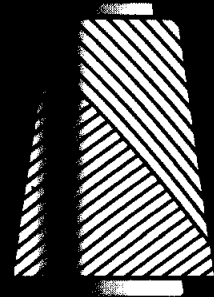


NINETEENTH ANNUAL REPORT

2000-2001



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VISAKA INDUSTRIES LIMITED
19th Annual Report
2000-2001
Board of Directors**Chairman**

Shri K.S.R. Murthy

Directors

Shri M Sreenivasa Rao

Shri B.B. Merchant

Shri Nagam Krishna Rao

Shri Gusti Noria

Shri H Dayakiran

Shri G Vinod

Managing Director

Dr. G. Vivekanand

Audit Committee

Shri M Sreenivasa Rao

Shri B.B. Merchant

Shri Gusti Noria

Company Secretary

T.N. Kannan

Auditors

M/s M. Anandam & Co.

Chartered Accountants,

6549, R.P. Road,

Secunderabad - 500 003.

Bankers

State Bank of India

Industrial Finance Branch, Hyderabad.

State Bank of Hyderabad

Industrial Finance Branch, Hyderabad.

Shareholder's Information**Registered Office**

Survey No.315, Yelumala Village,

R.C.Puram Mandal, Medak Dist. - 502 300.

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 Dist.- 502 300.

2. A.C. Division 2

Behind Supa Gas, Manickanatham Village, Paramathi,

Velur Taluq, Namakkal District, Tamil Nadu - 637 207.

3. Textile Division

Survey No.179 & 180, Chiruva Village,

Maudha Taluq, Nagpur District, Maharashtra.

Listing

The Hyderabad Stock Exchange Ltd.

The Stock Exchange, Mumbai.

National Stock Exchange of India Ltd.

Madras Stock Exchange Ltd.

Listing fee paid for all the Stock Exchanges

Book Closure

29.08.2001 to 31.08.2001 (both days inclusive)

Date, Time and Venue of AGM

31.08.2001, 11 A.M.

Survey No.315, Yelumala Village,

R.C.Puram Mandal, Medak Dist. - 502 300.

Communication regarding Share Transfers, Dividend, Change of Address etc., (for members holding shares in physical form) may be addressed to :

"Secretarial Department"

Visaka Industries Limited

"Visaka Towers", 1-8-303/69/3

S.P. Road, Secunderabad - 500 003.

Visit us at : "www.visaka.org"



VISAKA INDUSTRIES LIMITED

NOTICE

Notice is hereby given that the 19th Annual General Meeting of VISAKA INDUSTRIES LIMITED will be held at its Registered Office at Survey No.315, Yeiumala Village, Ramachandrapuram Mandal, Medak Dist. 502300, Andhra Pradesh, on Friday, the 31st day of August, 2001 at 11 A.M. to transact the following business :

ORDINARY BUSINESS

1. To adopt the Balance Sheet as at 31st March, 2001 and Profit and Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To declare Dividend for the year ended 31st March, 2001.
3. To appoint a Director in place of Shri Nagam Krishna Rao who retires by rotation and being eligible, offers himself for re-appointment.
4. Shri K.S.R. Murthy is a Director cum Chairman of this Company, who is liable to retire by rotation in this meeting. It is hereby :

"RESOLVED THAT the vacancy created consequent to the retirement of Shri K.S.R. Murthy be not filled up".

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 H Dayakiran, 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 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 INDUSTRIAL DEVELOPMENT BANK OF INDIA (IDBI) to secure its Rupee Term Loan amounting to Rs.900 lakhs sanctioned under Corporate Loan Scheme together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment, costs, 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 Loan".

"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 a Special Resolution.

"RESOLVED THAT pursuant to the provisions of Section 309 of the Companies Act, 1956 a sum not exceeding one percent per annum of the net profits of the Company computed in the manner referred to in sub section (1) of Section 198 of the Companies Act, 1956, be paid to and distributed amongst the Directors of the Company (other than the Managing / Wholtime Directors of the Company, if any, for the time being) or to some or any of them in such amounts or proportions and in such manner as may be directed by the Board and such payment shall be made only in respect of the profits of the Company for each year for a period of five years commencing from 1st April, 2001".



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9. 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) the following Articles of the Articles of Association of the Company be and is hereby amended to read as under :

EXISTING ARTICLE 110 (SITTING FEES TO DIRECTORS) to be substituted as under :

Until otherwise determined by the General Meeting, each Director can receive out of the funds of the Company by way of sitting fees, such sum not exceeding the limit prescribed under Rule 10B of the Companies (Central Government's) General Rules and Forms 1956 read with the first proviso to Section 310 of the Companies Act, 1956 as amended from time to time for each meeting of the Board or a Committee thereof attended by him. In addition to the sitting fees payable to them, the directors may be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Board of Directors or any Committee thereof or general meetings of the Company or in connection with the business of the Company.

EXISTING ARTICLE 160 (Dividend to be paid within 42 days) to be amended as under:

The Phrase "within forty two days of the date of such declaration" shall be substituted by the phrase "within the period prescribed under the Companies Act, 1956".

EXISTING ARTICLE 161 (a) to be substituted as under :

"Where a dividend has been declared by the Company but has not been paid or claimed within the period prescribed under the Companies Act, 1956 to or by any shareholder entitled to the payment of dividend, the Company shall within seven (7) days from the date of expiry of the prescribed period transfer the total amount of dividend which remains unpaid or unclaimed within the prescribed period to a special account to be opened by the Company in that behalf in any scheduled bank to be called Unpaid Dividend Account of Visaka Industries Limited and any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to The Investor

Education and Protection Fund under Sub-section (1) of Section 205C of the Companies Act, 1956".

By Order of the Board

Date : 25.07.2001
Place : Secunderabad.

T.N. Kannan
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 Nos.4 and 6 to 9 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 as on 31.08.2001. As per the Companies Amendment Act, 2000, dividend, if declared, will be paid to the shareholders within 30 days from the date of declaration.
4. The Register of Members and Share Transfer books of the Company will remain closed from 29.08.2001 to 31.08.2001 (both days inclusive).
5. While members holding shares in physical form may write to the Company for any change in their addresses and bank mandates, members having shares in electronic form may inform the same to their depository participants with whom they have demat account immediately to enable the Company to despatch the dividend warrants at their correct addresses.
6. Members desiring any information as regards accounts are requested to write to the Company atleast seven days before the date of the meeting to enable the management to keep the information ready at the meeting.
7. As per the provisions of Section 205C of the Companies Act, 1956, unclaimed dividend amount will be transferred to the "Investor Education and Protection Fund" after the expiry of seven years from



the date they became due for payment. Therefore, members who have not encashed their dividend warrants for the period 1994-95 to 1999-2000 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 before the date of Company's Annual General 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. 4

Shri K.S.R. Murthy is a Director cum Chairman of this Company who is liable to retire by rotation in this meeting. In this connection, we have received a written request from him expressing his desire not to be re-appointed as a Director in this Annual General Meeting.

Copy of his letter dated 13.07.2001 received from him is 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.

The Board solicits your approval for this resolution. None of the Directors of the Company except Shri K.S.R. Murthy is deemed to be concerned or interested in this resolution.

Item No.6

Shri H Dayakiran 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. 31.08.2001. Mr. Dayakiran, aged about 44 years, holds a Bachelors Degree in Science. He has a technical experience of over 20 years with 10 years of Marketing and Commercial experience. He

has to his credit the privilege of executing for the first time in the Country a Project for manufacture of PVC leather cloth with transfer coating technology. The Company has received a notice from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose Shri H Dayakiran 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 H Dayakiran is in any way concerned or interested in the said resolution.

Item No.7

Your Company had approached IDBI for a Rupee Term Loan of Rs.900 lakhs under Corporate Loan Scheme for part financing investment in other Companies, incremental margin money for working capital and normal capital expenditure.

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 Limited Company shall not, without the consent of such Public Limited Company in a general meeting sell, lease or otherwise dispose off, 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 mortgage / charges.

Copy of the letter of sanction No. 2899/PFD 154 dated 12.06.2000 received from IDBI and copies of the relevant documents / correspondence between the said Institution 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.



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Item No.8

Your Directors have been all along, contributing immensely during the deliberations of the Board and otherwise for the success of the Company. Therefore, as a token of appreciation for the immense contribution made by these Non-Wholtime Directors and more so in view of the greater responsibilities they are expected to shoulder in the interest of higher level of excellence in corporate governance, it is proposed to reward them by way of paying commission at the rate of 1% of the net profits of the Company for all of them put together. The Commission will be calculated as provided in Sub-section (1) of Section 198 of the Companies Act, 1956. The above payment to the Non Wholtime Directors will be in addition to the sitting fees payable to them for attending Board/Committee meetings.

The Board of Directors recommend the above resolution for your approval.

All the Directors except Dr. G Vivekanand are deemed to be interested in this resolution.

Item No.9

Article No.110 : The maximum sitting fees that can be paid to the Directors for attending the meetings of the Board and committee as per the Amendment Rules, 2000 of the Companies (Central Government's) General

Rules and Forms 1956 read with the first proviso to Section 310 of the Companies Act, 1956 is Rs.5000/- with effect from 01.04.2000. The relevant Article in the Articles of Association is being amended suitably to incorporate this change.

Article Nos.160 & 161(a) : The Companies Amendment Act, 2000 has reduced the period of payment of dividend to the shareholders from 42 days to 30 days from the date of declaration. Articles 160 and 161(a) of the Articles of Association of the Company which deals with payment of dividend has to be suitably amended to include the above amendments brought in by the Companies Amendment Act, 2000.

In respect of Article No. 110, all the Directors except Dr. G Vivekanand is interested in the resolution and in respect of Article Nos. 160 & 161(a), none of the Directors of the Company are interested in the said resolution.

The Board of Directors recommend the above resolution for your approval.

By Order of the Board

Date : 25.07.2001
Place : Secunderabad.

T.N. Kannan
Company Secretary





VISAKA INDUSTRIES LIMITED

DIRECTORS' REPORT

To
The Members
Visaka Industries Limited

Your Directors are pleased to present the 19th Annual Report of the Company with Audited Balance Sheet and Statement of Accounts. The financial highlights are as follows:

	<i>(Rs. in lakhs)</i>	
	2000-2001	1999-2000
Gross Income	12915.47	11334.17
Profit for the year before taxation	996.58	605.18
Provision for taxation	76.35	80.76
Profit for the year after taxation	920.23	524.42
Balance brought forward from previous year	212.31	122.66
Transfer from Investment Allowance Reserve	---	64.57
Transfer from Debenture Redemption Reserve	---	26.00
Transfer from excess provisions	---	1.15
Profit available for appropriation	1132.54	738.80
Transfer to Debenture Redemption Reserve	65.00	42.00
Dividend on Preference Share Capital	30.00	30.00
Dividend on Equity Share Capital	192.14	170.79
Corporate Dividend Tax	22.66	22.09
Transfer to General Reserve	500.00	231.61
Transfer to Capital Redemption Reserve	30.00	30.00
Balance carried to Balance Sheet	292.74	212.31

OPERATIONS

PROFIT & LOSS ACCOUNT APPROPRIATION:

Your Directors recommended payment of dividend of Rs.1.80 per share (previous year interim cum final dividend of Rs. 1.60 per share) on the equity capital for the year ended 31st March, 2001. Your Directors also declared a dividend of Rs.12.00 per share on the preference share capital of Rs.100/- each. The Company is absorbing Corporate Dividend Tax totaling Rs.22.66 lakhs on the preference and equity dividend and the dividend will be tax free in the hands of the shareholders.

ASBESTOS CEMENT DIVISIONS

Visaka's production and sales for the year 2000-2001 have been 94672 MT and 92819 MT respectively recording a sales growth of about 9% over the previous year. The production and sales of Visaka, if measured per Plant is the highest in the Industry. The capacity utilisation in the Patancheru and Paramathi Plants have been 133% and 130% compared to 130% and 112% respectively for the previous year. Due to continuous innovation and debottlenecking efforts coupled with penetrative marketing efforts, production and sales are expected to continue to grow in the coming years.

The financial performance of both the Asbestos Units has been satisfactory. The Company could save significant costs on raw material last year. The market witnessed significant fluctuations in the prices of finished goods during the year. The Company's efforts in the areas of controlling raw material, power and interest costs and increasing volumes yielded positive results. With continuing efforts to increase volumes further and improvised marketing strategies coupled with continued efforts to reign in costs, this Division is expected to perform well in the coming year. However, the Industry is expected to be highly competitive and the overall performance is susceptible to drop in prices of finished goods.

SPINNING DIVISION

Visaka's production and sales are 4344 MT (4047 MT in 1999-2000) and 4298 MT (4139 MT in 1999-2000) respectively. This represents an increase of 7% in production and 4% in sales over the last year. Seasonal specialities like Black and Frosted Shade Yarns performed better during the winter season in the domestic market. With established and expanding customer base, consistent quality (ISO 9002), special products and new markets, the outlook for the next year is encouraging both in the



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domestic and export markets.

The financial performance of the textile unit has been encouraging during the year under review. Better margins in the domestic and export markets and speciality yarns have been the highlights of the marketing effort. Significant increase in productivity through inhouse innovations and control over costs have helped improve the financial performance significantly. Effective power saving strategies have helped reduce power costs significantly.

VISAKA CHARITABLE TRUST :

Your Company, in its endeavour to contribute to its social milieu, established in the previous year a Charitable Trust in the name and style of Visaka Charitable Trust as a non-profit entity, to support initiatives that benefit the society at large. The approval of the members was sought in the Extraordinary General Meeting held on 24.10.2000 for making contribution to the said Trust upto the limit of Rs.10 lakhs per annum. Contribution made by your Company to the said Trust till date amounts to Rs.8,50,000/-. The Trust supports programs devoted to the cause of destitutes, rural poor and providing the basic necessities of life to the rural poor.

FIXED DEPOSITS :

Your Company has been inviting and accepting deposits from the public, shareholders and others. The amount of deposits outstanding as on March 31st, 2001 was Rs.140.75 lakhs. Deposits amounting to Rs.7,820/- remains unclaimed as on date.

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. The banks and financial institutions continue to give their unstinted support and co-operation to the Company and the Board has recorded its appreciation for the same.

EMPLOYEE RELATIONS :

The Industrial Relations have been cordial at all the three factories. The total number of people employed in the Company as on 31.03.2001 is 693. The Directors would like to record their appreciation for 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 (particulars of employees) Rules, 1975, as amended, forms part of this Report under Annexure - II.

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 is appended hereto and forms part of this Report under Annexure I.

DIRECTORS :

Your Directors regret to inform you about the sad demise of Shri M Anandam, who served the Board of your Company as a Professional Director for the past 18 years. He was also a member of our Audit Sub-Committee. Your Directors record their appreciation for the valuable services rendered by Shri M Anandam during his tenure. During the year, Dr. S Sudesh Reddy and Shri K.V. Ramaseshan resigned from the Board of your Company owing to their official pre-occupations. Your Directors record their appreciation for the valuable services rendered by Dr. S Sudesh Reddy and Shri K.V. Ramaseshan during their tenure as the Members of the Board.

Consequent to the resignation of Dr. S Sudesh Reddy, Shri H Dayakiran has ceased to be an Alternate Director to him and has been subsequently appointed as an Additional Director with effect from 28.07.2000 to hold office upto the date of this 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 Shri H Dayakiran as Director of the Company.

As per Article 120 of the Articles of Association of the Company, Shri Nagam Krishna Rao and K.S.R. Murthy retire by rotation at the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors Responsibility Statement pursuant to Section 217(2AA) of the Companies Act, 1956 forms part of this Report and is given under Annexure III.



VISAKA INDUSTRIES LIMITED

AUDITORS

M/s M.Anandam & Co., Chartered Accountants, retire as Auditors in this Annual General Meeting and are eligible for re-appointment.

REPORT ON CORPORATE GOVERNANCE

Report on Corporate Governance pursuant to Clause 49 of the Listing Agreement forms part of this Report and is given under Annexure IV. This Report is given voluntarily for the benefit of the shareholders though it is mandatorily required to be given only from the next financial year 2001-2002 as per the implementation schedule given by the Stock exchange.

On behalf of the Board of Directors

M. Sreenivasa Rao
Director

Dr. G. Vivekanand
Managing Director

Date : 18.06.2001

Place : Secunderabad.

ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE - I

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, 2001.

1. FORM A

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

(b) Power and Fuel consumption in respect of Textile Division

(i) ELECTRICITY	Current year	Previous Year
Purchased in (KWH)	21656127	21238171
Amount (Rs.)	77039932	79124890
Average Rate (Rs./Unit)	3.56	3.73

(ii) OWN GENERATION

Units generated (KWH)	1528	1003
Units per litre of Diesel		
Oil (KWH)	1.54	1.23
Average Cost (Rs./Unit)	12.00	10.43

B. CONSUMPTION PER UNIT OF PRODUCTION

Yarn production in (kgs.)	4343611	4047002
Electricity Units/kg. of yarn	4.99	5.25

2. FORM B

RESEARCH & DEVELOPMENT

1. Specific areas in which R&D carried out by the Company :

In respect of the Asbestos Division, the Company has been experimenting various substitutes both for cement and fibre and has also been varying the ratio of raw materials for improving quality and reducing cost.

In respect of the Spinning Division, we have tried various new counts and combination of blends and have been successful in making certain new blends and new products. We have increased the speeds of the machines while maintaining the quality.

2. Benefits derived as a result of the above R&D :

In respect of the Asbestos Division, we have achieved substantial reduction in cost because of this experiment.

In respect of the Spinning Division, the new blends have helped us to improve our presence in the domestic and export markets. The Productivity and Quality could be increased leading to better profitability.

3. Future course of action :

In respect of the Asbestos Division, use of substitute fibres is being continuously experimented.

In respect of the Spinning Division, we are continuously experimenting with new blends and shades and higher speeds.