula Director of the Company retires by rotation and being eligible, offers herself for re-appointment.

Shri. Ch. Siddartha, Whole-time Director of the Company retires by rotation and being eligible offers himself for re-appointment.

DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT:

I. Name of the Director	Shri. U.Dileep Kumar
Qualification	Chartered Accountant
Brief Profile	Shri. U. Dileep Kumar is a Chartered Accountant, and was associated with Andhra Pradesh State Financial Corporation for more than 31 years. He is having vast experience in banking aspects such as investments banking and other related matters. After working in various branches of Andhra Pradesh State Financial Corporation in various designations, he retired as a Deputy General Manager in the year 2008.
Name(s) of other Companies in which Directorships held	Nil
Name(s) of other Companies in which Committee Membership(s)/Chairmanship(s) held	Nil
Total shares held by him in the Company	Nil
Relationship with other directors	Shri. U.Dileep Kumar is not related to any Director of the Company.
II. Name of the Director	Shri. V.Vimalanand
Qualification	LLB
Brief Profile	Shri. V. Vimalanand is having a vast experience in the law field. He is one of the leading Advocates in the state of Andhra Pradesh and Telangana, dealing in Corporate Suits, Arbitration and other matters both Civil and Criminal. He is a commerce graduate and a bachelor of law.
Name(s) of other Companies in which Directorships held	Nil
Name(s) of other Companies in which Committee Membership(s)/Chairmanship(s) held	Nil
Total shares held by him in the Company	Nil
Relationship with other directors	Shri. V.Vimalanand is not related to any Director of the Company.
III. Name of the Director	Dr. S.Chandrasekhar
Qualification	Ph. D. in chemical Engineering
Brief Profile	Dr. S. Chandrasekhar, FNASc., FASc, is a Chief Scientist and Head, Division of Natural Products Chemistry CSIR-Indian Institute of Chemical Technology, Hyderabad. He has made significant contributions in diverse areas of Organic Chemistry



	especially in Chiral Chemistry and Total Synthesis of Biologically Active Natural Products. He has 231 Publications and 2 Patents with over 3900 Citations. 36 Students have obtained their Ph.D. award under his able guidance. He is a recipient of The National Academy of Sciences - Reliance Platinum Jubilee award in Physical Sciences and Ranbaxy Research award in Pharmaceutical Sciences in the year 2009. He is a fellow of the Indian Academy of Sciences and National Academy of Sciences. Dr. Chandrasekhar obtained his Bachelors, Masters and Ph. D. degree from Osmania University while the work for Ph. D. was carried out in IICT on total synthesis of Cyclosporin.
Name(s) of other Companies in which Directorships held	Nil
Name(s) of other Companies in which Committee Membership(s)/Chairmanship(s) held	Nil
Total shares held by him in the Company	Nil
Relationship with other directors	Dr. S.Chandrasekhar is not related to any Director of the Company.

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’s Certificate with respect to compliance with the provisions of 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 with a detailed compliance report thereon is annexed to the Annual Report

DIVIDEND:

The Board of Directors keeping in view the need to augment internal accruals for toning up the financials, has not recommended any Dividend for the current financial year 2013-14.

TRANSFER TO THE INVESTOR EDUCATION AND PROTECTION FUND:

In terms of Section 125 of the Companies Act, 2013, an amount of ₹ 161,645/- being unclaimed dividend pertaining to the financial year 2006-07 was transferred to the Investor Education and Protection Fund (IEPF) on June 26, 2014.

FIXED DEPOSITS:

Your Company has not accepted any deposits covered by the provisions of Section 58AA of the Companies Act and the 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. They have confirmed their eligibility and willingness to accept the assignment as Statutory Auditors of the company, if reappointed.



COST AUDITOR :

Pursuant to Section 148 of the Companies Act, 2013, the Central Government has prescribed Cost Audit of the company. Based on the recommendations of the Audit Committee M/s. N.V.S Kapardhi, Cost Accountant, Hyderabad is eligible for appointment as Cost Auditor of the Company for the year 2014-15.

COMPANY SECRETARY :

The Company has on its rolls, Shri. B.S. Harikrishna, an Associate member of the Institute of Company Secretaries of India, as the full time 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 are 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 ₹ 85.74 lakhs till March 31, 2014.

With respect to the above, the management has already clarified in the year 2007-08, that the part of the plant, which was commissioned is pertaining to the operations with respect to the first line of production, and that the scale was at a very insignificant level at that point of time and that the plant became an integrated unit, only upon commissioning of the second line, subsequently and hence it was not deemed inappropriate to capitalize the interest. However to fall in line with the Auditor's views, the company has decided to undo the capitalized, interest amount on the term loans during that period, and charge off to P & L A/c in a phased manner spread over a three year period with consequential changes in the Depreciation in respective years, commencing from the year 2014-15 onwards.

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.

Yes, there are no specific terms for repayment of loans taken from the Directors of the company. As the Directors are fully aware of the financial position, the amounts will be repaid based, on availability of sufficient cash flows and after ensuring that the operations shall not suffer upon repayment.

3. The Auditors have mentioned in their Annexure report as point 9(a) that there is ₹ 302.09 lakh of Entry tax, ₹ 44.06 lakhs of Sales tax and ₹ 74.28 lakhs of Income Tax dues which were outstanding for a period of more than 6 months."

As far as Entry Tax is concerned, liability arose on account of Supreme Court decision for non acceptance of exemption claimed by the company along with other assesses and the company is waiting for Supreme Court Decision. As far as Sales tax is concerned, the company has paid later on. Regarding Income Tax the company is planning to pay before the end of September, 2014.

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 2014-15.

4. The Auditors have mentioned in their Annexure report as point 11 that "interest has fallen due during the year amounting to ₹ 53.36 Lakhs".

As mentioned in the Audit Report the amount was debited on the last working day of financial year. Hence the amount was paid in the subsequent month. In fact all the Term Loans pertaining to the Visakhapatnam and Bhilai Plants have since been closed and that no out standing exists.

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

Name	Designation	Date of Appt. p.m.	Salary ₹	Experience	Age	Share holding%
Shri. Ch. Krishna Murthy	Chairman & Managing Director	02.01.2006	4,00,000	28 years	57	52.07
Shri. Ch. Siddartha	Whole-time Director	02.01.2006	2,50,000	8 years	29	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:

1. That in the preparation of the accounts for the Financial Year ended 31st March, 2014, the applicable accounting standards have been followed along with proper explanation relating to material departures,
2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the said Financial year and of the Profit of the company for the said financial year,
3. That the Directors have taken proper and sufficient care for the maintenance of adequate, accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities,
4. That the Directors had prepared the accounts for the year ended 31st March, 2014 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 of the company at all levels, for the smooth functioning of the Company, during the year under review.

By Order of the Board

Sd/-

CH.MANJULA

Director

Sd/-

CH. KRISHNA MURTHY

Chairman & Managing Director.

Place: Hyderabad

Date : 9th August, 2014



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.

			2013-14	2012-13
Power and Consumption				
A	1. Electricity:			
	a) Purchased			
	Units	Nos.	27390333	21738001
	Total Amount		188928454	145667219
	Rate/Unit	₹	6.90	6.70
	b) Own Generation			
	Units	KWH	266048	505762
	Unit per Litre of Diesel Oil		3.37	3.01
	Cost / Unit (Variable (₹.))		16.95	15.56
	2. Coal\Husk			
	Quantity used in Boiler for Steam	MTs	28011.05	34247.21
	Generation			
	Total Cost		110951783	152327727
	Average Rate \ Tonne		3961.00	4447.89
	3. Furnace Oil			
	Quantity	KLs	2849.33	5288.46
	Total Amount	₹	150193252	240511766
	Average Rate	₹	52711.85	45478.59
	4. Pet Coke			
	Quantity	MTs	9045.80	1740.06
	Total Amount	₹	97319738	14942932
	Average Rate	₹	10758.56	8588.00
B	CONSUMPTION PER UNIT OF PRODUCTION			
	Products :			
	1. Sodium Bichromate			
	2. Basic Chromium sulphate			
	Electricity (KWH)\Diesel	Units	435.69	373.89
	Furnace Oil	KLs	0.10	0.19
	Pet Coke	MTs	0.31	0.30
	Coal\Husk	MTs	0.44	0.58



B. TECHNOLOGY ABSORPTION:

Efforts made towards Technology absorption are enumerated as under :

RESEARCH AND DEVELOPMENT

The Company has done a lot of work in reducing Iron and Silica content in Chrome Oxide Green (COG) by various trials at laboratory. The company used various Testing facilities to find Fe Content, carbon content, Silica Content in COG products and improved quality with the help of R&D lab at its Jeedimetla unit

Further the company also carries out various tests at Central leather research unit to improve the performance of its chemicals to suit to various customers needs. For example the fullness of leather is improved by adding additives with the help of research.

Expenditure incurred:

The Company has incurred revenue expenditure during the year for the R&D activity which is absorbed during the year as regular effort. However no capital expenditure was incurred during the year.

C. FOREIGN EXCHANGE EARNING AND OUTGO:

Total Foreign Exchange collected is ₹ 11,873.29 lakhs and spent is ₹ 4,778.54 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 comprising 34% of the Board and Four Non-Executive Directors comprising 66% of the Board as on 31st March 2014.

- a) Composition and category of directors as on 31st March 2014.

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 2013-14 and at the last Annual General Meeting.

Name of the Director	Meetings held during the tenure	Meetings Attended	Last AGM
Shri. Ch Krishna Murthy	5	5	Yes
Smt. Ch Manjula	5	4	No
Shri. Ch Siddartha	5	4	Yes
Shri. U Dileep Kumar	5	5	Yes
Shri. V. Vimalanand	5	5	Yes
Dr. S. Chandrasekhar	5	5	Yes

- c) No. of other Boards / Board Committees in which the Directors are either Member or Chairman during the year 2013-14.

Name of the Director	Boards		Committees	
	Chairman	Member	Chairman	Member
Shri Ch Krishna Murthy	Nil	1	Nil	Nil
Smt. Ch Manjula	Nil	1	Nil	Nil
Shri Ch Siddartha	Nil	Nil	Nil	Nil
Shri. U. Dileep Kumar	Nil	Nil	4	Nil
Shri. V. Vimalanand	Nil	Nil	Nil	4
Dr. S. Chandrasekhar	Nil	Nil	Nil	4



d) Number of Board Meetings held and dates on which they were held during 2013-14

Quarter	No. of Meetings	Dates on which held
Apr-Jun	1	30.05.2013
Jul-Sep	1	27.07.2013
Oct-Dec	2	05.11.2013 & 13.11.2013
Jan-Mar	1	13.02.2014

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 independent members and executive Director of the Company.

a. Brief description of terms of reference:

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

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

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

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

Name of the Director	Position Held	No. of Meetings attended
Shri. U. Dileep Kumar	Chairman	4
Shri. V. Vimalanand	Member	4
Dr. S. Chandrasekhar	Member	4

The following business was conducted during the year.

- Review of quarterly financial statements.
- Review of internal control systems with reference to the audits conducted by the internal auditors.
- Review of annual financial statements for the year 2013 -14.
- Review of related party disclosures by the Directors.
- Review of Business performance of the company.



3. NOMINATION & REMUNERATION COMMITTEE:

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). Shri. U. Dileep Kumar - Chairman
- ii). Dr. S. Chandrasekhar - Member
- iii). Shri. V. Vimalanand - Member

REMUNERATION OF EXECUTIVE DIRECTORS:

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

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

4. SHARE TRANSFER & INVESTOR GRIEVANCE REDRESSAL COMMITTEE:

The investors Grievance committee consists of three directors. No Grievance is outstanding to be redressed as at the close of the financial year ending 31.03.14.

a. Terms of reference:

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

b. Composition, Name of Members and Chair person:

The committee comprises of the following Independent Directors:

- i) Shri U. Dileep Kumar - Chairman
- ii). Dr. S. Chandrasekhar - Member
- iii) Shri V. Vimalanand - Member

c. Name and Designation of compliance officer:

Shri B.S. Harikrishna, Company Secretary, 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 attended all of the investor's grievances/complaints within the statutory time of receipt of the same and aptly solved them.

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 for which applications were received for transfer during the year, were transferred and no transfer was pending as on the date of 31.03.14.



5. SHARE TRANSFER COMMITTEE

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

6. BOARD MEETINGS :

At least four meetings are held every year and during the year under review 5 (Five) board meetings were held. The Board meets at least once in every quarter to review the financial results, operations, markets, growth prospects and industry trends, etc. Notice of the Board meetings together with agenda are sent to all the directors in advance. The gap between any two consequent board meetings shall 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 year	Venue	Day & Date	Time
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.
2013	Hotel I K London, 6-3-656, Somajiguda, Hyderabad – 500082	Saturday 27.07.2013.	10.00 A.M.

b. **The company has not passed any resolution through postal ballot during the Financial year 2013-14.**

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 (in ₹.)	Outstanding as on 31.03.2014
Vasantha Transport Corporation	Proprietor	Ch Krishna Murthy	Transport Services,	10,01,33,774	(38,00,584) 25,02,170
Vishnu Life Sciences Ltd	Member	Ch. Siddartha	Sales, Conversion Lease Rentals	2,40,000	16,90,751
K.M.S. Infrastructure Ltd	Directors	Ch. Krishna Murthy and Ch Manjula	Contract Service	18,64,323	(45,59,809)

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 and / 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 monthly financial results and the annual audited financial results are published normally in the vernacular dailies like Andhra Prabha, Andhra Jyothi, & Andhra Bhoomi and also in the leading English dailies like the Financial Express, and the Business Standard.



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 : Tuesday, 30th Day of Septmeber 2014 at 10.30 A.M at Hotel I.K. London, Kapdia Lane, Somajiguda, Hyderabad 500082.

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

- a). Full Name : **Smt.Ch. Manjula.**
 Date of Birth : 17.06.1966
 Husband’s name : Shri. Ch. Krishna Murthy
 Residence Address : 919, Road No. 47, Jubilee Hills,
 Hyderabad – 500033
 Permanent Address : 919, Road No. 47, Jubilee Hills
 Hyderabad – 500033.

- b). Full Name : **Shri. Ch. Siddartha**
 Date of Birth : 12.05.1985
 Father’s name : Shri. Ch. Krishna Murthy
 Residence Address : 919, Road No. 47, Jubilee Hills,
 Hyderabad – 500033
 Permanent Address : 919, Road No. 47, Jubilee Hills
 Hyderabad–500033.

Market Price Data on a Monthly basis:

Scrip Code:516072

Company:: [VISHNU CHEM](#)

For the Period: April 2013 to March 2014.

(In ₹)

Month	Open	High	Low	Close
Apr 13	41.50	52.00	41.50	52.00
May 13	50.00	52.40	43.30	45.25
Jun 13	45.05	45.20	34.70	34.70
Jul 13	36.40	42.50	33.00	33.00
Aug 13	34.65	36.20	32.65	32.65
Sep 13	32.65	33.00	29.50	30.15
Oct 13	30.05	32.50	28.65	28.65
Nov 13	30.05	37.30	29.25	34.00
Dec 13	35.70	48.50	35.05	48.50
Jan 14	48.50	61.95	48.50	61.95
Feb 14	59.10	65.75	57.65	62.55
Mar 14	60.20	87.15	57.25	85.80


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, 2014 is as under :

Distribution of Shareholding Pattern :

Category	No. of Shares held		Total Shares	% of Holding
	Physical	Depository		
A. Promoters' Holding				
1. Promoters	Nil	8959506	8959506	75.00
a. Indian Promoters'				
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 Instns. Insurance Companies (Central / State Govt. Institutions / Non – Government institutions c. FIIs*	-	200	200	-
SUB-TOTAL	-	200	200	-
4. Others				
a. Private Corporate Bodies	6875	353948	360823	3.02
b. Indian Public	214064	2069155	2283219	19.11
c. NRIs / OCBs*	42240	272161	314401	2.63
d. Any other –Clearing Members	-	27871	27871	0.24
SUB-TOTAL	263179	2723135	2986314	25.00
GRAND TOTAL	263179	11682841	11946020	100.00

* TOTAL FOREIGN SHAREHOLDINGS IN NUMBER IS 314401 COMPRISING - 2.63 % & 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
Telangana - 502319 | 2. Survey No.18-26
Nandini Road
Bhilai- 490026
Chattishgarh |
| 3 Plot No.57
Phase III
IDA, Jeedimetla
Hyderabad -500055
Telangana | 4. Plot No.29
J.N.Pharma City
IOCL Road - 531019
Visakhapatnam Dist
Andhra Pradesh |

Address for Correspondence :

(Registered Office)

6-3-662/B/4, Sri Sai Nilayam,
II Floor, Sangeethnagar Colony,
Somajiguda, Hyderabad – 500 082,
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 21st Annual General meeting:

Date of Book Closure: 25.09.2014 to 30.09.2014 (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) CIN | L85200TG1993PLC04369 |
| d) The stock code of the company | VISHNU |
| e) The ISIN for company's Equity Shares in Demat Form | INE270I01014 |
| f) 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 Directors and Senior Management Personnel of the company at the meeting of the Board of Directors.

A Statement of allegiance to the Code of Conduct has been obtained from all the senior management personnel and functional heads and such statement of allegiance will be obtained on an annual basis from all the Directors, senior management personnel and functional heads.

For VISHNU CHEMICALS LIMITED

Sd/-

Ch. Krishna Murthy
Chairman & Managing Director

Place : Hyderabad
Date : 9th August, 2014



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

To
The Members,
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, 2014 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 :9th August, 2014



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 statements. 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 to ensure that the financial statements reflect, in a true and fair manner, the form and substance of transactions, and reasonably present the Company’s state of affairs and profits for the year.

Industry Structure and developments:

The Indian chemical industry is one of the oldest industries in India and has made immense contribution to the industrial and agricultural development of India. It encompasses both large and small-scale units. The fiscal incentives granted to the small-scale units in the mid-1980s provided the thrust to the growth of MSMEs in the sector. The chemical industry serves the needs of sectors such as textiles, leather, plastics, paper, printing inks and food stuffs, among others.

The chemical industry can be broadly classified into two segments – organic and inorganic chemicals. Organic chemicals cover over half of all known chemical compounds, and include petrochemicals, drugs, cosmetics, agrochemicals, etc. Inorganic chemicals comprise alkalis, dyes and dyestuffs.

The prolonged adverse macroeconomic climate in Europe and slowdown in Chinese and other emerging economies during 2011–2013 have affected global chemical output. In 2013, global volume was expected to rise 2.4%, against 2.7% in 2012. With improving economic conditions, growth is further likely to improve to 3.8% in 2014.

**Global Chemical Production Volume Outlook – Key Countries/Regions
(Y-o-Y % Change, 2010–2014)**

Country/Region	2010	2011	2012	2013	2014	Trend (2014 vs. 2013)
US	3.3	0.0	0.1	1.6	2.5	↑
Brazil	8.1	-4.1	5.4	0.3	3.5	↑
Germany	10.8	2.5	-2.9	0.7	1.6	↑
UK	-4.4	-3.8	-6.1	-3.2	1.0	↑
Netherlands	12.3	0.3	3.7	-1.5	0.8	↑
Switzerland	10.3	-0.8	4.8	1.4	3.8	↑
Russia	16.9	5.6	-9.3	1.9	4.5	↑
Africa and Middle East	11.5	2.2	3.6	3.6	4.8	↑
Japan	7.4	-0.2	-3.2	0.8	4.0	↑
China	17.7	10.7	9.3	8.5	8.8	↑
India	1.3	2.5	1.4	5.8	6.7	↑

Source: ACC



Indian Chemicals Council (ICC) and Frost & Sullivan finds that the Indian chemical industry was the second largest producer in Asia in terms of volume, after China. The Indian chemical industry is currently at US \$136 Billion approximately, and is likely to grow at a compound annual growth rate of 10-12 percent over the next five years. The industry contributes about 18-20 per cent of total customs and excise duties collection in India

Risks and concerns:

The Chemical Industry largely depends on the performance of Leather, paints and other related industry. If the performance of above industries is affected, then the chemical industry will also suffer.

Results of operations:

Exports:

Exports during the year amounted to ₹12,695.86lakhs and the amount collected in foreign exchange during the Financial Year under review is ₹ 11,873.29 lakhs.

Unclaimed Dividend:

As per the provisions of Section 125 of the Companies Act 2013, unclaimed dividend for the year 2006-07 of ₹1,61,645 is due to transfer to investor Education and Protection Fund upon expiry of mandatory period of 7 years. The amount has been transferred and deposited in the bank on 26 June, 2014

Financial Condition :

Share Capital:	The Authorised Share Capital of the Company is ₹ 75,00,00,000/- while the Issued/Subscribed and Paid Up Capital of the company is ₹ 59,44,60,200/-.
Reserves and Surplus:	An Amount of ₹ 60,17,29,450/- is available under Reserves and Surplus as on 31.03.2014.
Loan Funds:	During the year SBH has released a Corp. Term Loan of ₹ 20.00 Crs to augment the NWC position of the company. SBH and UBI have released the enhanced working capital facilities while at other member banks process is underway and are expected to release in the ensuing financial year.
Deferred Tax:	The deferred Tax liability arose due to timing differences on depreciation of Fixed Assets and Expenses allowable on payment.

Fixed Assets:

Amount in ₹.

Sl.No.	Particulars	As on 31.03.2014.	As on 31.03.2013
1	Land	76168278	72654702
2	Building	652523494	652523494
3	Plant & Machinery	1917068221	1902362417
4	Office Equipment	4919818	4508332
5	Furniture & fixtures	9804053	9158456
6	Vehicles	33709669	22604239
7	Data Process Equipment	6415363	6304814
8	Lab Equipment	5381135	5381135
9	Intangible Assets (Computer Software)	1341026	1341026
10	R&D Equipment	39282883	39282883
11	Total	2746613941	2716121497
12	Less: Accumulated Depreciation	782079323	651820219
13	Net Block	1964534618	2064301276
14	Capital work in progress	363477224	320716601
15	Grand Total	2328011842	2385017877


Investments:

The Company has invested in the following Bonds / securities and is holding the same as at the end of the financial year:

- a). 6 Nos. IDBI Growing Interest Bonds (98A) of ₹ 5000/- each,
- b). 60,000 Fully paid-up Equity Shares of ₹ 10/- each in M/s Koganti Power Limited
(Un Listed),
- c). 1,000 Fully paid up Equity Shares of ₹ 10/- each in M/s Sireen Drugs Pvt Ltd,
- d). 50,000 units of ₹ 10/- each in SBI Mutual Funds,
- e). 39,138.943 units of ₹ 25.55/- each in PNB Mutual Funds and
- f). 89990 units of ₹ 10/- each in UBI Mutual Funds.

Sundry Debtors:

The sundry debtors stood at ₹ 6246.77 Lakhs as on 31.03.2014 as against ₹ 4180.98 Lakhs as on 31.03.2013. These debtors are considered as good, and are in the normal course of business of the company and for which the company holds no additional security.

Cash and Cash Equivalents:

The company is holding cash and cash equivalents as at the end of the year as under :

Particulars	Amount (₹ in Lakhs)	
	31.03.2014	31.03.2013
Cash and Cash Equivalents	674.82	939.51
Total assets	42545.67	41211.87
Cash and Cash Equivalents as a % of total assets	1.59	2.28

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 31.03.2014 and 31.03.2013 is given below.

CURRENT LIABILITIES:

	Amount (₹ in Lakhs)	
	As on 31.03.2014	As on 31.03.2013
1. Trade Payables	4521.99	7290.32
2. Other Current Liabilities	2573.27	5366.18
3. Short Term Provisions	523.04	505.21
Total	7618.30	13161.71

Others:
Human Resources:

The Company firmly believes that Human Resources and knowledge capital is vital for business success and for value additions to 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 broad base the organization structure 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 on 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 transactions are 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
Asst Vice President (F&A)
(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, 2014, 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") read with the General Circular 15/2013 dated September 13, 2013, of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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, 2014 by ₹ 85.74 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, 2014;*
- 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 Companies Act, 1956, 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, read with the General Circular 15/2013 dated September 13, 2013, of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;*
 - e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, 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, 2014

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) (a), (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 ₹1246.99 Lakhs during the year which is also the closing balance outstanding at the end of the year.
 - 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 contracts or arrangements referred to in Section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under that section.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements exceeding ₹ 5 lakhs, entered in the register maintained under Section 301 of the Companies Act, 1956, have been made at prices which are reasonable having regard to the prevailing market prices at that relevant time.
6. 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, 2014, for a period of more than six months from the date they became payable are entry tax of ₹ 302.09 Lakhs pertaining to the period 2008-09 to 2012-13, sales tax of ₹ 44.06 Lakhs pertaining to the financial year 2008-09 and 2012-13 and Income Tax of ₹ 74.28 Lakhs pertaining to the financial year 2001-02 and 2012-13 which were payable within the respective financial years and are still outstanding to be 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
Central Excise	46.82	1998-1999	CESTAT, Bangalore
Sales Tax	5.81	1998-1999	Sales Tax Appellate Tribunal, Hyderabad
Sales Tax	8.96	2008-2010	Addl. Commissioner (Appeal), Sales Tax, Cuttack
Central Excise	121.28	2006-2007	CESTAT, New Delhi

10. The Company does not have any accumulated losses as on March 31, 2014. 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 not defaulted in repayment of dues to financial institution/bank *except to the extent of Interest of ₹ 53.36 lakhs pertaining to the last month of the year under review which was debited by bank on the last day of the year and was paid by the Company in the ensuing month after the Balance Sheet date.*
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/hire purchase 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, 2014



BALANCE SHEET AS AT MARCH 31, 2014

	Note No.	31-Mar-14 ₹	31-Mar-13 ₹
I EQUITY AND LIABILITIES			
1. SHAREHOLDERS' FUNDS			
a. Share Capital	1	594,460,200	594,460,200
b. Reserves and Surplus	2	601,729,450	470,513,226
		1,196,189,650	1,064,973,426
2. NON-CURRENT LIABILITIES			
a. Long Term Borrowings	3	436,775,311	261,414,146
b. Deferred Tax Liabilities (Net)	4	272,357,111	251,277,628
c. Other Long Term Liabilities	5	515,399,946	272,156,333
		1,224,532,368	784,848,106
3. CURRENT LIABILITIES			
a. Short Term Borrowings	6	1,072,013,709	955,194,072
b. Trade Payables	7	452,199,305	756,947,867
c. Other Current Liabilities	8	257,327,102	508,702,434
d. Short Term Provisions	9	52,304,841	50,521,341
		1,833,844,957	2,271,365,714
TOTAL		4,254,566,974	4,121,187,247
II. ASSETS			
1. NON-CURRENT ASSETS			
a. Fixed Assets	10		
i. Tangible Assets		1,964,266,409	2,063,764,866
ii. Intangible Assets		268,20	536,410
iii. Capital Work-in-progress		363,477,228	320,716,601
		2,328,011,842	2,385,017,877
b. Non-Current Investments	11	3,040,000	3,040,000
c. Long Term Loans and Advances	12	88,070,849	139,528,087
d. Other Non-Current Assets	13	72,078	-
		91,182,927	142,568,087
2. CURRENT ASSETS			
a. Inventories	14	860,514,475	808,174,354
b. Trade Receivables	15	624,677,289	418,097,787
c. Cash and Bank Balances	16	67,482,354	93,951,353
d. Short Term Loans and Advances	17	251,737,378	212,848,878
e. Other Current Assets	18	30,960,710	60,528,911
		1,835,372,205	1,593,601,283
TOTAL		4,254,566,974	4,121,187,247

Refer to Accompanying Notes to Financial Statements

Per our report of even date

For and on behalf of the Board of Directors

For C K S ASSOCIATES

Chartered Accountants

FRN No. 007390S

Sd/-

V. SRINATH

Partner

Membership No. 021185

Place : Hyderabad

Date: May 30, 2014

Sd/-

CH. KRISHNA MURTHY

Chairman & Managing Director

Sd/-

CH. MANJULA

Director


STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

	Note No.	31-Mar-14 ₹	31-Mar-13 ₹
1. REVENUE			
a. Revenue from Operations	19		
i. Sale of Products		3,752,385,432	3,460,691,751
ii. Other Operating Revenues		43,573,157	44,492,964
		3,795,958,589	3,505,184,715
Less: Excise Duty		274,270,776	255,292,712
Total Revenue from Operations		3,521,687,813	3,249,892,003
b. Other Income	20	7,555,284	10,808,982
Total Revenue		3,529,243,097	3,260,700,985
2. EXPENSES			
a. Cost of Materials Consumed	21	1,528,995,994	1,427,258,410
b. Purchases of Stock-in-Trade		10,000,000	-
b. Changes in Inventories of Finished Goods & Work-in-Progress	22	(7,489,985)	(41,638,837)
c. Employee Benefit Expense	23	120,814,388	113,998,342
d. Finance Costs	24	293,483,269	328,301,652
e. Depreciation and Amortisation Expense	10	130,259,104	122,301,752
f. Other Expenses	25	1,242,638,677	1,210,781,443
Total Expenses		3,318,701,447	3,161,002,762
3. Profit Before Exceptional & Extraordinary Items and Tax		210,541,650	99,698,223
Prior Period Income (Net)		(360,385)	(10,660,340)
4. Profit Before Tax		210,902,035	110,358,563
5. Tax Expense			
a. Current Tax		56,950,196	22,082,748
Less: MAT Credit Entitlement		-	20,416,334
Net Current Tax		56,950,196	1,666,414
Tax Pertaining to Earlier Years		1,656,131	-
b. Deferred Tax	4	21,079,483	35,350,491
		79,685,810	37,016,905
6. Profit/(Loss) For The Period		131,216,224	73,341,658
Earnings Per Share			
Par Value Per Share Rs. 10/- Basic & Diluted		7.73	2.90

Refer to Accompanying Notes to Financial Statements

Per our report of even date

For and on behalf of the Board of Directors

For C K S ASSOCIATES
Chartered Accountants
FRN No. 007390S

Sd/-

V. SRINATH
Partner
Membership No. 021185
Place : Hyderabad
Date: May 30, 2014

Sd/-

CH. KRISHNA MURTHY
Chairman & Managing Director

Sd/-

CH. MANJULA
Director



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

	31-Mar-14 ₹	31-Mar-13 ₹
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit after Tax and Extraordinary items	131,216,224	73,341,658
Adjustments for :		
Depreciation	130,259,104	122,301,752
Deferred Tax	21,079,483	35,350,491
Income Tax (Provision)	56,950,196	22,082,748
Income Tax (Prior Period Taxes)	1,656,131	-
Interest Paid	293,483,269	328,601,652
Interest Earnings	(7,555,284)	(10,518,016)
Operating profit before working Capital changes	627,089,123	571,160,285
Adjustments for :		
(Increase)/Decrease in Trade and Other Receivables	(206,579,502)	78,262,751
(Increase)/Decrease in Inventories	(52,340,121)	(111,951,091)
Increase/(Decrease) in Trade Payables & Other Current Liabilities	(383,445,225)	79,002,521
(Increase)/Decrease on Loans & Advances & Other Current Assets	42,064,862	(38,314,383)
Cash deficit from Operations	(600,299,986)	6,999,798
Direct Tax paid	(56,421,705)	(1,797,216)
Cash generated from operations	(656,721,691)	5,202,582
Net Cash Flow from operating activities	(29,632,568)	576,362,867
B. CASH FLOWS FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(30,492,442)	(4,423,838)
Sale Proceeds from Fixed Assets	-	585,416
Purchase of Investments	-	(910,000)
Capital Work-in-progress	(42,760,627)	(149,322,280)
Increase / Decrease in Share Capital	-	-
Interest Received	7,555,284	10,518,016
Net Cash used in investing activities	(65,697,785)	(143,552,686)
C. CASH FLOWS FROM FINANCING ACTIVITIES :		
Proceeds from long-term borrowings	200,000,000	-
Repayment of term liabilities	(298,895,625)	(308,739,158)
Increase in Bank Borrowings Working Capital	174,751,368	239,647,476
Other Un Secured Loans	286,488,880	(40,606,229)
Interest Paid	(293,483,269)	(328,601,652)
Net Cash used in financing activities	68,861,354	(438,299,563)
Net increase / Decrease in cash and cash equivalents	(26,468,999)	(5,489,382)
Cash and cash equivalents as at 01-04-2013	93,951,353	99,440,735
Cash and Cash equivalents as at 31.03.2014	67,482,354	93,951,353

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, 2014

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-14	31-Mar-13
	₹	₹
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		
<u>EQUITY SHARES</u>		
<i>At the beginning and close of the year</i>		
11946020 Equity Shares of ₹10/- par value	119,460,200	119,460,200
<u>PREFERENCE SHARES</u>		
<i>At the beginning and close of the year</i>		
47500000 7% Redeemable Preference Shares of ₹10/- par value	475,000,000	475,000,000
Total Share Capital	594,460,200	594,460,200

1. All the equity shares carry equal rights and obligations including for dividend and with respect to voting rights.
2. 7% Redeemable Preference Shares which are cumulative in nature are liable to be redeemed after the expiry of ten years from the date of its issue.



3. **Dividend on Redeemable Preference Share Capital:** Dividends on the 7% Redeemable Preference Share Capital of ₹ 4750 Lakhs has not been provided for the year 2013-14. However as the Preference Shares are cumulative in nature, the amount payable as dividend of ₹ 332.50 Lakhs for the year (₹ 332.50 Lakhs) is being shown as a Contingent liability.
4. 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-14 ₹	31-Mar-13 ₹
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	441,427,186	368,085,528
Add: Transfer from Statement of Profit and Loss for the year	131,216,224	73,341,658
Balance available for Appropriations	572,643,410	441,427,186
Appropriations	-	-
Balance carried forward to next year	572,643,410	441,427,186
	601,729,450	470,513,226



3. LONG TERM BORROWINGS

	31-Mar-14 ₹	31-Mar-13 ₹
A. Secured:		
1. Term Loans		
From Banks :	299,655,615	200,000,000
2. Long Term Maturities of Finance Lease Obligations:		
From Banks	11,082,957	798,019
B. Unsecured:		
1. Deferred Payment Liabilities :		
Sales tax deferment	1,337,720	11,067,108
2. Loans and Advances from related parties:		
Loans from directors	124,699,019	49,549,019
	436,775,311	261,414,146

Terms & Conditions of the above Loans are given below:

- Term Loans from banks represents loans from Consortium Bankers being State Bank of Hyderabad and Indian Overseas Bank. Term Loans are secured by pari passu charge on the assets acquired out of the term loan including mortgage of building constructed and charge on entire existing movable/immovable assets of the Company. The above loans are further secured by personal guarantee of Directors, entire fixed assets of M/s Vishnu Life Sciences Ltd and also the relatives of the directors have given their personal guarantee. All the above securities will be on a pari passu basis with all the consortium bankers.
- The term loans are repayable in equated periodic instalments outstanding up to 4 years period from the date of respective loan. These are repayable by 2018-19 and carry an average interest of 15% p.a. The aggregate amount of instalments outstanding as on March 31, 2014 is ₹ 3,996.56 Lakhs.
- The hire purchase loans are secured against the assets purchased out of those loans. The net carrying amount of assets acquired on hire purchase as on 31st March 2014 is ₹ 2,61,96,181/- (₹ 79,03,110/-). 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 ₹	PV of Minimum Lease Payments ₹
Within one Year	83,75,052 (20,09,170)	20,74,279 (1,63,550)	63,00,773 (18,45,620)
Later than one year and not later than 5 years	1,25,84,053 (8,57,865)	15,01,096 (59,847)	1,10,82,957 (7,98,018)

Figures in the brackets relate to Previous Financial Year

- Terms of Repayment (Non Interest bearing)
 - Sales Tax Deferment : Repayable with in Two years
 - Loans from directors : No terms specified


4. DEFERRED TAX LIABILITIES (NET)

	31-Mar-14	31-Mar-13
	₹	₹
1. Deferred Tax Liability On account of Timing differences in Depreciation of Fixed Assets	272,357,111	261,816,387
2. Deferred Tax Assets		
a. Expenses allowable on payment	-	1,438,490
b. Carried forward losses as computed under Income Tax Act	-	9,100,269
3. Deferred Tax Liability / (Asset) - Total	272,357,111	251,277,628

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

1. Creditors for Capital Expenditure	29,899,946	65,656,333
2. Long Term Security Deposits from Customers & Suppliers	485,500,000	206,500,000
	515,399,946	272,156,333

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	1,015,303,413	840,552,045
B. Unsecured:		
1. From Others :		
Inter Corporate Deposits	20,783,369	41,534,743
Others	35,926,927	73,107,285
	56,710,296	114,642,027
	1,072,013,709	955,194,072

Disclosures:

A) Secured Loans:

- 1 The Rate of Interest for Loans repayable on demand from Banks ranges from respective Banks Base Rate +4.25% to +6.75%
- 2 **Security:** Working Capital Loans from Consortium Bankers consisting of State Bank of Hyderabad, State Bank of India, Union Bank of India, Indian Overseas Bank, Andhra Bank and Punjab National Bank are secured by first pari passu charge by way of hypothecation of inventories, book debts and other current assets of the company, and second pari passu charge on the fixed assets of the company. The directors have extended their personal security i.e Land, Plots, Buildings & Shares etc.
- 3 **Guarantees:** All the above loans are guaranteed by the Directors, Shri. Ch. Krishna Murthy, Smt. Ch. Manjula & Shri. Ch. Sidhartha

B) Unsecured Loans

- 1 **Inter Corporate Deposits:**
These are interest free and no terms of repayment are specified.


7. TRADE PAYABLES

	31-Mar-14 ₹	31-Mar-13 ₹
Trade payables	452,199,305	756,947,867

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

1 Current maturities of long term debt	100,000,000	201,400,365
2 Current maturities of finance lease obligations	6,300,773	1,845,619
3 Interest accrued and due on borrowings	5,335,668	18,599,044
4 Term Loan Instalment due but not paid	-	98,627,591
5 Book Overdraft	75,561	-
6 Advance from Customers	35,311,167	93,350,873
7 Advance from Contractors	398,818	254,598
8 Unpaid dividends	406,420	471,973
9 Other payables		
a Sales Tax Deferment Current obligation	9,729,388	5,120,885
b Statutory dues Payable	99,769,306	89,031,486
	257,327,102	508,702,434

9. SHORT TERM PROVISIONS

1. Provision for Employee Benefits(Net)	4,122,103	4,523,225
2. Others		
Provision for Tax (Net of TDS)	60,926,813	45,998,116
Less : MAT Credit Utilisation	12,744,075	-
Net Provision for Tax	48,182,738	45,998,116
	52,304,841	50,521,341



10 : STATEMENT OF FIXED ASSETS & DEPRECIATION AS ON MARCH 31, 2014

SL. No.	DESCRIPTION OF THE PROPERTY	GROSS BLOCK						DEPRECIATION AND AMORTISATION EXPENSES				NET BLOCK	
		As on 01.04.2013	Additions for the	Capitalised during the Period	Deletions for the Period	As on 31.03.2014	As on 01.04.2013	Additions for the	Deletions for the Period	As on 31.03.2014	As on 31.03.2013		
		₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
A	Tangible Assets												
1	Land	72,654,702	3,513,576	-	-	76,168,278	-	-	-	-	-	76,168,278	72,654,702
2	Buildings	652,523,494	-	-	-	652,523,494	108,200,041	22,656,800	-	130,856,841	-	521,666,653	544,323,453
3	Plant & Machinery	1,902,362,417	14,705,804	-	-	1,917,068,221	508,751,914	101,483,822	-	610,235,737	-	1,306,832,484	1,393,610,503
4	Lab Equipments	5,381,135	-	-	-	5,381,135	2,105,820	255,604	-	2,361,424	-	3,019,711	3,275,315
5	R & D Equipment	39,282,883	-	-	-	39,282,883	10,958,561	1,865,937	-	12,824,498	-	26,458,385	28,324,322
6	Data Process Equipment	6,304,814	110,549	-	-	6,415,363	5,262,820	497,174	-	5,759,994	-	655,368	1,041,993
7	Office Equipment	4,508,332	411,486	-	-	4,919,818	2,033,799	206,601	-	2,240,399	-	2,679,418	2,474,533
8	Furniture & Fixtures	9,158,456	645,597	-	-	9,804,053	3,902,837	536,094	-	4,438,931	-	5,365,122	5,255,618
9	Vehicles	22,604,239	11,105,430	-	-	33,709,669	9,799,811	2,488,867	-	12,288,678	-	21,420,991	12,804,428
	Total (A)	2,714,780,473	30,492,442	-	-	2,745,272,915	651,015,604	129,990,898	-	781,006,502	-	1,964,266,409	2,063,764,866
B	Intangible Assets												
10	Computer Software	1,341,026	-	-	-	1,341,026	804,616	268,205	-	1,072,821	-	268,205	536,410
	Total (B)	1,341,026	-	-	-	1,341,026	804,616	268,205	-	1,072,821	-	268,205	536,410
C	Capital Work in Progress:												
11	Civil Works Under Construction	72,095,720	5,186,708	-	-	77,282,429	-	-	-	-	-	77,282,429	72,095,720
12	Plant & Machinery under erection	232,953,768	37,573,919	-	-	270,527,687	-	-	-	-	-	270,527,687	232,953,768
13	Pre-Operative Exp., Pending Capitalisation	15,667,113	-	-	-	15,667,113	-	-	-	-	-	15,667,113	15,667,113
	Total (C)	320,716,601	42,760,627	-	-	363,477,228	-	-	-	-	-	363,477,228	320,716,601
	TOTAL (A+B+C)	3,036,838,099	73,253,069	-	-	3,110,091,168	651,820,219	130,259,104	-	782,079,322	-	2,328,011,842	2,385,017,877
		2,883,691,036	153,148,934	254,059,865	585,416	3,036,838,099	529,518,469	122,301,752	-	651,820,219	-	2,385,017,877	2,354,172,566


11. NON-CURRENT INVESTMENTS

	31-Mar-14 ₹	31-Mar-13 ₹
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	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	900,000
c. SBI Mutual Funds - 12136.374 Units of ₹ 41.20/- each	500,000	500,000
	3,040,000	3,040,000
1. Quoted Investments:		
a. Aggregate Value	2,400,000	2,400,000
b. Market Value	3,023,086	2,598,482
2. Unquoted Investment - Aggregate Value	640,000	640,000

12. LONG TERM LOANS & ADVANCES

1. Unsecured, Considered Good:		
1. Capital Advances	22,246,444	21,531,008
2. Deposits	24,631,099	28,185,580
3. Other Loans & Advances		
a. MAT Credit Entitlement	41,193,307	89,811,500
	88,070,849	139,528,087

13. OTHER NON-CURRENT ASSETS

Fair Value of Plan Asset (Funded)	72,078	-
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14. INVENTORIES

Valued at Cost or Realizable Value, whichever is lower		
1. Raw Materials	196,702,078	143,341,615
2. Work-in-progress	231,563,308	203,676,587
3. Finished Goods	317,443,819	337,840,556
4. Stores, Spares & Packing	111,298,771	104,539,098
5. Stock in Transit	3,506,499	18,776,498
	860,514,475	808,174,354


15. TRADE RECEIVABLES

	31-Mar-14 ₹	31-Mar-13 ₹
1. Unsecured, Considered Good		
a. Outstanding for a Period Exceeding Six Months	14,293,985	20,142,985
b. Other Receivables	610,383,304	397,954,802
	624,677,289	418,097,787

16. CASH AND BANK BALANCES

1. Cash & Cash Equivalents:		
a. Balances with Banks	741,477	2,181,933
b. Cash on Hand	2,589,275	2,699,630
2. Other Bank Balances		
a. Margin Money Deposit in Banks against LCs & BGs	63,745,182	88,597,817
b. Unpaid Dividend Accounts	406,420	471,973
	67,482,354	93,951,353

17. SHORT TERM LOANS AND ADVANCES

1. Unsecured, Considered Good		
1. Loans and Advances to Related Parties against services	8,360,393	9,767,241
2. Others		
a. Advances to Suppliers	80,216,490	103,603,854
b. Other Advances	7,354,941	5,013,171
c. Balances with Central Excise, Service Tax & Sales Tax	103,107,321	79,670,209
d. Prepaid Expenses	3,824,115	1,794,403
e. MAT Credit Entitlement	48,874,118	13,000,000
	251,737,378	212,848,879

18. OTHER CURRENT ASSETS

1. Interest Receivable	3,276,169	7,569,109
2. Export / DIC Incentives Receivable	27,684,540	52,959,802
	30,960,709	60,528,911


19. REVENUE FROM OPERATIONS

PARTICULARS	31-Mar-14 ₹	31-Mar-13 ₹
1. Sale of Products	3,752,385,432	3,460,691,751
2. Other Operating Revenues		
a. Sale of Scrap	3,980,606	5,006,071
b. Testing Charges	6,583,178	6,894,215
c. Income from Trading	10,050,000	-
d. Export Incentives	22,959,373	32,592,678
	43,573,157	44,492,964
less : Excise Duty	274,270,776	255,292,712
	3,521,687,813	3,249,892,003

20. OTHER INCOME

1. Interest Income Earned	7,555,284	10,518,016
2. Other Non-Operating Income		
a. Insurance Claim Received	-	290,966
	7,555,284	10,808,982

21. COST OF MATERIAL CONSUMED

Opening Stock	143,341,615	94,557,043
Add: Purchase	1,582,356,457	1,476,042,982
Total	1,725,698,072	1,570,600,025
Less: Closing Stock	196,702,078	143,341,615
	1,528,995,994	1,427,258,410

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

1. Finished Goods		
a. Opening Stock:	337,840,556	303,120,452
b. Closing Stock:	317,443,819	337,840,556
	20,396,737	(34,720,105)
2. Work-in-progress		
a. Opening Stock:	203,676,587	196,757,854
b. Closing Stock:	231,563,308	203,676,587
	(27,886,722)	(6,918,733)
Total Decrease / (Increase)	(7,489,985)	(41,638,837)


23. EMPLOYEE BENEFITS EXPENSE

	31-Mar-14	31-Mar-13
	₹	₹
1. Salaries & Wages	111,877,569	104,791,123
2. Contribution to Provident and Other Funds	4,266,677	4,208,361
3. Staff Welfare Expenses	4,670,142	4,998,858
	120,814,388	113,998,342

24. FINANCE COSTS

1. Interest Expense	232,780,512	267,247,685
2. Interest on Others	21,551,111	27,574,702
3. Interest on Income Tax	7,449,814	-
3. Other Borrowing Costs	31,701,832	33,479,265
	293,483,269	328,301,652

25. OTHER EXPENSES

1 Consumables - Furnace Oil , Deisel & Pet Coke	326,604,302	346,247,118
2 Consumables - Husk & Coal	111,071,783	152,339,307
3 Power & Fuel	195,227,287	153,537,515
4 Rent	29,947,938	23,395,747
5 Equipment Hire Charges	24,145,895	21,087,735
6 Repairs & Maintenance - Buildings	115,264	428,625
7 Repairs & Maintenance - Machinery	48,739,220	48,909,500
8 Insurance	10,566,754	7,235,119
9 Rates & Taxes	12,999,20	12,962,882
10 Labour costs	36,377,176	36,922,964
11 Packing Charges	68,978,943	56,327,654
12 Shipping & forwarding Charges	164,332,026	145,038,276
13 Other Selling Cost	25,142,647	28,500,005
14 Bank charges	16,071,507	22,644,754
15 Transportation Charges	32,788,260	37,090,884
16 Effluent Disposal Expenses	49,763,784	55,999,141
17 Net Loss on Foreign Currency Transaction & Translation	17,649,612	7,840,348
18 Factory/Godown Maintenance	18,655,161	14,257,763
19 Travelling, Vehicle Maintenance & Conveyance	21,229,166	16,046,498
20 Professional & Consultancy Charges	5,109,490	6,661,949
21 Security Charges	4,450,078	4,620,421
22 Excise Duty Adjustment on Closing Stock	1,726,296	(782,390)
23 Miscellaneous Expenses	20,946,886	13,469,629
	1,242,638,677	1,210,781,443


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

(₹ in lakhs)

	As on 31.03.2014.	As on 31.03.2013
1. Contingent Liabilities:		
a. Claims against company not acknowledged as debt.	21,379,526	9,536,624
b. Indemnity given by company to the banks for Bank guarantees and Letters of Credit	163,242,000	147,227,616
c. Dividend on 7% Cumulative Redeemable Preference Shares including Dividend Tax	222,968,222	184,067,384

27. Segment Reporting:

Geographic Segment:

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

(₹ in lakhs)

Geographic Location	2013-14	2012-13	2013-14	2012-13
	Revenue	Revenue	%	%
Domestic	24827.99	23171.29	66.17	66.96
Overseas	12695.86	11435.63	33.83	33.04

Sundry Debtors based on geographical location:

(₹ in lakhs)

Geographic Location	As on 31.03.2014	As on 31.03.2013	31.03.2014	31.03.2013
			%	%
Domestic	4361.17	3168.28	69.81	75.78
Overseas	1885.60	1012.70	30.19	24.22

There are no units / assets outside India except overseas debtors.

(₹ in lakhs).

Geographic location	Carrying amount of Segment		Assets Additions to Fixed Assets.	
	2013-14	2012 - 13	2013-14	2012 - 13
India	40660.07	40199.17	304.92	2578.87

28. Related Party Disclosures:
Key Management Personnel:

1. Shri. Ch. Krishna Murthy, CMD
2. Smt. Ch. Manjula, Director
3. Shri 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	
	2013-14	2012-13	2013-14	2012-13
Conversion Charges	—	—	—	2.62
Remuneration	78.00	78.00	—	—
Rent	—	—	2.40	2.40
Transportation Charges	—	—	1001.34	719.33
Contract Service	—	—	18.64	33.78
Receivables as on 31 st March	—	—	83.60	153.50
Payables as on 31 st March	—	—	41.93	11.87

29. Earning per share
(₹ In lakhs)

	2013-14	2012-13
Profit after Tax	1312.16	733.42
Less: Preference Dividend for the year and Dividend Tax thereon	389.01	386.44
Profit available to Equity Share holders (a)	923.15	346.98
Weighted Average no of Shares Basic & Diluted (b)	11,946,020	11,946,020
Earning per Share Basic & Diluted (a)/(b)(₹)	7.73	2.90

30. Auditors' Remuneration
(₹ in lakhs)

Particulars	2013-14	2012-13
1. Statutory Audit Fee	6.00	4.50
2. For Taxation Matters	2.25	1.50
3. For Other Services	0.68	0.60


31. Employee Benefits:

 Defined benefit plans as per actuarial valuation on 31st March, 2014

(₹ in lakhs)

	Gratuity (Funded) 2013-14	Gratuity (Funded) 2012-13	Leave Encashment (Funded) 2013-14	Leave Encashment (Funded) 2012-13
1 Assumptions:				
Discount Rate	9.00%	8.00%	9%	8.00%
Escalation	3%	3%	3%	3%
2 Changes in present value of obligations:				
Present value of obligations at beginning of year	93.52	63.53	41.10	25.36
Interest Cost	6.95	5.26	3.23	2.09
Current Service Cost	9.08	13.22	11.05	13.02
Benefits Paid	(13.38)	(4.25)	(1.40)	(1.95)
Actuarial (gain)/ loss on obligation	(15.02)	15.76	(12.41)	2.57
Present Value of obligation at end of year	81.14	93.52	41.58	41.10
3 Changes in fair value of plan assets:				
Fair value of plan assets at beginning of year	49.18	48.91	40.20	38.66
Adjustment to Opening balance	—	0.04	—	—
Expected return on plan assets	3.82	4.29	3.61	3.45
Contributions	—	0.06	—	—
Benefits paid	(13.38)	(4.25)	(1.40)	(1.95)
Actuarial gain/(loss) on plan assets	0.29	0.14	(0.12)	0.04
Fair value of plan assets at the end of year	39.92	49.18	42.30	40.20
4 Fair value of plan assets:				
Fair value of plan assets at beginning of year	49.18	48.91	40.20	38.66
Adjustment to Opening balance	—	0.04	—	—
Actual return on plan assets	4.12	4.42	3.49	3.48
Contributions	—	0.06	—	—
Benefits paid	(13.38)	(4.25)	(1.40)	(1.95)
Fair value of plan assets at the end of year	39.92	49.18	42.30	40.20
Funded status	(41.22)	(44.33)	0.72	(0.90)
Excess of Actual over estimated return on plan assets (actual rate of return = Estimated rate of return as ARD falls on 31 st march)	0.29	0.14	(0.12)	0.04
5 Actuarial gain/(loss) for the year – Recognized				
Actuarial gain/(loss) for the year – Obligation	15.02	(15.76)	12.41	(2.57)
Actuarial gain/(loss) for the year – plan assets	0.29	0.14	(0.12)	0.04
Total (gain)/ loss for the year	15.31	(15.62)	12.29	(2.53)
Actuarial (gain)/loss recognized in the year	15.31	(15.62)	12.29	(2.53)
6 The amounts to be recognized in the balance sheet and Statements of Profit and Loss				
Present value of obligations as at the end of year	81.14	93.52	41.58	41.10
Fair value of plan assets as at the end of the year	39.92	49.18	42.30	40.20
Funded status	(41.22)	(44.34)	0.72	(0.90)
Net assets / (liabilities) recognized in balance sheet	(41.22)	(44.34)	0.72	(0.90)
7 Expenses recognized in statement of profit & loss				
Current service cost	9.08	13.22	11.05	13.02
Interest Cost	6.95	5.26	3.23	2.09
Expected return on plan assets	(3.82)	(4.29)	(3.61)	(3.45)
Net actuarial (gain)/ loss recognized in the year	(15.31)	15.62	(12.29)	2.53
Expenses recognized in statement of Profit & loss	(3.12)	29.82	(1.62)	14.20



32. There is No change in Equity Share Capital. The Public Shareholding as on 31.03.2014 is 25%.

33. Additional information pursuant to note 5 of Part II of the revised Schedule VI of the Companies Act, 1956.

Production Details		2013-14 ₹ in lakhs		2012-2013 ₹ in lakhs
A Sales				
Sodium Bichromate		11675.69		12692.50
Basic Chromium Sulphate		19732.36		15715.02
Others		6115.80		6199.40
		37523.85		34606.92
B Raw Materials Consumption				
Soda Ash		5638.43		4364.62
Chrome Ore		6771.15		6784.32
Others		2880.38		3123.64
Total Consumption		15289.96		14272.58
C VALUE OF RAW MATERIALS CONSUMED				
a. Imported (₹ in Lakhs)	7465.04	48.82%	10185.08	71.36%
b. Indigenous (₹ in Lakhs)	7824.92	51.18%	4087.50	28.64%
	15289.96	100.00%	14272.58	100.00%
D Value of Imports on CIF Basis				
Raw Material		7737.45		10002.20
Packing Material		142.65		302.84
Capital Goods		—		7.55
E EARNINGS IN FOREIGN EXCHANGE				
Exports on FOB basis		11837.51		10702.60
EXPENDITURE IN FOREIGN CURRENCY				
Foreign Travel & Sales Expenses		76.55		110.67
Professional Services		55.87		32.96
Sales Commission		3.99		4.37
Exhibitions		10.88		10.48
Others		7.87		19.81

34. 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

Sd/-
V. SRINATH
Partner
Membership No.021185

Place: Hyderabad
Date: May 30, 2014

For and on behalf of the Board of Directors

Sd/-
CH. KRISHNA MURTHY
Chairman & Managing Director

Sd/-
CH. MANJULA
Director



VISHNU CHEMICALS LIMITED

CIN: L85200TG1993PLC046359

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

ATTENDANCE SLIP 21st ANNUAL GENERAL MEETING, 30th SEPTEMBER, 2014

DP Id.	Client Id. / Regd Folio. No.	No. of Shares held
Name & Address		

I Certify that, I am a member / proxy for the member of the company

I hereby record my presence at the 21st Annual General Meeting of the company being held on Tuesday, the 30th Day of September, 2014, at 10.30 A.M at Hotel I. K. London, 6-3-656, Kapadia lane, Somajiguda, Hyderabad – 500082

Member / Proxy's signature

Note: Please complete the form and handover at the entrance of the hall.

Revenue
Stamp
Re.1



VISHNU CHEMICALS LIMITED

CIN: L85200TG1993PLC046359

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

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and administration) Rules, 2014)

Name of the members(s)			
Registered Address:			
E-mail Id:			
Folio No. / Client Id:		DP ID	

I / We, being the member(s) ofShares of Vishnu Chemicals Limited hereby appoint:

1.	Name		
	Address		
	E-mail ID	Signature	

Or failing him

2.	Name		
	Address		
	E-mail ID	Signature	

Or failing him

3.	Name		
	Address		
	E-mail ID	Signature	

Or failing him

4.	Name		
	Address		
	E-mail ID	Signature	

As my/our proxy to attend and vote (on a poll) for me/us and on my / our behalf at the 21st Annual General Meeting of the Company to be held on Tuesday, the 30th Day of Spetmber, 2014 at the Hotel I.K. London, Kapadia Lane, Somajiguda, Hyderbabad – 500082, Telangana and at any adjournment thereof in respect of such resolutions as are indicated below.



Sl.No.	Resolutions	Optional*	
		For	Against
ORDINARY BUSINESS			
1.	Adoption of Financial Statement for the year ended 31 st March, 2014		
2.	Re-appointment of Smt. Manjula as Directors who retires by rotation		
3.	Re-appointment of Srhi. Ch. Siddartha as Director who retires by rotation.		
4.	Appointment of Statutory Auditors of the company and to fix remuneration		
SPECIAL BUSINESS			
5.	Increase of Remuneration to Shri. Ch. Krishna Murthy, Managing Director		
6.	Re-appointment of Shri. Ch.Siddartha, Whole Time Director of the company and to fix remuneration		
7.	Re- appointment of Shri. U. Dileep Kumar as Independent Director of the company.		
8.	Re- appointment of Shri. V. Vimalanand as Independent Director of the company.		
9.	Re- appointment of Dr. S. Chandrasekhar as Independent Director of the company.		
10.	To enter agreement with Vasatha Transport Corporation		
11.	To enter agreement with Vishnu Life Sciences Limited		
12.	To enter agreement with K.M.S. Infrastructure Limited		
13.	To appoint M/s.N.V.S. Kapardhi, as Cost Auditor of the company and to fix remuneration.		

Signed this Day of2014.

Signature of shareholder : _____

Signature of Proxy holder (s) : _____

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. * It is optional to put a 'x' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
3. Please complete all details including details of member(s) in above box before submission.

If undelivered, please return to :



VISHNU CHEMICALS LIMITED

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