



VISAKA INDUSTRIES LIMITED

27th Annual Report 2008- 2009

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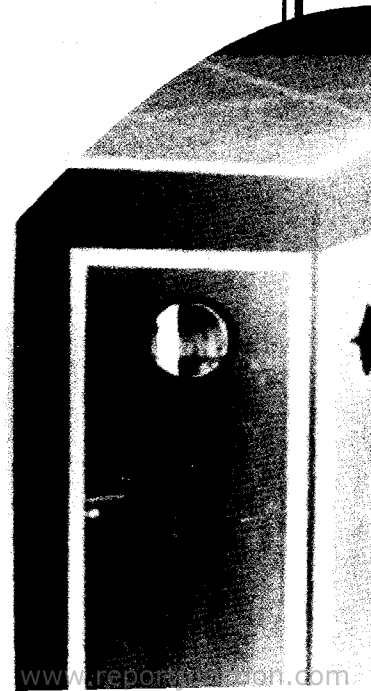
OUR NEW PRODUCT LINES

V-Boards

Used for : False Ceiling, Partitions,
Mezzanine Flooring, Doors etc.,

V-Panels

Used for : Partitions, Prefab structures,
Mezzanine floorings, Roofing, Wall Cladding,
External fins, Compound walls etc.



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Board of Directors

Chairman

Shri. B.B.Merchant

Directors

Shri. P. Abraham, I.A.S. (Retired)

Shri. V.Pattabhi

Shri. Nagam Krishna Rao

Shri. Gusti Noria

Smt. G.Saroja Vivekanand

Shri. M.P.V. Rao (Whole Time Director)

Managing Director

Dr. G. Vivekanand, M.P.

President (Corporate) & Company Secretary

Shri. K.V.Soorianarayanan

COMMITTEES OF THE BOARD

Audit Committee

Shri. B.B. Merchant

Shri. Gusti Noria

Smt. G. Saroja Vivekanand

Shri V. Pattabhi

Remuneration Committee

Shri. B.B.Merchant

Shri. Nagam Krishna Rao

Shri. P. Abraham

Shareholders Grievances Committee

Shri. Nagam Krishna Rao

Dr. G. Vivekanand

Registered Office

Survey No.315

Yelumala Village

R.C.Puram Mandal

Medak Dist

Andhra Pradesh, Pin-502300.

Corporate Office

"Visaka Towers"

1-8-303/69/3, S.P. Road

Secunderabad - 500 003.

Auditors:

M/s. M. Anandam & Co.

Chartered Accountants

7 'A' Surya Towers

S.P.Road, Secunderabad-3

Bankers:

State Bank of India

Industrial Finance Branch, Hyderabad.

State Bank of Hyderabad

Industrial Finance Branch, Hyderabad.

Term Lenders:

IDBI

AXIS Bank

Indusind Bank

SBI

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Factories :

1. A.C. Division – 1

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

2. A.C. Division – 2

Behind Supa Gas
Manickanatham Village, Paramathi
Velur Taluq, Namakkal District
Tamil Nadu - 637 207.

3. A.C. Division – 3

Changsole Mouza
Bankibund, G.P.No.4, Salboni Block
Midnapore (West)
West Bengal – 721 147.

4. A.C. Division – 4

Survey No: 27/1
G.Nagenahalli Village, Kora Hobli
Tumkur Taluk & District
Karnataka.

5. A.C. Division – 5

Village Kannawan, P.S.Bacharawan
Tehsil: Maharaj Ganj, Raibareli District
Uttar Pradesh – 229 301.

6. A.C. Division – 6

Survey No. 385, 386
Near Kanchikacharla, Jujjuru (Village)
Mandal: Veerula Padu, Krishna District
Andhra Pradesh – 521 181.

7. A.C. Division – 7

70/3A, 70/3, Sahajpur Industrial Area
Nandur Village, Taluk - Daund
Pune District
Maharashtra - 412 020.

8. Textile Division

Survey No.179 & 180
Chiruva Village, Maudha Taluq
Nagpur District, Maharashtra.

9. V-Boards Division

Survey No. 95 & 96, Gajalapuram Village,
Near Miryalguda P.O.
Pedadevullapally Mandal, Tripuraram
Adjacent to Kukkadam Railway Station
Nalgonda District
Andhra Pradesh - 508 207.



VISAKA INDUSTRIES LIMITED

NOTICE

Notice is hereby given that the 27th Annual General Meeting of VISAKA INDUSTRIES LIMITED will be held at its Registered Office at Survey No.315, Yelumala Village, Ramachandrapuram Mandal, Medak District – 502 300, Andhra Pradesh on Tuesday the 16th day of June, 2009 at 11.00 A.M. to transact the following business.

ORDINARY BUSINESS

1. To adopt the Balance Sheet as at 31st March, 2009 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, 2009.
3. To appoint a Director in place of Shri. Gusti Noria who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri. Nagam Krishna Rao, 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, 7 'A' Surya Towers, S.P. Road, Secunderabad - 500 003, be and are hereby reappointed 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 authorized to fix their remuneration for the period".

6. 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 Sections 198, 269, 310, 311, Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, the Company hereby accords approval for the appointment of Mr. M.P.V. Rao, as a Whole Time Director of the Company for a period of two years w.e.f.

28.07.2008 on the following terms and conditions.

- a) Basic Salary Rs 1,32,400/- per month
- b) HRA 50% of Salary, that is Rs 66,200/- Per Month.
- c) Helper allowance is Rs 7000/- Per Month.
- d) Children Education Allowance Rs 100/- Per Month.
- e) Other Allowances being books and periodicals and dress allowance amounting to Rs. 4000/- Per Month.
- f) Medical Reimbursement expenses incurred for self and family subject to ceiling of one month salary in a year or 2 months salary over a period of 2 years.
- g) He will be paid Rs 132400/- per annum as Leave Travel Assistance to self and his family.

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

"RESOLVED THAT Mr.P.Abraham, be and is hereby appointed as a Director of the Company, liable to retire by rotation".

SPECIAL BUSINESS

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 on first charge basis by the Board of Directors of the Company of its immovable properties situated at Gajalapuram and Kukkadam Villages of Nalgonda District of Andhra Pradesh and at Nandur Village, Daund Taluq, Pune District of Maharashtra together with power to take over the Management of the Business and Concern

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of the Company in certain events, to secure the following outstanding term loans:

LOAN PARTICULARS	Amount Sanctioned	Loan O/S as on 31.03.2009
IDBI		
Corporate Loan	650Lacs	284.37
Corporate Loan	750Lacs	468.75
Rupee Loan	1200Lacs	550.00
UTI-BANK		
Term Loan	2600 Lacs	1,112.00
Term Loan	3321Lacs	2,554.27
Term Loan	679 Lacs	522.66
INDUSIND BANK	1100Lacs	412.50
SBI- RAIBARELI	2585Lacs	1,397.00
Outstanding balance		7301.55

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 the above financial institutions on a pari-passu basis under its respective heads of agreement / loan agreement / letters of sanction / memorandum of terms and conditions entered into by the Company in respect of said Term Loans.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to finalize with IDBI, acting on its behalf and on behalf of other financial institutions, 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 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 on second charge basis by the Board of Directors of the Company of all immovable properties of the Company, wheresoever situated, present and future including the Company's properties situated at Gajalapuram and Kukkadam Villages of Nalgonda District of Andhra Pradesh and at Nandur Village, Daund Taluq, Pune District of Maharashtra together with the power to take over the management of the business and concern of the Company in certain events, to or in favor of the State Bank of India & the State Bank of Hyderabad to secure its Working capital limits aggregating to not more than Rs.170 crores, 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 the State Bank of India & the State Bank of Hyderabad, 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 said Working Capital Limits.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to finalize with Industrial Development Bank of India acting on behalf of the State Bank of India & the State Bank of Hyderabad, the documents for creating the aforesaid mortgage and / or charge and to do all such acts and things as may be necessary for giving effect to the above resolution.

10. 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 to the Board of Directors of the Company for investment in the equity shares of Visaka Thermal Power Limited within the limits prescribed by Section 372A of the Companies Act 1956.



VISAKA INDUSTRIES LIMITED

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. 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 16th June 2009.
3. **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, so as to enable the Company to dispatch the dividend warrants at their correct addresses.
4. 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.
5. As per the provisions of Section 205 C of the Companies Act, 1956, Unclaimed Dividend Amount in respect of 2000-01 has been transferred to Investor Education and Protection Fund on 29.09.2008 upon expiry of 7 years period. Unclaimed Dividend for the year 2001-2002 will be transferred to Investor Education and Protection Fund on or before 27.08.2009. Shareholders who have not claimed Dividend for the year 2001 - 2002 are requested to claim the dividend on or before 27th July, 2009.
6. All documents referred to in the notice and explanatory statement are open for inspection at the Corporate Office of the Company during office hours on all working days except public holidays, between 11.00 A.M. and 1.00 P.M. up to the date of the Annual General Meeting.

7. 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 a right to attend the meeting.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Item No. 6

Mr.M.P.V.Rao has been appointed as additional director of the Company in the Board Meeting held on 28.07.2008. The Company has received a notice from a member under section 257 of the Companies Act,1956 signifying his intention to propose Mr.M.P.V.Rao as a candidate for the office of Director in this Annual General Meeting.

Given below is the brief resume of Mr. M.P.V.Rao.

Mr.M.P.V.Rao has over 35 years of experience in the technical side of asbestos cement industry. He has been instrumental in economizing operations and increasing capacity in our Patancheru and Paramathi units and developed the technology for asbestos cement sheets machines capable of manufacturing 10000 per month breaking the myth that the standard asbestos cement sheet manufacturing machines can produce only 3000 tones per month. We have been successfully operating these machines in our Tumkur, Rae Bareilly and Vijayawada units. The Company has immensely benefited by his technical expertise in setting up the reinforced building boards division.

None of the directors of the Company other than Mr. M.P.V. Rao are interested in the resolution.

Item No.7

Mr. P.Abraham has been appointed as additional director of the Company in the Board Meeting held on 28.07.2008. The Company has received a notice from a member as per Companies Act 1956 signifying his intention to propose Mr.P.Abraham



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as candidate for the office of director in this Annual General Meeting.

Given below is the brief resume of Mr.P.Abraham

Mr. P.Abraham is a retired IAS Officer. He served the Government as Commissioner of Industries Andhra Pradesh, Chairman, Maharashtra State Electricity Board and Union Energy Secretary. He was a member of the Union Public Service Commission. He will be a non-whole time director. He will be entitled for the sitting fees and will be entitled for commission as per the provisions of Companies Act 1956.

None of the directors of the Company other than Mr. P. Abraham are interested in the resolution.

Item No. 8

The Company from time to time has been borrowing from financial institutions loans for setting up projects. As per the loan agreements entered into with the financial institutions both the existing and future assets are to be offered as security by way of equitable mortgage. on *pari passu* basis.

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 properties as aforesaid in favor of the financial institutions 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.

Copies of Letters of Sanction received from the aforesaid banks and copies of the relevant documents / correspondence between the said Institutions and the Company are open for inspection at the Corporate 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 are interested in the resolution.

Item No. 9

The Company from time to time has been availing from State Bank of India and State Bank of Hyderabad working capital limits. As per the loan agreements entered into/to be entered into with these banks the Company's immovable properties are to be mortgaged/charged to them on second charge basis to secure the working capital limits.

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 properties as aforesaid in favor of the banks 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.

Copies of Letters of correspondence between the said banks and the Company are open for inspection at the Corporate 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 are interested in the resolution.

Item No. 10

There is vast gap between generation and demand for electrical power in the country. To take advantage of this demand the Company along with its promoter Managing Director Dr. G. Vivekanand had promoted Visaka Thermal Power Private Limited. Visaka Thermal Power Private Limited had applied to the Orissa Government for setting up of 1100 MW Thermal Power Plant in Bhadarak District of Orissa. After examining the proposal of Visaka Thermal Power Private Limited the Orissa Government has entered into an MOU with Visaka Thermal Power Private Limited for setting up this power project on 7th February 2009.



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Section 372A of the companies Act 1956 which deals with Inter-corporate loans and investments reads as follows.

- (1) No Company shall directly or indirectly,
- (a) make any loan to any other body corporate
 - (b) give any guarantee, or provide security, in connection with a loan made by any other person to or to any other person by any body corporate and
 - (c) acquire by way of subscription, purchase or otherwise the securities of any other body corporate. **exceeding sixty percent of its paid up share capital and free reserves or one hundred percent of its free reserves whichever is more.**

Provided that where the aggregate of the loans and investments so far made, the amount for which guarantee or security so far provided to or in all other bodies corporate, along with the investment, loan, guarantee, or security proposed to be made or given by the Board, exceeds the aforesaid limits,

no investment or loan shall be made or guarantee shall be given or security shall be provided unless previously authorized by a special resolution passed in a general meeting.

Since the Board of Directors propose to make investment in Visaka Thermal Power Private Limited well within the limits prescribed above strictly no resolution of the members is required in this regard. However in keeping with good corporate Governance practice the above resolution is put up for approval of the members.

Since Dr. G. Vivekanand and Mrs. Saroja Vivekanand are directors in Visaka Thermal Power Private Limited they may be deemed to be interested in the above resolution.

By Order of the Board
K.V.Soorianarayanan
President (Corporate) &
Company Secretary

PLACE : Secunderabad
 DATE : 11 May 2009

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DIRECTORS REPORT

To
The Members
Visaka Industries Limited

Your Directors are pleased to present the 27th Annual Report of the Company with Audited Balance Sheet and Statement of Accounts. The financial highlights are as follows:

	<i>(Rs. in lakhs)</i>	
	2008-2009	2007-2008
Gross Income	55451.79	45963.36
Profit for the year before taxation	5543.02	1318.97
Provision for taxation	1949.18	551.64
Profit for the year after taxation	3593.84	767.33
Balance brought forward from previous year	644.81	725.61
Profit available for appropriation	4238.65	1492.94
Normal Dividend on Equity Share Capital	476.43	476.23
Special Silver Jubilee Year Dividend	158.81	-
Corporate Dividend Tax	107.96	80.93
Transfer to General Reserve	2800.00	290.97
Balance carried to Balance Sheet	695.45	644.81

DIVIDEND

Your Directors recommend payment of normal dividend of Rs.3/- per share on the Equity Capital for the Year ended 31st March, 2009. The Director also recommend payment of a special silver jubilee year dividend of Rs. 1/- per share. The Company is absorbing Corporate Dividend Tax of Rs.107.96 lakhs on the Equity Dividend and the Dividend

declared and paid this year is not taxable in the hands of Shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

a) ASBESTOS CEMENT BUSINESS:

Industry Structure and Developments:

This industry is more than 70 years old in India.

Asbestos Cement Products continue to be in demand because of the industry's effort in making in roads into rural markets, its affordability, and other qualities such as corrosion resistance, weather and fire proof nature. For upgrading from thatched and tiled roofing's there is no other affordable and durable roofing material for the rural poor other than asbestos cement sheets

Currently there are 17 entities in the Industry with about 63 manufacturing plants through out the Country. The products are marketed under their respective brand names mainly through dealers for the retail market and directly for projects and government departments. The total production for the year 2008-2009 was estimated at 38.6 lac metric tones, which represents about 107% of the industry's installed capacity of 36.10 lac metric tones. The industry demand as measured by the total sales of the industry has been growing over the years, the growth for the last year being 5% i.e. the sales increased from 37 lac metric tones in 2007-2008 to 39 lac metric tones during the year 2008-2009.

Opportunities and Threats:

Asbestos Cement Sheets are mainly used as roofing materials in rural and semi-urban housing and by industries and poultry sector.

Asbestos Cement Sheets are gaining popularity as they are inexpensive, need no maintenance and last long when compared to competing products such as thatched roofs, tiled roofs and galvanized iron sheets.

According to the information gathered by us almost 80-85% of rural people use thatched roof/tiles for the shelter. Thatched roof need regular replacement and tiled roof needs continued maintenance. Therefore whenever the economic conditions improve the first choice of the rural poor