

**VISHNU CHEMICALS LIMITED**



**16<sup>th</sup>**  
**ANNUAL REPORT**  
**2008 - 2009**

# **Vishnu Chemicals Limited**

## **Board of Directors:**

Sri. Ch. Krishna Murthy,  
Smt. Ch. Manjula,  
Sri. Ch. Siddartha,  
Sri. Bajrang Lal Bajaj  
Sri. U. Dileep Kumar  
Sri V. Vimalanand

Chairman & Managing Director  
Director  
Director  
Director  
Director  
Director

## **Auditors:**

C K S ASSOCIATES  
Chartered Accountants  
87, Nagarjuna, Road # 3,  
Gagan Mahal Colony,  
HYDERABAD - 500 029

## **Bankers:**

State Bank of Hyderabad  
Andhra Bank  
Indian Overseas Bank  
State Bank of India  
Punjab National Bank  
Union Bank of India

## **Registered Office:**

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

## **Works:**

Survey No.15  
Gaddapotharam  
Medak District - 502319  
Andhra Pradesh

Survey No. 18-26  
Nandini Road  
Bhilai - 490026  
Chattisgarh State

Plot No. 57  
Phase - III  
IDA., Jeedimetla  
Hyderabad - 5001055  
Andhra Pradesh

Plot No. 29  
IOCL Road  
Pharmacity, Parawada  
Vishakapatnam Dist - 531021  
Andhra Pradesh

## Vishnu Chemicals Limited

### Notice of Annual General Meeting:

Notice is hereby given that the Sixteenth Annual General Meeting of the members of Vishnu Chemicals Limited will be held on Wednesday the 30<sup>th</sup> Day of September 2009 at 11.00 A.M. at Hotel I K London, 6-3-656, Kapadia Lane, Somajiguda, Hyderabad - 500 082 to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2009 and the Profit and Loss account for the year 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 Sri. 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 consider and if thought fit to pass, with or without modifications, the following resolution as an Ordinary Resolution:**  
"RESOLVED THAT, Mr. U. Dileep Kumar who was appointed by the Board of Directors of the Company as an Additional Director of the Company from 31st January, 2009 and who, in terms of Section 260 of the Companies Act, 1956 read with Article 95 of the Articles of Association of the Company holds such office from the date of this Annual General Meeting and in respect of whom the Company has received from a Member of the Company a Notice Under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, along with a deposit of Rs. 500 be and is hereby appointed as a director of the Company liable to retire by rotation."
6. **To consider and if thought fit to pass, with or without modifications, the following resolution as an Ordinary Resolution:**  
"RESOLVED THAT, Mr. V. Vimalanand who was appointed by the Board of Directors of the Company as an Additional Director of the Company from 30th June, 2009 and who, in terms of Section 260 of the Companies Act, 1956 read with Article 95 of the Articles of Association of the Company holds such office from the date of this Annual General Meeting and in respect of whom the Company has received from a Member of the Company a Notice Under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, along with a deposit of Rs. 500 be and is hereby appointed as a director of the Company liable to retire by rotation."
7. **To consider and if thought fit to pass, with or without modifications, the following resolution as a Special Resolution:**  
"RESOLVED THAT, pursuant to the provisions of Sections 198, 269, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII of the Act, the remuneration of Sri. Ch. Krishna Murthy, Chairman & Managing Director of the company is Rs. 4,00,000 per month with effect from 01.04.2008 with all other terms and conditions as approved earlier remaining the same.  
"RESOLVED FURTHER THAT, the above remuneration and perquisites shall be treated as minimum under Schedule XIII of the Companies Act, 1956 in the case of loss or inadequate profits if any.  
"RESOLVED FURTHER THAT, Sri. Ch. Krishna Murthy, Chairman & Managing Director of the Company be and is hereby be entitled to the above remuneration and perquisites in the eventuality, the Company incurring a loss or making inadequate profits in any year as per the provisions of the Schedule XIII of the Act."
8. **To consider and if thought fit to pass, with or without modifications, the following resolution as a Special Resolution:**  
"RESOLVED THAT, pursuant to the provisions of Sections 198, 269, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII of the Act, the remuneration of Sri. Ch. Manjula, Whole Time Director of the company is Rs. 3,75,000 per month with effect from 01.04.2008 with all other terms and conditions as approved earlier remaining the same till the date of 31st August 2009 the date of her resignation as a Whole Time Director.  
"RESOLVED FURTHER THAT, the above remuneration and perquisites shall be treated as minimum under Schedule XIII of the Companies Act, 1956 in the case of loss or inadequate profits if any.  
"RESOLVED FURTHER THAT, Sri. Ch. Manjula, Whole Time Director of the Company be and is hereby be entitled to the above remuneration and perquisites in the eventuality, the Company incurring a loss or making inadequate profits in any year as per the provisions of the Schedule XIII of the Act."
9. **To consider and if thought fit to pass, with or without modifications, the following resolution as a Special Resolution:**  
"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals and consents as may be required, the consent and approval of the Company be and is hereby accorded to the appointment of Sri. Ch. Siddartha as a Whole-time Director of the Company liable to retire by rotation, for a period of 3 years from 19th September, 2009 with the remuneration, perquisites, benefits and other allowances as under:-  
A. Salary: Rs.2.50 Lacs per month  
B. Perquisites: In addition to the Salary, he shall be entitled to the perquisites set out below:-  
a) Housing:  
i) Where accommodation in the Company owned house is provided, he shall pay to the Company by way of rent 10% of the salary.  
ii) Where hired accommodation is provided, the expenditure incurred by the Company on hiring furnished accommodation for him will be subject to a ceiling of 60% of the Salary.

## Vishnu Chemicals Limited

- iii) In case the Company does not provide accommodation, House rent allowance shall be paid @ 60% of the salary and
- iv) The expenditure incurred by the Company on gas, electricity, water and furnishing will be subject to a ceiling of 10% of the Salary.
- b) Medical Reimbursement / Allowance for self and family Reimbursement of expenses actually incurred for self and family or medical allowance, the total cost of which to the Company shall not exceed one month's Salary in a year or three months Salary or over a period of three years.
- c) Leave Travel Concession or allowance: For self and family once in a year either in India or abroad in accordance with the rules of the Company.  
(For the time being - ie. till we make profits, shall we say that LTC will be available only for any place in India and not Overseas.)
- d) Club fees: Fees of one club.
- e) Personal Accident Insurance: As per rules of the Company.
- f) Car: Free use of Company's car with driver.
- g) Contribution to Provident Fund, Superannuation fund or Annuity fund as per rules of the Company.
- h) Gratuity not to exceed half a month's Salary for each completed year of service with the Company in any capacity.
- i) Leave on full pay and allowances as applicable to other employees of the Company but not exceeding one month for every 11 months service.
- j) Communication facilities: Free communication facilities like telephone, internet, mobiles and fax at residence and Office.
- k) Any other allowance and benefits as per rules of the Company and applicable to other Employees.
- l) Any other perquisites that may be allowed as per the guidelines issued by the Central Government from time to time
- m) Reimbursement of expenses actually and properly incurred by him for the business of the Company."

"RESOLVED FURTHER THAT the remuneration aforesaid including the perquisites, allowances and benefits shall be paid and allowed to Sri. Ch. Siddartha in whole time employment of the Company, as minimum remuneration during the currency of his tenure in the event of loss or inadequacy of profits in any financial year for a period not exceeding three years"

10. To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution :  
"RESOLVED THAT, pursuant to the provisions of Section 94(1) and other applicable provisions if any of the Companies Act, 1956, the Authorised Share Capital of the company be and is hereby increased from Rs. 52,00,00,000 (Fifty Two Crores) to Rs. 62,00,00,000 (Sixty Two Crores) divided into 1,20,00,000 (One Crore Twenty Lakhs) Equity Shares of Rs. 10/- each and 5,00,00,000 (Five Crores) 7% Redeemable Preference Shares of Rs. 10/- each and to alter Clause V of Memorandum of Association of the Company as under.

Clause V :

The Authorised Share Capital of the Company is Rs. 62,00,00,000/- (Rupees Sixty Two Crores) divided in 1,20,00,000 (One Crore Twenty Lakhs) Equity Shares of Rs. 10/- each and 5,00,00,000 (Five Crores) 7% Redeemable Preference Shares of Rs. 10/- each with power to the company to increase, reduce or modify the said capital and to divided the shares for the time being of the company into several classes and attach thereto such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided for by the Articles of Association of the Company."

11. To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution :  
"RESOLVED THAT, consent of the members be and is hereby accorded for conversion of existing unsecured loans borrowed from Promoters Director amounting to Rs. 7.50 crores for funding Company's expansion project at Vizag into 7% Redeemable Preference Shares.  
"RESOLVED FURTHER THAT, the Board of Directors of the Company be and is hereby authorized in its discretion to accept such conditions while according consent or sanction to the proposed issue of the said Redeemable Preference Shares including variation, if any in the proposed amount of premium if any and take such consequential action thereon, including the authority to revise/adjust the value/quantum of shares."

For and on behalf of the Board  
Sd/-

(Ch. Krishna Murthy)  
Chairman & Managing Director

Place: Hyderabad  
Date: 02.09.2009

**Notes:**

1. A Member entitled to attend and to vote is entitled to appoint a proxy to attend and vote instead of himself/herself and proxy need not be member of the Company. The proxy form in order to be effective, duly completed must be deposited at the Registered office of the Company not less than 48 Hours before the time fixed for the meeting.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto and form part of this Notice.
3. Pursuant to Sec 154 of the Companies Act, 1956 and Clause 16 of Listing agreement, the Register of Members and Share Transfer Books will remain closed for two days i.e., 29<sup>th</sup> September 2009 to 30<sup>th</sup> September 2009 ( Both days Inclusive).
4. Electronic Clearance Services (ECS) mandate is annexed to this Annual Report. Shareholders are requested to inform the Company/RTA their ECS details.

**EXPLANATORY STATEMENT PURSUANT TO SEC 173(2) OF THE COMPANIES ACT, 1956**

**ITEM No.5.**

Mr. 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 investment banking and other related matters. After working in various branches of Andhra Pradesh State Financial Corporation in various designations, he retired as Deputy General Manager in the year 2008. As the expertise and knowledge of Mr. U. Dileep Kumar would be very beneficial for the company's growth, it is proposed to appoint him as director of the company. A notice U/s. 257 of the said Act has been received from a member of the company along with the deposit of Rs.500/- for this purpose. The Directors commend the resolution No. 5 as an ordinary resolution for your approval.

None of the Directors of the company is in any manner concerned or interested in the Resolution.

**ITEM No.6.**

Mr. V. Vimalanand is having vast experience in the field of Law. He is one of the leading advocates in Andhra Pradesh dealing in Corporate suits, Arbitration and other matters both civil and criminal. He is a graduate in commerce and a Bachelor of Law, it is proposed to appoint him as director of the company. A notice U/s. 257 of the said Act has been received from a member of the company along with a deposit of Rs. 500/- for this purpose. The Directors commend the resolution No. 6 as an ordinary resolution for your approval.

None of the Directors of the company is in any manner concerned or interested in the Resolution.

**Item No. 7 & 8**

At the Fourteenth Annual General Meeting of the company held on 21<sup>st</sup> June, 2007, the Members of the company, after taking into consideration the increased business activities, the responsibilities cast on the Directors and having regard to the Government's liberalized guidelines on managerial remuneration, had approved revision in the terms of remuneration of Mr. Ch. Krishna Murthy, Chairman & Managing Director to Rs. 48.00 Lakhs p.a. and to Mrs. Ch. Manjula, Whole Time Director of Rs. 45.00 Lakhs p.a. within the limits as required U/s. 198 and 309 and other applicable provisions of the Act read with Schedule XIII of the Act. However during the financial year 2008-09 the Company had incurred losses and in order to pay the remuneration for the financial year 2008-09 and for the remaining tenure to Mr. Ch. Krishna Murthy, CMD and Mrs. Ch. Manjula Whole Time Director of the Company for the period from 01.04.2008 to 31.08.2009 would require approval of Remuneration Committee and approval of Shareholders in the General meeting by passing Special Resolution in terms of Section II of Part II of Schedule XIII of the Act. Hence the Directors commend the resolution No. 7&8 as Special resolutions for your approval.

**Item.No. 9**

Mr. Ch. Siddartha who was associated with the Board as a Non -Executive Director of the Company, appointed as whole time Director of the Company by the Board on a monthly remuneration of Rs. 2.50 Lakhs per month. The payment of remuneration to a Whole-time Director would require the approval of shareholders in the General Meeting; Hence, the Directors commend the resolution No. 9 as a Special Resolution for your approval.

**Additional information to the members as required Under Schedule XIII of the Act:**

**I. GENERAL INFORMATION:**

1. **Nature of Industry:** Indian Chemical Industry is one of the major contributor to the GDP and accounts for US\$ 25 Billion. Chemical Industry one of the fastest growing sectors of Indian economy and is growing around 12.5% per annum since independence. India was a net importer of chemicals in early 1990s, but over the last decade the country has been able to make a complete turn around and today it is one of the major exporters of chemicals due to the implementation of much large scale petrochemical plants and also because of tremendous growth of exports in sectors like bulk drugs and pharma, pesticides, dye and intermediates. The drugs and pharmaceuticals and the organic/inorganic/agro-chemicals contributed as much as 63% of total exports. This has been a Herculean task, which has been achieved by competing with big multinational corporations of the world. Chemical industry in India is

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fragmented and dispersed with the presence of multi product and multi faceted chemicals. The sale network constitutes direct sales to large customers and through distribution channels. Distribution channels mostly consist of stockiest and dealers spread all over India addressing small segments and retail market.

2. In case of new companies, expected date of commencement of activities as per Project approved by financial institutions as appearing in the prospectus.  
The commencement of activities of new project i.e., at Vizag has began in March, 2007.
3. Financial performance based on given indicators.  
The financial performance of the company is mentioned in the Directors report.
4. Export performance and net foreign exchange collaborations  
Your Company earned an amount of Rs.1041.74 lakhs though export sales and received Rs.980.50 Lakhs towards foreign Exchange during the financial year under review and your Company has no foreign exchange collaborations.
5. Foreign investments or collaborators, if any:  
Your company does not have any foreign investments or collaborations.

### **II. INFORMATION ABOUT THE APPOINTEE:**

1. Sri. Ch Krishna Murthy, Chairman and Managing Director of the company was appointed as Managing Director on 02.01.2006. He is one of the promoter of the company. He is a postgraduate in Management and having 22 years of experience in Chemical and Logistics industry. Sri Ch. Krishna Murthy involves in the day to day affairs of the company and striving to bring your company into world No. 1 Company in the coming years.
2. Mr. Ch. Siddhartha, Whole Time Director of the Company has done B.Tech (India), M.B.A. (USA) and M.S. (UK). He has theoretical knowledge about the chemical industry and logistic industry

### **III. OTHER INFORMATION:**

1. Reasons of loss or inadequate profits:  
Due to world industrial recession, your company could not market the products as expected and incurred the losses during the financial year under review.
2. Steps taken or proposed to be taken for improvement:  
Your company is participating in industrial exhibitions world wide to improve the business.
3. Expected increase in productivity and profits in measurable terms:  
During the financial year 2009-10, expecting major increase in sales and also expecting at significant jump in net profits, thereby the company will come out of losses.

### **IV. DISCLOSURE:**

Details of remuneration package of the managerial persons is mentioned in the Director's Report under the heading "Corporate Governance attached to this Annual Report

None of the Directors of the company is in any manner concerned or interested in the Resolution except Mr. Ch. Krishna Murthy Chairman & Managing Director, Mfs. Ch. Manjula, Director of the company and Mr.Ch Siddhartha, Director of the Company.

#### **Item No. 10 & 11**

The members may note that the Promoters of the company has infused funds into the Company in the form of Un-Secured Loans to the tune of Rs. 7.50 Crores in order to release the Bank borrowings the Promoters already infused funds into the Company in the form of Un-Secured loans from time to time in different trenches, which now accumulated to Rs. 7.5 Crores. And that due to project escalation and other technical reasons, the Company is not in a position to repay the Loan to the promoters, in spite of Bank's Loans. Therefore the Board requested the promoters to capitalize the loans by way of conversion into Redeemable Preference shares, it required increase in Authorized Shares Capital of the company from Rs. 52.00 Crores to Rs. 62.00 Crores. In terms of Section 16(1), 94(1)(a) of the Companies Act, 1956 it requires the approval of members of the company by way of special resolution at a General Meeting. Therefore your Directors commend resolution No. 10 & 11, in the notice as special resolution for your approval.

For and on behalf of the Board

Sd/-

(Ch. Krishna Murthy)  
Chairman & Managing Director

Place: Hyderabad  
Date: 02.09.2009

To

The Members

**VISHNU CHEMICALS LIMITED**

Your Directors are happy to present their Sixteenth Annual Report on the business and operations of the Company and the Financial Accounts for the year ended 31<sup>st</sup> March, 2009.

**FINANCIAL RESULTS****(Rs. in lakh)**

<b>Particulars</b>	<b>2008-09</b>	<b>2007-08</b>
Gross Income	14406.35	14474.72
Profit Before Interest, Depreciation & Tax	1710.56	2214.02
Less: Depreciation	762.27	405.85
Interest	1833.83	345.78
Profit for the year before Taxes	(885.54)	1462.39
Provision for Taxes	(77.63)	493.55
Profit after Taxes	(807.91)	968.84
Surplus brought forward from the Previous Year	2331.82	1592.74
Profit available for Appropriation	1523.91	2561.58
Appropriations:		
Transfer to General Reserve	0.00	90.00
Proposed Dividend	0.00	119.46
Tax on Distributed Profits	0.00	20.30
Surplus Carried forward to Balance Sheet	1523.91	2331.82

**OPERATIONS:**

During the first six months of current year there is a shortage of Raw material due to Chinese Olympics games and also some major domestic suppliers failed due to their plant breakdown. However this was offset by higher price realization by which the top line and bottomline was not effected. Subsequently market was very weak during second half of the year due to world economic recession. As the market recovered we started sampling products and get approved from various prestigious new customers. Despite the above difficulties the company was able to overcome the problems and started to reach normalcy.

**FUTURE PLANS:**

During the current year we have proposed a net sales of around 200 crores out of which we have already achieved around 40 crores upto 30th June, 2009. The export market is promising and your company is getting repeat orders from various reputed customers spread across 25 countries. As there is no major capex during the current financial year, the entire team is concentrating on production, quality, service, training and systems. This financial year your company is planning to get various quality accreditations like ISO 9001 & ISO 14000 etc. In order to achieve the above tasks your company is recruiting young engineers, chartered accountants, scientists and other professionals to strengthen the team.

**DIRECTORS:**

1. Sri. Ch. Siddartha and Smt. Ch. Manjula Directors of the company retire by rotation and being eligible, offer themselves for re-appointment.
2. Smt. Ch. Manjula retires as a Whole Time Director w.e.f. 31st August 2009 and continue as a Non-Executive Director.
3. Mr. Dileep Kumar was appointed as Additional Director at the Board meeting held on 31.01.2009. He holds office as a Director till the date of ensuing AGM. A resolution for appointment him as a Director is included in the notice of this AGM.

## **Vishnu Chemicals Limited**

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### **Brief profile of Sri. U. Dileep Kumar, appointed as Director of the Company:**

Mr. 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 on Banking aspects such as investment banking and other related matters. After working in various Branches of Andhra Pradesh State Financial Corporation in various designations, retired as Deputy General Manager in the year 2008. As the expertise and knowledge of Mr. U. Dileep Kumar is very much required for the company's growth it is recommended to appoint him on the Board. Mr. U Dileep Kumar does not have any directorship or shareholding in any other Companies or Bodies Corporate and further he does not have any pecuniary relationship with the Company or its directors.

4. Mr. V. Vimalanand was appointed as Additional Director at the Board meeting held on 30.05.2009. He holds office as a Director till the date of ensuing AGM. A resolution for appointment him as a Director is included in the notice of this AGM.

### **Brief profile of Sri. V.Vimaland, appointed as director of the company:**

Mr. V. Vimalanand, having vast experience in the law field. He is one of the leading advocates in the state of Andhra Pradesh dealing in Corporate suits, Arbitration and other matters both civil and criminal. He is a commerce graduate and Bachelor of Law. As the expertise and knowledge of Mr. V.Vimalanand would be very beneficial for the company's growth, it is proposed to appoint him as director on the Board. Mr. V. Vimalanand does not have any other directorship or shareholding in any other Companies or Bodies Corporate and further he does not have any pecuniary relationship with the Company or its directors.

5. Sri. J. Appa Rao who was associated with the Board from 02.01.2006 has resigned from the Directorship of the company effective from 31.10.2008
6. Dr. S. Chandrasekhar who was associated with the Board from 02.01.2006 has resigned from the Directorship of the company effective from 30.05.2009

### **CORPORATE GOVERNANCE - CLAUSE 49 OF THE LISTING AGREEMENT:**

A separate Section on Corporate governance with a detailed compliance report thereon is annexed to the Annual Report. The Company Secretary Certificate with respect to compliance with the provisions concerning Corporate Governance, as required by clause 49 of Listing Agreement, is also annexed.

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT - CLAUSE 49 OF THE LISTING AGREEMENT:**

A Separate Section on Management Discussion and analysis Report with a detailed compliance report thereon is annexed to the Annual Report

### **FIXED DEPOSITS:**

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

### **INDUSTRIAL RELATIONS:**

The company enjoyed cordial relations with its employees at all levels. Your Directors record their appreciation of the support and co-operation of all employees in the accelerated growth of the Company.

### **AUDITORS:**

The Statutory Auditors M/s C K S Associates, Chartered Accountants, Hyderabad retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office, if reappointed.

### **REPLIES TO AUDIT OBSERVATIONS:**

1. The Auditors have mentioned in their Report as point 4(f)(i) that "the brought forward reserves being overstated as a result of Capitalisation of Interest of Rs.312.82 lakhs on Term Loans for the year 2007-08 in contravention of AS16 issued by ICAI and also a resultant overstatement of Fixed Assets by Rs.312.82 lakhs and depreciation reserve by Rs.0.12 lakhs".

With respect to the above, the management reiterates, as already clarified last year that since, the operations with respect to the first line of production, which was commissioned, were at very insignificant level at that point in time and the plant becoming an integrated one only subsequent to the commissioning of second line, it was not deemed inappropriate to capitalize the interest.

2. The Auditors have mentioned in their Report as point 4(f)(ii), "Reference being drawn to Point 8 of the Notes on Accounts with regard to Managerial Remuneration".

As on 31.03.2007 the Company had sufficient Profit, based on which the Company fixed remuneration being paid to Managerial Personnel ie., Managing Director and Whole Time Director not exceeding 11% of total Profits and accordingly the required ordinary resolutions U/s 198 and 309 was passed. The Company couldn't predict that there will be a Loss for subsequent year(s). After finalizing the accounts



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for Financial Year 2008-09, the Company came to know that it incurred a loss, therefore as per the Provisions of Section II, Part II of Schedule XIII of the Company's Act 1956 requires Special Resolution in order to ratify the remuneration paid. It is now proposed to Pass Special Resolution in the ensuing Annual General Meeting. Even though the Resolution was moved as an Ordinary Resolution, the resolution was approved by all the shareholders present in the meeting holding 76% of the total voting power. To pass a special resolution 2/3 majority is sufficient. But the resolution was passed with 76% voting power. Therefore the resolution may be deemed as Special Resolution.

3. There is no specific term for repayment of loans. The amount will be repaid based on availability of sufficient cash flows.
4. The Auditors have mentioned in their Annexure report as point 9(a) that there is "Entry tax of Rs. 69.68 lakhs, Sales Tax of Rs. 43.24 Lakhs, Works Contract Tax of Rs.9.35 lakhs, TDS/TCS of Rs.21.26 lakhs and Fringe Benefit Tax of Rs.2.5 lakhs were outstanding for a period of more than 6 months".

Some of the above referred liability arised on account of High Court decision for non accepting of exemption claimed by the company along with other assesses. As the Company has to pay the said amount along with regular taxes, company has sought the commercial tax department for extension of time and making payment in installments and the balance will be paid before filing the return of Income.

5. The Auditors have mentioned in their Annexure report as point 11 that "interest and Principal fallen due during the year which were paid subsequent to due dates an Interest amount of Rs.115.59 lakhs and Principal amount of 13.05 lakhs".

As the company has spent beyond the budgeted amount towards Capital Expenditure for its Vizag plant and could not generate Cash Flow. Hence, the company could not paid the amount within due date. However, the company has paid the same later on.

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

1. Sri Ch. Krishna Murthy, Chairman & Managing Director	Remuneration	Rs.48,00,000/- p.a.
2. Smt Ch. Manjula, Whole time Director	Remuneration	Rs.45,00,000/- p.a.

### 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 31<sup>st</sup> March, 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures:
2. That the Directors' had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the said Financial year and of the Profit/loss 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 31<sup>st</sup> March, 2009 on a "going concern" basis.

### Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo:

Particulars required to be disclosed under Section 217(2)(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 - A to this Report.

### ACKNOWLEDGEMENT:

Your Directors wish to express their sincere thanks to Bankers, Financial Institutions, Customers, suppliers for their continued support to the Company. The Directors also acknowledge with gratitude the continued support received from Investors, Shareholders and various Departments of State and Central governments.

Your directors place on record their appreciation of the Sincerity, Commitment and Contribution made by the Employees at all the levels for the smooth functioning of the operations of the Company.

By Order of the Board

Sd/-

CH. MANJULA

Director

Sd/-

CH. KRISHNA MURTHY

Chairman & Managing Director

Place: Hyderabad

Date : 02.09.2009

# Vishnu Chemicals Limited

## 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 - A

Form for disclosure of particulars with respect to conservation of energy.

			2008-2009	2007-2008	
A	<b>Power and Consumption</b>				
	1.	<b>Electricity:</b>			
	a)	Purchased			
		Units	Nos.	5396115	5648358
		Total Amount	Rs.	20425796	21917413
		Rate/Unit	Rs.	3.79	3.88
	b)	Own Generation			
		Units	KWH	128071	178075
		Unit per Litre of Diesel Oil	KWH	5.01	4.98
		Cost/Unit(Variable (Rs.))	Rs.	7.77	6.92
	2.	Coal\Husk			
		Quantity "C" (D) used in Boiler For Steam Generation	MTs	17894.067	20862.900
		Total Cost	Rs.	45855259	36211280
		Average Rate/Tonne	Rs.	2562.60	1735.68
3.	Furnace Oil				
	Quantity	KL	7837.067	9441.41	
	Total Amount	Rs.	218439319	172309988	
	Average Rate	Stand If any	27872.59	18250.46	
B	<b>CONSUMPTION PER UNIT OF PRODUCTION</b>				
	Products :				
	1.	Sodium Bichromate			
	2.	Basic Chrome sulphate			
		Electricity (KWH)\Diesel	Units	286.580	223.70
		Furnace Oil	KLs	0.778	0.641
		Coal\Husk	MTs	0.820	0.729

### B. TECHNOLOGY ABSORPTION:

Efforts made in Technology absorption are provided in Form B as follows:

#### FORM B

### RESEARCH AND DEVELOPMENT

- 1) Areas in which R & D activity has been carried out:
  - a) Peptide synthesis, Amino acid protection, de-protections and Unusual amino acid synthesis.
  - b) Carbohydrate chemistry and nitrogen heterocycles
  - c) Synthesis of advance Intermediates for API's.
  - d) Continuous improvement in the Process and cost reduction of Menadione, its salts and Saccharin.

The Company has participated in the international conferences and exhibitions like: ChemOutsourcing USA and Informex, USA to establish and create Business opportunities for itself.

## **Vishnu Chemicals Limited**

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### 2) **Benefits derived out of the above R & D activity;**

Our activities lay major emphasis on the protection, deprotection of amino acids, synthesis of unusual amino acids and solution phase peptide synthesis. This has helped the Company in synthesizing the Peptide by solution phase upto nine amino acids. This is cost effective and has given us edge in the market. While working on the Peptide, it helped the Company to build up its product range in this segment.

Working on the carbohydrate and related chemistry has given exposure to new chemistry and opportunity to explore commercial applications in the form of advance intermediates.

Working on the molecules which are market driven specific to the customers has again given an opportunity for the Company to have hands on experience on the new areas of chemistry and customer base. The Company is closely working with companies whose molecules are in clinical trials. This will give the Company an exposure for the new product development as per the regulatory requirements and protocols

The continuous process improvement in Menadione derivatives and Saccharin has helped in both: ease of operations and the cost reduction. It has helped the Company to increase the volume of production.

Participation in the international fairs has helped the Company to create its own market presence and image of a technology driven company in the International market. It has also helped to analyze and decide the future course of action in the form of Identification of area of focus.

### 3) **Future Plans:**

The Company's R&D Center would have a clear business model of its own. The following would be the different roles to be played:

- Research of the complicated chains in Peptide synthesis
- Pilot plant commercialization of the Peptide synthesis.
- Focus on R&D Peptides.
- Listing of Products in Amino acids, Peptides.
- Sales of low volume and high value products.
- Long term marketing contracts.
- Strategic alliances with Multinational companies and Academic Institutes

### 4) **Expenditure incurred:**

The Company has incurred revenue expenditure of Rs. 1,32,46,037/- and no Capital Expenditure incurred for the year.

### **C. FOREIGN EXCHANGE EARNING AND OUTGO:**

Foreign Exchange earned Rs. 1041.74 lakhs and used Rs. 1517.94 lakhs during the year.

**CORPORATE GOVERNANCE**

Vishnu Chemicals Limited is committed to pursue the principles of good Corporate governance in order to be a good corporate citizen of India and also to keep abreast the shareholders of the Company with day-to-day affairs of the Company in the best possible manner.

**1. BOARD OF DIRECTORS**

The company has an Executive Chairman. The Chairman along with the Whole time Director manages the day-to-day affairs of the Company. The Board of the Company has a combination of Two Executive Directors and Four Non-Executive Directors comprising of 66% of the Board as on 31<sup>st</sup> March 2009.

**a) Composition and category of directors as on 31<sup>st</sup> March 2009**

Category	No. of Directors
Executive Directors(Promoter Directors)	2
Non-Executive Director(promoter Director)	1
Independent Directors	3
<b>Total</b>	<b>6</b>

**b) Attendance of each director at the Board meetings held during the year 2008-09 and at the last Annual General Meeting.**

Name of the Director	Meetings held during the tenure	Meetings Attended	Last AGM
Shri Ch Krishna Murthy	4	4	Yes
Smt Ch Manjula	4	4	Yes
Shri Ch Siddartha	4	1	No
Dr. S. Chandrasekhar	4	3	No
Shri J Appa Rao	3	3	Yes
Shri. U Dileep Kumar	1	1	No
Shri. B.L. Bajaj	2	1	No

**c) No. of other Boards/Board Committees in which the Directors are either Member or Chairman during the year 2008-09**

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	Nil	Nil
Shri J Appa Rao	Nil	2	Nil	Nil
Dr. S Chandrasekhar	Nil	Nil	Nil	Nil
Shri. B.L. Bajaj	1	2	1	Nil

**d) Number of Board Meetings held and dates on which they were held during 2008-09**

Quarter	No. of Meetings	Dates on which held
Apr-Jun	1	19.05.2008
Jul-Sep	1	31.07.2008
Oct-Dec	1	31.10.2008
Jan-Mar	1	31.01.2009

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.

None of the Non-Executive directors except Ch Siddartha has any pecuniary relationship or transactions with the company. Mr Ch Siddartha is related to the Managing Director and Whole Time Director and holding 9.18% of Shares in the Company.

**2. AUDIT COMMITTEE:**

The Audit Committee was formed with qualified and independent members of the Board of Directors 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., The Ahmedabad Stock Exchange Ltd., and The Madhya Pradesh 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 suspected fraud or irregularity of 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 Chairperson 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 B.L. Bajaj	Chairman	1
Shri U.Dileep Kumar	Member	1
Shri J Appa Rao	Member	3
Dr. S. Chandra Sekhar	Member	3

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 2008-09.

**3. REMUNERATION COMMITTEE:**

The Remuneration Committee consists of Three Independent Directors.

**a) Terms of Reference:**

The Committee specifically look into the remuneration payable to Executive Directors of the Company.

**b) Composition, Name of Members and Chair Person:**

The Committee comprises of the following Independent Directors.

- i) Shri U. Dileep Kumar - Chairman
- ii) Shri B.L. Bajaj - Member
- iii) Shri. V. Vimalanand - Member

## Vishnu Chemicals Limited

### REMUNERATION OF EXECUTIVE DIRECTORS:

The remuneration packages paid to the Executive Directors are fixed by the Board of Directors and approved by the Remuneration Committee and Shareholders of the Company. 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. (Rs.)	Sitting Fee
1	Shri Ch Krishna Murthy	Managing Director	48,00,000	Nil
2	Smt. Ch Manjula	Whole Time Director	45,00,000	Nil
3	Shri Ch. Siddartha	Director	Nil	Nil
4	Shri U. Dileep Kumar	Director	Nil	30,000
5	Shri J. Apparao	Director	Nil	Nil
6	Dr. S. Chandra Sekhar	Director	Nil	40,000
7	Shri Bajrang Lal Bajaj	Director	Nil	30,000

### 4. INVESTORS GRIEVANCE COMMITTEE:

The investors Grievance committee consists of three directors and re-constituted on 30<sup>th</sup> June, 2009.

#### 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) Shri B.L. Bajaj - Member
- iii) Dr V. Vimalanand - member

#### c. Name and Designation of compliance officer:

Shri P. Anjaneyulu, General manager (F & A), 6-3-662/B/4, 2<sup>nd</sup> Floor, Sri Sai Nilayam, Sangeetnagar Colony, Somajiguda, Hyderabad. Ph : 66626680-83

#### d. Details of Shareholders Complaints:

During the year the Company has received three complaints and the company has resolved all the complaints to the satisfaction of shareholders.

#### e. No. of Complaints not solved to the satisfaction of Shareholders:

There was no pending complaint during the year under review.

#### f. No. of pending share transfer :

All shares which were received for transfer during the year were transferred and no transfer was pending.

### 5. SHARE TRANSFER COMMITTEE

#### g. The committee met four times during the year and following is the attendance of the members.

Name of the Director	Position Held	No. of meetings attended
Shri. Ch. Krishna Murthy	Chairman	4
Shri. Ch. Manjula	Member	4

### 6. BOARD PROCEDURE:

At least four meetings are held every year and during the year under review 4 (four) Board meetings were held. Board meetings are conducted at the Registered office of the company. The Board meets at

## Vishnu Chemicals Limited

least once in every quarter to review the financial results and other items on the agenda. Notice for the Board meetings together with agenda are sent to all the directors in advance. The gap between two consequent board meetings did not exceed four months.

### 7. ANNUAL GENERAL MEETINGS:

- a. The Details of Annual General Meetings of the company held during the last three years are under:

For the year	Venue	Day & Date	Time
2006	6-3-662/B/4 Sri Sai Nilayam, 2 <sup>nd</sup> Floor, Sangeetnagar Colony, Somajiguda, Hyderabad - 82	Saturday, 24.06.2006	11.00 A.M.
2007	6-3-662/B/4 Sri Sai Nilayam, 2 <sup>nd</sup> Floor, Sangeetnagar Colony, Somajiguda, Hyderabad - 82	Thursday, 21.06.2007	3.00 P.M.
2008*	Hotel I K London, 6-3-656, kapadia lane, Somajiguda, Hyderabad - 500082	Friday, 05.12.2008	11.00 A.M.

\*The company has obtained extension of time for holding Annual General Meeting from the Registrar of Companies, Andhra Pradesh.

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

### 8. DISCLOSURES:

- a. Disclosures on materially significant related party transactions:

Name of the Party	Description of Relationship	Name of the Interested Director	Nature of Transaction	Business Rs.	Outstanding as on 31.03.2009
Vasantha Transport Corporation	Proprietor	Ch Krishna Murthy	Transport Services, Hire Charges	43721081	3648195
Vishnu Life Sciences Pvt Ltd	Member	Ch Siddartha	Conversion Lease Rentals	3647525	5159787
K.M.S. Infrastructure Ltd	Directors	Ch. Krishna Murthy and Ch Manjula	Contract Service	13347676	(5299096)

- b. Details of non-compliance by the company, penalties and strictures imposed on the company by the stock exchange, SEBI or any authorities on any matter related to capital markets:

The company delayed in filing the Audited Financial Statement by 44 days for the year 2007-08 with the Stock Exchanges. There are no any other non-compliance, penalties and stricture 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 and half yearly financial results and the annual audited financial results are published normally in the Andhra Prabha, Andhra Jyothi, The Financial Express, the Business Standard & Andhra Bhoomi in the State of Andhra Pradesh.

### MANAGEMENT DISCUSSION AND ANALYSIS:

The management discussion and analysis report forms part of this Annual Report.

# Vishnu Chemicals Limited

## 10. GENERAL SHAREHOLDERS INFORMATION:

### i. Annual General Meeting:

Day, date and time: Wednesday the 30<sup>th</sup> Day of September, 2009 at 11.00A.M. at Hotel I K London, 6-3-656, Kapadia Lane, Somajiguda, Hyderabad - 500 082 .

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

- (a) Full Name Smt. Ch. Manjula  
Date of Birth 17.05.1966  
Husband Name Sri. Ch. Krishna Murthy  
(Office address with telephone nos. where the Director is working) 6-3-662/B/4, Sri Sai Nilayam, Sangeet Nagar Colony, Somajiguda, Hyderabad - 500082  
Tel. No. : 040 - 6662 6680, 81,82,83  
Residence Address Plot No. 919, Jubili Hills Road No. 47, Hyderabad - 500033  
Telephone No. 040-23547166  
Permanent A/c No. ADDPC8722H  
Permanent Address Plot No. 919, Jubili Hills Road No. 47, Hyderabad - 500033
- (b) Full Name Sri. Ch. Siddartha  
Date of Birth 12.05.1985  
Father's Name Sri. Ch. Krishna Murthy  
(Office address with telephone numbers other than the Company's address) 6-3-662/B/4, Sri Sai Nilayam, Sangeet Nagar Colony, Somajiguda, Hyderabad.  
Tel. No. : 040 - 6662 6680, 81,82,83  
Residence Address Plot No. 919, Jubili Hills Road No. 47, Hyderabad - 500033  
Telephone No: 040-23547166  
Permanent A/c No. AGHPC0087C  
Permanent Address Plot No. 919, Jubili Hills Road No. 47, Hyderabad - 500033

### Market Price Data on monthly basis :

Script Code : 516072 Company : VISHNU CHEM For the Period : April 2008 to March 2009

Month	Open Price	High Price	Low Price	Close Price
April 2008	66.90	88.00	64.20	85.70
May 2008	89.45	118.90	82.60	100.65
June 2008	98.00	102.15	75.90	75.90
July 2008	74.00	91.95	68.65	87.75
August 2008	86.00	89.00	71.55	72.70
September 2008	71.00	78.00	54.50	58.25
October 2008	56.00	61.25	34.85	36.50
November 2008	35.55	39.60	24.15	25.45
December 2008	23.65	28.35	19.80	24.20
January 2009	25.25	31.95	24.30	26.90
February 2009	27.00	28.00	17.25	19.15
March 2009	18.15	21.00	12.75	19.25

### Registrar and Transfer Agents :

Sathguru Management Consultants Pvt. Limited  
Plot No.15, Hindi Nagar, Behind Saibaba Temple,  
Punjagutta, Hyderabad - 500 034  
Ph : 040 - 23350586 / 23356507 / 23356975; Fax : 040 - 23354042  
Email : [sta@sathguru.com](mailto:sta@sathguru.com)



# Vishnu Chemicals Limited

Share Holding pattern of the company as on 31<sup>st</sup> March 2009 is :

## Distribution of Share Holding Pattern

Category		No. of shares held		Total Shares	% of Holding
		Physical	Depository		
A.	Promoters' Holding				
1.	Promoters				
a.	Indian Promoters	7810	8977526	8985336	75.22
b.	Foreign Promoters*	0	0	0	0.00
c.	Persons acting in concert **	0	0	0	0.00
	SUB-TOTAL	7810	8977526	8985336	75.22
B.	Non-Promoters Holding				
3.	Institutional Investors				
a.	Mutual Funds and UTI	0	0	0	0.00
b.	Banks, Financial Institutions Insurance Companies (Central / State Govt. Institutions / Non-Government Institutions)	0	300	300	0.00
c.	FII's	0	0	0	0.00
	SUB-TOTAL	0	300	300	0.00
4.	Others				
a.	Private Corporate Bodies	6875	398122	404997	3.39
b.	Indian Public	314654	1745384	2060038	17.24
c.	NRI's / OCBs *	42240	453109	495349	4.15
d.	Any other (Please Specify)	0	0	0	0.00
	SUB-TOTAL	363769	2596615	2960384	24.78
	<b>GRAND TOTAL</b>	<b>371579</b>	<b>11574441</b>	<b>11946020</b>	<b>100</b>

\* Total Foreign Shareholding in number is 495349 amount to 4.15 percent and there is no GDR & ADR holdings in the company.

\*\* Holding of Persons Acting in concert is nil.

- During the year the company has forfeited 34430 Equity shares.

### Plant Locations (Factory) :

- |  |   |
|--|---|
| 1. SURVEY NO:15<br>Gaddapotharam<br>Medak District - 502 319<br>Andhra Pradesh       | 2. SURVEY NO.18-26<br>Nandini Road<br>Bhilai - 490 026<br>Chattishgarh                      |
| 3. Plot No.57<br>Phase III<br>IDA,Jeedimetla - 500 055<br>Hyderabad, Andhra Pradesh. | 4. Plot No.29<br>Pharma City<br>IOCL Road - 531 021<br>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

## **Vishnu Chemicals Limited**

### **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 16<sup>th</sup> Annual General meeting:

Date of Book Closure: 29.09.2009 to 30.09.2009 (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                           | The Stock Exchange, Ahmedabad Kamadhenu complex, Opp. Sahajanand College, Panjara Bole, Ahmedabad - 380 015  |
| c) Indore Stock Exchange*                             | The Stock Exchange, Indore Rajini Bhavan, 3 <sup>rd</sup> Floor, M G Road, Opp. High Court, Indore - 452 001 |
| 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.  |

\* The Company has made application for delisting of shares from the Exchange and same is under process at the Exchange

### **Declaration for Compliance with Code of Conduct**

Pursuant to Clause 49I(D) of the Listing Agreement, I hereby declare that the company has adopted a Code of Conduct for Director and senior management of the company at the meeting of the Board of Director.

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

Place : Hyderabad

Date : 02.09.2009

**For VISHNU CHEMICALS LIMITED**

Sd/-

**Ch. Krishna Murthy**  
Chairman & Managing Director

**Vishnu Chemicals Limited**

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

To

The Members of

**VISHNU CHEMICALS LIMITED**

Hyderabad

We have examined the compliance of conditions of Corporate Governance by **M/s VISHNU CHEMICALS LIMITED** ("the Company") for the year ended on **March 31, 2009** 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 : 02.09.2009

## Vishnu Chemicals Limited

### MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION:

#### Overview:

The financial statements have been prepared as per the requirements of the Companies Act, 1956. There are no material departures from the prescribed accounting standards in the adoption of the accounting standards. The management of the company accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflects in a true and fair manner, the form and substance of transactions, and reasonably present the Company's state of affairs and profits for the year.

#### Industry Structure and developments:

India Chemical Industry is one of the major contributor to the GDP and accounts for US\$ 25 Billion. Chemical Industry one of the fastest growing sectors of Indian economy and is growing around 12.5% per annum since independence. India was a net importer of chemicals in early 1990s, but over the last decade the country has been able to make a complete turn around and today it is one of the major exporters of chemicals due to the implementation of much large scale petrochemical plants and also because of tremendous growth of exports in sectors like bulk drugs and pharma, pesticides, dye and intermediates. The drugs and pharmaceuticals and the organic/inorganic/agro-chemicals contributed as much as 63% of total exports. This has been a Herculean task, which has been achieved by competing with big multinational corporations of the world. Chemical Industry in India is fragmented and dispersed with the presence of multi product and multi faceted chemicals. The sale network constitutes direct sales to large customers and through distribution channels. Distribution channels mostly consist of stockiest and dealers spread all over India addressing small segments and retail market.

#### Risks and concerns:

The Chemical Industry largely depends on the performance of Leather, paints and other related industry, if the performance of above industries affects, the chemical industry will also suffers.

#### Results of operations:

##### Exports:

An amount of Rs.1041.74 Lakhs/- was made towards exports sales and received Rs. 980.50 Lakhs towards foreign exchange during the Financial Year under review.

#### Financial Conditions:

<b>Share Capital:</b>	At present the company has equity shares of Rs. 10/- Per share and Preference share of Rs. 10/- per share. The Authorised Share Capital of the Company is 52,00,00,000/- The Issue, Subscribed and Paid Up Capital is of the company is Rs. 51,94,60,200/-.
<b>Reserves and Surplus:</b>	An Amount of Rs. 18,14,77,276/- is available under Reserves and Surplus as on 31.03.2009
<b>Loan Funds:</b>	We have availed Terms Loans of Rs. 40.00 Cores From Union Bank of India and Rs.19.65 crores from State Bank of Hyderabad, Andhra Bank, Punjab National Bank, and State Bank of India.
<b>Deferred Tax:</b>	The deferred Tax Asset has arised as the company has incurred losses during the year.

## Vishnu Chemicals Limited

### Fixed Assets:

Sl.No.	Particulars	Amount (in Rupees)	
		As on 31.03.2009	As on 31.03.2008
1	Land	45516536	42582406
2	Building	524465084	426027736
3	Plant & Machinery	1492197340	1087039013
4	Office Equipment	2654754	2195651
5	Furniture & fixtures	7557338	4330892
6	Vehicles	10776557	10665256
7	Data Process Equipment	5028907	4575932
8	Lab Equipment	5213449	5213449
9	Intangible Assets (Computer Software)	3000000	3000000
10	R&D Equipment	39282883	39282883
11	Goodwill	33731778	33731778
12	<b>Total</b>	<b>2169424626</b>	<b>1658644996</b>
13	Less: Accumulated Depreciation	249082437	173431145
14	Net Block	1920342189	1485213851
15	Capital work in progress	224571187	187324312
16	<b>Grand Total</b>	<b>2144913376</b>	<b>1672538163</b>

### Investments:

The Company having IDBI Growing Interest Bonds (98A) 10 Nos. of each Rs.5000/-, 60,000 Equity Shares of Rs.10/- each fully paid-up in M/s Koganti Power Limited (Un Listed) and 50,000 units of Rs.10/- each in SBI Mutual Funds.

### Sundry Debtors:

The sundry debtors stand at Rs. 1525.59 Lakhs as on 31.03.2009 against Rs. 1914.65 Lakhs as on 31.03.2008. The debtors are considered as good, for which the company holds no security other than the debtors personal guarantee.

### Cash and Cash Equivalents:

The company's cash and cash equivalents are as follows:

Particulars	Amount (in Rupees)	
	31.03.2009	31.03.2008
Cash and Cash Equivalents	588.82	190.15
Total assets	26934.20	21738.92
Cash and Cash Equivalents as a % of total assets	2.19%	0.87%

### 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 31.03.2009 and 31.03.2008 is given below.

CURRENT LIABILITIES:	Amount in (Rupees) As on 31.03.2009	Amount in Rupees As on 31.03.2008
1. Sundry Creditors	2851.91	4017.14
2. Other Liabilities	441.25	413.05
Total	3293.16	4430.19

## **Vishnu Chemicals Limited**

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### **Others:**

#### **Human Resources:**

The Company firmly believes that Human Resources and knowledge capital is vital for business success and creating values for share holders. The Company's philosophy is based on a pluralistic leadership and empowerment model, a performance driven and transparent culture. The Company's endeavor is to create competency based skill enhancement and development. The Company is rationalizing the internal rules, perquisites, entitlements and grades to flatten the organization further.

#### **Internal Control System:**

The Company has well defined internal control systems and procedures to ensure optimal use of Company's resources and protection thereof, facilitate accurate and speedy compilation of accounts and management information reports and compliance with laws and regulations. The Company has a well defined organization structure, authority levels and internal guidelines and rules for conducting business transactions. Internal / External auditor's observations and recommendations and adequacy of internal controls are also periodically reviewed by the Audit Committee of the Board of Directors.

#### **CERTIFICATION BY THE CHAIRMAN & MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER:**

The undersigned hereby certify the following under Clause 49 of listing agreement which forms part of the report of Corporate Governance

- a. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
  - i. These statements do not contain any materially untrue statement or omit any material fact nor do they contain statements that might be misleading;
  - ii. These statements together present a true and fair view of the company, and are in compliance with the existing accounting standards and / or applicable laws / regulations;
- b. We state to the best of our knowledge and belief, no transaction entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c. We are responsible for establishing and maintaining internal controls and have evaluated the effectiveness of internal control systems of the company; and have also disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, and what we have done or propose to do to rectify these;
- d. We have also disclosed to the auditors as well as the Audit Committee:
  1. Significant changes in accounting policies 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**  
General Manager (F&A)  
(Chief Financial Officer)

Sd/-

**CH. KRISHNA MURTHY**  
Chairman & Managing Director

**AUDITORS REPORT**

To

*The Members of VISHNU CHEMICALS LIMITED*

1. We have audited the attached Balance Sheet, **VISHNU CHEMICALS LIMITED** as at March 31, 2009, the Profit and Loss account and also Cash Flow statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Company Law Board in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, wherever applicable.
4. Further to our comments in the Annexure referred to above, 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, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - d. In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - e. On the basis of written representations received from the directors as on March 31, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - f. In our opinion and to the best of our information and according to the explanations given to us, subject to
    - i) *the brought forward reserves being overstated as a result of Capitalisation of Interest of Rs. 312.82 lakhs on Term Loans for the year 2007-2008 in contravention of AS16 issued by ICAI and also a resultant overstatement of Fixed Assets by Rs. 312.82 lakhs and depreciation reserve by Rs. 0.12 lakhs.*
    - ii) *Reference being drawn to Point 8 of the Notes on Accounts with regard to Managerial remuneration.* the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
      - i. in the case of the Balance Sheet of the state of affairs of the Company as at March 31, 2009, and
      - ii. in the case of the Profit and Loss account, of the Profit of the Company for the year ended on that date.
      - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

No.87, Road No.3,  
Gagan Mahal Colony

HYDERABAD  
June 30th, 2009

For C K S ASSOCIATES  
Chartered Accountants  
Sd/-

J. RAM SESH CHoudary  
Partner  
(Membership No. 202150)

## Vishnu Chemicals Limited

### 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) As per the information and explanations provided to us, 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) The procedures of physical verification of stocks followed by the management are reasonable and adequate, in relation to the size of the Company and the nature of its business.
  - c) The Company is maintaining proper records of inventory. No material discrepancies were noticed on verification between the physical stocks and the book records.
3.
  - a) As the company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, the matters to be reported under Paragraphs 4 (iii) (b), (c) and (d) are not applicable.
  - b) The Company has taken interest-free unsecured loans from three parties covered in the register maintained under Section 301 of the Companies Act, 1956, with a maximum outstanding of Rs.844.50 lakhs during the year and an amount of Rs.818.00 lakh outstanding as on March 31, 2009.
  - 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 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 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. According to the information and explanations provided to us, we are of the opinion that the Company has not accepted any deposits from the public and as such the directives issued by the Reserve Bank of India and the provisions of Section 58A and Section 58AA or any other relevant provisions of the Act and Rules framed there under are not applicable.
7. In our opinion, the Company has an internal audit system, commensurate with the size and nature of the business.
8. We have broadly reviewed the books of accounts 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. We have however not made a detailed examination of the records with a view to determine whether they are accurate.
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 no 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 were outstanding, as at March 31, 2009, for a period of more than six months from the date they became payable excepting Rs. 69.68 lakhs of entry tax, Rs.43.24 lakhs of Sales tax, 9.35 lakhs of Works Contract Tax, 21.26 lakhs of TDS/TCS and 2.50 lakh of Fringe Benefit Tax were outstanding.



## Vishnu Chemicals Limited

- 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 (Rs.in lakhs)	Period to which the amount relates	Forum where dispute is pending
Sales Tax	15.42	1999-2000	The Registrar, Board of Revenue, Bilaspur
Sales Tax	2.13	2001-2002	Dy. Commissioner (Appeals), Commercial Taxes, Durg, M.P
Sales Tax	6.10	2002-2003	The Registrar, Board of Revenue, Bilaspur.
VAT (In put Tax Credit)	6.61	2005-2006	The Deputy Commissioner, Comm Tax Dept, Nampally, Hyderabad.
Central Excise	46.82	1998-1999	CESTAT, Bangalore
Sales Tax	5.81	1998-1999	The High Court of Andhra Pradesh
Sales Tax	1.91	2005-2006	Appellate Deputy Commissioner of Commercial Tax, Durg
Central Excise	1.85	2008-2009	The Assistant Registrar, Office of the Customs Excise and Service Tax Appellate Tribunal, New Delhi
Central Excise	0.05	2008-2009	The Additional Commissioner, Office of the Commissioner customs, Raipur.
Central Excise	30.92	2008-2009	The Assistant Registrar, Office of the customs Excise and Service Tax Appellate Tribunal, New Delhi

10. The Company does not have any accumulated losses as on March 31, 2009. 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, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution or bank, *except the interest and principal fallen due during the year which were paid subsequent to due dates an amount of Interest of Rs.115.59 lakhs and Principal amount of Rs.13.05 lakhs.*
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), Second Part of paragraph 4(xiii) are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company does not deal or trade in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us the Company has not given guarantee for loans taken by others.
16. In our opinion and based on the information and explanations given to us, the term loans were applied for the purpose for which they were obtained.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that the funds raised on short-term basis have not been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures.
20. The Company has not raised any money through public issue.
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.

HYDERABAD  
June 30, 2009

For C K S ASSOCIATES  
Chartered Accountants

Sd/-

J. RAM SESH CHAUDARY

Partner

(Membership No. 202150)

**Vishnu Chemicals Limited**
**BALANCE SHEET AS AT MARCH 31, 2009**

	SCHEDULE	31-03-2009 Rs.	31-03-2008 Rs.
<b>I. SOURCES OF FUNDS:</b>			
<b>1. SHAREHOLDERS' FUNDS:</b>			
a. Capital	1	519,460,200	519,546,240
b. Reserves & Surplus	2	181,477,276	262,182,267
		700,937,476	781,728,507
<b>2. LOAN FUNDS:</b>			
a. Secured Loans	3	1,732,225,440	1,186,270,975
b. Unsecured Loans	4	173,131,501	110,503,911
		1,905,356,941	1,296,774,886
<b>3. DEFERRED TAXATION</b>		87,125,521	95,388,625
<b>TOTAL</b>		2,693,419,938	2,173,892,018
<b>II. APPLICATION OF FUNDS:</b>			
<b>1. FIXED ASSETS:</b>	5		
a. Gross Block		2,169,424,626	1,658,644,996
b. Depreciation		249,082,437	173,431,145
c. Net Block		1,920,342,189	1,485,213,851
d. Capital Work-in-progress		224,571,187	187,324,312
		2,144,913,376	1,672,538,163
<b>2. INVESTMENTS</b>	6	1,150,000	1,150,000
<b>3. CURRENT ASSETS, LOANS &amp; ADVANCES:</b>			
a. Inventories	7	487,171,539	505,567,052
b. Sundry Debtors	8	152,559,579	191,464,802
c. Cash & Bank Balances	9	58,881,714	19,015,278
d. Other Current Assets	10	240,027	627,201
e. Loans and Advances	11	195,572,689	252,633,708
		894,425,548	969,308,041
<b>Less: CURRENT LIABILITIES &amp; PROVISIONS</b>			
a. Current Liabilities	12	329,316,459	443,019,560
b. Provisions	13	20,348,337	31,276,246
		349,664,796	474,295,806
<b>NET CURRENT ASSETS</b>		544,760,752	495,012,235
<b>4. MISCELLANEOUS EXPENDITURE</b>	14	2,595,810	5,191,620
<b>TOTAL</b>		2,693,419,938	2,173,892,018

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**
**21**
**Per our report of even date**
**For CKS ASSOCIATES**
**Chartered Accountants**
**Sd/-**
**J. RAM SESH CHAUDARY**
**Partner**
**Membership No. 202150**
**For and on behalf of the Board of Directors**
**Sd/-**
**CH. KRISHNA MURTHY**
**Chairman & Managing Director**
**Sd/-**
**CH. MANJULA**
**Director**
**Place : Hyderabad**
**Date : 30.06.2009**

# Vishnu Chemicals Limited

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING MARCH 31, 2009

	SCHEDULE	31-03-2009 Rs.	31-03-2008 Rs.
<b>INCOME</b>			
Sales		1,424,918,076	1,440,964,037
Less: Excise duty		116,638,621	181,181,883
		<b>1,308,279,455</b>	<b>1,259,782,154</b>
Other Income	15	15,717,284	6,508,158
		<b>1,323,996,739</b>	<b>1,266,290,312</b>
<b>EXPENDITURE</b>			
Raw Material Consumed	16	655,343,161	590,241,681
Payments & benefits to employees	17	34,720,563	14,097,454
Manufacturing, Administrative & Selling expenses	18	491,037,630	426,210,005
Financial Costs	19	183,382,855	34,578,392
Depreciation		76,227,033	40,585,284
Miscellaneous expenditure written off		2,595,810	2,595,810
Decrease / (Increase) in Stocks	20	(32,899,539)	11,338,978
		<b>1,410,407,513</b>	<b>1,119,647,604</b>
<b>PROFIT FOR THE YEAR</b>		<b>(86,410,774)</b>	<b>146,642,708</b>
Prior Period Expenditure (Net)		2,143,361	403,917
<b>PROFIT BEFORE TAX</b>		<b>(88,554,135)</b>	<b>146,238,791</b>
<b>PROVISION FOR TAX</b>			
Current Tax		0	17,100,000
Deferred Tax		(8,263,104)	44,009,037
Fringe Benefit Tax		500,000	500,000
Prior Period Taxes		0	4,845,748
Mat Credit Entitlement		0	17,100,000
<b>PROFIT AFTER TAX</b>		<b>(80,791,031)</b>	<b>96,884,006</b>
Add: Surplus Carried from Previous year		233,182,267	159,274,507
<b>AMOUNT AVAILABLE FOR APPROPRIATIONS</b>		<b>152,391,236</b>	<b>256,158,513</b>
Transfer to General Reserve		0	9,000,000
Proposed Dividend		0	11,946,020
Tax on Dividend		0	2,030,226
<b>SURPLUS TRANSFERRED TO BALANCE SHEET</b>		<b>152,391,236</b>	<b>233,182,267</b>
<b>EARNINGS PER SHARE:</b>			
Basic & Diluted		(6.76)	8.10

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

21

Per our report of even date

For C K S ASSOCIATES

Chartered Accountants

Sd/-

J. RAM SESH CHAUDARY

Partner

Membership No. 202150

For and on behalf of the Board of Directors

Sd/-

CH. KRISHNA MURTHY

Chairman & Managing Director

Sd/-

CH. MANJULA

Director

Place : Hyderabad

Date : 30.06.2009

# Vishnu Chemicals Limited

## SCHEDULE - 1

### SHARE CAPITAL

	31-03-2009 Rs.	31-03-2008 Rs.
<b>AUTHORISED CAPITAL:</b>		
12,000,000 Equity shares of Rs. 10/- each	120,000,000	120,000,000
40,000,000 7% Redeemable Preference Shares of Rs.10/- each	400,000,000	400,000,000
	520,000,000	520,000,000
<b>ISSUED, SUBSCRIBED &amp; PAID-UP CAPITAL:</b>		
11,946,020 (11,980,450) Equity Shares of Rs.10/- each	119,460,200	119,804,500
Less: Calls unpaid from Shareholders	0	258,260
Paid Up Equity Capital	119,460,200	119,546,240
7% Redeemable Preference Share Capital	400,000,000	400,000,000
	519,460,200	519,546,240

## SCHEDULE - 2

### RESERVES & SURPLUS

<b>Capital Reserve</b>		
Shares Forfeiture	86,040	0
<b>General Reserve</b>		
Opening Balance	29,000,000	20,000,000
Add: Addition for the year	-	9,000,000
Closing Balance	29,000,000	29,000,000
<b>Profit &amp; Loss Account</b>		
	152,391,236	233,182,267
	181,477,276	262,182,267

## SCHEDULE - 3

### SECURED LOANS

<b>Term Loans -</b>		
from Andhra Pradesh State Financial Corporation	0	49,820,632
from Banks	1,269,575,383	732,338,585
Working Capital Borrowings	461,660,454	402,126,829
Hire Purchase Loans	989,603	1,984,929
	1,732,225,440	1,186,270,975

## SCHEDULE - 4

### UNSECURED LOANS

Sales Tax Deferment	24,263,950	24,263,950
From - Directors	81,800,000	27,214,000
- Others	67,067,551	59,025,961
	173,131,501	110,503,911

SCHEDULE 5: STATEMENT OF FIXED ASSETS & DEPRECIATION FOR THE YEAR ENDING 31st MARCH, 2009

SL. No.	DESCRIPTION OF THE PROPERTY	GROSS BLOCK				DEPRECIATION				NET BLOCK		
		As on 01.04.2008 Rs.	Additions for the Period Rs.	Capitalised during the Period Rs.	Deletions for the Period Rs.	As on 31.03.2009 Rs.	As on 01.04.2008 Rs.	Additions for the Period Rs.	Deletions for the Period Rs.	As on 31.03.2009 Rs.	As on 31.03.2009 Rs.	As on 31.03.2008 Rs.
1	Land Factory	42,582,406	2,934,130	-	-	45,516,536	-	-	-	-	45,516,536	42,582,406
2	Buildings - Factory	426,027,736	-	98,437,348	-	524,465,084	15,815,276	14,531,354	-	30,346,630	494,118,454	410,212,460
3	Plant & Machinery	1,087,039,013	18,147	405,140,180	-	1,492,197,340	108,112,436	57,810,720	-	1,65,923,156	1,326,274,184	978,926,577
4	Lab Equipments	5,213,449	-	-	-	5,213,449	843,709	247,639	-	1,091,348	4,122,101	4,369,740
5	R & D Equipment	39,282,883	-	-	-	39,282,883	1,628,876	1,865,937	-	3,494,813	35,788,070	37,654,007
6	Data Process Equipment	4,575,932	452,975	-	-	5,028,907	3,126,089	448,586	-	3,574,675	1,454,232	1,449,843
7	Office Equipment	2,195,651	439,103	-	-	2,634,754	832,245	136,162	-	968,407	1,666,347	1,363,406
8	Furniture & Fixtures	4,330,892	3,226,446	-	-	7,557,338	1,631,062	276,847	-	1,907,909	5,649,429	2,699,830
9	Vehicles	10,665,256	1,062,746	-	951,445	10,776,557	4,709,674	909,788	575,741	5,043,721	5,732,836	5,955,582
10	Computer Software	3,000,000	-	-	-	3,000,000	3,000,000	-	-	3,000,000	-	-
11	Goodwill	33,731,778	-	-	-	33,731,778	33,731,778	-	-	33,731,778	-	-
		1,658,644,996	8,153,547	503,577,528	951,445	2,169,424,626	173,431,145	76,227,033	575,741	249,082,437	1,920,342,189	1,485,213,851
	Capital Work in Progress:											
11	Civil Works Under Construction	11,170,161	119,955,554	-	80,446,250	50,679,465	-	-	-	-	50,679,465	11,170,161
12	Plant & Machinery under erection	146,456,175	346,932,913	-	333,162,928	160,226,160	-	-	-	-	160,226,160	146,456,175
13	Pre-Operative Exp. Pending	29,697,988	73,935,924	-	89,968,350	13,665,562	-	-	-	-	13,665,562	29,697,988
		187,324,312	540,824,391	-	503,577,528	224,571,187	-	-	-	-	224,571,187	187,324,312
	TOTAL	1,845,969,308	548,977,938	503,577,528	504,528,973	2,393,995,813	173,431,145	76,227,033	575,741	249,082,437	2,144,913,376	1,672,538,163
	Previous year	875,039,349	970,929,959	766,638,600	766,638,600	1,845,969,319	132,845,861	40,585,284	-	173,431,145	1,672,538,163	742,193,488

# Vishnu Chemicals Limited

## SCHEDULE - 6

### INVESTMENTS

	31-03-2009 Rs.	31-03-2008 Rs.
Long Term :		
<u>Quoted</u>		
SBI Mutual Funds (50,000 Units of Rs. 10/- each, Market Value Rs. 2,73,500)	500,000	500,000
<u>UnQuoted</u>		
<i>Equity Shares - At Cost</i>		
60,000 Shares of Rs.10/- each fully paid-up in Koganti Power Ltd.	600,000	600,000
<i>Bonds - At Cost</i>		
10 Bonds of Rs. 5,000/- each of IDBI Growing Interest 98A Series	50,000	50,000
	1,150,000	1,150,000

## SCHEDULE - 7

### INVENTORIES

(As certified by the Management)		
Raw Materials	301,053,259	368,498,891
Stores & Consumables	31,235,461	30,153,882
Stock-in-process	125,176,013	80,165,223
Finished Goods	11,150,947	23,262,197
Stock at yard/in Transit	18,555,859	3,486,859
	487,171,539	505,567,052

## SCHEDULE - 8

### SUNDRY DEBTORS

<i>Unsecured, considered good</i>		
Outstanding for a period exceeding six months	12,527,677	37,261,323
Other Debts	140,031,902	154,203,479
	152,559,579	191,464,802

## SCHEDULE - 9

### CASH & BANK BALANCES

Cash on hand	526,565	315,229
Balances with Scheduled Banks in		
- Current Accounts	6,352,415	0
- Margin Money Deposits	52,002,734	18,700,049
	58,881,714	19,015,278

## SCHEDULE - 10

### OTHER CURRENT ASSETS

Interest receivable	240,027	627,201
	240,027	627,201

# Vishnu Chemicals Limited

## SCHEDULE - 11 LOANS AND ADVANCES

	31-03-2009 Rs.	31-03-2008 Rs.
<i>Unsecured, considered good</i>		
Advances recoverable in cash or kind or for value to be received	33,900,270	97,777,864
Deposits	8,843,343	9,248,073
Balances with Central Excise & Sales Tax	134,352,323	127,769,046
Balances with Income Tax	17,844,971	17,707,517
Prepaid expenses	631,782	131,208
	195,572,689	252,633,708

## SCHEDULE - 12 CURRENT LIABILITIES

Sundry creditors	272,486,928	395,596,991
Advances from customers	12,704,180	6,117,166
Deposits from Suppliers	260,227	268,000
Outstanding liabilities	10,859,157	13,953,072
Interest accrued but not due	0	1,078,587
Overdraft in current accounts	0	58,137
Other Liabilities	33,005,967	25,947,607
	329,316,459	443,019,560

## SCHEDULE - 13 PROVISIONS

Income Tax	17,818,111	17,100,000
Fringe Benefit Tax	500,000	200,000
Dividend	0	11,946,020
Dividend Tax	2,030,226	2,030,226
	20,348,337	31,276,246

## SCHEDULE - 14 MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)		
Product Development Expenditure	5,191,620	7,787,430
Less: Written off during the year	2,595,810	2,595,810
	2,595,810	5,191,620

## SCHEDULE - 15 OTHER INCOME

Interest earned	2,298,741	2,147,714
Balances written back (Net)	1,118,119	1,052,144
Testing Charges Collected	5,504,132	1,364,915
Other Income	6,771,995	1,943,385
Profit on sale of Assets	24,297	0
	15,717,284	6,508,158

## SCHEDULE - 16 RAW MATERIAL CONSUMED

Opening Stock	368,498,891	31,394,154
Add: Purchases	587,897,529	927,346,418
Total	956,396,420	958,740,572
Less: Closing Stock	301,053,259	368,498,891
	655,343,161	590,241,681

# Vishnu Chemicals Limited

## SCHEDULE -17 PAYMENTS & BENEFITS TO EMPLOYEES

	31-03-2009	31-03-2008
	Rs.	Rs.
Salaries & Wages	24,443,046	10,090,201
Staff & Workmen welfare Expenses	6,960,767	3,018,898
Contribution to Provident & Other Funds	3,316,750	988,355
	34,720,563	14,097,454

## SCHEDULE - 18 MANUFACTURING, ADMINISTRATIVE & SELLING EXPENSES

Stores, Consumables & Fuel	256,260,390	213,548,628
Power	30,862,402	23,576,910
Conversion charges	3,407,525	5,020,798
Labour costs	16,388,628	11,004,474
Repairs & Maintenance - Machinery	23,414,125	15,721,653
Repairs to Buildings	112,493	136,976
Factory Maintenance	12,162,591	3,745,536
Effluent Disposal expenses	10,423,137	11,076,965
Sales Tax & Entry Tax	39,207,954	49,429,118
Rates & Taxes	4,303,999	2,691,319
Insurance	2,386,045	1,829,135
Rent	1,465,700	1,596,403
Travelling, Vehicle Maintenance & Conveyance	4,976,590	1,937,803
Communication expenses	1,917,332	826,635
Printing & Stationery	800,584	507,745
Transportation	9,962,023	10,812,485
Bank charges	10,084,922	7,007,866
Packing & Forwarding	12,654,156	12,661,879
Other Selling Costs	23,694,620	36,824,245
Professional & Consultancy charges	4,960,481	1,533,204
Remuneration to Directors	2,325,000	1,649,297
Directors Sitting Fees	100,000	210,000
Security charges	2,473,551	1,278,642
Other Expenses	3,447,345	2,492,669
Expenditure on Scientific Research	13,246,037	9,089,620
	491,037,630	426,210,005

## SCHEDULE - 19 FINANCIAL COSTS

Interest on Term Loans	86,578,460	4,298,960
Interest on Working Capital borrowings	58,298,655	17,646,828
Interest on Hire Purchase loans	153,298	246,703
Interest - Others	32,088,906	11,093,989
Loan processing charges/Up Front Fee	6,263,536	1,291,912
	183,382,855	34,578,392

## SCHEDULE - 20 INCREASE/DECREASE IN STOCKS

<i>Stocks under process</i>		
Opening Stock	80,165,223	69,263,788
Less: Closing Stock	125,176,013	80,165,223
	(45,010,790)	(10,901,435)
<i>Finished Goods</i>		
Opening Stock	23,262,197	45,502,610
Less: Closing Stock	11,150,947	23,262,197
	12,111,250	22,240,413
Net (Increase) / Decrease	(32,899,539)	11,338,978



# Vishnu Chemicals Limited

## SCHEDULE - 21

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING A PART OF THE ACCOUNTS FOR THE YEAR ENDING MARCH 31, 2009

#### A. 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 Profit and loss account 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 comprises 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 & rebates and is inclusive of excise duty, sales tax 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. Sales tax paid is charged to profit and loss account.

## Vishnu Chemicals Limited

### 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 by Life Insurance Corporation of India based on the unit credit method. Actuarial gains or losses are recognized in the Profit and Loss Account

### 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) Miscellaneous Expenditure:

Product Development Expenditure is amortized over the estimated period of benefit.

### n) Research & Development Expenditure:

Capital Expenditure incurred has been disclosed separately in schedule of fixed assets and revenue expenditure incurred during the Research phase is charged to the Profit and Loss Account in the year of incurrence.

### o) 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 in the Profit and Loss account.

### p) 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.

## B. Notes on Accounts:

### 1. Redeemable Preference Shares:

The 7% Redeemable Preference Shares are redeemable, at the option of the company after 10 years from the date of issue, in terms of the Articles of Association of the Company.

#### Dividend on Redeemable Preference Share Capital:

Dividends on the 7% Redeemable Preference Share Capital of Rs.40 crores has not been provided for the year 2008-09 as the company incurred loss for the year. However as the Preference Shares are cumulative in nature, the amount payable as dividend is being shown as a Contingent liability.

### 2. Secured Loans:

- i) The Term Loans from Banks are secured by way of first pari passu charge on the fixed assets of the Company and second pari passu charge on the current assets of the company and are inclusive of overdue accrued interest of Rs.115.59 lakhs and principal overdue of Rs.13.05 lakhs.
- ii) Working capital loans from Banks are secured by first pari passu charge by way of hypothecation of inventory, book debts and other current assets of the company, and second pari passu charge on the fixed assets of the company.

## Vishnu Chemicals Limited

- iii) The hire purchase loans taken from HDFC and TATA Capital are secured against the assets purchased out of those loans. The net carrying amount of assets acquired on hire purchase as on 31st March 2009 is Rs.17,18,447/-. The company had capitalized the assets at their fair value considering 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 disclosed under secured loan. The details are as follows:-

Particulars	Minimum Lease Payments O/s		Future interest on O/s Lease payments		P V of Minimum Lease Payments	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Within one Year	5.58	17.26	0.86	1.08	4.72	16.18
Later than one year and not later than 5 years	5.53	4.03	0.35	0.36	5.18	3.67

### 3. Contingent Liabilities:

	Current Year 2008-09 (Rs.Lakhs)	Previous Year 2007-08 (Rs.Lakhs)
(a) Claims against the company not acknowledged as debts	117.62	105.95
(b) Indemnity given by Company to the banks for Bank Guarantees and Letters of Credit	1625.65	1565.35
(c) Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of Advances)	755.90	1386.12
(d) Dividend on 7% Redeemable Preference Shares	280.00	-

### 4. Segment Reporting:

Information given in accordance with the requirement of Accounting Standard - 17, on Segment Reporting issued by the Institute of Chartered Accountants of India.

Company's business segments are as under:

#### 1. Inorganic Chemicals

The Company is engaged in the manufacture of inorganic chemicals which are used in Active Pharmaceutical Ingredients, leather, water treatment, paint and other speciality areas.

#### 2. Active Pharmaceutical Ingredients (API)

The Company is engaged in the manufacture of APIs which are used in Pharmaceutical industry.

#### Segment Accounting Policies:

Segment accounting disclosures are in line with accounting policies of the Company. However, the following specific accounting policies have been followed for Segment reporting:

1. Segment Revenue includes Sales and other income directly identifiable with/allocable to the segment including inter-segment revenue.
2. Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result. The expenses, which relate to the Company as a whole and not allocable to Segment, are included under "unallocable expenditure".
3. Income which relates to the Company as a whole and not allocable to segments is included in "unallocable income".
4. Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities relate to the Company as a whole and not allocable to any segment.
5. Transactions between segments are primarily for materials, which are transferred at market-determined prices

# Vishnu Chemicals Limited

## Particulars of Segment Revenue & Results:

(Rs. in lakhs)

Sl. No.	PARTICULARS	INORGANIC CHEMICALS	A P I	UNALLO-CABLE	TOTAL
1	<b>Revenue:</b>				
	External Sales	11766.83	991.47	-	12758.30
		10572.93	1621.85	-	12194.78
	Add: Inter segment Sales	329.97	7.07	-	337.04
		236.36	13.20	-	249.56
	<b>Total Revenue</b>	<b>12096.80</b>	<b>998.54</b>	<b>-</b>	<b>13095.34</b>
		10809.29	1635.05	-	12444.34
2	<b>Result:</b>				
	Segment-Result before interest and taxes after excluding other unallocable items	1144.10	41.20	-	1185.30
		1693.14	98.50	-	1791.64
	Net of Unallocated Expenses \ (Income)				238.57
					20.57
	Less: Interest Expenses (Net)				1810.84
					345.78
3	(a) Profit/(Loss) for the year				(864.11)
					1466.43
	(b) Prior period Expenditure				21.43
					4.04
	(c) Profit / (Loss) before tax				(885.54)
					1462.39
	(d) Taxation				-
	Current				171.00
	Deferred				+82.63
	Prior Period				-
Fringe Benefit Tax				48.46	
				5.00	
Mat.Credit				-	
				171.00	
4	<b>Profit / (Loss) after Tax</b>				<b>(807.91)</b>
					968.84

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Particulars of Segment Assets, Liabilities & other Information: (Rs.in'lakhs)

Sl. No.	PARTICULARS	INORGANIC CHEMICALS	A P I	UNALLO-CABLE	TOTAL
1	SEGMENT ASSETS	<b>29529.34</b>	<b>807.74</b>	<b>93.75</b>	<b>30430.83</b>
		<i>24304.59</i>	<i>1148.07</i>	<i>1028.63</i>	<i>26481.29</i>
2	LAIBILITIES	<b>22661.01</b>	<b>556.97</b>	<b>203.48</b>	<b>23421.46</b>
		<i>16230.94</i>	<i>959.37</i>	<i>1473.70</i>	<i>18664.01</i>
3	OTHER INFORMATRION				
	Depreciation	<b>724.85</b>	<b>31.60</b>	<b>5.82</b>	<b>762.27</b>
		<i>372.82</i>	<i>28.79</i>	<i>4.24</i>	<i>405.85</i>
	Amortization	-	-	<b>25.96</b>	<b>25.96</b>
		-	-	<i>25.96</i>	<i>25.96</i>
	Capital Expenditure	<b>5105.63</b>	<b>0.57</b>	<b>11.11</b>	<b>5117.31</b>
		<i>8084.65</i>	<i>169.76</i>	<i>17.64</i>	<i>8272.05</i>
	<b>Unallocated Assets:</b>				
	Other Assets				<b>56.30</b>
					<i>965.21</i>
	Investments				<b>11.50</b>
					<i>11.50</i>
	Miscellaneous Expenditure (to the extent not W/off				<b>25.95</b>
	Total				<i>51.92</i>
					<b>93.75</b>
					<i>1028.63</i>
	<b>Unallocated Liabilities:</b>				
	Loans - Secured				-
					<i>18.44</i>
	Loans - Unsecured				-
					<i>100.00</i>
	Differed tax liability				-
					<i>953.89</i>
	Other Liabilities & Provisions				<b>203.48</b>
					<i>401.37</i>
	<b>Total</b>				<b>203.48</b>
					<i>1473.70</i>

Information about secondary business segments

Geographic Segment:

The Company has two (2) geographical segments, i.e., (1) Domestic: (2) External. However, there is only one reportable segment, i.e., Domestic due to exports being less than 10% of total sales and also due to the fact that there are no out side India units/ Assets:

Revenue attributable to location of customers is as follows:

Geographic Location	Revenue	%
India	<b>13207.44</b>	<b>92.69%</b>
	<i>13494.78</i>	<i>93.65%</i>

Segment assets based on their location are as follows:

Geographic Location	Carrying amount of Segment assets	Additions to Fixed Assets
India	<b>30430.83</b>	<b>5117.31</b>
	<i>26481.30</i>	<i>8272.05</i>

Note: Current Year's Figures are shown in Bold & Previous year's shown in Un bold & italic type.

## Vishnu Chemicals Limited

### 5. Related Party Disclosures:

#### Key Management Personnel:

1. Sri. Ch. Krishna Murthy, CMD
2. Smt. Ch. Manjula, whole time Director
3. Sri Ch. Siddartha

#### Concerns in which key management personnel are proprietors/directors:

1. Vasantha Transport Corporation
2. K.M.S. Infrastructure Limited
3. Vishnu Life Sciences Private Limited

#### Details of Transactions:

Nature of Transaction	Key Management Personnel		Concerns in which Key Management is interested		Concerns in which relatives of Key Management are interested	
	2008-09 Rs.	2007-08 Rs.	2008-09 Rs.	2007-08 Rs.	2008-09 Rs.	2007-08 Rs.
Purchases	-	18.70	-	0.53	-	-
Sales	-	-	-	25.46	-	-
Conversion Charges	-	-	34.08	50.04	-	-
Remuneration	93.00	93.00	-	-	-	-
Rent	-	-	2.40	2.40	-	-
Service Charges	-	-	-	-	-	-
Transportation Charges	403.91	840.56	-	-	-	-
Hire Charges	33.30	13.20	-	-	-	-
Contract Service	-	-	133.47	484.75	-	-
Receivables as on 31-03-09	-	-	52.99	3.06	-	1.69
Payables as on 31-03-09	36.48	114.06	51.60	44.18	-	-

### 6. Earning per share

	2008-09 (Rs. In Lakhs)	2007-08 (Rs. In Lakhs)
Profit after tax available to Equity Share holders (a)	(807.91)	968.84
Weighted Average no of Shares Basic & Diluted (b)	11,946,020	11,954,624
Earning per Share Basic & Diluted (a)/(b)	(6.76)	8.10

### 7. Deferred Taxation:

	2008-09 (Rs. in lakhs)	2007-08 (Rs. in lakhs)
Deferred Tax Liability as on Balance sheet date in respect of timing difference arising on account of difference between straight line and written down value Method and rates of depreciation and claim of deferred revenue Expenditure	1652.75	1160.85
Less: Deferred tax asset as on Balance sheet date in		

respect of unabsorbed depreciation/losses and allowable expenses u/s 43B	781.49	206.96
Deferred Tax Liability up to Balance Sheet Date	871.26	953.89
Less: Opening deferred tax liability	953.89	513.80
Net Deferred Tax Liability: (Asset) for the year	(82.63)	440.09

8. **Managerial Remuneration:**

Particulars	2008-09 (Rs. in lakhs)	2007-08 (Rs. in lakhs)
Remuneration paid to Managing Director Salary and Allowances [Out of the above, Rs. 36.00 (Rs. 39.48 lakhs for Previous year) has been capitalized as their services are utilized for Project Works]	48.00	48.00
Remuneration paid to Whole Time Directors Salary and Allowances [Out of the above Rs. 33.75 (Rs. 37.02/- lakhs for Previous year) has been Capitalized as their services are utilized for Project Works]	45.00	45.00

The Provisions of Schedule XIII of the Company's Act, 1956 has not been complied with. However, the Company is taking necessary steps to comply with the same.

9. **Auditors' Remuneration**

Particulars	2008-09 (Rs. in lakhs)	2007-08 (Rs. in lakhs)
1. Statutory Audit Fee	3.00	3.00
2. Tax Audit Fee	1.00	1.00
3. Other matters	0.45	1.05

10. **Employee Benefits:**

Defined benefit plans as per actuarial valuation on 31st March, 2009

	Gratuity (Funded) (Rs. in lakhs)	Leave Encashment (Funded) (Rs. in lakhs)
1. <b>Assumptions:</b>		
Discount Rate	8%	7%
Escalation	4%	4%
2. <b>Changes in present value of obligations:</b>		
Present value of obligations at beginning of year	14.04	3.02
Interest Cost	1.12	0.23
Current Service Cost	2.01	4.26
Benefits Paid	(1.31)	(0.10)
Actuarial (gain)/ loss on obligation	10.13	(0.02)
Present Value of obligation at end of year	25.99	7.40

	Gratuity (Funded) (Rs. in lakhs)	Leave Encashment (Funded) (Rs. in lakhs)
<b>3</b>	<b><u>Changes in present value of plan assets:</u></b>	
	Fair value of plan assets at beginning of year	17.29
	Expected return on plan assets	3.77
	Contributions	1.46
	Benefits paid	0.00
	Actuarial gain / (loss) on plan assets	(1.31)
	Fair value of plan assets at the end of year	(0.10)
		0.00
		17.44
		4.02
<b>4</b>	<b><u>Fair value of plan assets:</u></b>	
	Fair value of plan assets at beginning of year	17.29
	Actual return on plan assets	3.77
	Contributions	1.46
	Benefits paid	0.00
	Fair value of plan assets at the end of year	(1.31)
	Funded status	(0.10)
	Excess of Actual over estimated return on plan assets	4.02
	(actual rate of return = Estimated rate of return as ARD falls on 31st march)	3.38
		0.00
<b>5</b>	<b><u>Actual gain/ (loss) for the year - Recognized</u></b>	
	Actual gain/ (loss) for the year - Obligation	10.13
	Actual gain/ (loss) for the year - plan assets	0.02
	Total (gain)/ loss for the year	Nil
	Actual (gain)/loss recognized in the year	10.13
		0.02
<b>6</b>	<b><u>The amounts to be recognized in the balance sheet and Statements of Profit and Loss</u></b>	
	Present value of obligations as at the end of year	25.99
	Fair value of plan assets as at the end of the year	7.40
	Funded status	17.44
	Net assets / (liabilities) recognized in balance sheet	4.02
		(8.56)
		(3.38)
		(3.38)
<b>7</b>	<b><u>Expenses recognized in statement of profit &amp; loss</u></b>	
	Current service cost	2.01
	Interest Cost	4.26
	Expected return on plan assets	1.12
	Net actual (gain)/ loss recognized in the year	(1.46)
	Expenses recognized in statement of Profit & loss	10.13
		(0.02)
		11.81
		4.14

11. The company is unable to furnish the additional information required in terms of Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006 since it has no information from any of its creditors as to whether any of them constitute 'Suppliers' within the meaning of Section 2(n) of the Act
12. Due to non availability of suitable candidate, the company has not appointed a full time company secretary as per requirement of section 383 A of the Companies Act, 1956. However the company is making efforts to appoint a full time secretary, a compliance Certificate has been obtained from a Practicing Company Secretary.
13. The decrease in share capital is due to forfeiture of 34,430 Equity shares partly paid to the extent of Rs.7.50/- each, which were part of public share holding. As a result the paid up equity share capital has been come down by Rs.86,040/- and the public share holding has come down by 0.22%.



# Vishnu Chemicals Limited

14. Additional information pursuant to the provisions of paragraphs 3,4C and 4D of Part II Schedule VI to the Companies Act, 1956.

Production Details		2008-2009		2007-2008	
		Qty/ Mts	Rs. in lakhs	Qty/ Mts	Rs. in lakhs
<b>A</b>	<b>1. LICENSED CAPACITY</b>	No License required		No License required	
	<b>2. CAPACITY INSTALLED(TPA)</b>				
	Sodium Bichromate	93,000		93,000	
	The API Unit at Jeedimetla being Primarily a R & D facility, installed Capacity there of is not quantifiable (as Certified by the management relied upon by Auditors being a technical matter)				
	<b>3. ACTUAL PRODUCTION</b>				
	Sodium Bichromate	10,075.194		14,742.955	
	Basic Chromium Sulphate	9,201.050		11,455.865	
	Yellow Sodium Sulphate	7,780.300		10,936.440	
	Chromic Acid	349.039		405.148	
	White Sodium Sulphate	1,998.300		2,376.400	
	Sacchrine	549.980		212.513	
<b>B</b>	<b>SALES</b>				
	Sodium Bichromate *	10,094.129	5,708.77	14,982.328	6,804.39
	Basic Chromium Sulphate *	9,336.818	4,248.03	12,001.490	3,643.57
	Yellow Sodium Sulphate *	7,907.090	117.79	9,437.086	164.85
	Chromic Acid *	351.450	734.48	416.370	545.70
	White Sodium Sulphate	2,034.500	203.44	2,346.300	170.57
	Sacchrine *	548.241	2,105.81	219.938	204.07
	API		724.58		1,647.23
	Others		406.28		1,229.26
			<b>14,249.18</b>		<b>14,409.64</b>
	(* Includes Captive Consumption of 4905.540 Mts of SB, 189.733 mts of BCS, 10.2 mts of Chromic Acid, 2247.01 mts of YSS, 266.79 mts of Saccharine)				
<b>C</b>	<b>STOCK OF FINISHED GOODS</b>				
	Sodium Bichromate	19.186	12.87	38.121	9.90
	Basic Chromium Sulphate	17.907	8.28	153.675	18.19
	Yellow Sodium Sulphate	2,963.169	69.97	3,089.959	74.18
	Chromic Acid	1.688	2.95	4.099	6.05
	White Sodium Sulphate	3.050	0.23	39.250	2.56
	Sacchrine	3.039	10.37	1.300	6.69
	API		1.46		67.64
	Others		5.40		47.41
			<b>111.53</b>		<b>232.62</b>

# Vishnu Chemicals Limited

Production Details		2008-2009		2007-2008	
		Qty/ Mts	Rs. in lakhs	Qty/ Mts	Rs. in lakhs
<b>D</b>	<b>Raw Materials Consumption</b>				
	Soda Ash	12,408.148	2119.75	15,347.066	2,048.20
	Sulphuric Acid	8,327.800	854.15	11,450.563	734.09
	Chrome Ore	15,685.111	2139.88	23,699.351	1,372.70
	Lime Stone	8,574.038	134.32	18,257.660	288.62
	Spent Acid	1,553.300	46.21	7,468.211	96.56
	OTS	268.708	788.05	228.766	375.78
	Others		471.07		986.46
	Total Consumption		6553.43		5,902.41
<b>E</b>	<b>VALUE OF RAW MATERIALS CONSUMED</b>				
	a. Imported (Rs. in Lakhs)	1791.40	27.34%	371.12	6.29%
	b. Indigenous (Rs. in Lakhs)	4762.03	72.66%	5531.30	93.71%
		6553.43	100.00%	5902.42	100.00%
<b>F</b>	<b>EARNINGS IN FOREIGN EXCHANGE</b>				
	Sodium Saccharin, B C S etc.		1041.74		914.86
<b>G</b>	<b>EXPENDITURE IN FOREIGN CURRENCY</b>				
	Raw Materials		1356.13		2823.18
	Capital Goods		90.18		572.83
	Foreign Travel		5.79		19.77
	Consultancy		54.96		29.87
	Sales Commission		10.88		10.56

14. Previous year's figures have been reworked, regrouped and reclassified wherever necessary.

Signatures on Schedules 1 to 21

Per our Report of even date

For C K S ASSOCIATES

Chartered Accountants

Sd/-

J. RAM SESH CHAUDARY

Partner

Membership No. 202150

Place: Hyderabad

Date: 30.06.2009

For and on behalf of the Board of Directors

Sd/-

CH. KRISHNA MURTHY

Chairman & Managing Director

Sd/-

CH. MANJULA

Director

# Vishnu Chemicals Limited

## Cash flow statement for the year 2008-09

	2008-09 Rs.	2007-08 Rs.
<b><u>A. CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Net Profit after Tax and Extraordinary items	(80,791,031)	96,884,006
<b><u>Adjustments for:</u></b>		
Depreciation	76,227,033	40,585,284
Deferred Tax	(8,263,104)	44,009,037
Income Tax (Provision)	-	17,100,000
Fringe Benefit Tax (Provision)	500,000	500,000
Income Tax (Prior Period Taxes)	-	4,845,748
Profit on Sale of Fixed Assets / Investments	(24,297)	-
Interest Paid	183,382,855	34,578,392
Miscellaneous expenditure written off	2,595,810	2,595,810
Interest Earnings	(2,298,741)	(2,147,714)
<b>Operating profit before working Capital changes</b>	<b>171,328,525</b>	<b>238,950,563</b>
<b><u>Adjustments for:</u></b>		
Increase/(Decrease) in Trade and Other Receivables	38,905,223	28,604,637
Increase/(Decrease) in Inventories	18,395,513	(308,997,182)
Increase/(Decrease) in Trade Payables	(113,703,100)	135,138,140
Increase/(Decrease) on Loans & Advances & Other Current Assets	57,448,193	(57,112,984)
Cash deficit from Operations	<b>1,045,829</b>	(202,367,389)
Direct Tax paid	518,111	(23,775,974)
Dividend paid	(11,946,020)	(11,946,020)
<b>Cash generated from operations</b>	<b>(10,382,080)</b>	<b>(238,089,383)</b>
<b>Net Cash Flow from operating activities</b>	<b>160,946,445</b>	<b>861,180</b>
<b><u>B. CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Purchase of Fixed Assets	(511,731,075)	(827,205,173)
Sale Proceeds from Fixed Assets	400,000	-
Purchase of Investments	-	-
Capital Work-in-progress	(37,246,875)	(143,724,786)
Increase / Decrease in Share Capital	-	400,000,000
<b>Net Cash used in investing activities</b>	<b>(548,577,950)</b>	<b>(570,929,959)</b>
<b><u>C. CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>		
Proceeds from long-term borrowings	596,500,000	451,483,800
Repayment of term liabilities	(110,079,160)	(75,686,170)
Increase in Bank Borrowings Working Capital	59,533,625	271,770,277
Other Un Secured Loans	62,627,590	(40,860,039)
Interest Paid	(183,382,855)	(34,578,392)
Interest Received	2,298,741	2,147,714
<b>Net Cash used in financing activities</b>	<b>427,497,941</b>	<b>574,277,190</b>
<b>Net increase / Decrease in cash and cash equivalents</b>	<b>39,866,436</b>	<b>4,208,411</b>
Cash and cash equivalents as at 01-04-2008	19,015,278	14,806,867
<b>Cash and Cash equivalents as at 31.03.2009</b>	<b>58,881,714</b>	<b>19,015,278</b>

For our report of even date  
For C K S ASSOCIATES  
Chartered Accountants

Sd/-

**J. RAM SESH CHOUDARY**  
Partner  
Membership No. 202150

For and on behalf of the Board of Directors

Sd/-

**CH. KRISHNA MURTHY**  
Chairman & Managing Director

Sd/-

**CH. MANJULA**  
Director

Place : Hyderabad  
Date : 30.06.2009

# Vishnu Chemicals Limited

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I Registration Details

Registration No. 

0	1	-	4	6	3	5	9
---	---	---	---	---	---	---	---

 State Code 

0	1
---	---

Balance Sheet Date 

3	1	-	0	3	-	2	0	0	9
---	---	---	---	---	---	---	---	---	---

### II Capital Raised during the Year (Amount in Rs.Thousands)

Public Issue 

				N	I	L
--	--	--	--	---	---	---

 Rights Issue 

				N	I	L
--	--	--	--	---	---	---

  
 Bonus Issue 

				N	I	L
--	--	--	--	---	---	---

 Private Placement 

				N	I	L
--	--	--	--	---	---	---

### III Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)

Total Liabilities 

2	6	9	3	4	2	0
---	---	---	---	---	---	---

 Total Assets 

2	6	9	3	4	2	0
---	---	---	---	---	---	---

#### Sources of Funds:

Paid-up Capital 

	5	1	9	4	6	0
--	---	---	---	---	---	---

 Reserves & Surplus 

	1	8	1	4	7	7
--	---	---	---	---	---	---

  
 Secured Loans 

	1	7	3	2	2	5
--	---	---	---	---	---	---

 Unsecured Loans 

	1	7	3	1	3	2
--	---	---	---	---	---	---

  
 Deferred Taxation 

		8	7	1	2	6
--	--	---	---	---	---	---

#### Application of Funds:

Net Fixed Assets 

	2	1	4	4	9	1	3
--	---	---	---	---	---	---	---

 Investments 

			1	1	5	0
--	--	--	---	---	---	---

  
 Net Current Assets 

	5	4	4	7	6	1
--	---	---	---	---	---	---

 Misc. Expenditure 

			2	5	9	6
--	--	--	---	---	---	---

  
 Accumulated Losses 

				N	I	L
--	--	--	--	---	---	---

### IV Performance of Company (Amount in Rs.Thousands)

Turnover 

1	3	2	3	9	9	7
---	---	---	---	---	---	---

 Total Expenditure 

1	4	1	2	5	5	1
---	---	---	---	---	---	---

  
 Profit/Loss Before Tax 

	-	8	8	5	5	4
--	---	---	---	---	---	---

 Profit/Loss after Tax 

	-	8	0	7	9	1
--	---	---	---	---	---	---

  
 Earning Per Share 

			-	6	7	6
--	--	--	---	---	---	---

 Dividend Rate % 

			-			
--	--	--	---	--	--	--

### V Generic Names of Principal Products of the Company

Item Code No. 

2	8	4	1	5	0	0	1
---	---	---	---	---	---	---	---

  
 Product Description 

S	O	D	I	U	M	B	I	C	H	R	O	M	A	T	E
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

  
 Item Code No. 

2	8	3	2	1	0	0	3
---	---	---	---	---	---	---	---

  
 Product Description 

B	A	S	I	C	C	H	R	O	M	E	S	U	L	P	H	A	T	E
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

  
 Item Code No. 

2	8	4	2	5	0	0	1
---	---	---	---	---	---	---	---

  
 Product Description 

C	H	R	O	M	I	C	A	C	I	D
---	---	---	---	---	---	---	---	---	---	---

Per our report of even date  
For CKS ASSOCIATES  
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-  
J.RAM SESH CHOUHARY  
Partner  
(Membership No. 202150)

Sd/-  
CH.MANJULA  
Director

Sd/-  
CH.KRISHNA MURTHY  
Chairman & Managing Director

Place : Hyderabad  
Date: 30.06.2009

**Vishnu Chemicals Limited**

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**VISHNU CHEMICALS LIMITED**

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

**ATTENDANCE SLIP FOR THE ANNUAL GENERAL MEETING**

Please fill this Attendance Slip and hand it over at the entrance of the meeting hall.

Regd. Folio No./Client ID No

No. of Share(s) held:

I hereby record my presence at the Annual General Meeting of Vishnu Chemicals Limited, held on Wednesday the 30th Day of September 2009 at 11.00 A.M at Hotel I K London, 6-3-656, Kapadia Lane, Somajiguda, Hyderabad - 500 082.

\* Signature of the shareholder/proxy  
Authorized Representative

\*Strike out whichever is not applicable.

----- TEAR HERE -----

**VISHNU CHEMICALS LIMITED**

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

**PROXY FORM**

Regd. Folio No./Client ID.No.

No. of Shares Held

I/We, ..... resident  
of.....in the district of  
being member(s) of Vishnu Chemicals Limited, hereby appoint Sri/Smt .....  
resident of ..... In the district of .....

as my/our proxy to vote for me / us and on my / our behalf at the Annual General Meeting of the Company, to be held on Wednesday the 30th Day of September 2009 at 11.00 A.M at Hotel I K London, 6-3-656, Kapadia Lane, Somajiguda, Hyderabad - 500 082, or at any adjournment thereof.

Signature of the Shareholder/ First named shareholder

Revenue  
Stamp  
Re.1

**Note :** A Proxy need not be a member. The Proxy form in order to be effective should be duly stamped, completed, signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the time for holding the aforesaid meeting.

**SPECIMEN ECS MANDATE/BANK MANDATE**

To  
The Shareholders

Sub: Electronic Clearance Services (ECS) Mandate / Bank Mandate:

Company is in the process of transferring the dividend amount directly into the Bank accounts. Hence, we request you to fill up the form below and send it to the company to update the company records and to transfer the dividend funds directly to your Bank accounts.

I/We.....do hereby authorize

- credit my Dividend directly to my Bank account as per details below by Electronic Clearance Service (ECS) - ECS Mandate\*.
- print the details of my Bank Account as furnished below, on my dividend warrant which will be mailed to me - Bank Mandate\*.

(\*strike out whichever is not applicable)

Folio No.....

(For Shares held in physical form)

DP ID .....

Client ID .....

(For shares held in electronic form)

- A. Name of First holder .....
- B. Bank Name .....
- C. Branch name .....
- D. Branch Address (For ECS Mandate only) .....
- E. Bank Account Number .....
- F. Account type (Savings / Current) .....
- G. 9 Digit Code Number of the Bank & Branch as appearing on the MICR cheque .....  
(for ECS mandate only)

I hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness of information supplied as above company will not be held responsible.

.....  
Signature of the first named shareholder  
(As per specimen lodge with the company)

**NOTE:**

Please attach a blank cancelled cheque or a photocopy of a cheque issued by your Bank relating to your above account.

**BOOK POST  
PRINTED MATTER**

*If undelivered, please return to :*

**VISHNU CHEMICALS LIMITED**

6-3-662/B4, Sri Sai Nilayam,  
II Floor, Sangeetnagar Colony,  
Somajiguda, Hyderabad - 500 082