



VISAKA

LIMITED

SEVENTEENTH

REPORT - 1998-99

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VISAKA INDUSTRIES LIMITED

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BOARD OF DIRECTORS*Chairman*

K.S.R. MURTHY, Ex. M.P. (IAS Retd.)

Vice-Chairman

G. VINOD

Directors

M. ANANDAM
M. SREENIVASA RAO
B.B. MERCHANT
NAGAM KRISHNA RAO
Dr. S. SUDESH REDDY
(Alternate Director Mr. S. Vasudeva Reddy)
K.V. RAMASESHAN

Managing Director

Dr. G. VIVEKANAND

**SR. VICE PRESIDENT &
COMPANY SECRETARY**

K.V. SOORIANARAYANAN

AUDITORS

M/s. M. ANANDAM & CO.
Chartered Accountants,
6549, R.P. Road,
Secunderabad-500 003.

BANKERS

STATE BANK OF INDIA,
Industrial Finance Branch, Hyd.

STATE BANK OF HYDERABAD
Industrial Finance Branch, Hyd.

SHAREHOLDER'S INFORMATION**REGISTERED OFFICE**

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

CORPORATE OFFICE

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

FACTORIES

1. A.C. DIVISION-1
Survey No.315, Yelumala Village,
R.C. Puram Mandal, Medak District-502 300.
2. A.C. DIVISION-2
Behind Supa Gas, Manikantham Village,
Paramathi - Velur Taluq, Namakkal District,
Tamil Nadu - 637 207.
3. TEXTILE DIVISION
Survey No.179 & 180, Chiruva Village,
Mouda Taluq, Nagpur District, Maharashtra

LISTING

Hyderabad Stock Exchange
Bombay Stock Exchange
National Stock Exchange and
Madras Stock Exchange

BOOK CLOSURE

16-07-1999 to 27-07-1999

DATE, TIME AND VENUE OF AGM

27-07-1999 at 10-30 A.M. at Registered Office

DIVIDEND

Will be paid within 42 days from the date of
27-07-1999

SHAREHOLDERS AS ON 31-03-99

16,214

Communication regarding Share Transfers,
Dividend, Change of Addresses, etc. may be
addressed to:

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



NOTICE

Notice is hereby given that the 17th Annual General Meeting of VISAKA INDUSTRIES LIMITED will be held at Survey No.315, Yelumala Village, Ramachandrapuram Mandal, Medak District - 502 300, Andhra Pradesh, on Tuesday the 27th July, 1999 at 10-30 a.m. to transact the following business.

ORDINARY BUSINESS

1. To adopt the Balance Sheet as at 31st March, 1999 and the Profit and Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To declare Dividend on the Equity shares for the year ended 31st March, 1999.
3. To appoint a Director in place of Shri M. Sreenivasa Rao who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri B.B. Merchant who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company :
To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution.

"RESOLVED THAT M/s M. Anandam & Co., Chartered Accountants, 6549, R.P. Road, Secunderabad - 500 003, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Meeting till the conclusion of the next Annual General Meeting of the Company and that the Board of Directors be and is hereby authorised to fix their remuneration for the period".

SPECIAL BUSINESS

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution.
RESOLVED THAT Shri K.V. Ramaseshan be and is hereby appointed as Director of the Company, liable to retire by rotation.
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

RESOLVED THAT the consent of the company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any of the Companies Act, 1956 to mortgaging and or charging by the Board of Directors of the Company of all the movable and immovable properties of the Company wheresoever situated, present and future, and the whole of the under-

taking of the Company together with power to take over the management of the business and concern of the company in certain events, to or in favour of INDUSTRIAL DEVELOPMENT BANK OF INDIA (IDBI) to secure its rupee term loan aggregating Rs.500 lakhs sanctioned under Corporate Loan Scheme together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment cost, charges, expenses and other moneys payable by the Company to Industrial Development Bank of India under its respective Heads of Agreement/Loan Agreement/Letters of Sanction/Memorandum of Terms and Conditions entered into/to be entered into by the Company in respect of the said term loans/debenture.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with Industrial Development Bank of India the documents for creating aforesaid mortgage and/or charge and to do all such acts and things as may be necessary for giving effect to the above resolution.

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any of the Companies Act, 1956 to mortgaging and or charging by the Board of Directors of the Company of all the movable and immovable properties of the Company wheresoever situated, present and future, and the whole of the undertaking of the Company together with power to take over the management of the business and concern of the Company in certain events, to or in favour of STATE BANK OF INDIA, Industrial Finance Branch (SBI, IFB), Somajiguda, Hyderabad and STATE BANK OF HYDERABAD, Industrial Finance Branch (SBH, IFB), Punjagutta, Hyderabad to secure its additional working capital facilities to the extent of Rs.486 lakhs (revised enhanced limits Rs.1666 lakhs) and 401 lakhs (revised enhanced limits Rs.1361 lakhs) respectively, sanctioned by them from time to time, together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment or on redemption, payable by the Company to SBI, IFB and SBH, IFB under the Agreements entered into/to be entered into by the Company in respect of the said working capital facilities.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised

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to finalise with SBI, IFB and SBH, IFB, the documents for creating aforesaid mortgage and/or charge and to do all such acts and things as may be necessary for giving effect to the above resolution.

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution.

RESOLVED THAT approval be and is hereby granted for delisting of shares from Madras Stock Exchange subject to compliance of the provisions of the listing agreement and any other conditions prescribed by the Madras Stock Exchange in this regard.

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution.

RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof for the time being in force) Article 26 of the Article of Association of the Company be and is hereby substituted by the following :

Subject to the provisions of the Act/Rules the Company shall have power to purchase, from time to time, its own shares and any securities that may have right to subscribe for shares of the Company and make payment in respect of such purchase(s) including power to resell and/or re-issue such shares and securities.

11. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution.

RESOLVED THAT subject to applicable provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof and any Ordinance promulgated in this regard for the time being in force and as may be enacted/ promulgated from time to time) and subject to such other approvals, permissions and sanctions, as may be necessary and subject further to such terms, conditions, alterations, changes and variations as may be specified while according such approvals which the Board of Directors of the Company (hereinafter referred to as the "Board", which expression shall also include a Committee thereof) be and is hereby authorised to accept if it thinks fit, consent of the Company be and is hereby accorded to the Board at its sole and absolute discretion to purchase or buy-back, from the existing holders of shares and securities that may have right to subscribe for shares of the Company, (hereinafter, for sake of

brevity, Share and Securities are referred to as "Securities") on a proportionate basis and/or from the open market and/or from any lots smaller than market lots of securities (odd lots) out of its free reserves and/or out of premium accounts and/or out of proceeds or any issue(s) made by the Company specifically for the purpose, and/or from such other sources or any combination thereof as may be permitted by law, on such terms, conditions and in such manner as may be prescribed by law from time to time; provided that the Securities so bought back shall not exceed 25% of the total paid up capital and free reserves of the Company.

RESOLVED FURTHER THAT the Board/Committee be and is hereby authorised to do all such acts, deeds, matters and things as may in its sole and absolute discretion deem necessary, expedient, usual or proper and to settle any question, doubt or difficulty that may arise in the matter.

By order of the Board

K.V. SOORIANARAYANAN

Date : 25-06-1999

Sr. Vice-President &

Place : Secunderabad

Company Secretary

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than forty eight hours before the meeting.
2. The explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item No.5 to 11 as set out above is annexed hereto.
3. If the dividend on shares as recommended by the Directors is passed at the meeting, payment of such dividend will be made to those shareholders or their mandatee(s) whose names appear in the Company's register of members on 27-07-1999.
4. The register of members and share transfer books of the Company will remain closed from 16th July, 1999 to 27-07-1999.
5. Members who are holding shares in identical order of names in more than one folio are requested to intimate the Company the details of all their folio numbers for consolidation into a single folio.



VISAKA INDUSTRIES LIMITED

6. Members desiring any information as regards accounts are requested to write to the Company at least seven days before the date of the meeting to enable the management to keep the information ready at the meeting.
7. As per the new amendment unclaimed dividend amount will be transferred to the Investor Education and Protection Fund after the expiry of 7 years from the date they became due. Therefore, Members who have not encashed their Dividend in respect of 1994-95 may claim or approach the Company for payment.
8. All documents referred to in the Notice and explanatory statement are open for inspection at the Registered Office of the Company during office hours on all working days except public holidays, between 11-00 a.m. and 1-00 p.m. upto the date of the Annual General Meeting.
9. The Register of Directors Shareholdings shall be open for inspection to any Member or holder of Debentures of the Company during the period beginning 14 days from the date of Company's Annual Meeting and ending 3 days after the date of its conclusion.
The said register shall also remain open and accessible during the Annual General Meeting to any person having right to attend the meeting.

ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

Item No.5

Since Mr. M.R. Vikram, Mr. M.V. Ranganath and Mr. M. Simachalam, Partners of M/s. M. Anandam & Co., are related to Mr. M. Anandam, Director. Mr. M. Anandam is deemed to be interested in the resolution set out at Item No.5.

Item No.6

Shri K.V. Ramaseshan was appointed as an Additional Director under Section 260 of the Companies Act, 1956 and would hold office till the date of the Annual General Meeting i.e. 27-07-1999. The Company has received notices from members signifying their intention to propose Shri K.V. Ramaseshan as a candidate for the Office of Director. The Company has also received deposit of Rs.500 as required under the said Act.

None of the Directors other than Shri K.V. Ramaseshan is in any way, concerned or interested in the said resolution.

Item No.7

The Company has approached Industrial Develop-

ment Bank of India (IDBI) for financial assistance in the form of corporate term loan for meeting the Company(s) Capital Expenditure and long term working Capital requirements.

The financial assistance from the above institution has to be secured by a first mortgage of all the immovable and movable properties of the Company, present and future.

Section 293(1)(a) of the Companies Act, 1956 provides, inter alia, that the Board of Directors of a public company shall not, without the consent of such public company in general meeting, sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking.

Since the mortgaging by the Company of its immovable and movable properties as aforesaid in favour of the financial institution may be regarded as disposal of the Company(s) properties/undertaking, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956 before creation of the said mortgage/charges.

Copy of the letter of Sanction No.A3 (1423) dated July 22, 1998 received from IDBI, and copies of the relevant documents/correspondence between the said institutions and the Company are open for inspection at the Registered Office of the Company between 11-00 a.m. and 1-00 p.m. on any working day prior to the date of the meeting.

None of the Directors of the Company are interested in the resolution.

Item No.8

The Company has approached State Bank of India, Industrial Finance Branch (SBI, IFB) and State Bank of Hyderabad, Industrial Finance Branch (SBH, IFB) for financial assistance in the form of working Capital facilities.

The financial assistance from the above banks has to be secured by a second mortgage of all the immovable properties of the Company, present and future.

Section 293(1)(a) of the Companies Act, 1956 provides, inter alia, that the Board of Directors of a public company shall not, without the consent of such public company in general meeting, sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking.

Since the mortgaging by the Company of its immovable and movable properties as aforesaid in favour of the Banks may be regarded as disposal of

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the Company(s) properties/undertaking. It is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956 before creation of the said mortgage/charges.

Copies of the relevant documents/correspondence between the said Banks and the Company are open for inspection at the Registered Office of the Company between 11-00 a.m. and 1-00 p.m. on any working day prior to the date of the meeting.

None of the Directors of the Company are interested in the resolution.

Item No.9

Our Company Shares are listed in 4 Stock Exchanges i.e., Hyderabad Stock Exchange (HSE), National Stock Exchange (NSE), Bombay Stock Exchange (BSE) & Madras Stock Exchange (MSE). After introducing online trading throughout India by NSE & BSE, Shareholders prefer to sell or buy the securities through NSE or BSE. Trading of our Company shares in Madras Stock Exchange is very low and the number of holders of the listed securities in Tamil Nadu Region is so low that it does not justify the securities to be listed and the fee payable to the exchange is burdensome, having regard to the benefits accruing to the Company.

Therefore, we had requested Madras Stock Exchange to delist our Company shares voluntarily for which they asked us to make an offer to all the shareholders of Tamil Nadu Region to buy their shares by the promoters of the Company. Dr. G. Vivekanand, Promoter & Managing Director of Visaka Industries Limited agreed to make an offer to all the shareholders of Tamil Nadu Region to buy their shares.

The Board of Directors already approved in their meeting held on 15-05-1999 and recommended for your approval.

None of the Directors other than Dr. G. Vivekanand is in any way, concerned or interested in the said resolution.

Item No.10

As per the Companies (Amendment) Act, 1999 Companies are allowed to buy back its own shares/securities by including Section 77A to the Companies Act, 1956. By virtue of this, the Companies will be in a position to buy back its own share/securities.

Article 26 of the Article of Association of the Company prohibit the buy back of shares as well as providing of loans, guarantees or financial assistance to any person for purchase of its shares of the Company.

Hence, the article is suitably amended. The Board of Directors recommend the above for your approval.

None of the Directors of the Company is interested in the said resolution.

Item No.11

While making it legally permissible for the companies to buy back its own shares/securities, the law provided various conditions, limitations including one relating to the approval of shareholders subject to which this can be done. Accordingly, it is proposed to authorise the Company to buy back its own shares and securities from the existing shareholders and/or from open market and/or from holders of odd lots or in any other way.

The Board of Directors recommend the above for your approval.

The Directors of the Company may be deemed to be concerned or interested to the extent their holding may be bought back by the Company.

By order of the Board

K.V. SOORIANARAYANAN

Date : 25-06-1999

Sr. Vice-President &

Place : Secunderabad

Company Secretary



VISAKA INDUSTRIES LIMITED

DIRECTORS' REPORT

To
The Members
Visaka Industries Limited

Your Directors are pleased to present the 17th Annual Report of the Company with Audited Balance Sheet and Statement of accounts. The financial highlights are as follows :

	(Rs. in lakhs)	
	1998-99	1997-98
Gross Income	11592.27	10434.24
Profit for the year before taxation	198.81	501.77
Provision for taxation	20.90	50.81
Profit for the year after taxation	177.91	450.96
Balance brought forward from previous year	226.37	178.55
Profit available for appropriation	404.28	629.51
Transfer to Debenture Redemption Reserve	42.00	42.00
Dividend on Preference Share Capital	30.00	23.86
Dividend on Equity Share Capital	64.25	131.72
Corporate Dividend Tax	10.37	15.56
Transfer to General Reserve	105.00	160.00
Transfer to Capital Redemption Reserve	30.00	30.00
Balance Carried to Balance Sheet	122.66	226.37

OPERATIONS

PROFIT & LOSS ACCOUNT APPROPRIATION:

Your Directors recommended payment of dividend of Rs.0.60 per share (previous year Rs.1.25 per share) on the equity capital for the year ended 31st March, 99. Your Directors also declared a dividend of Rs.1.20 per share on the preference share capital. The company is absorbing corporate Dividend Tax totalling Rs.10.37 lakhs on the preference/Equity dividend and the dividend will be tax free in the hands of the shareholders.

ASBESTOS DIVISION-I (PATANCHERU):

During the year under review, the capacity utilisation at the Asbestos Division at Patancheru was 117% as against 107% during the earlier year. The sales in the Division almost matched the production. However, due to recession in the

industrial growth, the offtake of Asbestos continued to be sluggish during the year as a result of which higher discounts had to be given in order to keep up sales. Your Marketing team is making every effort to keep the inventory at the minimum level by expanding the areas of operations. In order to be competitive and match the falling price in the market, the company has taken various measures to reduce costs. Your company has implemented a VRS scheme at the factory which was availed by about 57 workers at a total cost of about Rs.119 lakhs. The implementation of the scheme was smooth, harmonious and to the satisfaction of the workers.

ASBESTOS DIVISION-II (PARAMATHI):

This is the first full year of operations for this unit, during which it achieved a capacity utilisation of 94%. This unit is expected to achieve above 100% capacity utilisation during the current year i.e. 1999-2000. The quality of sheets produced in this unit has been satisfactory and well accepted in the market. Your Marketing team has been making every effort to maximise sales within the State of Tamilnadu, so that the freight cost is reduced. This unit has made a profit during the year under review which is the first full year of operations.

SPINNING DIVISION:

The Spinning Division performed to its full capacity during the year. Though, the textile industry is reeling under recession, the company has come out with variety of products which yields better margin under the given circumstances. The exports also have been increased to 963 tons from 840 tons during the previous year. The above, coupled with various measures taken to reduce costs, has ensured that the Spinning Division makes a profit despite the adverse circumstances prevailing in the textile industry. Your Management is making every effort to improve the performance of this division including significant improvement in exports during the year.

DISCLOSURE UNDER CLAUSE 32 OF THE LISTING AGREEMENT

STATUS ON Y2K PREPAREDNESS

The Company is taking appropriate and effective steps for ensuring Y2K compliance by Novem-

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ber, 1999. The expenditure on the above is not expected to be significant. The Company has made contingency plans in terms of manual control on key operations.

FIXED DEPOSITS

Your Company has been inviting and accepting deposits from the Public, shareholders and others. The amount of deposits outstanding as on March 31, 1999 was Rs.326.94 lakhs. Deposits amounting to Rs.3,24,696/- remained unclaimed as on that date. As of 15-06-1999 deposits of the value of Rs.2,05,000/- have been renewed.

BANKS AND FINANCIAL INSTITUTIONS

The Company has been prompt in making the payment of interest and instalments to the financial institutions and also interest on working capital to the banks. Banks and Financial Institutions continue to give their unstinted support. The Board has recorded its appreciation of the same.

EMPLOYEE RELATIONS

The Agreement with the Union of the Asbestos Division-I at Patancheru was renewed for the next 3 years.

Relations between the employees and the management at all the 3 Units continue to remain cordial. The Directors would like to record, their appreciation of the efficient and loyal service rendered by the Company's employees at all levels.

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (particular of Employees) (Amendment) Rules, 1999, forms part of this report.

ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

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

DIRECTORS

Under Article 120 of the Articles of Association, Mr. M. Sreenivasa Rao and Mr. B.B. Merchant retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Mr. K.V. Ramaseshan retired as Managing Director on 31-03-1999 upon attaining superannuation. Your Directors record their appreciation for yeomen services rendered by Shri K.V. Ramaseshan to the Company from its inception.

Mr. K.V. Ramaseshan was appointed as an Additional Director of the Company with effect from 15-05-1999. He holds office upto the date of ensuing Annual General Meeting.

The Company has received notice from members Pursuant to Section 257 of the Companies Act, 1956 signifying their intention to propose the candidature of Mr. K.V. Ramaseshan as Director of the Company.

AUDITORS

M/s. M. Anandam & Co., Chartered Accountants, retire and are eligible for reappointment as Auditors.

On Behalf of the Board of Directors

Date : 25-06-1999
Place : Secunderabad

K.S.R. MURTHY
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE REPORT OF BOARD OF DIRECTORS FOR THE YEAR ENDED 31ST MARCH, 1999.

1. FORM A

A. (a) Power and fuel consumption
Not applicable to Asbestos Units