



VISAKA INDUSTRIES LIMITED

26th

Annual Report
2007- 2008



Our new product V-Boards

Application : False Ceiling, Partitions, Mezzanine
Flooring, Wall Cladding, Doors etc.,

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26th ANNUAL REPORT



26th Annual Report 2007 – 2008

Board of Directors

Chairman

Shri. M. Sreenivasa Rao

Directors

Shri. B.B.Merchant

Shri. Nagam Krishna Rao

Shri. V.Pattabhi

Shri. Gusti Noria

Smt. G.Saroja Vivekanand

Managing Director

Dr. G. Vivekanand

COMMITTEES OF THE BOARD

Audit Committee

Shri. M. Sreenivasa Rao

Shri. B.B. Merchant

Shri. Gusti Noria

Smt. G. Saroja Vivekanand

Remuneration Committee

Shri. M.Sreenivasa Rao

Shri. B.B.Merchant

Shri. Nagam Krishna Rao

Shareholders Grievances Committee

Shri. Nagam Krishna Rao

Dr. G. Vivekanand

President (Corporate) & Company Secretary

Shri. K.V.Soorianarayanan

Registered Office

Survey No.315

Yelumala Village

R.C.Puram Mandal

Medak Dist

Andhra Pradesh, Pin-502300.

Corporate Office

“Visaka Towers”

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

Secunderabad - 500 003.

Auditors:

M/s. M. Anandam & Co.

Chartered Accountants

7 'A' Surya Towers

S.P.Road, Secunderabad-3

Bankers:

State Bank of India

Industrial Finance Branch, Hyderabad.

State Bank of Hyderabad

Industrial Finance Branch, Hyderabad.

Term Lenders:

IDBI

ICICI Bank

AXIS Bank

Indusind Bank

SBI



VISAKA INDUSTRIES LIMITED

Factories :

1. A.C. Division – 1
Survey No.315, Yelumala Village
R.C.Puram Mandal
Medak District
Andhra Pradesh - 502 300.
 2. A.C. Division – 2
Behind Supa Gas
Manickanatham Village, Paramathi
Velur Taluq, Namakkal District
Tamil Nadu - 637 207.
 3. A.C. Division – 3
Changsole Mouza
Bankibund, G.P.No.4, Salboni Block
Midnapore (West)
West Bengal – 721 147.
 4. A.C. Division – 4
Survey No: 27/1
G.Nagenahalli Village, Kora Hobli
Tumkur Taluk & District
Karnataka.
 5. A.C. Division – 5
Village Kannawan, P.S.Bacharawan
Tehsil: Maharaj Ganj, Raibareli District
Uttar Pradesh – 229 301.
 6. A.C. Division – 6
Survey No. 385, 386
Near Kanchikacharla, Jujjuru (Village)
Mandal: Veerula Padu, Krishna District
Andhra Pradesh – 521 181.
 7. A.C. Division – 7
70/3A, 70/3, Sahajpur Industrial Area
Nandur Village, Taluk - Daund
Pune District
Maharashtra - 412 020.
 8. Textile Division
Survey No.179 & 180
Chiruva Village, Maudha Taluq
Nagpur District, Maharashtra.
 9. V-Boards Division
Survey No. 95 & 96, Gajalapuram Village,
Near Miryalguda P.O.
Pedadevullapally Mandal, Tripuraram
Adjacent to Kukkadam Railway Station
Nalgonda District
Andhra Pradesh - 508 207.
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VISAKA INDUSTRIES LIMITED

NOTICE

Notice is hereby given that the 26th Annual General Meeting of VISAKA INDUSTRIES LIMITED will be held at its Registered Office at Survey No.315, Yelumala Village, Ramachandrapuram Mandal, Medak District – 502 300, Andhra Pradesh on Monday, the 28th day of July, 2008 at 11.00 A.M. to transact the following business.

ORDINARY BUSINESS

1. To adopt the Balance Sheet as at 31st March, 2008 and Profit and Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To declare Dividend for the year ended 31st March, 2008.
3. Shri. M. Sreenivasa Rao, retires by rotation and has expressed his desire to step down from his directorship.
4. To appoint a Director in place of Shri. B.B. Merchant, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company.

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

“RESOLVED THAT M/s M. Anandam & Co., Chartered Accountants, 7 'A' Surya Towers, S.P. Road, Secunderabad - 500 003, be and are hereby reappointed as Auditors of the Company to hold office from the conclusion of this Meeting till the conclusion of the next Annual General Meeting of the Company and that the Board of Directors be and is hereby authorized to fix their remuneration for the period”.

SPECIAL BUSINESS

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

RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to mortgaging and or charging by the Board of Directors of the Company of all the immovable properties of the Company, wheresoever situated, present and future, and the whole of the undertaking of the Company, together with the power to take over the management of the business and concern of the Company in certain events, on Second Charge basis, to or in favor of the State

Bank of India & the State Bank of Hyderabad to secure its Working capital limits aggregating to Rs. 8315 Lakhs & Rs. 6454 Lakhs respectively, together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment, costs, charges, expenses and other moneys payable by the Company to the State Bank of India & the State Bank of Hyderabad, under its respective heads of agreement / loan agreement / letters of sanction / memorandum of terms and conditions entered into by the Company in respect of said Working Capital Limits.

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

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

RESOLVED THAT in supersession of the earlier resolution passed at the general meeting held on 18.06.2003 and pursuant to Section 293(1)(d) of the Companies Act, 1956, and all other enabling provisions if any, the consent of the Company be and is hereby accorded to the Board of Directors to borrow any sum or sums of money, where the moneys to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the company and its free reserves, that is to say reserves not set apart for any specific purpose, provided however, the total amount so borrowed shall not exceed Rs.500 Crores (Rupees Five Hundred Crores Only).

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than forty-eight hours before the meeting.
2. If the dividend on shares as recommended by the Directors is passed at the meeting, payment



of such dividend will be made to those shareholders or their mandate (s) whose names appear in the Company's register of members as on 25.07.2008.

3. While members holding shares in physical form may write to the Company for any change in their addresses and bank mandates, members having shares in electronic form may inform the same to their depository participants with whom they have demat account immediately, so as to enable the Company to dispatch the dividend warrants at their correct addresses.
4. Members desiring any information as regards accounts are requested to write to the Company **at least seven** days before the date of the meeting to enable the management to keep the information ready at the meeting.
5. As per the provisions of Section 205 C of the Companies Act, 1956, Unclaimed Dividend Amount in respect of 1999-2000 has been transferred to Investor Education and Protection Fund on 31.07.2007 upon expiry of 7 years period. Unclaimed Dividend for the year 2000-2001 will be transferred to Investor Education and Protection Fund after 30th September, 2008. Shareholders who have not claimed Dividend for the year 2000 - 2001 are requested to claim the dividend on or before 24th September, 2008.
6. All documents referred to in the notice and explanatory statement are open for inspection at the Registered Office of the Company during office hours on all working days except public holidays, between 11.00 A.M. and 1.00 P.M. up to the date of the Annual General Meeting.
7. The Register of Directors Shareholdings shall be open for inspection to any member or holder of debentures of the Company during the period beginning 14 days before the date of Company's Annual General Meeting and ending 3 days after the date of its conclusion. The said register shall also remain open and accessible during the Annual General Meeting to any person having a right to attend the meeting.

ANNEXURE TO THE NOTICE

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

Item No. 6

To meet a part of the Working Capital requirements of the Company, the consortium of Bankers, namely the State Bank of India (A Bank), the State Bank of Hyderabad (B Bank), with State Bank of India, as

the Lead Bank have sanctioned to the Company, various credit facilities, to the tune of Rs. 14769 Lakhs, vide their Letter Nos. IFB/RM-1/2007-08 & IFB/CR/3570 dated 10-03-2008 & 08-03-2008, respectively.

The financial assistance from the aforesaid institutions has to be secured by a Second mortgage of all the immovable properties of the Company, present and future.

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

Since the mortgaging by the Company of its immovable properties as aforesaid in favor of the State Bank of India & the State Bank of Hyderabad may be regarded as disposal of the Company (s) properties / undertaking, it is necessary for the members to pass a resolution under Section 293(1) (a) of the Companies Act, 1956 before creation of the mortgage / charges.

Copies of Letters of Sanction received from the aforesaid banks and copies of the relevant documents / correspondence between the said Institutions and the Company are open for inspection at the Corporate Office of the Company between 11.00 A.M. and 1.00 P.M. on any working day prior to the date of the meeting.

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

Item No. 7

In the General Meeting held on 18.06.2003 the shareholders had authorized the Board of Directors to borrow money up to Rs.100 Crores. The actual borrowing of the Company as on 31.03.2008 is Rs.96.92 Crores. In order to provide flexibility to the Board for borrowing funds of future expansion, it is proposed to increase the limit from Rs.100 Crores to Rs.500 Crores. Accordingly, the sanction of the shareholders, under Section 293(1) (d) of the Act is being requested to enable the Directors to borrow monies to the extent of Rs.500 Crores, in supersession of the earlier resolution passed on 18.06.2003.

By Order of the Board

K.V. Soorianarayanan

President (Corporate) & Company Secretary

PLACE : Secunderabad

DATE : 20.06.2008



VISAKA INDUSTRIES LIMITED

DIRECTORS REPORT

To
The Members
Visaka Industries Limited

Your Directors are pleased to present the 26th Annual Report of the Company with Audited Balance Sheet and Statement of Accounts. The financial highlights are as follows:

	<i>(Rs. in lakhs)</i>	
	2007-2008	2006-2007
Gross Income	45956.52	44519.06
Profit for the year before taxation	1318.97	3403.47
Provision for taxation	551.64	1075.43
Profit for the year after taxation	767.33	2328.04
Balance brought forward from previous year	725.61	691.67
Profit available for appropriation	1492.94	3019.71
Dividend on Preference Share Capital	-	6.14
Dividend on Equity Share Capital	476.23	416.19
Corporate Dividend Tax	80.93	71.77
Transfer to General Reserve	290.97	1800.00
Balance carried to Balance Sheet	644.81	725.61

DIVIDEND

Your Directors recommend payment of dividend of Rs.3.00 per share on the Equity Capital for the Year ended 31st March, 2008. The Company is absorbing Corporate Dividend Tax of Rs 80.93 lakhs on the Equity Dividend and the Dividend declared and paid this year is not taxable in the hands of Shareholders.

MERGER OF M/S. SHAKTI ROOFINGS PRIVATE LIMITED WITH THE COMPANY.

The Board of Directors in their meeting held on 25.04.2006 has approved the merger of Shakti Roofings Private Limited with the company effective from 01.04.2006. The shareholders of the Company have approved the proposal in a general meeting convened by the High Court of Andhra Pradesh and thereafter application was made to the High Court for the approval of the Merger.

The Honorable High Court of Andhra Pradesh has, vide its Order dated 06th June, 2007, sanctioned the 'Scheme of Amalgamation', between the Company and M/s. Shakti Roofings Private Limited.

Accordingly, the Company has allotted 20,07,995 shares to the shareholders of M/s. Shakti Roofings Private Limited, as per the agreed SWAP Ratio of 2.29:1, on the 19th day of June, 2007.

a) ASBESTOS CEMENT BUSINESS:

Industry Structure and Developments:

This industry is more than 71 years old industry in India.

Asbestos Cement Products continue to be in demand because of the industry's effort in making in roads into rural markets, its affordability, and other qualities such as corrosion resistance, weather and fire proof nature.

Currently there are 17 entities in the Industry with about 61 manufacturing plants through out the Country. The products are marketed under their respective brand names mainly through dealers for the retail market and directly for projects and government departments. The total production for the year 2007-2008 was estimated at 37 lac metric tones, which represents about 107% of the industry's installed capacity of 34.50 lac metric tones. The industry demand as measured by the total sales of the industry has been growing considerably over the years, the growth for the last year being 16.5% i.e the sales increased from 31.76 lac metric tones in 2006-2007 to 37 lac metric tones during the year 2007-2008.



Opportunities and Threats:

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

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

According to the information gathered by us almost 80-85% of rural people use thatched roof/tiles for the shelter. Thatched roof need regular replacement and tiled roof needs continued maintenance. Therefore whenever the economic conditions improve the first choice of the rural poor to replace the roof over their head is the affordable and relatively durable product Asbestos Cement Sheets. Therefore, we see increased potential for usage of Asbestos Cement Sheets in rural areas.

The Central and State Governments have been giving lot of thrust for housing for rural poor and Asbestos Cement Sheets are widely used for this purpose.

Both the existing and new manufacturers are venturing into setting up of new asbestos cement sheet producing plants. This could increase the competition and will have an effect on the margins.

The increase in fiber cost and imposition of Excise Duty are also matters of concern. Earlier, Fly Ash was available free of cost and we had to incur only transport cost. Now Fly Ash is being sold at a cost. The abnormal increase in cement cost not only pushes up the raw material cost but also is slowing down construction activity in rural areas.

This together with supply outstripping demand had brought down margins during 2007-2008. We expect the position will improve in 2008-2009.

Product-wise Performance:

As against a production of 5,06,054 tonnes during the previous year the production during the financial year ended 31st March 2008 was 5,97,006 tonnes recording an increase of 17.97%. The sales during

the financial year 2007-2008 was 5,50,875 tonnes as against 5,08,200 tonnes sold during the preceding year recording a growth of about 8.40 %.

Outlook:

The Company has commenced Commercial Production in the Reinforced Building Boards Division, situated in Miryalguda, Andhra Pradesh, with effect from the 01st day of May' 2008. The Company has by way of a 'Qualified Institutional Placement' in the month of January' 2007, raised funds, for setting up of this Division.

The Company is in the process of setting up a 'Reinforced Building Board Sandwiched Panel Unit' in Miryalguda, Andhra Pradesh, and this Unit is expected to commence production by September' 2008.

These measures should help your Company to increase production and sales in this Division and therefore the production and sales as a whole is expected to grow in the year 2008-2009.

Risks and Concerns:

Lack of entry barriers:

Lack of entry barriers is attracting lot of new entrants into this line of business.

Increase in input costs

The continuous increase in cost of inputs is a matter of concern.

Activities of Ban Asbestos Lobby

The activities of the Ban Asbestos Lobby instigated by the manufacturers of substitute products continue to be a matter of concern.

Financial Performance:

The gross turnover of Asbestos Cement Division during the year was Rs. 357.23 crores as compared to Rs. 339.77 crores during the previous year. The Profit before tax for the year was Rs. 13.75 crores as compared to Rs. 30.09 crores in the previous year, after absorbing loss of garment division.



FUTURE PLANS:

ASBESTOS CEMENT SHEETS PROJECT AT AHMEDABAD

We have acquired the land required for this project in the district of Ahmedabad. The Project has been kept in abeyance due to supply outstripping demand for this product.

SANDWICHED PANEL UNIT

Sandwiched Panels are in demand in the market, for using as Partition Material. The 'Reinforced Building Board Sandwiched Panels' are made of two fibre-reinforced cement sheets enclosing a lightweight core. These panels are fully cured at factory and are ready for installation. These panels are cheaper compared to masonry partitions / wood partitions and are also easy to fix and takes comparatively less time for installation.

As approved by the Board of Directors in their meeting held on the 31st day of October, 2007, the Company has entered into agreement with an Australian Company with respect to the Technology Transfer for our new product viz., 'Reinforced Building Board Sandwiched Panels' on the 16th day of November, 2007.

The plant for manufacturing the said project is coming up in 'Miryalguda', Andhra Pradesh, within the same premises where the 'Reinforced Building Board' Project of the Company is located, at a cost of around Rs.9.39 Crores.

Machinery has also been ordered, as per the designs given by Australian Company and sample panels have been made. We expect to commence 'Commercial Production' in the said unit in six months time.

b) SYNTHETIC YARN BUSINESS:

Industry Structure and Developments:

National and regional problems are dampening the growth plans of the spinning mills. Crude oil prices, exchange fluctuations, high interest rates, increasing raw material prices and uncertain power supply have crippled the competitiveness of the spinning mills.

The efforts put in by the industry and the government, during the past couple of years, to make the industry globally competitive, to spur investments and to create new employment for over 15 million people, have not borne the desired results.

The industry is stressed due to increasing cost of inputs and competition from countries like China, Pakistan, Bangladesh, Sri Lanka and Taiwan.

Opportunities and Threats:

The continued GDP growth of our country is an opportunity for us. However, the fluctuating crude oil price is a concern. The rising inflation & increase in the interest rate may induce savings, thus reducing the tendency to spend.

Product-wise performance:

The price of viscose fibre has been stable. The polyester fibre price has been steadily increasing. The Company had to absorb part of increase in input costs.

The production in the spinning unit during the year 2007-2008 was 7916.56 metric tones as compared to 6976.02 metric tones during the previous year. The sales were 7564 metric tones of yarn during the year 2007-2008 as compared to 7122 metric tones in the previous year.

Risks and Concerns:

Fluctuating Rupee and Crude Oil prices are likely to affect the Division's performance.

Outlook:

We have introduced several measures to improve performance. Barring unforeseen circumstances, we hope to do better in this Division in the coming year. We expect this division to continue to face stiff competition.

Financial Performance:

The turnover of this division during the current year was Rs.98.75 crores compared to Rs.98.87 crores during the previous year. The profit before tax during the year was Rs.6.71crores as compared to Rs. 8.89 crores during the previous year.

c) GARMENT BUSINESS

The Company had decided in 2005 to enter the Garment Business, as it found that, there was a vast



opportunity in this line of business, especially after the removal of the Quota System in the Year 2005.

However, the management mindshare that we had to devote for the Garment Business is disproportionate to the returns that we derive from the business. Hence, the Company during the year decided to be more focused on the Building Products & Spining Divisions and sell off the Garment Division.

The Company, by means of a Postal Ballot, conducted in the Month of September' 2007, obtained the approval of the Shareholders to Sell / Dispose off the Garment Division of the Company, and accordingly the said division stands closed w.e.f. 30th September, 2007.

The Sale of Garment Unit resulted in a loss of Rs. 7.27 crores as follows, which is absorbed in this year's accounting.

On Sale of Assets	: Rs. 3.82 crores
Operating Loss (2007-08)	: Rs. 3.45 crores

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

Your Company has in place adequate systems of internal control commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance of internal policies. The Company has a well defined delegation of power with authority limits for approving revenue as well as capital expenditure. Processes for formulating and reviewing annual and long term business plans have been laid down to ensure adequacy of the control system, adherence to the management instructions and legal compliances. The Company uses ERP (Enterprise Resource Planning) system to record data for accounting and connects to different locations for efficient exchange of information. This process ensures that all transaction controls are continually reviewed and risks of inaccurate financial reporting, if any, are dealt with immediately.

Despite the Internal Control Systems prevailing in the Company, during the year, it has come to our

notice that, a financial misappropriation of Rs. 66.84 Lacs has taken place in our Nasik Depot. The people responsible for running the depot have indulged in this misappropriation by forging bank statements / deposit slips and letters of confirmation of balances from the customers. An FIR has been registered against the accused by the Nasik Police and the matter is being followed up.

The Company is also taking necessary steps to plug the loop holes to avoid repetition of such misappropriations in future.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT:

The Company believes that human resource is its most valuable resource which has to be nurtured well and equipped to meet the challenges posed by the dynamics of business developments. The Company has a policy of continuous training of its employees both in-house as well as through reputed Institutes like the ISB, IIMs, ASCI, XLRI etc. The staff is highly motivated due to good work culture, training, remuneration packages and the values, which the company maintains.

The total number of people employed in the company as on 31.03.2008 is 2650. Your Directors would like to record their appreciation of the efficient and loyal service rendered by the Company's employees.

FIXED DEPOSITS:

Your Company has been inviting and accepting deposits from the Public, Shareholders and Others. The amount of deposits outstanding as on March 31, 2008 was Rs. 478.19 Lacs. Deposits amounting to Rs.10.03 Lacs remained unclaimed as on 31.03.2008. There are no unclaimed deposits which are transferable to the Investor Education and Protection Fund u/s 205C of the Companies Act, 1956.

UNCLAIMED DIVIDEND

As per the provisions of Section 205C of the Companies Act,1956, Unclaimed dividend amount



VISAKA INDUSTRIES LIMITED

of Rs.2,84,066.00 in respect of the year 1999-2000 has been transferred to Investor Education and Protection Fund on 31.07.2007 upon expiry of 7 years period.

BANKS AND FINANCIAL INSTITUTIONS:

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

VISAKA CHARITABLE TRUST:

Your Company, as a responsible Corporate Citizen established in the year 2000 a Charitable Trust in the name and style of Visaka Charitable Trust as a non-profit entity, to support initiatives that benefit the society at large. The Trust supports programs devoted to the cause of destitute, rural poor and providing the basic necessities of life to the rural poor. This has helped to enhance the image of the Company

DIRECTORS:

The Directors deeply regret to report the sad demise of Shri. H. Daya Kiran, Director of the Company, who passed away on 14th February, 2008. He was associated with the Company as Director since February' 2000. His demise is a very big blow to the Company, and the vacuum created due to his demise would be very difficult to be replaced. In his death, the Directors have lost a distinguished colleague, the Company a wise and able counsel.

The Directors deeply regret the sad demise of Shri. K.V. Ramaseshan, former Managing Director of the Company, who passed away on 17th March, 2008. He was closely associated with the Company for around 16 years. Apart from being a tower of strength to the company, he was a source of great inspiration during his tenure as Managing Director of the Company.

The Directors place on record sincere appreciation for the valuable services rendered by Shri. H. Daya Kiran & Shri. K.V. Ramaseshan, to the Company and express their condolences to the bereaved families.

As per Article 120 of the Articles of Association of the Company, Shri. M. Sreenivasa Rao and Shri. B.B. Merchant retire by rotation. Shri. M. Sreenivasa Rao has for personal reasons expressed his desire to step down from the Company's Board. Shri. B.B. Merchant being eligible offers himself for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

As required by the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors' Responsibility Statement is appended hereto and forms part of this Report.

CORPORATE GOVERNANCE

As a listed Company, necessary measures have been taken to comply with the listing agreements of Stock Exchanges. A report on Corporate Governance, along with a certificate of compliance from the Auditors, forms part of this Report.

AUDITORS

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

GENERAL

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

Information as per Section 217(2A) of the Companies Act, 1956 read with The Companies (particulars of employees) Rules, 1975, as amended, forms part of this Report.

On behalf of the Board of Directors
M. SREENIVASA RAO
Chairman

Date : 20.06.2008

Place : Secunderabad.



ANNEXURE TO THE DIRECTORS' REPORT

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE REPORT OF BOARD OF DIRECTORS FOR THE YEAR ENDED 31ST MARCH, 2008.

1. FORM A

A. (a) Power and Fuel consumption in respect of Asbestos Division

Disclosure of information under this heading is not applicable to Asbestos Cement Industry.

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

	Current year 2007-2008	Previous year 2006-2007
(I) ELECTRICITY		
Purchased in (KWH)	32684700	32651580
Amount (Rs.)	121083340	125896770
Average Rate (Rs./Unit)	3.70	3.86
(II) OWN GENERATION		
Units generated (KWH)	22790	19264
Units per litre of Diesel		
Oil (KWH)	3.18	3.51
Average Cost (Rs./Unit)	10.89	10.97

B. CONSUMPTION PER UNIT OF PRODUCTION

Yarn production in (kgs.)	7916564	6976020
Electricity Units/kg. of yarn	4.13	4.68

2. FORM B

RESEARCH & DEVELOPMENT

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

Asbestos Division:

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

Spinning Division:

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

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

Asbestos Division:

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

Spinning Division:

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

- Future course of action:

Asbestos Division:

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

Spinning Division:

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

- Expenditure on R&D :

No specific expenditure exclusively on R&D has been incurred.



VISAKA INDUSTRIES LIMITED

The indigenous technology available is continuously being upgraded to improve the overall performance of the Company.

FOREIGN EXCHANGE EARNINGS / OUTGO:

Our foreign exchange earnings / outgo during the year 2007-2008 are as follows:

Total foreign exchange used and earned :

(Rs. in lakhs)

31.03.2008 31.03.2007

1. Earnings in Foreign Currency :		
Export of Goods (FOB Value)	4772.16	3649.39

2. CIF value of Imports :

Raw Materials	9041.23	8491.38
Components and Spare Parts	5.92	40.47
Capital Goods	26.18	235.33

Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services, and export plans:

We have been continuously developing new varieties of yarn to meet the requirement of the export market so that, we can increase the export. We are continuously exploring new markets, in various countries and hence making the market broad based.

STATEMENT PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2007.

Sl No.	Name and qualifications	Age in years	Designation	Remuneration received (Rs.)	Experience (No. of years)	Date of commencement of employment	Last employment (position held)	Share Holding %
1.	Dr. G Vivekanand M.B.B.S.	50	Managing Director	70.13 lacs	24	01-07-1984	Director, Venus Tobacco Pvt.Ltd. Hyderabad	34.83
2.	M.P.V. Rao Diploma in Electrical Engineering	59	President (Technical)	28.26 Lacs	41	07-07-1986	Plant Engineer Shree Digvijay Cement Company Limited	Nil
3.	V. Vallinath C.A., I.C.W.A.	51	President (Finance)	27.28 Lacs	27	04-05-1988	Asst. Accounts - Officer A.P. State Film Development Corporation	Nil
4.	E. Krishnamoorthi Diploma in Textiles, Diploma in Management	49	Sr. Vice - President (Marketing - ID)	26.20 Lacs	22	12-11-1998	Marketing Manager Kewalram, Indonesia	Nil

Note:

1. Remuneration includes Salary, Allowances, Company's contribution to P.F. and Superannuation fund, reimbursement of medical expenses at actual and other perquisites provided by the Company.
2. The appointment of Dr. G. Vivekanand, Managing Director is contractual in nature.



DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217(2AA) OF THE COMPANIES ACT, 1956 (INSERTED BY THE COMPANIES AMENDMENT ACT, 2000) AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2008.

The financial statements are prepared in conformity with the accounting standards issued by The Institute of Chartered Accountants of India and the requirements of the Companies Act, 1956, to the extent applicable to the Company, on the historical cost convention, as a going concern and on the accrual basis. There are no material departures from prescribed accounting standards in the adoption of the accounting standards. The accounting policies used in the preparation of the financial statements have been consistently applied, except where otherwise stated in the notes on accounts.

The Board of Directors and the Management of Visaka Industries Limited accept responsibility for the integrity and objectivity of these financial statements. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner, the form and substance of transactions, and

reasonably present the Company's state of affairs and profits for the year. To ensure this, the Company has taken proper and sufficient care in installing a system of internal control and accounting records, for safeguarding assets, and for preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company have been followed. However, there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal controls and accounts.

The Statutory Auditors M/s M. Anandam & Co., Chartered Accountants, have audited the financial statements.

The audit committee at Visaka Industries Limited meets periodically with the auditors to review the manner in which the auditors are performing their responsibilities, and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the statutory auditors and the internal auditors have full and free access to the members of the audit committee to discuss any matter of substance.



REPORT ON CORPORATE GOVERNANCE (Pursuant to clause 49 of the listing agreement)

1. Company's philosophy on Corporate Governance Code:

Company's philosophy on corporate governance is to ensure fairness, transparency, accountability and responsibility to all stakeholders.

Your Company believes in a Code of Governance, which fulfills the Motto of "Service to Society through commercial activities". We have implemented a Corporate Governance Code to ensure proper quality, customer satisfaction, prompt payment to suppliers, good employee-employer relationship, legal compliance, proper debt servicing, maximize value to equity shareholders and responsibility to the nation by timely payment of taxes and as a premier exporter.

2. Composition of Board of Directors:

Your Company's Board is a professionally managed Board consisting of 8 Directors in all categorized as under:

Sl. No.	Name and Classification of the Director	No. of Directorships held in other companies	No. of Board Meetings Attended	Attended Last AGM	No. of Memberships/ Chairmanships held in committees of other Companies
1.	CHAIRMAN NON EXECUTIVE INDEPENDENT DIRECTOR Mr. M. Sreenivasa Rao (No. of Shares held : 5000)	3	4	YES	2
2.	MANAGING DIRECTOR PROMOTER EXECUTIVE DIRECTOR Dr. G. Vivekanand (No. of Shares held : 4775130)	4	9	YES	NIL
	PROMOTER NON EXECUTIVE DIRECTOR Smt. G. Saroja Vivekanand (No. of Shares held : 111139)	4	9	NO	NIL
3.	NON EXECUTIVE INDEPENDENT DIRECTORS :				
	(a) Mr. B.B. Merchant (No. of Shares held : Nil)	2	4	NO	2
	(b) Mr. Nagam Krishna Rao (No. of Shares held : 63700)	NIL	9	YES	NIL
	(c) Mr. Gusti Noria (No. of Shares held : 75)	4	7	YES	NIL
	(d) Mr. H. Dayakiran# (No. of Shares held : Nil)	2	7	YES	1
(e) Mr. V. Pattabhi (No. of Shares held : 500)	6	7	NO	NIL	



Number of Board Meetings held during the financial year 2007-2008 was 9. The dates on which these Meetings were held are 30.04.07, 04.06.07, 19.06.07, 10.08.07, 27.08.07, 31.10.07, 30.01.2008, 12.02.2008 & 10.03.2008 respectively.

Shri. H. Daya Kiran, Director expired on 14.02.2008.

Details of Directors being appointed and reappointed:

No proposal for appointment of fresh directors was received by the Company.

As per the Companies Act, 1956 two thirds of directors should be retiring directors. One third of these retiring directors are required to retire every year and if eligible, these directors qualify for reappointment.

Accordingly, Shri. M. Sreenivasa Rao and Shri. B. B. Merchant retire by rotation at the ensuing Annual General Meeting. Shri. M. Sreenivasa Rao has for personal reasons expressed his desire to step down from the Company's Board. Shri. B. B. Merchant being eligible offers himself for reappointment.

A brief resume of Shri. B. B. Merchant is as follows :

Shri. B.B. Merchant

Mr. B. B. Merchant is the fellow member of the Institute of Chartered Accountants of India. He has been on the Board of your Company since 1983. He has a long and varied experience in Accounts, Finance and Capital Markets. He was the past president of the Bombay Stock Exchange Limited. Mr. B.B. Merchant is presently the Director of Silchar Electronics Limited and E-Cube India Solutions Limited.

3. AUDIT COMMITTEE:

Terms of reference & composition:

Terms of reference of this committee cover the matters specified for Audit Committees u/c 49 of the Listing Agreement & section 292A of the Companies Act, 1956.

Your Audit Committee consists of four members. Out of them three are Non Executive Independent Directors and the other a Promoter – Non Executive Director. The Managing Director, President (Finance) and Auditors are invitees to the meeting. President (Corporate) & Company Secretary of the Company is the Ex-Officio Secretary of the Audit Committee. The total number of meetings held was 4 on 30.04.07, 27.08.07, 31.10.07 & 30.01.08 respectively.

Shri. M. Sreenivasa Rao, Member and Chairman and Shri. Gusti. J. Noria, Member of the Audit Committee have attended 3 meetings of the Committee each. Shri. B.B. Merchant and Smt. G. Saroja Vivekanand, Members of the Audit Committee have attended all the Four Meetings.

Shri. M. Sreenivasa Rao, Shri. B. B. Merchant & Shri. Gusti Noria are professionals with vast experience, having in-depth financial and accounting knowledge. Smt. G. Saroja Vivekanand was newly nominated to the Audit Committee from the Non-Independent Director Category w.e.f. 25.04.2006.

4. Remuneration Committee:

The Company had set up a Remuneration committee consisting of Shri. M. Sreenivasa Rao, Shri. B. B. Merchant and Shri. Nagam Krishna Rao. Shri. K. V. Soorianarayanan, President (Corporate) & Company Secretary is the Ex-Officio Secretary of the Remuneration Committee. No meeting of the Committee was held during the financial year 2007-2008.



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The details of the remuneration paid to the directors during the year 2007-2008 are given below:

Name of Director	Salary (Rs.)	Perquisites (Rs.)	Fixed Commission (Rs.)	Sitting Fee (Rs.)	Total (Rs.)
Dr. G. Vivekanand, MD	30,00,000	20,22,502	19,90,000	Nil	70,12,502
Mr. M. Sreenivasa Rao, Director	—	—	2,00,429	35,000	2,35,429
Mr. B.B. Merchant, Director	—	—	2,00,429	40,000	2,40,429
Mr. Gusti Noria, Director	—	—	2,00,429	50,000	2,50,429
Mr. H. Dayakiran, Director	—	—	2,00,429	35,000	2,35,429
Mr. Nagam Krishna Rao, Director	—	—	2,00,429	45,000	2,45,429
Mr. V. Pattabhi, Director	—	—	2,00,429	35,000	2,35,429
Smt. G. Saroja Vivekanand, Director	—	—	2,00,429	65,000	2,65,429

Perquisites include House Rent Allowance, Leave Travel Assistance and contribution to Provident Fund and Superannuation Funds and provision for Gratuity.

Criteria for making payment to non-executive directors: Non-executive directors contribute immensely during the deliberations of the Board and otherwise for the success of the Company. Therefore, as a token of appreciation for the immense contribution made by these non whole-time directors and more so in view of the greater responsibilities they are expected to shoulder in the interest of higher level of excellence in corporate governance, a commission of 1% of the net profits of the Company for all directors put together is being paid.

5. Shareholders/Investors Grievances Committee:

Shri. Nagam Krishna Rao, a non-executive director heads the Committee. Dr. G. Vivekanand, Managing Director is the other member of the Committee. Shri K.V. Soorianarayanan, President (Corporate) & Company Secretary is the Compliance Officer.

We have received 31 complaints from the shareholders during the year and solved all the complaints to the satisfaction of the shareholders. Details are given hereunder:

Nature of Complaint	No. of Complaints received and resolved
SEBI Complaints	2
Non-receipt of Dividend Warrants	21
Non-receipt of Share Certificates	5
Non-receipt of Annual Reports	3
Dematerialization of shares	Nil
Stock Exchange complaints	Nil

Number of pending complaints : NIL

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6. GENERAL BODY MEETINGS :

Date of AGM	Time	Whether Special Resolution Passed	Location
(a) 04.06.2007	At 11 A.M	No	All the Meetings were held at the Regd. Office, Survey No. 315, Yelumala Village, R.C.Puram Mandal, Medak District – 502 300 Andhra Pradesh.
(b) 25.05.2006	At 4.30 P.M	Yes	
(c) 29.07.2005	At 4.00 P.M	No	

B) Special Resolution passed through Postal Ballot:

A Special Resolution was passed on September 17th, 2007 by the Company's members through postal ballot for Alteration of the Memorandum of Association of the Company, to include a new clause which would enable the company to "manufacture and deal in Reinforced Building Board Sandwiched Panels / Aerated Autoclaved Concrete Blocks using Cement, Fly ash, Chemicals and mix of Siliceous and Micaceous and such other material as is found technically suitable for manufacture of these products".

Details of Voting Pattern for Postal Ballot:

Sl.No.	Particulars		No. of Shares
1.	Type of Resolution	Special	
2.	Total Number of Postal Ballot Forms Received	427	8051902
3.	Number of Invalid Postal Ballot forms received	56	3977
4.	Number of Valid Postal Ballot forms received	371	8047925
5.	Votes in favor of the resolution	369	8047800
6.	Votes cast against the resolution	2	125
7.	% of Votes in favor		99.99%
8.	Result	Approved by Shareholders	

The Board of Directors of the Company has appointed Mr. P.V. Ramana Kumar, Chartered Accountant as the Scrutinizer for conducting the Postal Ballot.

The Company adhered and followed the rules and regulations provided under Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001.

7. DISCLOSURES :

- Your Company has not entered into any transactions of material nature with its Promoters, Directors, Management, their subordinates or relatives.
- Your Company has complied with all the provisions of the Companies Act, 1956, Rules and Regulations of the said Act, SEBI Guidelines, Stock Exchange Regulations and rules and regulations of other Statutory Authorities and there were no strictures, penalties imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last 3 years.
- Company has not adopted the Whistle Blower Policy.

8. MEANS OF COMMUNICATION :

Quarterly results of the Company are published in Financial Express (English edition) and Andhra Prabha (Regional edition) newspapers respectively. Annual results of the Company are displayed on the Company's website – "www.visaka.org". The website also displays information about the Company and its products. The Management Discussion and Analysis Report forms part of this Annual Report.



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9. GENERAL SHAREHOLDER'S INFORMATION :

AGM Date	: 28.07.2008
Time	: 11.00 A.M
Venue	: Survey No. 315, Yelumala Village R.C.Puram Mandal, Medak District – 502300 Andhra Pradesh.
Financial Year	: 2007-2008
Book Closure	: 25.07.2008 (one day)
Rate of Dividend recommended	: 30%
Dividend Payment Date	: On or before 27.08.2008
Listing on Stock Exchanges	: National Stock Exchange of India Ltd. : Bombay Stock Exchange Limited

Listing Fee Paid for all the above Stock Exchanges for the Financial Year 2008-2009.

Stock Code : BSE - 509055
NSE - VISAKAIND

Demat ISIN No : INE392A01013

Market Price as per National Stock Exchange Data :

Year	Month	Price		Volume Traded
		High (Rs.)	Low (Rs.)	
2007	April	106.95	87.10	347442
	May	114.65	83.65	425063
	June	109.00	86.00	631860
	July	100.00	82.20	704880
	August	92.00	78.00	163250
	September	94.95	82.15	261379
	October	87.15	72.00	243936
	November	80.00	63.35	326404
	December	117.00	70.00	2714561
2008	January	117.00	64.60	796011
	February	77.05	62.55	445687
	March	64.95	44.45	445139

Registrar and Share Transfer Agents:

M/s Sathguru Management Consultants Pvt Ltd , Plot No. 15, Hindi Nagar, Punjagutta, Hyderabad – 500034.

Tel Nos : 0091-40-23356507, 23350586 and 23356975

Fax No : 0091-40-23354042

E-mail : info@sathguru.com

Share Transfer System:

The Company has appointed M/s Sathguru Management Consultants Pvt Ltd as registrars and share transfer agents for share transfer work. The Share Transfer Agents process shares sent for transfer / transmission, two times in a month. Transfers / Transmissions, which are complete in all respects, will be processed within 30 days.

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Distribution of Shareholding:

DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2008

Category	No. of Shares held	% of Holding
A PROMOTER'S HOLDING		
1. PROMOTERS		
Indian Promoters	5194544	32.71
Foreign Promoters	0	0
2. Persons acting in Concert	0	0
Sub Total	5194544	32.71
B NON PROMOTER'S HOLDING		
3. INSTITUTIONAL INVESTORS		
a) Mutual Funds and UTI	225479	1.42
b) Banks, Insurance Companies		
Financial Institutions, Central / State Govt. Inst. / Non Govt. Inst.	777038	4.89
c) Foreign Institutional Investors	1681236	10.59
Sub Total	2683753	16.90
4. Others		
a) Private Corporate Bodies	3715488	23.40
b) Indian Public	4146747	26.11
c) NRI's/OCB's	140420	0.88
d) Any Other (Please Specify)	0	0
Sub Total	8002655	50.39
GRAND TOTAL	15880952	100.00

Distribution schedule:

As on March 31st, 2008, the Distribution schedule was as follows:

Category (No. of Shares)		No. of Shareholders	% to Total Shareholders	No. of Shares	% to Total Shares
From	To				
1	5000	12619	89.98	1867662	11.76
5001	10000	759	5.41	616343	3.88
10001	20000	299	2.13	453583	2.86
20001	30000	110	0.78	279928	1.76
30001	40000	55	0.39	202615	1.28
40001	50000	48	0.34	225314	1.42
50001	100000	64	0.46	482254	3.04
100001	Above	71	0.51	11753253	74.00
Total		14025	100	15880952	100



VISAKA INDUSTRIES LIMITED

- a) There are no outstanding GDR's/ADR's.
- b) The Company has issued 9,00,000 Equity Share Warrants to M/s. Sandadi Homes Private Limited, on 25.05.2006, which are convertible at the option of the allottee, into Equity Shares of the Company within a period of 18 months from the date of allotment i.e. 24th November, 2007. M/s. Sandadi Homes Private Limited has failed to exercise its option within the specified time limit, as a result of which, the Company has forfeited the amount paid by them (10% of the issue price), as per the SEBI Guidelines.
- c) The Honorable High Court of Andhra Pradesh, vide its Order dated 06th June, 2007, has approved the 'Scheme of Amalgamation', between the Company and M/s. Shakti Roofings Private Limited. Pursuant to the sanction of the said scheme, the Company has on the 19th day of June, 2007 allotted 20,07,995 shares to the shareholders of M/s. Shakti Roofings Private Limited as per the approved SWAP Ratio of 2.29 : 1.

Plant Locations :

1. A.C. Division – Plant 1
Survey No.315, Yelumala Village
R.C.Puram Mandal, Medak District
Andhra Pradesh - 502 300.
2. A.C. Division – Plant 2
Behind Supa Gas
Manickanatham Village, Paramathi
Velur Taluq, Namakkal District
Tamil Nadu - 637 207.
3. A.C. Division – Plant 3
Changsole Mouza, Bankibund, G.P.No.4
Salboni Block, Midnapore West
West Bengal – 721 147.
4. A.C. Division – Plant 4
Survey No. 27/1
G. Nagenahalli Village, Kora Hobli
Tumkur Taluk & District
Karnataka.
5. A.C. Division – Plant 5
Village Kannawan, P.S. Bacharawan
Tehsil: Maharaj Ganj, Raibareli District
Uttar Pradesh – 229 301.
6. A.C. Division – Plant 6
Survey No. 179 & 180
Near Kanchikacharla, Jujuru (Village)
Mandal: Veerula Padu, Krishna District
Andhra Pradesh – 521 181.
7. A.C. Division – Plant 7
70/3A, 70/3, Sahajpur Industrial Area
Nandur Village, Taluk – Daund
Pune District
Maharashtra – 412 020.

8. Textile Division
Survey No.179 & 180, Chiruva Village
Maudha Taluq, Nagpur District
Maharashtra.
9. V- Boards Division
Survey No. 95 & 96, Gajalapuram Village
Near Miryalguda P.O.
Pedadevullapally Mandal, Tripuraram
Adjacent to Kukkadam Railway Station
Nalgonda District
Andhra Pradesh – 508 207.

INVESTOR RELATIONS

Enquiries, if any relating to shareholder accounting records, share transfers, transmission of shares, change of address / bank mandate details for physical shares, receipt of dividend warrants, loss of share certificates etc., should be addressed to:

M/s. Sathguru Management Consultants Private Limited
Registrars and Share Transfer Agents
Plot No. 15, Hindi Nagar Colony
Punjagutta, Hyderabad.
Pin: 500 034.
Tel Nos: 091 – 040 – 23356507, 23350586 &
23356975
Fax Nos: 091 – 040 – 23354042
E-mail ID: info@sathguru.com

(OR)

directly to the Company to:

The President (Corporate) & Company Secretary
Visaka Industries Limited
Visaka Towers, 1-8-303/69/3
S.P. Road, Secunderabad.
Pin: 500 003.
Tel Nos: 091 – 040 – 27813833, 27813835/
27892190 To 92
Fax Nos: 091 – 040 – 27813837

Investor Grievances

The shareholders are also welcome to register grievances, if any, in the matter of shares of the company, its transfers, transmissions, remat, dividend payable etc., with the below mentioned Email-ID exclusively designated for this purpose:

E-mail ID for registering

of investor complaints : soori@visaka.in
Compliance Officer : K.V. Soorianarayanan
President (Corporate) &
Company Secretary

To know more about the Company, you are welcome to visit us at:

“www.visaka.org”



VISAKA INDUSTRIES LIMITED

DECLARATION BY CEO OF THE COMPANY ON CODE OF CONDUCT

As per the revised clause 49 of the Listing Agreement of the Stock exchanges the Board shall lay down a code of conduct for all Board Members and Senior management of the Company. The code of conduct shall be posted on the website of the company and all the Board Members and Senior management personnel shall affirm compliance with the code on annual basis. The Annual report of the Company shall contain a declaration to this effect signed by CEO of the Company.

I hereby declare that :

1. Code of conduct prepared for the Board Members and Senior management of the company was approved by the Board of Directors in the Board Meeting held on 29-10-2005 and the same was adopted by the Company.
2. Code of conduct adopted by the Company was circulated to the members of the Board and Senior management of the company and also posted in the website of the company.
3. All the members of the Board and Senior management of the company have complied with all the provisions of the code of conduct.

for **VISAKA INDUSTRIES LIMITED**

Sd/-

Dr. G. Vivekanand
Managing Director

Date : 20th June, 2008
Place : Hyderabad.



FACTS ON ASBESTOS

1. WHAT IS ASBESTOS?

- a) Asbestos is a naturally occurring mineral found in underground rock formations. For commercial purposes, it is recovered by mining and rock crushing. Fine particles, invisible to the eye, are present in the air and water everywhere. All of us may be inhaling them and ingesting them through drinking water every day for our life times without any adverse effect on health.
- b) White asbestos (chrysotile variety) constitutes 98% of world production for its commercial use. Indian asbestos cement sheet and pipe manufacturers import all their requirements of chrysotile fibres from Canada, Brazil, Russia, Zimbabwe and Kazakhstan for production of AC sheets and pipes. Asbestos is also mined in India, but quantity and quality-wise it is of no relevance to our asbestos cement production.
- c) The Chemical composition of Crocidolite, Amosite and Chrysotile are different.
- d) Asbestos fibre, (composed mainly of magnesium and silica), is a great reinforcing agent. While its tensile strength is greater than steel, it has other rare and highly valued fire retardant, chemical resistant and heat insulating qualities. **In fact it is a magic mineral and no other substitute can match its properties.**

2. WHAT ARE ASBESTOS CEMENT (AC) PRODUCTS ?

- a) Because of its exceptional strength and ability to cover inside area as reinforcement only 8.9% of chrysotile fibres are adequate to combine with cement and other raw materials. Over 90% of asbestos fibre imports of India go into AC sheet and pipe production.
- b) AC Sheets have been used In India for 70 years. Being weatherproof and corrosion resistant, these sheets are practically ageless and maintenance free, whereas metal sheets

corrode and deteriorate with age and exposure. (See chart for comparison).

- c) AC Sheets have also proven to be the most cost effective, easy-to-install, strong and durable roofing material for warehouses, factories, low-cost housing, and practically, any structure needing a roof. Apart from India, Russia, China, Indonesia, Thailand and Brazil are some of the largest users of AC Sheets.
- d) AC sheets and pipes, being corrosion and erosion-free, once properly laid and jointed, need no maintenance or replacement. They are also very cost effective.
- e) AC products, which consume low energy in manufacture and do not in any way deplete the natural resources, meet the needs of the country in its developing economy in the context of rapidly rising population, and limited resources.
- f) AC products are manufactured under (ISI) license strictly conforming to the standards of Bureau of Indian Standards. IS 459/1992 for Corrugated Roofing Sheets, IS 2098/1997 for Flat Sheets and IS 1626 (Part 111)/1994 for Roofing Accessories.

EXPLAIN THE NEGATIVE REPORTS ON ASBESTOS :

- a) The bias against the use of asbestos in a few countries is due to the adverse Western media coverage relating to altogether different types and usages of asbestos in the past in those countries i.e. sprayed-on asbestos and friable low-density asbestos insulation used under uncontrolled conditions at that time due to lack of adequate scientific knowledge ex. Usage of amphibole (blue) variety in such applications resulted in unfortunate western experience. Though these particular usages have since been discontinued in the west, the claims relating to the past keep appearing in the media resulting in general confusion. In India asbestos fibre was never used as sprayed insulation.
- b) But, once the scientific research into the risks of asbestos was set in motion, development



and installation of pollution control systems took place, enabling the asbestos mining and asbestos cement Industries to maintain safe and acceptable levels of dust pollution at the work places.

- c) Once the safety fears were defined, the Governments have stepped in and laid down pollution control regulations and the mechanisms to enforce their compliance. Compliance with these regulations and standards assure the workers in asbestos cement Industries a risk-free environment.

For the consumer, the Asbestos Cement products were always safe.

4. WHAT IS THE SITUATION IN INDIA?

- a) Blue asbestos which lead to health problems was banned through out the world including in India.
- b) In India, only the chrysotile variety of asbestos, which is considered safer, is used in asbestos-cement products, namely, sheets and pipes. The fibers are mixed and bonded with cement and other raw material. After all the fibres are locked into the matrix there is no chance of air contamination.
- c) Even in the West, studies of workers using only chrysotile to make AC Products have no increased risks as per study by reputed scientists. Similar is experience in India with workers in asbestos-cement product industry without any adverse health effects in spite of decades of service, there being no risk of exposure to asbestos dust because of (1) Not using amphibole asbestos considered hazardous (2) Adopting west process (3) Observing pollution control measures installed in the factories. Health of the workers is closely monitored as per directives and regulations of the government agencies.
- d) There is no risk whatsoever in living or working under the AC roof, as asbestos fibres are bonded (locked in) with cement and cannot get released into the atmosphere.
- e) Transportation of drinking water in AC pipes is absolutely safe as confirmed by the World

Health Organization. Ingested asbestos if any does not pose any health risk.

- f) Apart from the Fibre Variety, the health problems, which arose in the West in the past, were because of usage of mixed asbestos in the buildings, mostly in friable form for insulation purposes. Indian climatic conditions never required the type of asbestos spraying and insulation, at one time common in the West. Thus, the health hazards and risks associated with the past asbestos fibre usage in the western countries, have nothing to do with the asbestos products or applications in India.
- g) In India Asbestos Cement sheets have been extensively used by Indian Railways for the last 50 years to provide the safest form of roofing to the thousands of Railway Platforms across the country where over 1 crore people step everyday. It is noteworthy that AC Sheets have withstood the test of time with no reported risk/casualty to the Indian traveler nor has there been any adverse effect on the local environment.

Another major consumption of AC Sheets is in the roofing of Food Corporation of India godowns, where millions of tons of food grains are stocked. The above two examples are testimony to the fact that Asbestos Sheets are absolutely safe to use.

- h) It is worth noting that India uses only about 6 to 7% of the asbestos produced in the world. (The rest is used in other countries, where obviously, controlled usage is favored as in India)
- i) All the member industries of chrysotile asbestos cement products manufacturers association (CACPMA) carry out dust level measurements and health surveillance programs as prescribed by regulatory authorities. Directorate General of Factory Advisory Services & Labour Institutes (DGFASLI) has taken up a multi disciplinary national project on occupational health and working environment in asbestos industries in the year 2004. The dust levels measured in various departments of twelve factories were



less than 0.13 fibre/ml of air. 620 randomly selected employees of above factories were medically screened for asbestos related diseases. No asbestos related diseases were detected in above employees who are exposed to chrysotile fibre for the last 5-20 years.

5. WHAT ARE THE POLICIES OF GOVERNMENT OF INDIA ON ASBESTOS?

- a) The Government of India has constituted various expert committees to study the asbestos industry and having been satisfied that asbestos does not actually pose a health risk to the workers at the manufacturing plants so long as the work place pollution controls were in place, or to the public who use the asbestos-cement products, the Ministry of Industry, Government of India, have favoured controlled usage.
- b) The Ministry of Industry, Ministry of Labour, Ministry of Environment, Ministry of Consumer Affairs, Bureau of Indian Standards, et al have laid-down regulations, standards, guidelines and recommendations specific to the asbestos industry, in line with those of International Labour Organization, World Health Organization and other bodies. The Central and State Pollution Control Boards, Labour and Factory Inspectors also regularly monitor the factories' compliance with the mandatory safety standards and pollution control levels.
- c) The latest expert committee reviews of Ministry of Environment, Central Pollution Control Board, and Ministry of Consumer Affairs and Bureau of Indian Standards completed in the year 2002-03 have concluded that the asbestos-cement Industry can operate in a safe environment under the laid-down pollution control levels.

6. ARE THERE ANY COURT RULINGS ON ASBESTOS USAGE?

- a) Concerns caused by the past medical findings in the Western countries, when asbestos applications were indiscriminate and bereft of pollution controls, resulted not only in anti asbestos media campaign and litigation, but also led some environmental activists and

NGOs approaching the courts for effective remedies.

- b) The Supreme Court of India has, in Jan 1995, disallowed one such appeal and permitted the continued usage of asbestos and asbestos products, as the petitioners failed to produce evidence to prove that asbestos-based items or their manufacturing process in India were dangerous to health. The Supreme Court had laid down certain guidelines and the implementation of the same are being monitored by the Chrysotile Information Centre.
- c) After considering a strong case by the powerful Environmental Protection Agency, the United States Court of Appeals has, in 1991, rejected an appeal for phasing out asbestos cement and other asbestos based products in USA, again for lack of evidence to warrant such a prohibition.
- d) Most recently in June 2001, the Supreme Court in Brazil has also rejected a petition by some activists for ban of asbestos cement production. Brazil, incidentally is one of the largest producers and users of asbestos.

7. ARE ASBESTOS AND ASBESTOS CEMENT PRODUCTS STILL USED IN OTHER COUNTRIES?

- a) There is no ban on production or usage of asbestos cement sheets or pipes in USA and Canada and most of the other world nations. Less than a dozen countries have regulations restricting use of asbestos based products most of which had, in any case, been phased out much earlier.
- b) The USA still imports AC pipes for water transportation.
- c) Most recently in 2001, Canada has reintroduced asbestos to make asphalt asbestos compound for re-paving of the roads, for more flexibility, resistance and for reducing fissures on the road surface.
- d) As said earlier, even today, Russia, China, Japan, Thailand, India, Brazil and Indonesia are among the largest users of AC



sheets and other products.

- e. About 94% of Chrysotile Asbestos produced worldwide is consumed by countries other than India. India uses barely 6 to 7% of world's asbestos fibre production. This goes to prove that AC sheet and pipe production and usages of these products are very much prevalent in most of the world.
- f. This asbestos production and usage in most countries confirms that these products do not cause the health problems as propagated by some zealots and industrial competitors. There are activists everywhere who pursue some issue or the other, often with inadequate research or deliberately fed misinformation for their personal gains, Asbestos is merely one such issue, which 95% of the world nations chose to ignore.

8. ARE WORKMEN INSTALLING AC ROOF AT RISK OF EXPOSURE TO ASBESTOS?

- a) No certainly not, when the recommended work practices are followed while on the job.
- b) A typical study was conducted on handling, cutting & installation of asbestos cement roofing sheets. The typical test results show the fibre concentration in air sampling is found to be around 0.07 fibre/cc which is far below the level of 0.5 fibre/cc envisaged.

9. IS IT DANGEROUS TO LIVE OR WORK UNDER AN ASBESTOS CEMENT ROOF?

- a) Not at all. There is no risk, whatsoever, to health as the asbestos fibres are locked-in and bound with cement and there is no possibility of these fibres escaping (from the products) into the ambient air.
- b) Several measurements have confirmed this fact.

10. IS PUBLIC AT RISK DUE TO WEATHERING OF ASBESTOS CEMENT PRODUCTS ?

- a) Asbestos cement sheets do not decay or rot because of the inherent properties of asbestos

fibre and cement. These do not crumble due to continued exposure to the elements or due to age. There is no evidence that people living under asbestos-cement roof, or the general public living around asbestos cement-roofed buildings or factories producing asbestos cement products have been specifically affected in any manner.

- b) In fact studies have concluded that increase in asbestos dust concentration in the near vicinity of asbestos cement roofing is so insignificant that it cannot be detected even by a scanning electron microscope.

11. IS IT WRONG TO USE AC PIPES FOR CARRYING DRINKING WATER?

Even the World Health Organization has approved the usage of AC pipes for drinking water. As stated earlier, the most health conscious USA uses AC pipes for drinking water transportation.

12. WHAT IS THE LATEST THAT IS HEARD IN THE WEST ABOUT ASBESTOS?

- a) The Times, London, 18 Sept 2001, quoting Mr. Richard Wilson, Professor of Physics at Harvard University in Cambridge, Massachusetts, USA, reported that “**asbestos is the best Insulator we know of, and not to use it because of hysterical public health reasons, is absurd**”.
- b) The Wall Street Journal, USA, 19 October 2001, in an article captioned “EPA comes clean on Asbestos”, reported “Faced with a public health scare the EPA (Environmental Protection Agency of the USA) decided to cough up the truth about asbestos. Its officials bent over backward to get out the message that asbestos was harmful only if breathed at high levels and over sustained periods of Time.” The north Tower contained 40 floors of asbestos. The EPA repeated that the public was not at any real risk from the asbestos released from the collapse of the WTC north tower and swirling around downtown Manhattan.



- c) After Sept 11, 2001 collapse of WTC towers, Prof. Art Robinson, founder of the Oregon Institute of Science and Medicine, said **“asbestos was an early victim of junk science and enviro-fear propaganda.”** Had the (top floors) contained Asbestos, the towers would have stood for four hours, saving 5000 lives.
- d) The USA Geological Survey Fact Sheet FS 12 -1 of March 2001 reports “There have been thousands of applications for asbestos. Most were viewed as practical solutions to difficult problems”. For instance, (I) asbestos helped make the braking systems in automobiles much more dependable, (II) It enabled the production of inexpensive cement-based water supply pipes (iii) Chrysotile (asbestos) is also mined in the US. One firm in California, accounted for all US chrysotile production in 1999.
- e) La Presse, Canada, May 18, 2001 has quoted Katherine Glasson, press officer for the Minister of Transport as having said “this material is not dangerous”. The paper also said, the Ministry of Transport estimates to use 1,00,000 tons of asbestos-asphalt for the repaving of its road network this year as compared to 17,000 tons last year.

SOME POPULAR MISCONCEPTIONS

	MYTHS	FACTS
1.	Asbestos cement is dangerous material.	Asbestos cement is completely safe. It is not corrosive, reactive, ignitable or toxic.
2.	Inhalation of even one fibre of asbestos is harmful.	Thousands of asbestos fibres, invisible, are inhaled by us everyday from natural resources, without any harm. Asbestos Cement Roof will not add to the environmental fibres.
3.	Asbestos cement water pipes cause colonic carcinoma and other diseases.	Asbestos fibres in water are ingested without any harm whatsoever. Therefore the AC water pipes pose no threat.
4.	Asbestos cement production is banned in the USA.	The US Court of Appeals rejected a proposed ban on scientific grounds. Asbestos-cement products are not banned in the USA.



Sl. No.	Characteristics	A C Sheets	Corrugated Galvanized Iron Sheets	Aluminum Sheets
1.	Life Span (Years)	50 (Min.) Non-Corrosive	10-15	N.A.
2.	Maintenance	Nil	Every 3-5 years	Nil
3.	Fire Rating	Retardant	Tendency to twist and melt	Tendency to twist and melt
4.	Thermal Insulation	Good	Poor	Poor
5.	Accoustic Rating	Good	Poor	Poor
6.	Absorption of rain and wind noise	Good (deadens these noises)	Poor	Poor
7.	Energy consumption required in production (kwh/Sqm.)	2.4	36.6	33.0
8.	Man Power potential	Intensive	Low	Low
9.	Wind resistance when installed	Good	Poor	Poor
10.	Weather effect	None	None	Surface Oxidation
11.	Bimetallic Reaction	None	None	Present in contact with concrete and other metals, presence of moisture
12.	Condensation	Low and will not affect sheet	High and will affect sheet	High and will result in corrosion
13.	Effect of high winds	Minimum	Unacceptable rattling sound	Rattling sound
14.	Noise level	Low	High	High
15.	Protective coating	Not required	Not required	Required to avoid direct contact with cement, limesoil, iron, copper etc.



16.	Storage	Can be stored in open space at work site	Needs closed godown for storage to avoid weather assaults	Needs closed godown for storage to avoid weather assaults
17.	Coverage Efficiency	Approx. 50% higher, taking into account lap losses.	Effective laid area becomes only 67% as compared to AC Sheets.	Effective laid area becomes only 67% as compared to AC Sheets.
18.	Cost	Low	High	Highest

Brief on Dr. David Bernstein's Study

A study was undertaken by Dr. David Bernstein, Consultant in Toxicology, Geneva, Switzerland along with other scientists Rick Rogers, USA and Paul Smith, Switzerland during 2003-2004. This study was initiated by the Quebec Government and the Chrysotile Institute, Canada. The aim of this study was to establish the difference in biopersistence of Chrysotile and other varieties of asbestos (amphiboles) and so also the substitute materials.

The study included a standardized inhalation biopersistence following the recommendations of the European Commission (EC) Interim Protocol for the Inhalation Biopersistence of synthetic mineral fibres in which the lungs were digested to evaluate fibre content remaining. In addition, confocal microscopy was used to examine lungs in three dimensions to determine where and what size the remaining fibres were in the lungs. The study was carried out on wistar rats (specific pathogen free quality).

The results published in end 2004 after 1 year of cessation of exposure showed that chrysotile is cleared from the lung with a clearance half time of 11.4 days for the fibres longer than 20 μm . Chrysotile clears in a range similar to that of glass and stone wools. It remains less biopersistent than ceramic and special purpose glasses and considerably less biopersistent than amphibole asbestos. At 1 year after cessation of exposure, no long ($L > 20 \mu\text{m}$) chrysotile fibres remained in the lung. In contrast, with amosite asbestos there were 4×10^5 long fibres ($L > 20 \mu\text{m}$) remaining in the lungs at one year after cessation of exposure.

These results fully support the differentiation of chrysotile from amphiboles reported in recent evaluations of available epidemiological studies. The value of this study and other similar studies is that it shows that at low exposure levels pure chrysotile is probably not hazardous.



M. ANANDAM & CO.
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To
The Members of
M/s. Visaka Industries Limited
Secunderabad.

1. We have audited the attached Balance Sheet of Visaka Industries Limited, as at 31st March, 2008, the Profit & Loss Account and also the Cash Flow Statement 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 a 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 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 (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our Comments in the annexure referred to in paragraph 3 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 such 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 by this report comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors of the Company are disqualified from being appointed as a director of the Company under clause (g) of subsection (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, 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 31st March, 2008;
- ii. in the case of the Profit & Loss account, of the Profit of the Company for the year ended on that date; and
- iii. in the case of the Cash Flow statement, of the Cash Flows for the year ended on that date.

For M. ANANDAM & Co.,
Chartered Accountants

Place: Secunderabad
Date : 20.06.2008

A.V.SADASIVA
Partner
M.No.18404

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

- i.
 - a. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. According to the information and explanations given to us, the company has a phased programme of verification of fixed assets which, in our opinion, is reasonable having regard to the size of the company and the nature of its business.
 - c. The Company has not disposed of any substantial part of its fixed assets so as to affect its going concern status.
- ii.
 - 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 inventories 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 has maintained proper records of its inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii.
 - a. The Company has not taken any loan from the parties covered in the register maintained under section 301 of the Companies Act, 1956. The Company has granted loan to a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.100 Lakhs and the year-end balance of loans granted to such parties was Rs. 100 Lakhs.
 - b. In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie prejudicial to the interest of the Company.
 - c. The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.



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- d. There is no overdue amount of loans taken from companies listed in the register maintained under section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- v. a. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- 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 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanations given to us, the company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under, where applicable have been complied with. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. In our opinion and according to the information and explanations given to us, the Company has made and maintained accounts and records prescribed by the Central Government under section 209(1) (d) of the Companies Act, 1956 in respect of textile division.
- ix. a. According to the information and explanations given to us and the records of the company examined by us, the Company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales tax, custom duty, excise duty, cess and other statutory dues as applicable with the appropriate authorities and there were no arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us and records of the Company examined by us, the particulars of sales tax, income tax, customs duty, excise duty, service tax and wealth tax, as at 31st March, 2008 which have not been deposited on account of dispute pending, are as under:



VISAKA INDUSTRIES LIMITED

Name of the Statute	Nature of the dues	Amount Rs. Lakhs	Financial year to which the amounts relates	Forum where the disputes are pending
Income tax Act, 1961	Income Tax	4.88	2002-2003	DCIT
The Central Excise Act, 1944	Excise Duty	9.74 (Net of MODVAT)	1997-1998	Central Excise & Gold Appellate Tribunal
Income Tax Act, 1961	Income Tax	49.05	2004-2005	CIT (A)
Service Tax Act, 1944	Service Tax	1.76	January 2005 to September 2005	High Court
Service Tax Act, 1944	Service Tax	1.67	October 2005 to March 2006	High Court

- x. The company has no accumulated losses and it has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.
- xii. According to information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xiv. In our opinion and according to the information and explanation given to us, the Company is not dealing in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xvi. In our opinion and according to the information and explanation given to us, the term loans have been applied for the purpose for which they were raised other than amounts temporarily invested pending utilization of the funds for the intended use.
- xvii. In our opinion and according to the information and explanation to us, and on an overall examination of the Balance sheet of the Company, we report that no funds raised on short-term basis have been used for long term investments.



- xviii. The Company has not made any preferential allotment of shares during the year to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix. The Company has not issued any debentures during the year.
- xx. The Company has not raised any funds on public issue and hence disclosure on the end use of money raised by the public issue is not applicable to the Company.
- xxi. To the best of our knowledge and belief and according to the information and explanations given to us, financial misappropriation of Rs.66.84 Lakhs has been brought to the notice of the Company during the year under audit and the same expensed in the books of account.

For M. ANANDAM & CO.,
Chartered Accountants

(A.V. SADASIVA)

Partner (M No. 18404)

Place : Secunderabad

Date : 20.06.2008



M. ANANDAM & CO.
CHARTERED ACCOUNTANTS

AUDITORS' REPORT ON CORPORATE GOVERNANCE

To
The Board of Directors
Visaka Industries Limited
Secunderabad

We have examined the compliance of conditions of Corporate Governance by Visaka Industries Limited for the year ended 31st March, 2008 as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of condition of Corporate Governance is the responsibility of management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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 in respect of investor grievances received during the year ended 31st March, 2008, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company. 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 M. ANANDAM & CO.,
Chartered Accountants.

(A.V. Sadasiva)

Partner (M.No. 18404)

Place : Secunderabad
Date : 20th June, 2008

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BALANCE SHEET AS AT 31ST MARCH, 2008

Rs. in Lakhs

PARTICULARS	SCHEDULE	31st March 2008	31st March 2007
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	1592.07	1592.07
Share Warrants		0.00	124.29
Reserves and Surplus	2	14336.71	14002.25
		15928.78	15718.61
Loan Funds			
Secured Loans	3	18157.44	16891.86
Unsecured Loans	4	1648.19	1725.04
		19805.63	18616.90
Deferred Taxes	5		
Deferred tax Assets		62.78	13.29
Deferred tax Liabilities		1027.15	1039.07
		964.37	1025.78
TOTAL		36698.78	35361.29
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	6	26995.79	26882.99
Less Depreciation		9772.99	8262.25
Net Block		17222.80	18620.74
Capital Work in Progress including advances		3512.14	349.86
Preoperative expenses	7	215.20	0.00
		20950.14	18970.60
Investments			
Current Assets, Loans & Advances	8	0.00	125.00
Inventories	9	9406.57	7996.35
Sundry Debtors		5365.11	4736.67
Cash & Bank Balances		3085.03	4429.48
Loans & Advances		6358.64	6333.63
		24215.35	23496.13
Less Current Liabilities & Provisions			
Liabilities	10	4766.55	3961.60
Provisions		3700.16	3270.21
		8466.71	7231.81
Net Current Assets		15748.64	16264.32
Miscellaneous Expenditure			
To the extent not written off/adjusted		0.00	1.37
Notes on Account	15		
TOTAL		36698.78	35361.29

Schedules 1 to 15 annexed here to form part of these accounts.

As per our report of even date

For and on behalf of the Board of Directors

For M. Anandam & Co.,
Chartered Accountants

M. Sreenivasa Rao
Chairman

Dr. G. Vivekanand
Managing Director

B.B. Merchant
Director

A.V. SADASIVA
Partner
Membership No.18404

Nagam Krishna Rao
Director

V. Pattabhi
Director

Date : 20-06-2008
Place : Secunderabad.

G. Saroja Vivekanand
Director

K.V. Soorianarayanan
President (Corporate & Company Secretary)



VISAKA INDUSTRIES LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

Rs. in Lakhs

PARTICULARS	SCHEDULE	Year ended 31.03.2008	Year ended 31.03.2007
INCOME			
Gross Sales		45,956.52	44,519.06
Less: Excise Duty		2,643.39	2,524.41
Net Sales		43,313.13	41,994.65
Other Income	11	644.94	535.94
Increase/(Decrease) In Stock	12	2,005.29	174.43
		<u>45,963.36</u>	<u>42,705.02</u>
EXPENDITURE			
Raw Material Consumption		27,489.26	23,733.91
Trade Purchases		5.02	11.91
Manufacturing and Other Expenses	13	14,011.23	12,861.85
		<u>41,505.51</u>	<u>36,607.67</u>
Profit Before Interest & Depreciation		<u>4,457.85</u>	<u>6,097.35</u>
Interest	14	1,571.55	1,217.52
Depreciation	6	1,565.96	1,475.59
Preliminary Expenses Written Off		1.37	0.77
Profit for the year before taxation		<u>1,318.97</u>	<u>3,403.47</u>
Provision for Taxation			
Current Tax	570.10		917.13
Deferred Tax	(61.41)		111.35
Fringe Benefit Tax	42.95	551.64	46.95
Profit for the year after taxation		<u>767.33</u>	<u>2,328.04</u>
Balance brought forward from previous year		725.61	691.67
Profit available for appropriation		<u>1,492.94</u>	<u>3,019.71</u>
Dividend on Preference Share Capital		-	6.14
Dividend on Equity Share Capital		476.23	416.19
Corporate Dividend Tax		80.93	71.77
Transfer to General Reserve		290.97	1,800.00
Balance Carried to Balance Sheet (Schedule 2)		<u>644.81</u>	<u>725.61</u>
Earnings Per Share			
Basic		4.83	17.23
Diluted		4.66	16.31
Notes on Account	15		

Schedules 1 to 15 annexed here to form part of these accounts.

As per our report of even date

For and on behalf of the Board of Directors

For M. Anandam & Co.,
Chartered Accountants

M. Sreenivasa Rao
Chairman

Dr. G. Vivekanand
Managing Director

B.B. Merchant
Director

A.V. SADASIVA
Partner
Membership No.18404

Nagam Krishna Rao
Director

V. Pattabhi
Director

Date : 20-06-2008
Place : Secunderabad.

G. Saroja Vivekanand
Director

K.V. Soorianarayanan
President (Corporate & Company Secretary)

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

Rs. in Lakhs

	31st March 2008	31st March 2007	
A) CASH FLOW FROM OPERATING ACTIVITIES :			
Net Profit before tax and extra-ordinary items	1318.97		3403.47
Adjustments for :			
Depreciation	1565.96	1475.59	
Preliminary expenses written off	1.37	0.77	
(Profit)/Loss on sale/scrap of fixed assets (net)	383.66	0.24	
(Profit)/loss on Redemption of Investments	(14.79)	(1.64)	
Fixed Assets written off	0.00	8.40	
Interest expenses	1571.55	1217.52	2700.88
Operating profit before working capital changes	4826.72		6104.35
Working Capital Changes :			
(Increase)/Decrease in Trade and other receivables	(479.63)	(3478.14)	
(Increase)/Decrease in Inventories	(1410.22)	(771.69)	
Increase / (Decrease) in Trade Payables	847.48	(451.72)	(4701.55)
Cash generation from Operations	3784.35		1402.80
Direct Taxes paid	(466.93)	(920.41)	(920.41)
Net Cash from Operating activities	3317.42		482.39
B) CASH FLOW FROM INVESTING ACTIVITIES :			
Purchase of Fixed Assets	(4151.01)	(4859.01)	
Proceeds on sale of Fixed Assets	221.85	1.29	
Purchase of Investments	0.00	(125.00)	
Proceeds on sale of Investments	139.79	2.39	
Net Cash Used in Investment activities	(3789.37)		(4980.33)
C) CASH FLOW FROM FINANCING ACTIVITIES :			
Proceeds from Long Term borrowings	0.00	4000.00	
Repayment of Long Term borrowings	(2569.01)	(1580.70)	
Proceeds from Share Capital	0.00	319.86	
Proceeds from Share warrants	0.00	124.29	
Redemption of Preference Capital	0.00	(250.00)	
Proceeds from Share Premium	0.00	3705.68	
Merger consideration	0.00	1199.70	
Dividend Paid	(489.62)	(395.95)	
Interest Paid	(1571.61)	(1229.60)	
Increase/(Decrease) in Short Term borrowings (incl. Bank borrowings for Working Capital)	3757.74	1107.65	
Net Cash Flow from Financing Activities	(872.50)		7000.93
Net Inc/(Dec) in Cash and Cash equivalents	(1344.45)		2502.99
Cash and Cash equivalent as at 01.04.2007	4429.48		1926.49
Cash and Cash equivalent as at 31.03.2008	3085.03		4429.48

Cash Flow:

Note: The Cash Flow Statement has been prepared as per indirect method as set out in Accounting Standard on Cash Flow Statement issued by the Institute of Chartered Accountants of India.

As per our report of even date

For and on behalf of the Board of Directors

For M. Anandam & Co.,
Chartered Accountants

M. Sreenivasa Rao
Chairman

Dr. G. Vivekanand
Managing Director

B.B. Merchant
Director

A.V. SADASIVA
Partner

Nagam Krishna Rao
Director

V. Pattabhi
Director

Membership No.18404

Date : 20-06-2008

G. Saroja Vivekanand
Director

K.V. Soorianarayanan
President (Corporate & Company Secretary)

Place : Secunderabad.



VISAKA INDUSTRIES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

	Rs. in Lakhs	
	31.03.2008	31.03.2007
SCHEDULE - 1		
SHARE CAPITAL		
AUTHORISED CAPITAL		
3,00,00,000 Equity Shares of Rs.10/- each	3000.00	3000.00
5,00,000 12% Cumulative Redeemable Preference Shares of Rs.100 each	500.00	500.00
	<u>3500.00</u>	<u>3500.00</u>
ISSUED, SUBSCRIBED & PAID-UP CAPITAL		
15880952 Equity Shares of Rs. 10 each fully paid up in cash	1588.10	1588.10
Add : Shares forfeited 79408 Shares	3.97	3.97
	<u>1592.07</u>	<u>1592.07</u>

	Rs.in Lakhs			
	Balance as on 01.04.2007	Additions	Deductions	Balance as on 31.03.2008
SCHEDULE - 2				
RESERVES AND SURPLUS				
Central Subsidy	30.00	-	-	30.00
Capital Reserve	15.00	124.29	-	139.29
Securities Premium	4903.45	-	-	4903.45
Capital Redemption Reserve	250.00	-	250.00	-
Deferred tax Reserve	1019.16	-	-	1019.16
General Reserve	7059.03	540.97*	-	7600.00
Profit & Loss A/c	725.61		80.80	644.81
	<u>14002.25</u>	<u>665.26</u>	<u>330.80</u>	<u>14336.71</u>

*Rs.540.97 includes Rs.250 lacs of Capital Redemption Reserve transferred to General Reserve in view of redemption of Preference Share capital during the year 2006-07.

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	Rs. in Lakhs	
	31.03.2008	31.03.2007

SCHEDULE - 3 SECURED LOANS

From Banks		
- Rupee Term Loans	9691.77	12183.93
- Working Capital	8465.67	4707.93
	<u>18157.44</u>	<u>16891.86</u>

Notes:

1. Term Loans are secured by first charge and equitable mortgage on all Immovable Properties of the company, both present and future, and a first charge by way of hypothecation of all movable assets (save and except book debts), both present and future, subject to prior charges created in favour of the company's Bankers, for Working Capital requirements. The loans are also secured by the personal guarantee of the Managing Director.
2. Loans for working capital are secured on pari-passu basis by hypothecation of the Company's entire movable assets including stocks, all raw materials, work-in-process, stores & spares, finished goods and book debts, present and future, and personal guarantee of the Managing Director.

	Rs. in Lakhs	
	31.03.2008	31.03.2007

SCHEDULE-4 UNSECURED LOANS

Security Deposits from Stockists & Others	929.07	767.14
Deposits from Public	478.19	706.21
Interest free Sales Tax Loan	221.25	221.26
Others	19.68	30.43
	<u>1648.19</u>	<u>1725.04</u>

	Rs. in Lakhs	
	31.03.2008	31.03.2007

SCHEDULE-5 DEFERRED TAX ASSETS AND LIABILITIES

Assets

Opening Balance-Doubtful debts	13.29		14.64	
Add : During the year-on account of Provision for doubtful debts	15.22		0.00	
Sales Tax	<u>34.27</u>	62.78	<u>0.00</u>	14.64
Less : Reversed during the year (Previous year-Preliminary expenses)		-	<u>1.35</u>	
		<u>62.78</u>		<u>13.29</u>

Liability

Depreciation

Opening balance	1039.07		909.20	
Add : Current year depreciation	<u>0.00</u>	1039.07	<u>129.87</u>	1039.07
Less : Reversed during the year		11.92		-
		<u>1027.15</u>		<u>1039.07</u>



VISAKA INDUSTRIES LIMITED

Rs. in Lakhs

	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As on 01.04.2007	Additions	Deductions	As on 31.03.2008	Depreciation for the year	Total Depreciation	As on 31.03.2008	As on 31.03.2007
SCHEDULE-6								
FIXED ASSETS								
Land Free Hold	1664.13	384.66	0.00	2048.79	0.00	0.00	2048.79	1664.13
Buildings	6759.18	60.77	0.00	6819.95	168.04	1064.94	5755.01	5862.29
Plant & Machinery	16875.54	261.08	608.35	16528.27	1231.96	7904.46	8623.81	10155.60
Furniture & Fixtures	233.75	4.62	24.27	214.10	14.66	120.54	93.56	124.71
Office Equipment	147.50	10.34	12.44	145.40	9.24	63.96	81.44	91.08
Vehicles	223.11	25.49	4.40	244.20	23.75	98.38	145.82	148.65
Data Processing Equipment	555.78	26.57	11.27	571.08	75.91	393.51	177.57	235.08
Advertisement Rights	424.00	0.00	0.00	424.00	42.40	127.20	296.80	339.20
TOTAL	26882.99	773.53	660.73	26995.79	1565.96	9772.99	17222.80	18620.74
Previous year	23067.20	3831.04	15.25	26882.99	1475.59	8262.25	18620.74	15206.47

Rs. in Lakhs

31.03.2008

31.03.2007

SCHEDULE-7

PRE-OPERATIVE EXPENSES

Man power cost	15.76	19.13
Power & Fuel	31.93	5.63
Rent, Rates & Taxes	5.35	6.34
Insurance	3.17	7.29
Printing & Stationery	0.59	1.53
Postage & Telephones	1.50	0.67
Vehicle expenses	4.87	5.51
Travelling & conveyance	6.39	5.13
Finance charges	37.54	79.11
Professional expenses	9.20	3.49
Other expenses	30.18	24.02
Depreciation	0.00	0.29
Trial Run Expenses	68.72	5.54
TOTAL	215.20	163.68
Less: Expenditure Capitalised	0.00	163.68
Balance remaining to be Capitalised	215.20	0.00

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Rs. in Lakhs

31.03.2008 31.03.2007

SCHEDULE-8

INVESTMENTS

TRADE-UNQUOTED

Birla Fixed Term Plan-Quarterly Series 7 (2,50,000 Units @ Rs. 10 each)	0.00	25.00
Canbank Mutual Fund (10,00,000 Units @ Rs. 10 each)	0.00	100.00
	0.00	125.00

Rs. in Lakhs

31.03.2008 31.03.2007

SCHEDULE-9

CURRENT ASSETS, LOANS & ADVANCES

A) Current Assets

Inventories (As certified and valued by the Management)

Stores & Spares	330.77	417.62
Raw Materials	1826.18	2334.40
Work-in-Process	1307.40	1361.35
Finished goods		
- Manufactured	5942.22	3880.66
- Traded	0.00	2.32
	9406.57	7996.35

Sundry Debtors

Secured

Not Over Six Months Old -Considered good	531.00	556.95
Others -Considered good	9.10	5.83

Unsecured

Not Over Six Months Old-Considered good	4768.42	4090.64
Others -Considered good	56.59	83.25
-Considered Doubtful	69.86	25.09
	5434.97	4761.76
Less : Provision for Doubtful debts	69.86	25.09
	5365.11	4736.67

Cash & Bank Balances

Cash on hand	24.70	36.87
Balance with Scheduled Banks:		
- On Current Account	2933.07	3037.35
- On Deposit Account	127.26	1355.26
	3085.03	4429.48



VISAKA INDUSTRIES LIMITED

B) Loans & Advances (Unsecured)

Advances recoverable in cash or in kind or for value to be received considered good

	<u>2821.26</u>	<u>2756.63</u>
	2821.26	2756.63
Deposits with Government	285.06	241.66
Inter Corporate Deposits	330.00	565.00
Other Deposits	36.86	58.70
Advance Tax	<u>2885.46</u>	<u>2711.64</u>
	<u>6358.64</u>	<u>6333.63</u>

Rs. in Lakhs

31.03.2008 31.03.2007

SCHEDULE-10

CURRENT LIABILITIES & PROVISIONS:

Current Liabilities

Sundry Creditors

(Refer Note no. 3 to schedule-15)

- for Goods	1792.10	1839.37
- for Expenses	2886.43	2038.39
Interest accrued but not due	48.27	48.33
Unclaimed Dividends	39.75	35.51
	<u>4766.55</u>	<u>3961.60</u>

Provisions

Provision for taxation	2916.26	2596.32
Provision for employee benefits	226.50	179.79

Provisions for Dividend

- Preference Share Capital	0.00	6.14
- Equity Share Capital	476.43	416.19
Corporate Dividend tax	80.97	71.77
	<u>3700.16</u>	<u>3270.21</u>

Rs. in Lakhs

31.03.2008 31.03.2007

SCHEDULE-11

OTHER INCOME

Interest & Miscellaneous Receipts	365.88	255.57
Insurance Claims	24.01	60.91
Export Incentives	240.26	207.50
Profit on Redemption of Investments	14.79	1.64
Exchange Fluctuation Gain	0.00	10.32
	<u>644.94</u>	<u>535.94</u>

Rs. in Lakhs

31.03.2008 31.03.2007

SCHEDULE-12

INCREASE/(DECREASE) IN STOCKS

Closing Stock

Finished Goods	5942.22	3882.98
Work in Process	1307.40	1361.35
	<u>7249.62</u>	<u>5244.33</u>

Less: Opening Stock

Finished Goods	3882.98	3691.11
Work in Process	1361.35	1378.79
	<u>5244.33</u>	<u>5069.90</u>

Increase /(Decrease)	<u>2005.29</u>	<u>174.43</u>
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	Rs. in Lakhs	
	31.03.2008	31.03.2007
SCHEDULE-13		
Manufacturing and other Expenses		
Consumable Stores & Spares	1670.85	1578.03
Power & Fuel	2426.12	2405.72
Rent	85.86	101.36
Rates & Taxes		
Excisec Duty	309.03	263.45
Others	48.69	34.71
Repairs & Maintenance		
- Buildings	104.62	69.63
- Plant & Machinery	173.03	141.03
- Others	149.20	164.36
Salaries Wages & Bonus	1856.04	1820.86
Company's Contribution to Provident Fund & other Funds	218.52	187.13
Workmen & Staff Welfare	204.10	234.17
Insurance	124.67	128.76
Travelling & Conveyance	321.11	264.37
Printing & Stationery	45.04	68.62
Freight	3121.56	2846.04
Commission & Discount	313.05	360.49
Advertisement & Sales Promotion	372.99	403.08
Vehicle Expenses	172.84	172.40
Sales Tax	107.75	79.23
Postage & Telephone	120.63	135.51
Bank Charges	151.69	219.68
Auditor's remuneration	8.44	7.74
Directors Sitting Fee	3.15	3.30
Loss on sale of Fixed Assets	383.66	0.24
Provision for Bad & Doubtful debts	44.77	0.00
Bad debts written off	100.29	0.00
Exchange Fluctuation	94.05	0.00
Fixed Assets Written Off	0.00	8.40
Other Expenses	1279.48	1163.54
	<u>14011.23</u>	<u>12861.85</u>

	Rs. in Lakhs	
	31.03.2008	31.03.2007
SCHEDULE-14		
INTEREST		
Fixed Loans	970.57	725.59
Working Capital	449.28	371.15
Others	151.70	120.78
	<u>1571.55</u>	<u>1217.52</u>



SCHEDULE - 15

NOTES ON ACCOUNTS

1) SIGNIFICANT ACCOUNTING POLICIES

i) BASIS OF ACCOUNTING

Financial Statements are prepared under the historical cost convention on the basis of a going concern in accordance with the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

ii) REVENUE RECOGNITION

Revenues and expenses are recognized on accrual basis with the exception of insurance claims, export incentives, interest on calls in arrears and interest on over due receivables which are accounted on cash basis.

iii) FIXED ASSETS

a) Fixed Assets are stated at cost (Net of Cenvat, wherever applicable) less depreciation. Cost includes freight, duties and taxes and other expenses related to acquisition and installation. Pre-operative expenses incurred during the construction period in case of major acquisitions and installations are capitalized.

b) Advertisement rights are recognized as Intangible Asset and it is amortized over a period of ten years.

iv) DEPRECIATION

Depreciation on fixed assets has been provided on the straight line method and at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

v) BORROWING COSTS

Borrowing Costs incurred during construction of an asset that takes a substantial period of time to get ready is capitalized over the cost of asset upto the date of use.

vi) INVESTMENTS

Investments are stated at the lower of cost or market price.

vii) INVENTORIES

a) Consumables, Stores and Spares are valued at lower of cost or net realizable value on weighted average basis.

b) Raw Materials are valued at cost on weighted average basis, work-in-process are valued at cost and finished goods are valued at the lower of cost or net realizable value.

viii) FOREIGN CURRENCY TRANSACTIONS

a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of the transaction.

b) Monetary items denominated in foreign currencies at the year end are translated at the year-end rates, the resultant gain or loss will be recognized in the profit and loss account.

c) Any gain or loss arising on account of exchange difference on settlement of transaction is recognized in the profit and loss account.

ix) RETIREMENT BENEFITS

Annual contribution to Gratuity fund is based on actuarial valuation.

x) TAXES ON INCOME:

Deferred tax liabilities and deferred tax assets are recognized for the tax effect on the difference between taxable income and accounting income which are not permanent in nature subject to the consideration of prudence in the case of deferred tax assets.

xi) LEASES:

Assets acquired under financial leases are recognized at the lower of the fair value of the leased asset at inception and the present value of minimum lease payment. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability.

xii) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS :

Provisions are recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can



be made of the amount of the obligation. Contingent Liabilities are disclosed when the Company has possible obligation or a present obligation and it is probable that a cash outflow will not be required to settle the obligation.

2) Contingent Liabilities:

Claims not acknowledged as debts:

- Income tax matters in respect of which the company is in appeal Rs. 49.05 Lakhs. (Previous Year Rs. 11.41 lakhs)

3) The company has initiated the process of obtaining confirmations from the "suppliers" who have registered under Micro Small Medium Enterprise Development Act, 2006 (MSMED ACT) which came into effect from October, 2006 and so far it has not received the information from suppliers regarding their status under MSMED Act as on 31st March, 2008. Hence disclosure relating to the amounts outstanding to them have not been made.

- 4) a) Related Party Disclosures for the year:
- i) Key Management personnel:
Dr.G.Vivekanand - Managing Director
 - ii) Relatives of key management personnel:
Mrs.Saroja Vivekanand - Spouse
Mrs.P.Vishwashanthi - Sister
Mr.G.Venkata Krishna - Son
Mr.G.Vamsi Krishna - Son
Miss.G.Vrithika - Daughter
Miss.G.Vaishnavi - Daughter
 - iii) Other entities under control:
Visaka Charitable Trust
 - iv) Enterprises in which relatives of key management personnel have control:
a) Nikit Investment Pvt. Ltd.
b) Britika Real Estates Pvt. Ltd.

b) Aggregated Related party disclosures

	Key Management Personnel	Relatives of key Management personnel	Trusts	Enterprises Controlled by relatives	Rs.in Lakhs Total
Remuneration	70.13	2.00			72.13
Sitting Fee		0.65			0.65
Rent		6.90			6.90
Dividend paid	147.29	5.23			152.52
Donation to Charitable Trust			30.00		30.00
Interest expenses on deposits		4.63			4.63
Interest income on ICDs			9.78		9.78
ICDs payments				100.00	100.00



VISAKA INDUSTRIES LIMITED

5) During the year, the Company has disposed off the Garment unit at Chennai. The disposal is consistent with the company's long term strategy to focus its activities in the areas of Cement asbestos and spinning.

The disclosure under AS 24 "Discontinuing Operations" is as follows.

Statement of Profit and Loss for the year ended 31st March, 2008.

Rs.in Lakhs

	2007-08	2006-07
Turnover and other income	43958.07	42530.59
Operating Expenses	41067.55	37909.60
Pre-tax profit from operating activities	2890.52	4620.99
Interest expenses	1571.55	1217.52
Profit before tax	1318.97	3403.47
Profit from continuing operations before tax	2046.61	3898.27
Income-tax expense	668.66	1240.36
Profit from continuing operations after tax	1377.95	2657.91
Profit/(Loss) from discontinuing operations before tax	-727.64	-494.80
Income-tax expenses	-117.02	-164.93
Profit/(Loss) from discontinuing operations after tax	-610.62	-329.87
Profit/(Loss) from operating activities after tax	767.33	2328.04

The following statement shows the revenue and expense of continuing and discontinuing operations :
(Amount in Lakhs)

	Continuing Operations (Asbestos and Textile Divisions)		Discontinuing Operation (Garments Divisions)		TOTAL	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
	Turnover	43534.37	41814.39	423.70	716.20	43958.07
Operating Expenses	39990.85	36830.64	1076.70	1078.96	41067.55	37909.60
Per-tax profit/(loss) form operating activities	3543.52	4983.75	-653.00	-362.76	2890.52	4620.99
Interest expense	1496.91	1085.48	74.64	132.04	1571.55	1217.52
Profit/(loss) before tax	2046.61	3898.27	-727.64	-494.80	1318.97	3403.47
Income-tax expenses	668.66	1240.36	-117.02	-164.93	551.64	1075.43
Profit/(loss) form operating activities after tax	1377.95	2657.91	-610.62	-329.87	767.33	2328.04

6) During the year 2005-2006 the Company has taken a server on Finance lease. The details of the said finance lease are as under:

Rs.in Lakhs

	2007-08	2006-07
a) Outstanding balance of minimum lease payments		
• Not later than one year	9.09	12.12
• Later than one year and not later than five years	-	9.09
TOTAL	9.09	21.21
b) Present Value of (a) above		
• Not later than one year	8.90	11.45
• Later than one year and not later than five years	-	8.90
TOTAL	8.90	20.35
c) Finance Charges	0.19	0.86



- 7) Basic earnings per equity share has been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the period. Diluted earnings per equity share has been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period. The reconciliation between basic and diluted earnings per equity share is as follows:

Particulars	Units	Year ended	Year ended
		31.03.08	31.03.07
a. Net profit after tax	Rs in Lakhs	767.33	2328.04
b. Weighted average of number of equity shares used in computing basic earnings per share	No. of shares (Lakhs)	158.81	134.69
c. Basic earnings per share	Rs.	4.83	17.23
d. Effect of potential equity shares for preferential allotment	No. of shares (Lakhs)	9	9
e. Weighted average of number of equity shares used in computing diluted earnings per share	No. of shares (Lakhs)	164.66	142.34
f. Diluted earnings per share	Rs.	4.66	16.31
g. Effect of potential equity shares for preferential allotment (c-f)	Rs.	0.17	0.92

- 8) During the year the company forfeited 9,00,000 Convertible share warrants allotted by way of preferential allotment to M/s.Sandadi Homes Private Limited since the right to convert the share warrant into equity shares is not exercised by the holder within the stipulated time. The advance amount of 10% received against these share warrants amounting to Rs. 124.29 lacs has been transferred to Capital Reserve Account.

- 9) During the year M/s.Shakti Roofings Private Limited having registered office at Hyderabad which is engaged in the business of Cement Asbestos Products has been amalgamated with the company. The amalgamation scheme has been approved by the Honorable High Court of Andhra Pradesh vide its order dt. 06-june-07 with the appointed date of amalgamation being 1st April 2006. All the assets and liabilities of M/s.Shakti Roofings Private Limited are merged in to the company at their carrying cost and 20,07,995 equity shares of face value of Rs.10 each of the company are allotted to existing share holders of M/s.Shakti Roofings Private Limited. As per the scheme of amalgamation approved by the High Court of Andhra Pradesh one equity share of Rs. 10 each in the transferee company was allotted for every 2.29 equity shares of Rs. 10 each fully paid up held in the transferor company. The company has accounted the merger "under pooling of interest method" as prescribed in AS-14 issued by the ICAI.

Effect of Amalgamation on the appointed date 1-04-2006 is as follows :

	(Rs. in lacs)
Net Fixed Assets	1068.76
Work in progress	52.15
Net Current Assets	1061.22
Miscellaneous expenses	1.75
Total Assets	<u>2183.88</u>
Loans (Secured & Unsecured)	<u>853.67</u>
Deferred Tax liabilities (Net)	128.75
Total liabilities	<u>982.42</u>
Net Assets/purchase consideration	<u>1201.46</u>
Net Assets/purchase consideration is accounted as follows :	
Issue of Share Capital	200.80
General Reserve	759.03
Profit & loss Account	241.63
	<u>1201.46</u>



VISAKA INDUSTRIES LIMITED

Since the accounts of the previous year 2006-07 have been approved by the shareholders of the company before the High court order, the accounts did not reflect the amalgamation in the same year. The Previous years figures have therefore been re-cast to account for the amalgamation.

a) The position of Assets and liabilities of the company due to the amalgamation of Shakti Roofings Private Ltd. as on 31-03- 2007 is as follows.

Particulars	Rs.in lakhs		
	Amounts as on 31-03-07 as per the previous Annual report	Additions on Amalgamation	Recast figures
Fixed Assets (Gross)	25031.49	1851.50	26882.99
Less: Depreciation	7503.32	758.93	8262.25
Net Block	17528.17	1092.57	18620.74
Capital Work-in-process	349.86	0	349.86
Total Fixed Assets (A)	17878.03	1092.57	18970.60
Investments (B)	125.00	0	125.00
Current Assets, Loans & Advances			
Inventories	7148.22	848.13	7996.35
Sundry Debtors	4339.01	397.66	4736.67
Cash & Bank Balances	3905.73	523.75	4429.48
Loans & Advances	5810.93	522.70	6333.63
Total (i)	21203.89	2292.24	23496.13
Current Liabilities & Provisions			
Liabilities	2913.71	1047.89	3961.60
Provisions	2835.87	434.34	3270.21
Total (i)	5749.58	1482.23	7231.81
Net Current Assets(C= i-ii)	15454.31	810.01	16264.32
Preliminary Expenses (D)	0.08	1.29	1.37
Total(A+B+C+D)	33457.42	1903.87	35361.29
Share Capital (E)	1391.27	200.80	1592.07
Share Warrants (F)	124.29	-	124.29
Reserves			
Central Subsidy	30.00	-	30.00
Capital Reserve	15.00	-	15.00
Securities Premium	4903.45	-	4903.45
Capital Redemption Reserve	250.00	-	250.00
Deferred Tax Reserve	1019.16	-	1019.16
General Reserve	6300.00	759.03	7059.03
Profit & Loss Account	529.68	195.93	725.61
Total(G)	13047.29	954.96	14002.25
Total Loans			
Secured Loans	16321.12	570.74	16891.86
Unsecured Loans	1656.55	68.49	1725.04
Total(H)	17977.67	639.23	18616.90
Deferred Taxes			
Deferred Tax Assets (i)	0	13.29	13.29
Deferred Tax Liabilities (ii)	916.90	122.17	1039.07
Total (I = ii-i)	916.90	108.88	1025.78
Total(E+F+G+H+I)	33457.42	1903.87	35361.29

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b) The position of Income and Expenditure of the company due to the amalgamation of Shakti Roofings Private Ltd. as on 31-03- 2007 is as follows. Rs.in lakhs

Income	Amounts as on 31-03-07 as per the previous Annual report	Additions on Amalgamation	Recast figures
Gross Sales	40173.59	4345.47	44519.06
Less : Excise Duty	2253.21	271.20	2524.41
Net Sales	37920.38	4074.27	41994.65
Other income	515.84	20.10	535.94
Increase/(Decrease) in Stock	426.96	-252.53	174.43
Total income	38863.18	3841.84	42705.02
Expenditure			
Raw Material Consumption	21214.51	2519.40	23733.91
Manufacturing & Other-Expenses	11684.46	1189.30	12873.76
Total	32898.97	3708.70	36607.67
Profit Before Interest & Depreciation	5964.21	133.14	6097.35
Interest	1150.14	67.38	1217.52
Depreciation	1347.72	127.87	1475.59
Preliminary Expenses Written Off	0.30	0.47	0.77
Profit for the year before taxation	3466.05	-62.58	3403.47
Provision for Taxation			
Current Tax	917.13		917.13
Deferred Tax	131.22	-19.87	111.35
Fringe Benefit Tax	43.97	2.98	46.95
Profit for the year after taxation	2373.73	-45.69	2328.04

c) The position of Cash flow of the company due to the amalgamation of Shakti Roofings Private Ltd. as on 31-03- 2007 is as follows. Rs.in lakhs

	Amounts as on 31-03-07 as per the previous Annual report	Recast figures
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax and extra-ordinary items	3466.05	3403.47
Adjustments for:		
Depreciation	1347.72	1475.59
Preliminary expenses written off	0.30	0.77
(Profit/loss on sale/scrap of fixed assets (net))	0.24	0.24
(Profit)/loss on Redemption of Investments	(1.64)	(1.64)
Fixed Assets written off	8.40	8.40
Interest expenses	1150.14	1217.52
Operating Profit before working capital changes	5971.21	6104.35
Working Capital Changes:		
(Increase) / Decrease in Trade and other receivables	(2998.80)	(3478.14)
(Increase) / Decrease in Inventories	76.43	(771.69)
Increase / (Decrease) in Trade Payables	(1505.42)	(451.72)
Cash generation from Operations	1543.42	1402.80
Direct Taxes paid	(1032.72)	(920.41)
Net cash from Operating activities	510.70	482.39
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(3638.57)	(4859.01)
Proceeds on sale of Fixed assets	1.28	1.29
Purchase of Investments	(125.00)	(125.00)
Proceeds on sale of Investments	2.39	2.39
Net Cash used in Investment Activities	(3759.90)	(4980.33)



VISAKA INDUSTRIES LIMITED

C) CASH FLOW FROM FINANCING ACTIVITIES:

Proceeds from Long Term borrowings	4000.00	4000.00
Repayment of long term borrowings	(1765.49)	(1580.70)
Proceeds from Share capital	319.86	319.86
Proceeds from Share warrants	124.29	124.29
Redemption of Preference Capital	(250.00)	(250.00)
Proceeds from Share Premium	3705.68	3705.68
Merger consideration		1199.70
Dividend paid	(395.95)	(395.95)
Interest Paid	(1163.14)	(1229.60)
Increase/(decrease) in Short Term borrowings (incl. Bank borrowings for working capital)	653.19	1107.65
Net Cash Flow from Financing Activities	5228.44	7000.93
Net inc /(Dec) in Cash and Cash equivalents	1979.24	2502.99
Cash and Cash equivalent as at 01.04.2006	1926.49	1926.49
Cash and Cash equivalent as at 31.03.2007	3905.73	4429.48

The quantitative details of Cement Asbestos products which have been recast is

Details	In Mts		
	Quantity as on 31-03-07 as per the previous Annual report	Additions on Amalgamation	Recast Figures
Opening Stock-FG	62863	15734	78597
Production	436922	69374	506296
Sales/Captive consumption	433800	74400	508200
Closing stock	62158	8819	70977
Transfer/Breakages	3827	1888	5715

10. CAPACITY, PRODUCTION, SALES, CONSUMPTION AND STOCK:

(Quantitative information in respect of goods manufactured)

	31st March 2008				31st March 2007		
	Asbestos Products	Textile Yarn	Garments	Boards	Asbestos Products	Textile Yarn	Garments
Licensed Capacity per annum	NA	NA	NA	NA	NA	NA	NA
Installed Capacity (as certified by Management and not verified by the Auditors, being a technical matter)	544000MT	1816 (Spinning Positions)	230 MCS	60000 MT	532000MT	1816(Spinning Positions)	230 MCS
	(Quantities in Metric Tonnes)		(Quantities in Pieces)		(Quantities in Metric Tonnes)		(Quantities in PCs)
Opening Stock -	70977	988.305	5461	-	78428	1134.042	1200
Opening Stock - Traded	0				169		
Production during the year	597006	7916.564	103499	-	506054	6976.020	186491*
Purchases - Traded					242		
Sales during the year :							
- Domestic Manufactured	550478	3901.917	1350	-	507694	4593.923	770
- Traded	0				315		
- Captive Consumption	397				191		
- Export		3661.954	102,042	-		2528.256	175,290
TOTAL	550875	7563.871	103,392	-	508200	7122.179	176,060
Transfer - Manufactured	5867	0.453	5,568	-	5694	-0.422	6,170
- Traded	0				21		
Closing Stock - Manufactured	111241	1340.545	-	-	70902	988.305	5,461
- Traded	0				75		

(*Production does not include Job Work Production of 2219 Pcs.) (Previous year 58004 Pcs)

(The Non-Asbestos V.Boards Project at Miryalaguda, AP has Commenced Trial Production during the year.

The Trial Production as on 31/03/2008 is 986 Metric Tonnes)

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11. TURNOVER: (GROSS)

	31st March 2008		31st March 2007	
	Quantity (MT)	Value (Rs/Lakhs)	Quantity	Value (Rs/Lakhs)
Asbestos Products - MTs				
Domestic - Manufactured	550478	35695.50	507694	33913.27
- Traded	0	0.00	315	24.81
- Captive Consumption	397	20.37	191	8.18
	<u>550875</u>	<u>35715.87</u>	<u>508200</u>	<u>33946.26</u>
- Sale of Asbestos Fibre	21	6.76	139	30.69
		<u>35722.63</u>		<u>33976.95</u>
Textile Yarn - MTs				
- Domestic	3901.917	5236.54	4593.923	6729.58
- Exports	3661.954	4638.84	2528.256	3157.12
	<u>7563.871</u>	<u>9875.38</u>	<u>7122.179</u>	<u>9886.70</u>
Garment - PCS				
- Domestic	1350	1.69	770	2.95
- Exports	102042	356.82	175290	652.46
	<u>103392</u>	<u>358.51</u>	<u>176060</u>	<u>655.41</u>
TOTAL		45956.52	-	44519.06

	31st March 2008		31st March 2007	
	Quantity	Value (Rs/Lakhs)	Quantity (MT)	Value (Rs/Lakhs)

12. RAW MATERIALS CONSUMED

Asbestos Products - MTs				
- Asbestos Fibre/Woodpulp	47026	11145.76	41721	10396.40
- Cement	252180	9013.58	211746	6520.16
- Others	167096	1312.99	145895	1181.33
Textile Yarn - MTs				
- Polyester Staple Fibre	7013.517	4501.39	6247.961	4265.08
- Viscose Staple Fibre	1112.271	1289.28	934.360	911.96
- Others	9.497	7.23	83.269	75.62
Garments - Meters				
- Fabric	163473.310	164.75	358116	308.19
- Trims		54.28		75.17
TOTAL		<u>27489.26</u>		<u>23733.91</u>

Rs. in Lakhs

	31st March 2008	31st March 2007
13. Managerial Remuneration		
Salary	30.00	27.00
Commission	19.90	136.58
Perquisites	12.13	13.49
Contribution to Provident and Other funds	8.10	7.29
Commission to Non-wholetime Directors	14.03	36.87
	<u>84.16</u>	<u>221.23</u>



VISAKA INDUSTRIES LIMITED

Computation of Net Profit under Section 198 and 309 of the Companies Act, 1956.

Profit before Taxation	1318.97
Add:	
Managerial Remuneration	84.16
	<u>1403.13</u>
Maximum Remuneration to wholetime Director @5%	70.16
Commission to whole time Director restricted to	19.90
Maximum commisson to Resident Indian-Non-whole time Directors @ 1%	14.03
Commission to Non-whole time Directors restricted to	14.03

14. Payment to Auditors

Audit Fee	4.50	4.85
Tax Audit Fee	1.50	1.65
Certification Fee	2.08	0.40
Out of Pocket Expenses	0.36	0.84
	<u>8.44</u>	<u>7.74</u>

15. Expenditure in Foreign Currency

Travel	5.62	1.67
Commission on Export Sales	78.19	54.83
Interest Paid	0.00	0.47
Technical knowhow	42.33	0.00
	<u>126.14</u>	<u>56.97</u>

16. Earnings in Foreign Currency

Export of Goods (FOB Value)	4772.16	3649.39
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17. CIF Value of Imports

Raw Materials	9041.23	8491.38
Component & Spare Parts	5.92	40.47
Capital Goods	26.18	235.33

31st March 2008
Rs. in Lakhs

31st March 2007
Rs.in Lakhs

%

%

18. Consumption of Raw Materials & Spare Parts

a) Raw Materials

i) Imported	11184.85	41	10440.91	44
ii) Indigenious	16304.41	59	13293.00	56
	<u>27489.26</u>	<u>100</u>	<u>23733.91</u>	<u>100</u>

b) Spare Parts & Consumables

i) Imported	6.51	0	27.21	2
ii) Indigenious	1664.34	100	1550.82	98
	<u>1670.85</u>	<u>100</u>	<u>1578.03</u>	<u>100</u>

19. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account	167.38	1745.75
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20. Segment information for the year ended 31st March, 2008

i) Information about Primary business segments

Rs. In Lakhs

	31-03-2008				31-03-2007			
	Cement Asbestos Products	Synthetic Yarn	Garments	Consolidated	Cement Asbestos Products	Synthetic Yarn	Garments	Consolidated
REVENUE								
External Sales	35722.63	9875.38	358.51	45956.52	33976.95	9886.70	655.41	44519.06
Inter segment Sales	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Revenue	35722.63	9875.38	358.51	45956.52	33976.95	9886.70	655.41	44519.06
Segment Result	2895.80	1040.56	(653.00)	3283.36	4280.52	1079.17	(362.75)	4996.94
Unallocated Corporate expenses				(483.28)				(418.08)
Operating profit				2800.08				4578.86
Interest Expense				(1571.55)				(1217.52)
Rental and other Income				90.44				42.13
Income tax				(551.64)				(1075.43)
Profit from ordinary activities				767.33				2328.04
Extra Ordinary Profit/ Loss				0.00				0.00
Net Profit				767.33				2328.04
Other information								
Segment Assets	27243.12	9440.92		36684.04	26620.91	9116.33	1198.93	36936.17
Unallocated Corporate Assets				8544.23				5668.85
Total Assets				45228.27				42605.02
Segment Liabilities	3947.93	668.76		4616.69	3394.63	579.69	77.37	4051.69
Unallocated Corporate Liabilities				24682.80				22836.09
Total Liabilities				29299.49				26887.78
Capital Expenditure	498.95	48.62		547.57	3542.05	19.79	43.22	3605.06
Unallocated Capital Expenditure				225.96				225.98
Total Capital Expenditure				773.53				3831.04
Depreciation	1110.44	436.80	15.52	1562.76	1004.28	435.59	32.53	1472.40
Unallocated Depreciation				3.19				3.19
Total Depreciation				1565.95				1475.59
Non-cash expenses other than depreciation (preliminary expenses)	1.37	0.00		1.37	0.77			0.77

ii) Information about secondary business segments .

Revenue by Geographical markets

Rs. In Lakhs

	31.03.2008			31.03.2007		
	India	Outside India	Total	India	Outside India	Total
External	40960.86	4995.66	45956.52	40709.48	3809.58	44519.06
Inter-segment	0.00	0.00	0.00	0.00	0.00	0.00
Total	40960.86	4995.66	45956.52	40709.48	3809.58	44519.06
Carrying amount of segment assets	45228.27	0.00	45228.27	42605.02	0.00	42605.02
Additions to fixed assets	773.53	0.00	773.53	3831.04	0.00	3831.04



NOTES:

Business Segments:

The Company's activities are organized into three operating segments namely, Cement Asbestos, Textile-Synthetic Yarn and Garment. The segments are the basis on which the company reports its primary segment information. The Cement Asbestos Products division produces asbestos sheets and accessories used mostly as roofing material. Synthetic Yarn division manufactures Yarn out of blends of polyester, viscose, other materials which go into the weaving of fabric. The garment division manufactures ready made garments. Segment result includes the respective other income.

Financial Information about business segments is presented as above.

Geographical Segments:

The Sales of the above segments are classified as per the geographical segments of the company as Domestic and Exports.

Segment Revenue and Expenses:

The Company has an established basis of allocating Joint/Corporate expenses to the segments, which is reasonable, and followed consistently. All other segment revenue and expenses are attributable to the segments. Certain Expenses/income are not specifically allocable to specific segments and accordingly these expenses are disclosed as 'unallocated corporate expenses' or income and adjusted only against the total income of the company.

Segment Assets and Liabilities:

Segment assets include all operating assets used by a segment and consist principally of operating cash, debtors, inventories and fixed assets, net of allowances and provisions that are reported as direct offsets in the balance sheet. While most assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. In such cases, the entire revenue and expenses of these assets including depreciation are also allocated to the same segments. Assets which are not allocable to the segments have been disclosed as 'unallocated corporate assets'. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities. Segment assets and liabilities do not include deferred income taxes. The loans and other borrowings that are not specifically allocable to the various segments are disclosed as 'unallocated corporate liabilities'.

Inter Segment Transfers:

The Company adopts a policy of pricing inter-segment transfers at cost to the transferor segment. However, during the year there are no such transactions.

21) Figures for the previous year including the additional information as required in Part II of Schedule VI to the Companies Act are regrouped wherever necessary and have been recast giving the effect for the amalgamation of Shakti Roofing P Ltd into Visaka Industries limited.

As per our report of even date

For and on behalf of the Board of Directors

For M. Anandam & Co.,
Chartered Accountants

M. Sreenivasa Rao
Chairman

Dr. G. Vivekanand
Managing Director

B.B. Merchant
Director

A.V. SADASIVA
Partner
Membership No.18404

Nagam Krishna Rao
Director

V. Pattabhi
Director

Date : 20-06-2008
Place : Secunderabad.

G. Saroja Vivekanand
Director

K.V. Soorianarayanan
President (Corporate & Company Secretary)

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BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No. State Code
 Balance Sheet Date

II. CAPITAL RAISED DURING THE YEAR (AMOUNT RS. IN THOUSANDS)

Public Issue Rights Issue
 Bonus Issue Private Placement

III. POSITION OF MOBILISATION/DEPLOYMENT OF FUNDS (AMOUNT Rs. IN THOUSANDS)

Total Liabilities Total Assets
 Paidup Capital Reserves & Surplus
 Secured Loans Unsecured Loans
 Application of Funds
 Net Fixed Assets Investments
 Net Current Assets Misc.Expenditure
 Accumulated Losses

IV. PERFORMANCE OF THE COMPANY (AMOUNT Rs. IN THOUSANDS)

Turnover Including Other Income Earning per Share (in Rs.)
 Total Expenditure Dividend Rate (%)
 +/- Profit/Loss before Tax On Preference Capital
 +/- Profit/Loss after Tax On Equity Capital

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY:

Item Code (ITC Code)	Production Description
68	C E M E N T P R O D U C T S
55095100	S Y N T H E T I C B L E N D E D Y A R N
2650	G A R M E N T S



VISAKA INDUSTRIES LIMITED

Regd. Office : Survey No. 315, Yelumala Village, R.C. Puram (Mandal)
Medak District, A.P. 502 300.

ATTENDANCE SLIP

I hereby record my presence at the 26th Annual General Meeting of the Company being held on Monday, the 28th day of July 2008 at 11.00 am at its Registered Office.

Name of the Shareholder : Name of Proxy :
Signature of Member / Proxy : Regd. Folio No/*ClientId :

*Applicable for members holding shares in electronic form.

Note : To be signed and handed over at the entrance of the Meeting Venue.

VISAKA INDUSTRIES LIMITED

Regd. Office : Survey No. 315, Yelumala Village, R.C. Puram (Mandal)
Medak District, A.P. 502 300.

PROXY FORM

Regd. Folio/*Client Id.....No. of Shares.....SI.No.....

I/we.....of.....in the district of.....

being a member (s) of the above named Company hereby appoint.....of in the district of

.....or failing him.....of.....in the district ofas

my/our proxy to attend and vote for me/us on my/our behalf at the 26th Annual General Meeting of the Company to be held on Monday, the 28th day of July 2008 or adjournment thereof.

Signed this.....day of.....2008

Signature.....

Affix
One Rupee
Revenue
Stamp here

Note : The proxy duly completed should be deposited at the Registered Office of the Company not less than 48 (forty eight) hours before the time fixed for holding the meeting.

* Applicable for members holding shares in electronic form