

VISHNU CHEMICALS LIMITED



17th
ANNUAL REPORT
2009 - 2010



Vishnu Chemicals Limited

Board of Directors:	Sri. Ch. Krishna Murthy	Chairman & Managing Director
	Sri. Ch.Siddartha	Whole-time Director
	Smt. Ch.Manjula	Director
	Sri. Bajrang Lal Bajaj	Independent Director
	Sri. U.Dileep Kumar	Independent Director
	Sri V.Vimalanand	Independent Director

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

Bankers: STATE BANK OF HYDERABAD
ANDHRA BANK
INDIAN OVERSEAS BANK
STATE BANK OF INDIA
PUNJAB NATIONAL BANK
UNION BANK OF INDIA

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

Works:

Survey No.15
Gaddapotharam
Medak District - 502319
Andhra Pradesh

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

Plot No. 57
Phase - III
IDA., Jeedimetla
Hyderabad - 500 055
Andhra Pradesh

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



Notice of Annual General Meeting:

Notice is hereby given that the Seventeenth Annual General Meeting of the members of **Vishnu Chemicals Limited** will be held on Saturday the 31st Day of July, 2010 at 11.00 A.M at The Golconda Hotel, 10-1-124, Masab Tank, Hyderabad - 500028 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and the Profit and Loss account for the year ended on that date and directors and auditors Reports there on.
2. To appoint a Director in place of Mr. Bajrang Lal Bajaj who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. U.Dileep Kumar who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit to pass, with or without modification the following resolution as Special Resolution.

"RESOLVED THAT, pursuant to clause(d) of sub-section (1) of Section 293 of the Companies Act, 1956 and all other enabling provisions, if any of the Act, consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from Banks, Financial Institutions (FIs), Foreign Institutional Investors (FIIs), Overseas Corporate Bodies (OCBs), External Commercial Borrowings (ECB) and all other foreign loans up to a sum not exceeding Rs.400 Crores (Rupees Four Hundred Crores) notwithstanding that the money to be borrowed together with the money already borrowed by the company (apart from such temporary loans obtained or to be obtained from the company's bankers) will or 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."

6. To consider and if thought fit to pass, with or without modification the following resolution as Special Resolution.

"RESOLVED THAT, the consent of 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 the Board of Directors of the Company for the creation of mortgages/charges on the company's immovable properties, where so ever situate, present and future, and such charge to rank either paripassu with or second, subsequent, subservient and subordinate to all the mortgages/charges created/ to be created by the company for all existing and future borrowings and facilities whatsoever in favor of the lender(s) for borrowings not exceeding Rs. 400 Crores.

"RESOLVED FURTHER THAT, Board of Directors of the Company be and is hereby authorized to do all acts, execute deeds, and things as may be necessary for giving effect to the above resolution.

For and on behalf of the Board

Sd/-

(Ch. Krishna Murthy)

Chairman & Managing Director

Place: Hyderabad
Date: 29.05.2010



Notes:

1. A MEMBER ENTITLED TO ATTEND AND TO VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND PROXY NEED NOT BE MEMBER OF THE COMPANY. THE PROXY FORM IN ORDER TO BE EFFECTIVE, DULY COMPLETED MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto and form part of this Notice.
3. Pursuant to Sec 154 of the Companies Act, 1956 and Clause 16 of Listing agreement, the Register of Members and Share Transfer Books will remain closed for 2 days i.e., 30.07.2010 to 31.07.2010 (Both days Inclusive).
4. A member may contact to the Share Transfer Agent of the Company for any information and clarifications. Sathguru Management Consultants Pvt. Limited, Plot No.15, Hindi Nagar, Behind Saibaba Temple, Punjagutta, Hyderabad - 500 034. Ph:040-23350586 / 23356507 / 23356975 Fax : 040 - 23354042. Email : sta@sathguru.com

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

Item Nos. 5 & 6

In view of future expansion plans and increased working capital requirements, your directors have proposed to raise more funds from banks and financial institutions. Thus in order to enable the Board to borrow loans, for an amount exceeding paid capital and free reserves and creation of charge on the assets of the Company, the company needs to pass necessary resolutions under section 293 (1)(a) and 293 (1)(d), approved by the shareholders by way of Special Resolution(s). Therefore, your approval has been sought for item nos. 5 & 6 of the notice.

No directors are interested in the afore stated resolutions, except to the extent of their shareholding in the paid-up capital of the Company.

For and on behalf of the Board

Place: Hyderabad
Date: 29.05.2010

Sd/-
(Ch. Krishna Murthy)
Chairman & Managing Director



DIRECTORS' REPORT

To

The Members

VISHNU CHEMICALS LIMITED

Your Directors are happy to present their Seventeenth Annual Report on the business and operations of the Company and the Financial Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS

(Rs. in lakhs)

Particulars	2009-10	2008-09
Gross Income	22209.46	14406.35
Profit before Interest, Depreciation & Tax	3803.18	1710.56
Less: Depreciation	997.87	762.27
Less: Interest	2103.95	1833.83
Profit for the year before taxes	701.36	(885.54)
Less: Provision for Taxes	540.10	77.63
Profit after Taxes	161.26	(807.91)
Add: Surplus brought forward from Previous Year	1523.91	2331.82
Surplus Carried forward to Balance Sheet	1685.17	1523.91

OPERATIONS:

During the Financial Year 2009-10, the Company has achieved the net sales of Rs.206 Crores, against the projections of Rs.209 Crores thereby achieved 98% sales against the projections. By exports to various countries across globe the quality products, the Company has joined the top list of Chromium Chemicals manufacturers. The Company got recognition among all interested sections of the industry as reliable supplier, buyer and manufacturer. Internally all the systems are in place and all the staff members got excellent training and company in the process of going for various accreditations. Your Company also received excellent support from all our Bankers.

FUTURE PLANS:

Since the new plant operations were stabilized, the company may grow at 50% every year for a continuous period of 5 years subject to favorable market conditions. The company exports may grow at 100% during the current financial year. Your company will shine for excellence in all formats such as Human Relations, Productivity, Quality and Service to the customers.

DIRECTORS:

Sri Bajrang Lal Bajaj and Sri. U. Dileep Kumar, Directors of the Company retires by rotation and being eligible, offer themselves for re-appointment.

CORPORATE GOVERNANCE - CLAUSE 49 OF THE LISTING AGREEMENT:

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



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

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

FIXED DEPOSITS:

Your Company has accepted un secured loans for an amount of Rs.200 lakh and complied with the provisions of section 58A and 58AA read with companies (Acceptance of deposit) rules 1975 and filled statement in lieu of advertisement with the Registrar of Companies, Andhra Pradesh on date 29.05.2010

INDUSTRIAL RELATIONS:

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

SHARE CAPITAL:

The Company has issued and allotted 75,00,000 7% Redeemable Preference Shares of Rs. 10/- each during the current Financial Year.

DIVIDEND :

The Board of Directors has not recommended any dividend for the current financial year.

AUDITORS:

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

REPLIES TO AUDIT OBSERVATIONS:

1. The Auditors have mentioned in their Report as point 4(f) that the brought forward reserves being overstated by Rs.312.82 lakhs due to capitalization of term loan interest during 2007-08, in contravention of AS16 issued by The Institute of Chartered Accountants of India and fixed Assets of the Company have been overstated by the same amount. Consequently, the depreciation for the year is overstated by Rs.14.27 lakhs and the total overstatement of depreciation is Rs.28.66 lakhs till March 31, 2010.

With respect to the above, the management already clarified in the year 2007-08 that since, the operations with respect to the first line of production, which was commissioned, were at very insignificant level at that point of time and the plant becoming an integrated one only subsequent to the commissioning of second line, it was not deemed inappropriate to capitalize the interest.

2. The auditors have mentioned in their Annexure to the report as point 3(d) that there is no terms of repayment of term loans taken from the Directors.

There is no specific term for repayment of loans. The amount will be repaid based on availability of sufficient cash flows.

3. The auditors have mentioned in their Annexure to the report as point 9(a) that "Rs.107.02 lakh of entry tax, Rs.55.46 lakhs of Sales tax, Rs.15.69 lakhs of Works Contract Tax and 0.12 lakhs of TCS were outstanding for a period of more than 6 months."

As far as Entry Tax is concerned, liability arose on account of High Court decision for non acceptance of exemption claimed by the company along with other assesses and the company is making arrangement. As far as Sales tax is concerned, the liability arises due to Input Vat Credit on Stock transfers. The Company has to pay the said amount along with regular taxes and company has sought the commercial tax department for extension of time and making payment in installments and the balance will be paid within short period.

4. The auditors have mentioned in their Annexure to the report as point 11 that "interest and principal fallen due during the year Rs.170.75 lakhs and Rs.533.05 lakhs respectively".

As it has taken more time for stabilization of its Vizag Plant beyond the expected time, the cash flows were tight and hence could not make the payment. However, the Company is taking steps to clear off the dues before June 2010 ending.

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

Name	Designation	Salary p.m.	Experience	Age
Shri. Ch. Krishna Murthy	Chairman & Managing Director	Rs. 4,00,000	24 years	53
Shri. Ch. Siddartha	Whole-time Director	Rs. 2,50,000	4 years	25
Smt Ch. Manjula	Director	Rs. 3,75,000	16 Years	45

Note:

1. Shri. Ch. Siddartha is appointed as Whole-time Director w.e.f 19th September 2009.
2. Smt Ch.Manjula resigned as Whole-time Director w.e.f 31st August 2009 and continuing as Non-executive Director of the company.

DIRECTORS' RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 217(2AA):

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956 your Directors confirm:

1. that in the preparation of the accounts for the Financial Year ended 31st March, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. That the Directors' had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the said Financial year and of the Profit/loss of the company for the said financial year;
3. That the Directors' have taken proper and sufficient care for the maintenance of adequate, accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. That the Directors had prepared the accounts for the year ended 31st March, 2010 on a "going concern" basis.

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

Particulars required to be disclosed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are annexed hereto as Annexure to this Report.

ACKNOWLEDGEMENT:

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

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

By Order of the Board

Place: Hyderabad
Date :29.05.2010

Sd/-
CH. MANJULA
Director

Sd/-
CH. KRISHNA MURTHY
Chairman & Managing Director



ANNEXURE TO DIRECTORS REPORT

Information Under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (disclosure of particulars in the report of the Board of Directors) Rules 1988 and forming part of Directors Report.

A. CONSERVATION OF ENERGY:

FORM - A

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

		2009-2010	2008-2009
Power and Consumption			
A	1. Electricity:		
	a) Purchased		
	Units	Nos.	5396115
	Total Amount	Rs.	20425796
	Rate/Unit	Rs.	3.79
	b) Own Generation		
	Units	KWH	128071
	Unit per Litre of Diesel Oil	KWH	5.01
	Cost/Unit(Variable (Rs.))	Rs.	7.77
	2. Coal\Husk		
	Quantity"C"(D) used in Boiler	MTs	17894.067
	For Steam		
	Generation		
	Total Cost	Rs.	45855259
	Average Rate\Tonne	Rs.	2562.60
	3. Furnace Oil		
	Quantity	KL	7837.067
	Total Amount	Rs.	218439319
	Average Rate	Stand If any	27872.59
B	CONSUMPTION PER UNIT OF PRODUCTION		
	Products :		
	1. Sodium Bichromate		
	2. Basic Chrome sulphate		
	Electricity (KWH)\Diesel	<u>Units</u>	286.580
	Furnace Oil	KLs	0.778
	Coal\Husk	MTs	0.820

B. TECHNOLOGY ABSORPTION:

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

**FORM - B****RESEARCH AND DEVELOPMENT****1. Areas in which R & D activity has been carried out:**

- a) Peptide synthesis, Amino acid protection, de-protections and Unusual amino acid synthesis.
- b) Carbohydrate chemistry and nitrogen heterocycles
- c) Synthesis of advance Intermediates for API's.
- d) Continuous improvement in the Process and cost reduction of Menadione, its salts and Saccharin.

2. VISHNU's extensive search has found that, we can work on different heterocycles which may have wide applications for New Chemical entities. Working on the oxygen and nitrogen heterocycles has again given an opportunity for Vishnu to have hands on experience on the new areas of chemistry. The approach was both traditional and innovative. The processes were established upto kilogram level so as to make it viable for commercial applications in near future.

VISHNU activities lay major emphasis on the protection, deprotection of amino acids, synthesis of unusual amino acids and solution phase peptide synthesis. The combination of Boc and Cbz chemistry in peptides has worked well and gave us confidence to have the advantage of Cost by using the Solution phase chemistry. This has helped Vishnu in synthesizing the Peptide by solution phase upto nine amino acids. This is cost effective. While working on the Peptide, it helped Vishnu to build up its product range in this segment.

VISHNU's business philosophy includes intensive analytical support for all the projects, which is reflected in a broad variety of analytical instruments. The Analytical labs are fully compliant to GMP practices. Vishnu has participated in the international conferences and exhibitions like Informex-USA to establish and create Business opportunities for itself. This has helped VISHNU R&D to brand itself as Amino acid and Peptides Company.

3. Future Plans:

Vishnu R&D Center would have a clear business model of its own. The following would be the different role to be played:

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

4. Expenditure incurred:

The Company has incurred revenue expenditure of Rs. 70,29,955/- and no Capital Expenditure incurred for the year.

C. FOREIGN EXCHANGE EARNING AND OUTGO:

Foreign Exchange earned Rs. 5055.96 lakhs and used Rs. 2391.85 lakhs during the year.



CORPORATE GOVERNANCE

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

1. BOARD OF DIRECTORS

The company has an Executive Chairman. The Chairman along with the Whole time Director manages the day-to-day affairs of the Company. The Board of the Company has a combination of Two Executive Directors and Four Non-Executive Directors comprising of 66% of the Board as on 31st March 2010.

- a) Composition and category of directors as on 31st March 2010

Category	No. of Directors
Executive Directors (Promoter Directors)	2
Non- Executive Directors (Promoter Directors)	1
Independent Directors	3
Total	6

- b) Attendance of each Director at the Board meetings held during the year 2009-10 and at the last Annual General Meeting.

Name of the Director	Meetings held during the tenure	Meetings Attended	Last AGM
Shri Ch Krishna Murthy	6	4	YES
Smt Ch Manjula	6	5	YES
Shri Ch Siddartha	6	2	YES
Shri. U Dileep Kumar	6	6	YES
Shri. B.L. Bajaj	6	2	NO
Shri. V. Vimalanand	6	5	YES

- c) No. of other Boards/Board Committees in which the Directors are either Member or Chairman during the year 2009-10

Name of the Director	Boards		Committees	
	Chairman	Member	Chairman	Member
Shri Ch Krishna Murthy	Nil	1	Nil	Nil
Smt. Ch Manjula	Nil	1	Nil	Nil
Shri Ch Siddartha	Nil	Nil	Nil	Nil
Shri. B. L. Bajaj	1	2	1	Nil
Shri. U. Dileep Kumar	Nil	Nil	Nil	Nil
Shri. V. Vimalanand	Nil	Nil	Nil	Nil

- d) Number of Board Meetings held and dates on which they were held during 2009-10

Quarter	No. of Meetings	Dates on which held
Apr-Jun	2	30.05.2009 & 30.06.2009
Jul-Sep	2	31.07.2009 & 02.09.2009
Oct-Dec	1	31.10.2009
Jan-Mar	1	29.01.2010



None of the directors on the Board is a member in more than ten committees and they do not act as Chairman of more than five committees across all companies in which they are directors.

None of the Non-Executive Directors except Smt. Ch Manjula has any pecuniary relationship or transactions with the company. Smt. Ch Manjula is related to the Managing Director and holding 13.51% of Shares in the Company.

2. AUDIT COMMITTEE:

The Audit Committee was formed with qualified and independent members of the Board of Directors of the Company.

a. Brief description of terms of reference:

The terms of reference of the Audit Committee is in conformity with the provisions of paragraphs C & D in Sub-Clause II of clause 49 of the Listing Agreements entered with the Bombay Stock Exchange Ltd., and The Ahmedabad Stock Exchange Ltd., which inter alia, includes the following.

- Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Reviewing with management the annual financial statements before submission to the Board.
- Reviewing with management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there are suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with the auditors before commencement of audit, nature and scope of audit as well as to have post audit discussion to ascertain any area of concern.
- Reviewing the company's financial and risk management policies.

b. Composition, names of members and Chairperson and attendance :

During the year the audit committee met 5 (Five) times and following is the attendance of the members.

Name of the Director	Position Held	No. of Meetings attended
Shri. B. L. Bajaj	Member	2
Shri U. Dileep Kumar	Chairman	5
Shri. Vi. Vimalanand	Member	4

The following business was conducted during the year.

- Review of quarterly financial statements.
- Review of internal control systems with reference to the audits conducted by the internal auditors.
- Review of annual financial statements for the year 2009-10.

3. REMUNERATION COMMITTEE:

The remuneration Committee consists of Three Independent Directors.

a) Terms of Reference:

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


b) Composition, Names of Members and Chair Person:

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

REMUNERATION OF EXECUTIVE DIRECTORS:

The remuneration packages paid to the Executive Directors are fixed by the Board of Directors and approved by the Shareholders in the General Meetings. The remuneration was paid to the Executive directors out of the profits of the company U/s 198, 309, 310 read with Schedule XIII of Companies Act 1956. The details of remuneration paid to the Directors are as under:

Sl. No.	Name	Designation	Salary P.A. (Rs.)	Sitting Fee
1	Shri Ch Krishna Murthy	Managing Director	48,00,000	Nil
2	Smt. Ch Manjula*	Director	18,75,000	Nil
3	Shri Ch Siddartha#	Whole-time Director	16,00,000	Nil

*Smt. Ch. Manjula has resigned as whole-time Director w.e.f. 31st August 2009 and continuing as Director of the Company.

#. Mr. Ch. Siddartha is appointed as whole-time Director of the Company w.e.f. 19th September, 2009.

4. INVESTORS GRIEVANCE COMMITTEE:

The investors Grievance committee consists of three directors.

a. Terms of reference:

The Committee shall specifically look into the redressing of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend etc.

b. Composition, Name of Members and Chair person :

The committee comprises of the following Independent Directors:

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

c. Name and Designation of compliance officer:

Shri T. Ramakrishna, General manager (F & A), 6-3-662/B/4, 2nd Floor, Sri Sai Nilayam, Sangeetnagar Colony, Somajiguda, Hyderabad. Ph : 040-66626680-83, Fax : 040 - 2331 4158

d. Details of Shareholders Complaints:

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

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

There was no pending complaint during the year under review.

f. No. of pending share transfer :

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



5. SHARE TRANSFER COMMITTEE:

The members of Share Transfer Committee consists of Shri. Ch. Krishna Murthy and Smt. Ch. Manjula meet at regular interval to consider and ratify the share transfer duly approved by the Share Transfer Agents.

6. BOARD PROCEDURE:

At least four meetings are held every year and during the year under review 6 (six) Board meetings were held. The Board meets at least once in every quarter to review the financial results and other items on the agenda. Notice for the Board meetings together with agenda is sent to all the directors in advance. The gap between two consequent board meetings did not exceed four months.

7. ANNUAL GENERAL MEETINGS:

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

For the	Venue	Day & Date	Time
2007	6-3-662/B/4Sri Sai Nilayam, 2nd Floor, Sangeetnagar Colony, Somajiguda, Hyderabad - 82	Thursday, 21.06.2007	3.00 P.M
2008*	Hotel I K London, 6-3-656, Somajiguda, Hyderabad - 500082	Friday, 05.12.2008	11.00 A.M
2009	Hotel I K London, 6-3-656, Somajiguda, Hyderabad - 500082	Wednesday 30.09.2009	11.00 A.M.

* The company has obtained extension of time for holding Annual General Meeting for the year 2008 from the Registrar of Companies, Andhra Pradesh.

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

8. DISCLOSURES:

- a. Disclosures on materially significant related party transactions:

Name of the Party	Description of Relationship	Name of the Interested Director	Nature of Transaction	Business Rs.	Outstanding as on 31.03.2010
Vasanth Transport Corporation	Proprietor	Ch Krishna Murthy	Transport Services, Hire Charges	66819784	(5578399)
Vishnu Life Sciences Ltd	Member	Ch. Siddhartha	Sales, Conversion Lease Rentals	4232725	6187944
K.M.S. Infrastructure Ltd	Directors	Ch. Krishna Murthy and Ch Manjula	Contract Service	7183198	(1199468)

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

The Madhya Pradesh Stock Exchange has imposed a penalty of Rs.40,250 towards non-compliance of the Listing Agreement with the Exchange. The same was complied and penalty of Rs.40,250 was paid to the Exchange on 20.02.2010.

Except above, there is no any other non-compliance, penalties imposed on the company by the stock exchanges, SEBI or any other authorities on any matter related to capital markets.

**9. MEANS OF COMMUNICATION:**

Financial results:

The Un-Audited quarterly, half yearly, nine months financial results and the annual audited financial results are published normally in the Andhra Prabha, Andhra Jyothi, The Financial Express, the Business Standard & Andhra Bhoomi in the State of Andhra Pradesh.

10. MANAGEMENT DISCUSSION AND ANALYSIS:

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

11. GENERAL SHAREHOLDERS INFORMATION:

i. Annual General Meeting:

Day, date and time: Saturday the 31st Day of July 2010 at 11.00 A.M at The Golconda Hotel, 10-1-124, Masab Tank, Hyderabad - 500028.

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

- a) Full Name : Bajrang Lal Bajaj
 Date of Birth : 15.09.1965
 Father's Name : Poosraj Bajaj
 (Office address with telephone nos.: Dynamic Orbits Advisory Pvt. Ltd 1G Vandana Bldg., 11 Tolstoy Marg,
 where the Director is working) New Delhi - 110001, Ph No: 011 4355 8032
 Residence and Permanent Address : #B-307, Yojana Vihar, B-307, Yojana Vihar, Delhi, India 110092
 Permanent A/c No. : ABJPB9630P
- b) Full Name : Utukuri Dileep Kumar
 Date of Birth : 10.08.1959
 Father's Name : U. Hrishikesa
 (Office address with telephone numbers other than the Retired as Deputy General Manager
 Company's address) from APSFC
 Residence and Permanent Address : Plot No. 13,14,15-105, Apsara Apts, Maruthi Nagar, Yella
 Reddy Guda, Hyderabad - 500073, Andhra Pradesh.
 Telephone No : Ph No.: 040-23735666
 Permanent A/c No. : AAEP9541J

Market Price Data on Monthly basis:

Scrip Code:516072 **Company:** VISHNU CHEM **For the Period:** April 2009 to March 2010

Month	Open Price	High Price	Low Price	Close Price
Apr 09	18.85	37.80	18.85	35.10
May 09	36.00	46.95	34.00	43.75
Jun 09	43.30	47.55	33.45	35.50
Jul 09	35.10	49.85	30.65	43.15
Aug 09	45.15	46.80	38.05	44.90
Sep 09	43.75	47.25	40.10	43.05
Oct 09	43.00	57.30	39.25	39.45
Nov 09	38.10	47.00	37.70	45.65
Dec 09	43.40	47.80	38.75	39.90
Jan 10	41.85	45.90	38.95	40.30
Feb 10	42.40	69.90	42.05	57.00
Mar 10	59.80	81.40	56.25	73.50

H-L:High-Low

C-O:Close-Open


Registrar and Transfer Agents :

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

Share Holding pattern of the company as on 31st March 2010 is :
Distribution of Share Holding Pattern

Category	No. of shares held		Total Shares	% of Holding
	Physical	Depository		
A. Promoters' Holding				
1. Promoters				
a. Indian Promoters'	Nil	8933856	8933856	74.79
b. Foreign Promoters' *	-	-	-	-
c. Persons acting in concert **	-	-	-	-
SUB-TOTAL	Nil	8933856	8933856	74.79
B. Non-Promoters Holding				
3. Institutional Investors	-	-	-	-
a. Mutual Funds and UTI	-	-	-	-
b. Banks, Financial Institutions	-	300	300	-
Insurance Companies (Central / State Govt. Institutions / Non - Government Institutions)				
c. FIs*	-	-	-	-
SUB-TOTAL	-	300	300	-
4. Others				
a. Private Corporate Bodies	6875	326854	333729	2.80
b. Indian Public	294359	1891015	2185374	18.29
c. NRIs / OCBs *	42240	450521	492761	4.12
d. Any other (Please Specify)				
SUB-TOTAL	343474	2668390	3011864	25.21
GRAND TOTAL	343474	11602546	11946020	100.00

* TOTAL FOREIGN SHAREHOLDINGS IN NUMBER IS 492761 AMOUNT TO 4.12 PERCENT & THERE IS NO GDR & ADR HOLDINGS IN ABOVE MENTIONED COMPANY

** HOLDING OF PERSONS ACTING IN CONCERT IS NIL.

**Plant Locations (Factory):**

- | | |
|--|---|
| 1. SURVEY NO.15
Gaddapotharam
Medak District
Andhra Pradesh- 502319 | 2. SURVEY NO.18-26
Nandini Road
Bhilai- 490026
Chattishgarh |
| 3. Plot No.57, Phase III
IDA,Jeedimetla
Hyderabad -500055, A.P. | 4. Plot No.29, Pharma City
IOCL Road - 531021
Visakhapatnam Dist., A.P. |

Address for Correspondence:

(Registered Office)
6-3-662/B/4, Sri Sai Nilayam,
II Floor, Sangeethnagar Colony,
Somajiguda, Hyderabad - 500 082
Ph : 040-6662 6680-83; Fax : 040-2331 4158

Share Transfer System:

Shares lodged for physical transfer of shares would be registered within a period of 30 days.

i. Book Closure:

The company's Register of Members and Share Transfer books will remain closed for the purpose of 17th Annual General meeting:

Date of Book Closure: 30.07.2010 to 31.07.2010 (Date of Annual General Meeting)

ii. Listing on Stock Exchanges:**The company's equity shares are listed on the following Stock exchanges**

- | | |
|--|---|
| a) The Bombay Stock Exchange Limited (BSE) | The Bombay Stock Exchange Ltd, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 |
| b) Ahmedabad Stock Exchange | The Stock Exchange, Ahmedabad Kamadhenu complex, Opp. Sahajanand College, Panjara Bole, Ahmedabad - 380 015 |
| c) Madhya Pradesh Stock Exchange* | Palika Plaza, Phase - II, 201, II Floor, MTH Compound, Indore - 452 001, Madhya Pradesh |

*The Company has delisted Equity Shares from the Madhya Pradesh Stock Exchange with effect from 09.01.2010

Other Information:

- | | |
|---|---|
| c) The stock code of the company | VISHNU |
| d) The ISIN for company's Equity Shares in Demat Form | INE270I01014 |
| e) Depository Connectivity | The Company has Depository Connectivity with CDSL and NSDL. |

Declaration for Compliance with Code of Conduct

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

A Statement of allegiance to the Code of Conduct has been obtained from all the senior management personnel and functional heads.

Place : Hyderabad
Date : 29.05.2010

For VISHNU CHEMICALS LIMITED

Sd/-
Ch. Krishna Murthy
Chairman & Managing Director



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

To
The Members of
VISHNU CHEMICALS LIMITED
Hyderabad

We have examined the compliance of conditions of Corporate Governance by M/s VISHNU CHEMICALS LIMITED ("the Company") for the year ended on March 31, 2010 as stipulated in clause 49 of the Listing Agreement of the said company with the stock exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned listing agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Share Holders/Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For L D Reddy & Co.,
Company Secretaries

Sd/-
L.Dhanamjaya Reddy
C P No : 3752

Place : Hyderabad
Date : 29.05.2010



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

Overview:

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

Industry Structure and developments:

The Chemicals industry is a highly versatile segment in the overall industrial economy of India. It is one of the oldest domestic industries in India, contributing significantly to both the industrial and economic growth. It has linkages with almost every other industrial activity, be it food processing, metallurgy, textiles, rubber or leather. There is in fact, hardly any segment where chemicals do not feature. The industry is broadly segmented into four major categories, Inorganics Chemicals, Organic Chemicals, Petrochemicals based specialities, and agro oriented chemicals. The chemical industry currently produces nearly 70,000 commercial products, ranging from cosmetics and toiletries to plastics and pesticides. India chemicals companies have prominence in the global market. Global chemical companies present in India have benefited from many opportunities as result of favorable factors such as skilled workers, low manufacturing cost and strong domestic demand. The Indian chemicals industry whose size is Rs. 350,000 Crores and its exports are valued at Rs. 70,000 crores. It has a share of 14% in Indian industry and is the largest single industry segment in IIP. There are thousands of companies which include commodities and specialities in 20 segments (inorganic, colorants, textile, pharma chems, polymers, leather chems, etc.) which are growing @ 12% per year. The strengths of Indian Chemical industry are: (a) Long private sector history in textile chems, colorants, leather chems, etc, (b) Huge internal market and (c) It is aggressively competitive overseas. Indian industries were planning aggressively expansion at global scale while MNCs were focusing on India.

Risks and concerns:

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

Results of operations:

Exports:

An amount of Rs. 5055.96 Lakhs was made towards exports sales and received Rs. 2391.85 Lakhs towards foreign exchange during the Financial Year under review.

Financial Conditions:

Share Capital:	The Authorised Share Capital of the Company is 62,00,00,000/-. The Issued, Subscribed and Paid Up Capital is of the company is Rs. 59,44,60,200/-.
Reserves and Surplus:	An Amount of Rs. 19,76,03,128/- is available under Reserves and Surplus as on 31.03.2010
Loan Funds:	We have availed short Term Loan of Rs. 1 Cores From Indian Overseas Bank
Deferred Tax:	The deferred Tax liability has arisen as the company has incurred Profits during the year.

**Fixed Assets:**

		Amount (in Rupees)	
Sl.No.	Particulars	As on 31.03.2010	As on 31.03.2009
1	Land	45516536	45516536
2	Building	524465084	524465084
3	Plant & Machinery	1569379458	1492197340
4	Office Equipment	3071778	2654754
5	Furniture & fixtures	8140855	7557338
6	Vehicles	11259659	10776557
7	Data Process Equipment	5398498	5028907
8	Lab Equipment	5381135	5213449
9	Intangible Assets (Computer Software)	3000000	3000000
10	R&D Equipment	39282883	39282883
11	Goodwill	33731778	33731778
12	Total	2248627664	2169424626
13	Less: Accumulated Depreciation	348869134	249082437
14	Net Block	1899758530	1920342189
15	Capital work in progress	287180192	224571187
16	Grand Total	2186938722	2144913376

Investments:

The Company having IDBI Growing Interest Bonds (98A) 6 Nos. of each Rs.5000/-, 60,000 Equity Shares of Rs.10/- each fully paid-up in M/s Koganti Power Limited (Un Listed) 50,000 units of Rs.10/- each in SBI Mutual Funds and 39,138.943 units of Rs.25.55/- each in PNB Mutual Funds.

Sundry Debtors:

The sundry debtors stand at Rs. 2978.09 Lakhs as on 31.03.2010 against Rs. 1525.59 Lakhs as on 31.03.2009. The debtors are considered as good, for which the company holds no security other than the debtors' personal guarantee.

Cash and Cash Equivalents:

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

		Amount (in Rupees)
Particulars	31.03.2010	31.03.2009
Cash and Cash Equivalents	1206.66	588.81
Total assets	26761.13	26934.20
Cash and Cash Equivalents as a % of total assets	4.51	2.19

Loans and advances:

The loans and advances are unsecured, considered as good, recoverable in cash or kind or for value to be received.

**Current Liabilities:**

The Current Liabilities position as on 31.03.2010 and 31.03.2009 is given below.

CURRENT LIABILITIES:

(Amount in Lakhs)

	As on 31.03.2010	As on 31.03.2009
1. Sundry Creditors	5807.99	2851.91
2. Other Liabilities	654.75	441.25
Total	6462.74	3293.16

Others:**Human Resources:**

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

Internal Control System:

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

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

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

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



- d. We have also disclosed to the auditors as well as the Audit Committee:
1. Significant changes in accounting policies during the year.
 2. Significant changes in accounting policies during the year have been disclosed in the notes to the financial statements; and
 3. Instances of significant fraud of which they have become aware and the involvement therein, by any of the management or any employee having a significant role in the company's control system over financial reporting.

Sd/-

T. RAMA KRISHNA
General Manager (F & A)
(Chief Financial Officer)

Sd/-

CH. KRISHNA MURTHY
Chairman & Managing Director

**AUDITORS REPORT**

To

The Members of VISHNU CHEMICALS LIMITED

1. We have audited the attached Balance Sheet **VISHNU CHEMICALS LIMITED** as at March 31, 2010, the Profit and Loss account and also Cash Flow statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Company Law Board in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, wherever applicable.
4. Further to our comments in the Annexure referred to above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion, proper books of account, as required by law have been kept by the Company so far as appears from our examination of those books.
 - c. The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e. On the basis of written representations received from the directors as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f. In our opinion and to the best of our information and according to the explanations given to us, subject to *the brought forward reserves being overstated by Rs.312.82 lakhs due to capitalization of term loan interest during 2007-08, in contravention of AS16 issued by The Institute of Chartered Accountants of India and Correspondingly fixed Assets of the Company being overstated by the same amount. Consequently, the depreciation for the year is overstated by Rs.14.27 lakhs and the total overstatement of depreciation till March 31, 2010 is Rs.28.66 lakhs.*
the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Balance Sheet of the state of affairs of the Company as at March 31, 2010,
 - ii. in the case of the Profit and 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.

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

For C K S ASSOCIATES
Chartered Accountants
(Firm Regn. No. 0073905)

HYDERABAD
May 29, 2010

Sd/-
J. RAM SESH CHOUDARY
Partner (M.No.202150)



ANNEXURE TO THE AUDITORS' REPORT

1. a) The Company has maintained proper records showing full particulars, including the quantitative details and situation of fixed assets.
 b) As per the information and explanations provided to us, the fixed assets have been physically verified by the management at intervals which, in our opinion, are reasonable, having regard to the size of the Company and the nature of its assets. No serious discrepancies were noticed on such verification
 c) No substantial part of fixed assets has been disposed off during the current year, which has a bearing on the assumption of going concern.
2. a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 b) The procedures of physical verification of stocks followed by the management are reasonable and adequate, in relation to the size of the Company and the nature of its business.
 c) The Company is maintaining proper records of inventory. No material discrepancies were noticed on verification between the physical stocks and the book records.
3. a. As the company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, the matters to be reported under Paragraphs 4 (iii) (b),(c) and (d) are not applicable.
 b. The Company has taken interest-free unsecured loans from three parties covered in the register maintained under Section 301 of the Companies Act, 1956, with a maximum outstanding of Rs.883.00 lakhs during the year and an amount of Rs.133.25 lakh outstanding as on March 31, 2010
 c. The terms and conditions on which loans have been taken by the Company are not prejudicial to the interests of the company.
 d. *As no terms of repayment have been specified, we are unable to comment whether the payment of principal is regular in respect of loans taken by the Company.*
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory, fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. a) According to the information and explanations given to us, we are of the opinion that the particulars or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
 b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to the prevailing market prices at that relevant time.
6. According to the information and explanations provided to us, the Company is in the process of complying with the directives issued by the Reserve Bank of India and the provisions of Section 58A and Section 58AA of the Companies Act, 1956 and Rules framed there under.
7. In our opinion, the Company has an internal audit system, commensurate with the size and nature of the business.
8. We have broadly reviewed the books of accounts maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the



Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the records with a view to determine whether they are accurate.

9. a) The Company is generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth-tax, service tax, customs duty, excise duty, cess and other statutory dues as are applicable with the appropriate authorities. According to the information given to us no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, wealth-tax, service tax, customs duty, excise duty and cess were outstanding, as at March 31, 2010, for a period of more than six months from the date they became payable as detailed below:

Nature of dues	Amount (in lakhs)	Period to which the amount relates	Due Date	Date of Payment
Entry Tax	24.28	2006 - 2007	2006-07	Not Paid
Entry Tax	67.58	2007 - 2008	2007-08	Not Paid
Entry Tax	15.15	2009 - 2010	2009-10	Not Paid
Sales Tax	12.45	2007 - 2008	2007-08	Not Paid
Sales Tax	43.02	2008 - 2009	2008-09	Not Paid
Works Contract Tax	13.97	2008 - 2009	2008-09	Not Paid
Works Contract Tax	1.72	2009 - 2010	2009-10	Not Paid
Tax Collected at Source	0.12	2009 - 2010	2009-10	Not Paid

- b) According to information and explanations provided to us and the records of the company the disputed statutory dues that have not been deposited on account of matters pending before the appropriate authorities are as follows:

Nature of dues	Amount (Rs.in lakhs)	Period to which the amount relates	Forum where dispute is pending
Sales Tax	15.42	1999-2000	The Registrar, Board of Revenue, Bilaspur
Sales Tax	2.13	2001-2002	Dy. Commissioner (Appeals), Commercial Taxes, Durg, M.P
Sales Tax	6.10	2002-2003	The Registrar, Board of Revenue, Bilaspur
VAT (In put Tax Credit)	6.61	2005-2006	The A P Sales Tax Appellate Tribunal (STAT), Hyderabad.
Central Excise	46.82	1998-1999	CESTAT, Bangalore
Sales Tax	5.81	1998-1999	The A P Sales Tax Appellate Tribunal (STAT), Hyderabad.
Sales Tax	1.91	2005-2006	Appellate Deputy Commissioner Of Commercial Tax, Durg
Central Excise	1.85	2008-2009	The Assistant Registrar, Office of the Customs Excise and Service Tax Appellate Tribunal, New Delhi
Central Excise	0.05	2008-2009	The Additional Commissioner, Office of the Commissioner customs, Raipur.
Central Excise	30.92	2008-2009	The Assistant Registrar, Office of the customs Excise and Service Tax Appellate Tribunal, New Delhi
Income Tax	3.83	2003-2004	The Commissioner (Appeals) Hyderabad
Income Tax	16.85	2007-2008	The Commissioner (Appeals) Hyderabad



Vishnu Chemicals Limited

10. The Company does not have any accumulated losses as on March 31, 2010. The Company has not incurred any cash loss either during the current year or in the immediately preceding financial year.
11. According to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution or bank, *except interest and principal fallen due during the year Rs.170.75 lakhs and Rs.533.05 lakhs respectively.*
12. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debenture and other securities.
13. In our opinion the Company is not a nidhi/mutual benefit fund/society and as such, the matters to be reported under sub-clauses (a) to (d), Second Part of paragraph 4(xiii) are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company does not deal or trade in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us the Company has not given guarantee for loans taken by others.
16. In our opinion and based on the information and explanations given to us, the term loans were applied for the purpose for which they were obtained.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that the funds raised on short-term basis have not been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures.
20. The Company has not raised any money through public issue.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

HYDERABAD
May 29, 2010

For C K S ASSOCIATES
Chartered Accountants
(Firm Regn.No.0073905)

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

**BALANCE SHEET AS AT MARCH 31, 2010**

	SCHEDULE	31-03-2010 Rs.	31-03-2009 Rs.
I. SOURCES OF FUNDS:			
1. SHAREHOLDERS' FUNDS:			
a. Capital	1	594,460,200	519,460,200
b. Reserves & Surplus	2	197,603,128	181,477,276
		792,063,328	700,937,476
2. LOAN FUNDS:			
a. Secured Loans	3	1,697,612,362	1,732,225,440
b. Unsecured Loans	4	56,464,568	173,131,501
		1,754,076,930	1,905,356,941
3. DEFERRED TAXATION		129,972,442	87,125,521
TOTAL		2,676,112,700	2,693,419,938
II. APPLICATION OF FUNDS:			
1. FIXED ASSETS:	5		
a. Gross Block		2,248,627,664	2,169,424,626
b. Depreciation		348,869,134	249,082,437
c. Net Block		1,899,758,530	1,920,342,189
d. Capital Work-in-progress		287,180,192	224,571,187
		2,186,938,722	2,144,913,376
2. INVESTMENTS	6	2,130,000	1,150,000
3. CURRENT ASSETS, LOANS & ADVANCES:			
a. Inventories	7	537,307,316	487,171,539
b. Sundry Debtors	8	297,808,844	152,559,579
c. Cash & Bank Balances	9	120,666,257	58,881,714
d. Other Current Assets	10	13,148,184	240,027
e. Loans and Advances	11	184,984,748	195,572,689
		1,153,915,349	894,425,548
Less: CURRENT LIABILITIES & PROVISIONS			
a. Current Liabilities	12	646,274,264	329,316,459
b. Provisions	13	20,597,107	20,348,337
		666,871,371	349,664,796
NET CURRENT ASSETS		487,043,978	544,760,752
4. MISCELLANEOUS EXPENDITURE	14	0	2,595,810
TOTAL		2,676,112,700	2,693,419,938

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

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Per our Report of even date
for C K S ASSOCIATES
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-
J RAM SESH CHOUDARY
Partner
Membership No.202150

Sd/-
CH. KRISHNA MURTHY
Chairman & Managing Director

Place: Hyderabad
Date : May 29, 2010

Sd/-
CH. MANJULA
Director



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING MARCH 31, 2010

	SCHEDULE	31-03-2010 Rs.	31-03-2009 Rs.
INCOME			
Sales		2,197,987,936	1,424,918,076
Less: Excise duty		129,725,409	116,638,621
		2,068,262,527	1,308,279,455
Other Income	15	22,958,298	15,717,284
		2,091,220,825	1,323,996,739
EXPENDITURE			
Raw Material Consumed	16	1,055,174,846	655,343,161
Payments & benefits to employees	17	53,827,406	34,720,563
Manufacturing, Administrative & Selling expenses	18	746,941,008	491,037,630
Financial Costs	19	210,395,199	183,382,855
Depreciation		99,786,697	76,227,033
Miscellaneous expenditure written off		2,595,810	2,595,810
Decrease / (Increase) in Stocks	20	(148,680,531)	(32,899,539)
		2,020,040,435	1,410,407,513
PROFIT FOR THE YEAR		71,180,390	(86,410,774)
Prior Period Expenditure (Net)		1,044,292	2,143,361
PROFIT BEFORE TAX		70,136,098	(88,554,135)
PROVISION FOR TAX			
Current Tax		12,097,107	0
Deferred Tax		42,846,921	(8,263,104)
Fringe Benefit Tax		0	500,000
Prior Period Taxes		11,163,325	0
Mat Credit Entitlement		12,097,107	0
PROFIT AFTER TAX		16,125,852	(80,791,031)
Add: Surplus Carried from Previous year		152,391,236	233,182,267
SURPLUS TRANSFERRED TO BALANCE SHEET		168,517,088	152,391,236
EARNINGS PER SHARE:			
Basic & Diluted		1.35	(6.76)

Per our Report of even date
for C K S ASSOCIATES
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-
J RAM SESH CHOUDARY
Partner
Membership No.202150

Sd/-
CH. KRISHNA MURTHY
Chairman & Managing Director

Place: Hyderabad
Date : May 29, 2010

Sd/-
CH. MANJULA
Director

**SCHEDULE - 1****SHARE CAPITAL**

	31-03-2010 Rs.	31-03-2009 Rs.
AUTHORISED CAPITAL:		
12,000,000 Equity shares of Rs. 10/- each	120,000,000	120,000,000
50,000,000 7% Redeemable Preference Shares of Rs.10/- each	500,000,000	400,000,000
	620,000,000	520,000,000
ISSUED, SUBSCRIBED & PAID-UP CAPITAL:		
11,946,020 Equity Shares of Rs.10/- each	119,460,200	119,460,200
47,500,000 7% Redeemable Preference Shares of Rs. 10/- each	475,000,000	400,000,000
	594,460,200	519,460,200

SCHEDULE - 2**RESERVES & SURPLUS**

Capital Reserve - Shares forfeiture	86,040	86,040
General Reserve	29,000,000	29,000,000
Profit & Loss Account	168,517,088	152,391,236
	197,603,128	181,477,276

SCHEDULE - 3**SECURED LOANS**

Term Loans from Banks	1,243,536,306	1,269,575,383
Working Capital Borrowings	453,307,809	461,660,454
Hire Purchase Loans	768,246	989,603
	1,697,612,362	1,732,225,440

SCHEDULE - 4**UNSECURED LOANS**

Sales Tax Deferment	24,263,950	24,263,950
From - Directors	13,325,000	81,800,000
- Companies	18,875,618	67,067,551
- Others	-	-
	56,464,568	173,131,501



SCHEDULE 5 : STATEMENT OF FIXED ASSETS & DEPRECIATION FOR THE YEAR ENDING 31st MARCH, 2010

SL. No.	DESCRIPTION OF THE PROPERTY	GROSS BLOCK						DEPRECIATION			NET BLOCK	
		As on 01.04.2009	Rs.	Additions for the Period	Rs.	Capitalised during the Period	Rs.	Deletions for the Period	Rs.	As on 31.03.2010	Rs.	As on 31.03.2009
1	Land Factory	45,516,536	-	-	-	-	45,516,536	-	-	45,516,536	45,516,536	45,516,536
2	Buildings - Factory	524,465,084	-	-	-	-	524,465,084	17,616,286	-	47,962,916	476,502,168	494,118,454
3	Plant & Machinery	1,492,197,340	1,089,516	76,092,602	-	-	1,569,379,458	78,107,675	-	244,030,831	1,325,348,627	1,326,274,184
4	Lab Equipments	5,213,449	167,686	-	-	-	5,381,135	247,661	-	1,339,009	4,042,126	4,122,101
5	R & D Equipment	39,282,883	-	-	-	-	39,282,883	1,865,937	-	5,360,750	33,922,133	35,788,070
6	Data Process Equipment	5,028,907	369,591	-	-	-	5,398,498	473,797	-	4,048,472	1,350,026	1,454,232
7	Office Equipment	2,654,754	417,024	-	-	-	3,071,778	153,176	-	1,121,583	1,950,195	1,686,347
8	Furniture & Fixtures	7,557,338	583,517	-	-	-	8,140,855	455,424	-	2,363,333	5,777,522	5,649,429
9	Vehicles	10,776,557	483,102	-	-	-	11,259,659	866,741	-	5,910,462	5,349,197	5,732,836
10	Computer Software	3,000,000	-	-	-	-	3,000,000	-	-	3,000,000	-	-
11	Goodwill	33,731,778	-	-	-	-	33,731,778	-	-	33,731,778	-	-
		2,169,424,626	3,110,436	76,092,602	-	2,248,627,664	249,082,437	99,786,697	-	348,869,134	1,899,758,530	1,920,342,189
	Capital Work in Progress:											
12	Civil Works Under Construction	50,679,465	41,322,664	-	-	-	92,002,129	-	-	-	92,002,129	50,679,465
13	Plant & Machinery under erection	160,226,160	66,878,807	-	-	-	158,966,564	-	-	-	158,966,564	160,226,160
14	Pre-Operative Exp., Pending	13,665,562	30,500,136	-	-	-	36,211,499	-	-	-	36,211,499	13,665,562
		224,571,187	138,701,607	-	-	-	287,180,192	-	-	-	287,180,192	224,571,187
	TOTAL	2,393,995,813	141,812,043	76,092,602	76,092,602	2,535,807,855	249,082,437	99,786,697	-	348,869,134	2,186,938,722	2,144,913,376
	Previous year	1,845,969,308	548,977,938	503,577,528	504,528,973	2,393,995,813	173,431,145	76,227,033	575,741	249,082,437	2,144,913,376	1,672,538,163


SCHEDULE - 6
INVESTMENTS

	31-03-2010 Rs.	31-03-2009 Rs.
Long Term (Quoted)		
SBI Mutual Funds (50,000 Units of Rs. 10/- each, Market Value Rs.5,33,500/-)	500,000	500,000
PNB Mutual Funds (39138.943 Units of Rs.25.55 each, Market Value Rs.10,17,613/-)	1,000,000	-
Long Term (Un quoted)		
60,000 Eq.Shares of Rs.10/-each fully paid-up in Koganti Power Ltd.	600,000	600,000
6 Bonds of Rs.5,000/- each of IDBI Growing Interest 98A Series	30,000	50,000
	2,130,000	1,150,000

SCHEDULE - 7
INVENTORIES

(As certified by the Management)		
Raw Materials	168,201,727	301,053,259
Stores & Consumables	77,884,941	31,235,461
Stock-in-process	138,509,515	125,176,013
Finished Goods	146,497,976	11,150,947
Stock at yard/in Transit	6,213,157	18,555,859
	537,307,316	487,171,539

SCHEDULE - 8
SUNDRY DEBTORS

<i>Unsecured, considered good</i>		
Outstanding for a period exceeding six months	17,843,690	12,527,677
Other Debts	279,965,154	140,031,902
	297,808,844	152,559,579

SCHEDULE - 9
CASH & BANK BALANCES

Cash on hand	592,265	526,565
Balances with Scheduled Banks in		
- Current Accounts	3,694,388	6,352,415
- Fixed Deposits	53,500,000	-
- Margin Money Deposits	62,879,604	52,002,734
	120,666,257	58,881,714

**SCHEDULE - 10****OTHER CURRENT ASSETS**

	31-03-2010 Rs.	31-03-2009 Rs.
Interest receivable	5,782,800	240,027
Incentives Receivable	7,365,384	-
	13,148,184	240,027

SCHEDULE - 11**LOANS AND ADVANCES**

<i>Unsecured, considered good</i>		
Advances recoverable in cash or kind or for value to be received	50,503,850	33,900,270
Deposits	10,277,354	8,843,343
Balances with Central Excise & Sales Tax	92,995,060	134,352,323
Balances with Income Tax	30,888,496	17,844,971
Prepaid expenses	319,988	631,782
	184,984,748	195,572,689

SCHEDULE - 12**CURRENT LIABILITIES**

Sundry creditors	558,121,179	272,486,928
Advances from customers	22,678,229	12,704,180
Deposits from Suppliers	252,227	260,227
Outstanding liabilities	15,603,826	10,859,157
Other Liabilities	49,618,804	33,005,967
	646,274,264	329,316,459

SCHEDULE - 13**PROVISIONS**

Income Tax	20,097,107	17,818,111
Fringe Benefit Tax	500,000	500,000
Dividend Tax	0	2,030,226
	20,597,107	20,348,337

SCHEDULE - 14**MISCELLANEOUS EXPENDITURE**

(To the extent not written off or adjusted)		
Product Development Expenditure	2,595,810	5,191,620
Less: Written off during the year	2,595,810	2,595,810
	0	2,595,810

**SCHEDULE - 15****OTHER INCOME**

	31-03-2010 Rs.	31-03-2009 Rs.
Insurance Claim Received	2,666,740	1,46,714
Duty Drawback	490,041	-
Interest earned (Included Tax deducted at Source of Rs.6,23,474/-)	5,914,039	2,298,741
Balances written back (Net)	847,558	1,118,119
Testing Charges Collected	8,320,919	5,504,132
Other Income	2,874,259	66,25,281
Profit on sale of Assets	0	24,297
Gain on Foreign Exchange fluctuations	1,844,742	-
	22,958,298	15,717,284

SCHEDULE - 16**RAW MATERIAL CONSUMED**

Opening Stock	301,053,259	368,498,891
Add:Purchases	922,323,314	587,897,529
	1,223,376,573	956,396,420
Less: Closing Stock	168,201,727	301,053,259
	1,055,174,846	655,343,161

SCHEDULE - 17**PAYMENTS & BENEFITS TO EMPLOYEES**

Salaries & Wages	43,249,874	24,443,046
Staff & Workmen welfare Expenses	7,350,819	6,960,767
Contribution to Provident & Other Funds	3,226,713	3,316,750
	53,827,406	34,720,563

SCHEDULE - 18**MANUFACTURING, ADMINISTRATIVE & SELLING EXPENSES**

Stores, Consumables & Fuel	306,461,898	256,260,390
Power	89,508,826	30,862,402
Conversion charges	3,992,725	3,407,525
Labour costs	37,761,344	16,388,628
Repairs & Maintenance - Machinery	27,976,137	23,414,125
- Buildings	33,995	112,493



	31-03-2010 Rs.	31-03-2009 Rs.
Factory Maintenance	10,421,606	5,411,771
Effluent Disposal expenses	16,268,693	10,423,137
Sales Tax & Entry Tax	47,545,745	39,207,954
Rates & Taxes	3,152,449	4,484,983
Insurance	4,729,928	2,386,045
Rent	3,194,286	1,465,700
Travelling, Vehicle Maintenance & Conveyance	7,124,090	4,976,590
Communication expenses	3,063,574	1,917,332
Printing & Stationery	1,081,511	800,584
Transportation	20,746,205	16,712,843
Bank charges	23,366,782	10,084,922
Packing Charges	36,568,000	12,323,928
Shipping & forwarding Charges	43,050,351	15,708,603
Other Selling Costs	27,313,078	10,989,599
Professional & Consultancy charges	4,180,761	4,590,104
Remuneration to Directors	4,137,500	2,325,000
Directors Sitting Fees	345,000	100,000
Security charges	2,573,153	2,473,551
Other Expenses	5,001,970	2,719,489
Expenditure on Scientific Research	7,029,955	13,246,037
Excise Duty Adjustment on Closing Stock	10,311,446	(1,756,104)
	746,941,008	491,037,630

SCHEDULE - 19**FINANCIAL COSTS**

Interest on Term Loans	139,319,261	86,578,460
Interest on Working Capital borrowings	52,345,518	58,298,655
Interest on Hire Purchase loans	110,861	153,298
Interest - Others	13,376,559	32,088,906
Loan processing charges/Up Front Fee	5,242,999	6,263,536
	210,395,199	183,382,855

SCHEDULE - 20**INCREASE/DECREASE IN STOCKS**

<i>Stocks under process</i>		
Opening Stock	125,176,013	80,165,223
Less: Closing Stock	138,509,515	125,176,013
	(13,333,502)	(45,010,790)
<i>Finished Goods</i>		
Opening Stock	11,150,947	23,262,197
Less: Closing Stock	146,497,976	11,150,947
	(135,347,029)	12,111,250
Net (Increase) / Decrease	(148,680,531)	(32,899,539)

**SCHEDULE - 21****NOTES FORMING A PART OF THE ACCOUNTS FOR THE YEAR ENDING MARCH 31, 2010****A. Significant Accounting Policies:****a) Accounting Convention and Basis:**

The financial statements are prepared under the historical cost convention as a going concern in accordance with the generally accepted accounting principles and are based on accrual concept of accounting.

b) Use of Estimates:

The preparation of financial statements in conformity with the generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as on the date of the financial statements and the income and expenditure for the reporting year. Though these estimates and assumptions are based on the information available at that point in time, the actual results could differ from these estimates.

c) Fixed Assets and Capital Work-in-Progress:

Fixed assets are stated at cost (net of Cenvat credit & Vat) less accumulated depreciation and inclusive of all costs including financial expenses incurred till the asset is put to use. Indirect & Pre-operative expenses related or attributable to the Capital works up to commencement of commercial production are added to the cost of fixed assets in the year of commencement of commercial Production.

d) Depreciation:

Depreciation is provided on Straight Line Method in respect of assets situated at Bhilai, Jeedimetla (API), Corporate Office and Vizag Units and on Written down value Method in respect of assets situated at Kazipalli Unit, at rates prescribed in Schedule XIV to the Companies Act, 1956.

e) Impairment of Assets:

At the end of each accounting period, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with accounting standard 28 on "Impairment of Assets" issued by ICAI. An impairment loss is charged to the Profit and loss account in the period in which, an asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. The impairment loss recognized is reversed if there has been a change in the estimate of recoverable amount.

f) Inventories:

Inventories are valued at lower of cost or net realizable value on FIFO basis. Inventories comprise of raw materials, stores, spares & consumables and finished goods. Cost of Inventories comprises all cost of purchase, cost of conversion and other cost incurred in bringing the inventories to their present location and condition.

g) Sales:

Gross Sales comprise of Sale Value net of returns, Internal Transfers & rebates and is inclusive of excise duty, sales tax and Freight.

h) Revenue recognition:

Revenue is recognized on the transfer of property of goods as per contractual terms.

i) Borrowing Costs:

Borrowing costs attributable to a qualifying asset are capitalized as a part of the cost of assets and other borrowing costs are recognized as an expense in the year of incurrence.



j) Excise duty and Sales Tax:

The liability of excise duty on finished goods lying in stock at the close of the year is provided for in the accounts and included in the valuation of Inventory. Sales tax paid is charged to profit and loss account.

k) Employee Benefits:

- i) Contribution to Provident and pension Funds are funded with appropriate authorities and charged to the profit and loss account.
- ii) Liability for gratuity and leave encashment is provided on the basis of actuarial valuation by Life Insurance Corporation of India based on the unit credit method. Actuarial gains or losses are recognized in the Profit and Loss Account

l) Investments:

Long term investments are stated at cost net of provision for diminution in value other than temporary, if any. Current investments are carried at lower of cost or fair market value.

m) Miscellaneous Expenditure:

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

n) Research & Development Expenditure:

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

o) Foreign Currency Transactions:

Foreign currency transactions are accounted at the exchange rates prevailing on the date of the transaction. Foreign currency monetary items outstanding as at the Balance Sheet date are recognized using the exchange rate as on that date. Gains/Losses arising from the settlement of such transactions and translation of monetary assets and liabilities denominated in foreign currencies are accounted in the Profit and Loss account.

p) Taxes on Income:

Tax on income for the current period is determined on the basis of taxable income computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognized, subject to consideration of prudence, on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

B. Notes on Accounts:

1. Redeemable Preference Shares:

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

Dividend on Redeemable Preference Share Capital:

Dividends on the 7% Redeemable Preference Share Capital of Rs.47.50 crores has not been provided for the year 2009-10. However as the Preference Shares are cumulative in nature, the amount payable as dividend is being shown as a Contingent liability.

2. Secured Loans:

- i) The Term Loans from Banks are secured by way of first pari passu charge on the fixed assets of the Company and second pari passu charge on the current assets of the company and are inclusive of overdue accrued Interest of Rs.170.75 lakhs and principal overdue of Rs.533.05 lakhs.



- ii) Working capital loans from Banks are secured by first pari passu charge by way of hypothecation of inventory, book debts and other current assets of the company, and second pari passu charge on the fixed assets of the company.
- iii) The hire purchase loans taken from HDFC, TATA Capital Limited and State Bank of Hyderabad are secured against the assets purchased out of those loans. The net carrying amount of assets acquired on hire purchase as on 31st March 2010 is Rs.18,94,613/-. The company had capitalized the assets at their fair value considering the hire purchase agreements are in the nature of Finance Lease as defined in Accounting Standard 19 on "Leases" Installment payment are apportioned between Finance charge and Principal disclosed under secured loan. The details are as follows:-

Rs. in Lakhs

Particulars	Minimum Lease Payments O/s		Future Interest on O/s Lease payments		P V of Minimum Lease Payments	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Within one Year	6.47	5.58	0.57	0.86	5.91	4.72
Later than one year and not later than 5 years	1.82	5.53	0.05	0.35	1.77	5.18

3. Contingent Liabilities:

(Rs. in lakhs)

	As on 31.03.2010	As on 31.03.2009
(a) Claims against the company not acknowledged as debts	138.30	117.62
(b) Indemnity given by Company to the banks for Bank Guarantees and Letters of Credit	5572.52	1625.65
(c) Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of Advances)	652.88	755.90
(d) Dividend on 7% Redeemable Preference Shares	586.25	280.00

4. Segment Reporting:

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

Company's business segments are as under:

1. Inorganic Chemicals

The Company is engaged in the manufacture of inorganic chemicals which are used in Screen printing, meal treating, leather, water treatment, Active Pharmaceutical ingredients, paint and other specialty areas.

2. Active Pharmaceutical Ingredients (API)

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

**Segment Accounting Policies:**

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

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

Particulars of Segment Revenue & Results:

(Rs. in lakhs)

SI. No.	PARTICULARS	INORGANIC CHEMICALS	A P I	UNALLO- CABLE	TOTAL
1	Revenue:				
	External Sales	18682.98	1594.43	--	20277.41
		11766.83	991.47	--	12758.30
	Add: Inter segment Sales	432.56	13.93		446.50
		329.97	7.07	--	337.04
	Total Revenue	19115.54	1608.37		20723.91
		12096.80	998.54	--	13095.34
2	Result:				
	Segment Result before interest and taxes after excluding other unallocable items	3069.54	242.77	--	3312.31
		1144.10	41.20	--	1185.30
	Net of Unallocated Expenses\Income)				555.70
					238.57
	Less: Interest Expenses(Net)				2044.81
					1810.84
3	(a) Profit/(Loss) for the year				711.80
					(864.11)
	(b) Prior period Expenditure				10.44
					21.43
	(c) Profit /(Loss) before tax				701.36
					(885.54)
	(d) Taxation				



	Current	120.97
		--
	Deferred	428.47
		82.63
	Prior Period	111.63
		--
	Fringe Benefit Tax	--
		5.00
	Mat Credit	120.97
		--
4	Profit /(Loss) after Tax	161.26 (807.91)

Particulars of Segment Assets, Liabilities & other Information:

SI. No.	PARTICULARS	INORGANIC CHEMICALS	A P I	UNALLO- CABLE	TOTAL
1	SEGMENT ASSETS	32071.09	1279.31	79.44	33414.68
		29529.34	807.74	93.75	30430.83
2	LAIBILITIES	23131.89	793.52	1583.80	25509.21
		21789.76	556.97	1074.73	23421.46
3	OTHER INFORMATRION				
	Depreciation	959.58	31.70	6.58	997.86
		724.85	31.60	5.82	762.27
	Amortization	--	--	25.96	25.96
		--	--	25.96	25.96
	Capital Expenditure	775.72	7.89	8.42	792.03
		5105.63	0.57	11.11	5117.31
	Unallocated Assets:				58.14
	Other Assets				56.30
					21.30
	Investments				11.50
	Miscellaneous Expenditure (to the extent not W/off				--
					25.95
					79.44
	Total				93.75
	Unallocated Liabilities:				-
	Loans - Secured				--
					--



Loans - Unsecured	--
Differed tax liability	1299.72
	871.25
Other Liabilities & Provisions	284.08
	203.48
Total	1583.80
	1473.70

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

Information about secondary business segments

Geographic Segment:

The Company has two (2) geographical segments, i.e., (1) Domestic: (2) External. Revenue attributable to location of customers is as follows:

Geographic Location	2009-10 Revenue	2008-09 Revenue	2009-10 %	2008-09 %
Domestic	16923.92	13207.44	77.00%	92.69%
External	5055.96	1041.74	23.00%	7.31%

Sundry Debtors based on geographical location:

Geographic Location	As on 31.03.2010	As on 31.03.2009	31.03.2010 %	31.03.2009 %
Domestic	2376.41	1324.08	79.80%	86.79%
External	601.68	201.52	20.20%	13.21%

There is no Units/Assets outside of India.

Geographic Location	Carrying amount of Segment assets		Additions to Fixed Assets	
	2009-10	2008-09	2009-10	2008-09
India	33414.68	30430.83	792.03	5117.31

5. Related Party Disclosures:

Key Management Personnel:

1. Sri. Ch. Krishna Murthy, CMD
2. Smt. Ch. Manjula, Director
3. Sri Ch. Siddartha, Whole Time Director

Concerns in which key management personnel are proprietors/directors:

1. Vasantha Transport Corporation
2. KMS Infrastructure Limited
3. Vishnu Life Sciences Limited

**Details of Transactions:**

Nature of Transaction Key	Management Personnel		Concerns in which Key Management is interested	
	2009-10 Rs.	2008-09 Rs.	2009-10 Rs.	2008-09 Rs.
Purchases	--	--	--	--
Sales	--	--	--	--
Conversion Charges	--	--	39.93	34.08
Remuneration	82.75	93.00	--	--
Rent	--	--	2.40	2.40
Service Charges	--	--	--	--
Transportation Charges	651.60	403.91	--	--
Hire Charges	16.60	33.30	--	--
Contract Service	--	--	71.83	133.47
Receivables as on 31-03-10	55.78	--	11.99	52.99
Payables as on 31-03-10	--	36.48	61.88	51.60

6. Earning per share

	2009-10 (Rs. In Lakhs)	2008-09 (Rs. In Lakhs)
Profit after tax available to Equity Share holders (a)	161.26	(807.91)
Weighted Average no of Shares Basic & Diluted (b)	11,946,020	11,946,020
Earning per Share Basic & Diluted (a)/(b)	1.35	(6.76)

7. Deferred Taxation:

	2009-10 (Rs. in lakhs)	2008-09 (Rs. in lakhs)
Deferred Tax Liability as on Balance sheet date in respect of timing difference arising on account of difference between straight line and written down value Method and rates of depreciation and claim of deferred revenue Expenditure	2142.13	1652.75
Less: Deferred tax asset as on Balance sheet date in respect of unabsorbed depreciation/losses and allowable expenses u/s 43B	842.41	781.49
Deferred Tax Liability up to Balance Sheet Date	1299.72	871.26
Less: Opening deferred tax liability	871.25	953.89
Net Deferred Tax Liability (Asset) for the year	428.47	(82.63)

**8. Managerial Remuneration:**

Particulars	2009-10 (Rs. in lakhs)	2008-09 (Rs. in lakhs)
Remuneration paid to Managing Director Salary and Allowances [Out of the above, Rs. 24.00 lakhs (Rs.36.00 lakhs for Previous year) has been capitalized as their services are utilized for Project Works]	48.00	48.00
Remuneration paid to Whole Time Directors Salary and Allowances [Out of the above Rs17.37 lakhs (Rs.33.75/- lakhs for Previous year) has been Capitalized as their services are utilized for Project Works]	34.75	45.00

9. Auditors' Remuneration

Particulars	2009-10 (Rs. in lakhs)	2008-09 (Rs. in lakhs)
Statutory Audit Fee	3.00	3.00
Tax Audit Fee	1.00	1.00
Other matters	5.50	0.45

10. Employee Benefits:

Defined benefit plans as per actuarial valuation on 31st March, 2010

(Rs. in lakhs)

	Gratuity (Funded)	Leave Encashment (Funded)
1 <u>Assumptions:</u>		
Discount Rate	8%	8%
Escalation	4%	4%
2 <u>Changes in present value of obligations:</u>		
Present value of obligations at beginning of year	25.99	7.40
Interest Cost	2.08	0.52
Current Service Cost	3.23	5.29
Benefits Paid	--	--
Actuarial (gain)/ loss on obligation	(5.40)	3.13
Present Value of obligation at end of year	25.90	16.34
3 <u>Changes in present value of plan assets:</u>		
Fair value of plan assets at beginning of year	17.44	4.01
Expected return on plan assets	1.81	0.55
Contributions	10.99	4.31
Benefits paid	--	--
Actuarial gain /(loss) on plan assets	Nil	0.13
Fair value of plan assets at the end of year	30.24	9.00



4	<u>Fair value of plan assets:</u>		
	Fair value of plan assets at beginning of year	17.44	4.01
	Actual return on plan assets	1.81	0.68
	Contributions	10.99	4.31
	Benefits paid	--	--
	Fair value of plan assets at the end of year	30.24	9.00
	Funded status	4.34	(7.34)
	Excess of Actual over estimated return on plan assets (actual rate of return = Estimated rate of return as ARD falls on 31st march)	NIL	0.13
5	<u>Actuarial gain/(loss) for the year - Recognized</u>		
	Actuarial gain/(loss) for the year - Obligation	5.40	(3.13)
	Actuarial gain/(loss) for the year - plan assets	NIL	0.13
	Total (gain)/ loss for the year	(5.40)	(3.00)
	Actuarial (gain)/loss recognized in the year	(5.40)	(3.00)
6	<u>The amounts to be recognized in the balance sheet and Statements of Profit and Loss</u>		
	Present value of obligations as at the end of year	25.90	16.34
	Fair value of plan assets as at the end of the year	30.24	9.00
	Funded status	4.34	(7.34)
	Net assets / (liabilities) recognized in balance sheet	4.34	(7.34)
7	<u>Expenses recognized in statement of profit & loss</u>		
	Current service cost	3.23	5.29
	Interest Cost	2.08	0.52
	Expected return on plan assets	(5.40)	(0.55)
	Net actuarial (gain)/ loss recognized in the year	(1.81)	3.00
	Expenses recognized in statement of Profit & loss	(1.90)	8.26

11. The company is unable to furnish the additional information required in terms of Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006 since it has no information from any of its creditors as to whether any of them constitute 'Suppliers' within the meaning of Section 2(n) of the Act
12. Due to non availability of suitable candidate, the company has not appointed a full time company secretary as per requirement of section 383 A of the Companies Act, 1956. However the company is making efforts to appoint a full time secretary, a compliance Certificate has been obtained from a Practicing Company Secretary.
13. There is No change in Equity Share Capital. The Public Share holding as on 31.03.2010 is 25.21%.
14. Additional information pursuant to the provisions of paragraphs 3,4C and 4D of Part II Schedule VI to the Companies Act, 1956.



Production Details	2009-2010		2008-2009	
	Qty/ Mts	Rs. in lakhs	Qty/ Mts	Rs. in lakhs
A 1. LICENSED CAPACITY	No License required		No License required	
2. CAPACITY INSTALLED(TPA)				
Sodium Bichromate	93,000		93,000	
The API Unit at Jeedimetla being Primarily a R & D facility, installed Capacity there of is not quantifiable (as Certified by the management relied upon by Auditors being a technical matter)				
3. Actual Production				
Sodium Bichromate	25,327.106		10,075.194	
Basic Chromium Sulphate	23,813.543		9,201.050	
Yellow Sodium Sulphate	17,835.640		7,780.300	
Chromic Acid	398.836		349.039	
White Sodium Sulphate	165.000		1,998.300	
Sacchrine	865.400		549.980	
B Sales				
Sodium Bichromate *	24866.742	8,104.27	10,094.129	5,708.77
Basic Chromium Sulphate *	23,015.42	8,446.28	9,336.818	4,248.03
Yellow Sodium Sulphate *	4657.070	92.25	7,907.090	117.79
Chromic Acid *	383.020	665.61	351.450	734.48
White Sodium Sulphate *	161.850	12.83	2,034.500	203.44
Saccharine *	792.270	2,525.27	548.241	2,105.81
API		1,557.54		724.58
Others		575.83		406.28
		21,979.88		14,249.18
(* Includes Captive Consumption of 13566.733 Mts of SB, 3.32 mts of Chromic Acid, 170.39 mts of YSS, 301.945 mts of Saccharine)				
C Stock of Finished Goods				
Sodium Bichromate	479.550	330.59	19.186	12.87
Basic Chromium Sulphate	816.030	324.09	17.907	8.28
Yellow Sodium Sulphate	16141.739	278.35	2,963.169	69.97
Chromic Acid	16.304	25.94	1.688	2.95
White Sodium Sulphate	6.200	0.46	3.050	0.23
Sacchrine	76.169	368.58	3.039	10.37
API		113.75		1.46
Others		23.22		5.40
		1,464.98		111.53



D Raw Materials Consumption				
Soda Ash	23,008.804	3,333.84	12,408.148	2119.75
Sulphuric Acid	17,332.231	543.93	8,327.800	854.15
Chrome Ore	36,615.627	4,390.52	15,685.111	2139.88
Lime Stone	12,153.260	203.34	8,574.038	134.32
Spent Acid	949.295	32.26	1,553.300	46.21
OTS	564.320	757.12	268.708	788.05
Others		1290.74		471.07
Total Consumption		10551.75		6553.43
E VALUE OF RAW MATERIALS CONSUMED				
a. Imported (Rs. in Lakhs)	6,128.35	58.08%	1791.40	27.34%
b. Indigenous (Rs. in Lakhs)	4,423.40	41.92%	4762.03	72.66%
	10,551.75	100.00%	6553.43	100.00%
F EARNINGS IN FOREIGN EXCHANGE				
Sodium Saccharin, B C S etc.		5055.96		1041.74
G EXPENDITURE IN FOREIGN CURRENCY				
Raw Materials etc,		2268.72		1356.13
Capital Goods		0.00		90.18
Foreign Travel		22.61		5.79
Professional Services		28.70		54.96
Sales Commission		48.21		10.88
Exhibitions		16.48		19.46
Others		7.13		

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

Signatures on Schedules 1 to 21

Per our Report of even date
For C K S ASSOCIATES
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-
J. RAM SESH CHOUDARY
Partner
Membership No.202150

Sd/-
CH. KRISHNA MURTHY
Chairman & Managing Director

Place: Hyderabad
Date: 29.05.2010

Sd/-
CH. MANJULA
Director



Cash flow statement for the year 2009-10

(Rs. In lakhs)

	2009-10 Rs.	2008-09 Rs.
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit after Tax and Extraordinary items	161.26	(807.91)
Adjustments for :		
Depreciation	997.87	762.27
Deferred Tax	428.47	(82.63)
Income Tax (Provision)	120.97	-
Fringe Benefit Tax (Provision)	-	5.00
Income Tax (Prior Period Taxes)	111.63	-
Profit on Sale of Fixed Assets / Investments	-	(0.24)
Interest Paid	2,103.95	1,833.83
Miscellaneous expenditure written off	25.96	25.96
Interest Earnings	(59.14)	(22.99)
Operating profit before working Capital changes	3,890.97	1,713.29
Adjustments for :		
(Increase)/Decrease in Trade and Other Receivables	(1,452.49)	389.05
(Increase)/Decrease in Inventories	(501.36)	183.96
Increase/(Decrease) in Trade Payables	3,169.58	(1,137.03)
Increase/(Decrease) on Loans & Advances & Other Current Assets	(23.20)	574.48
Cash deficit from Operations	1,192.53	10.46
Direct Tax paid	(230.12)	5.18
Dividend paid	-	(119.46)
Cash generated from operations	962.41	(103.82)
Net Cash Flow from operating activities	4,853.38	1,609.46
B. CASH FLOWS FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(792.03)	(5,117.31)
Sale Proceeds from Fixed Assets	-	4.00
Purchase of Investments	(9.80)	-
Capital Work-in-progress	(626.09)	(372.47)
Increase / Decrease in Share Capital	750.00	-
Net Cash used in investing activities	(677.92)	(5,485.78)
C. CASH FLOWS FROM FINANCING ACTIVITIES :		
Proceeds from long-term borrowings	-	5,965.00
Repayment of term liabilities	(262.60)	(1,100.79)
Increase in Bank Borrowings Working Capital	(83.53)	595.34
Other Un Secured Loans	(1,166.67)	626.28
Interest Paid	(2,103.95)	(1,833.83)
Interest Received	59.14	22.99
Net Cash used in financing activities	(3,557.61)	4,274.98
Net increase / (Decrease) in cash and cash equivalents	617.85	398.66
Cash and cash equivalents as at 01-04-2009	588.82	190.15
Cash and Cash equivalents as at 31.03.2010	1,206.66	588.82

Per our report of even date

For CKS ASSOCIATES

Chartered Accountants

For and on behalf of the Board of Directors

Sd/-

J.RAM SESH CHOUDARY

PARTNER

Membership No.202150

Sd/-

CH.MANJULA

DIRECTOR

Sd/-

CH.KRISHNA MURTHY

CHAIRMAN & MANAGING DIRECTOR

Place : Hyderabad

Date: 29-05-2010



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(Submitted in terms of Part IV of Schedule VI to the Companies Act, 1956)

I Registration Details

Registration No.

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

 State Code

0	1
---	---

Balance Sheet Date

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

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

Public Issue

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

 Rights Issue

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

Bonus Issue

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

 Private Placement

			7	5	0	0	0
--	--	--	---	---	---	---	---

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

Sources of Funds:

Total Liabilities

	2	6	7	6	1	1	3
--	---	---	---	---	---	---	---

 Total Assets

	2	6	7	6	1	1	3
--	---	---	---	---	---	---	---

Paid-up Capital

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

 Reserves & Surplus

		1	9	7	6	0	3
--	--	---	---	---	---	---	---

Secured Loans

	1	6	9	7	6	1	2
--	---	---	---	---	---	---	---

 Unsecured Loans

			5	6	4	6	5
--	--	--	---	---	---	---	---

Deferred Taxation

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

Application of Funds:

Net Fixed Assets

	2	1	8	6	9	3	9
--	---	---	---	---	---	---	---

 Investments

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

Net Current Assets

		4	8	7	0	4	4
--	--	---	---	---	---	---	---

 Misc.Expenditure

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

Accumulated Losses

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

IV Performance of Company (Amount in Rs.Thousands)

Turnover

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

 Total Expenditure

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

Profit/Loss Before Tax

	7	0	1	3	6		
--	---	---	---	---	---	--	--

 Profit/Loss after Tax

			1	6	1	2	6
--	--	--	---	---	---	---	---

Earning Per Share

	1	.	3	5			
--	---	---	---	---	--	--	--

 Dividend Rate %

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

V Generic Names of Three Principal Products of the Company

Item Code No.

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

Product Description

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

Item Code No.

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

Product Description

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

Item Code No.

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

Product Description

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

**Per Our report of even date
for C K S ASSOCIATES
Chartered Accountants**

For and on behalf of the Board of Directors

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

**Sd/-
CH. KRISHNA MURTHY
CHAIRMAN & MANAGING DIRECTOR**

Place : Hyderabad
Date : 29 -05-2010

**Sd/-
CH. MANJULA
DIRECTOR**



VISHNU CHEMICALS LIMITED

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

ATTENDANCE SLIP FOR THE 17th ANNUAL GENERAL MEETING

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

Regd. Folio No./Client ID No

No. of Share(s) held:

I hereby record my presence at the 17th Annual General Meeting of Vishnu Chemicals Limited., held on Saturday the 31st Day of July, 2010 at 11.00 A.M at The Golconda Hotel, 10-1-124, Masab Tank, Hyderabad – 500028.

* Signature of the shareholder/proxy
Authorized Representative

*Strike out whichever is not applicable.

----- **TEAR HERE** -----

VISHNU CHEMICALS LIMITED

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

PROXY FORM

Regd. Folio No./Client ID.No.

No. of Shares Held

I/We, resident of
..... in the district of being member(s) of Vishnu
Chemicals Limited, hereby appoint Sri/Smt resident of
..... In the district of as my/our proxy to
vote for me / us and on my / our behalf at the 17th Annual General Meeting of the Company, to be held on Saturday
the 31st Day of July, 2010 at 11.00 A.M at The Golconda Hotel, 10-1-124, Masab Tank, Hyderabad – 500028, or at
any adjournment thereof.

Signature of the Shareholder/ First named shareholder

Revenue
Stamp
Re.1

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

**BOOK POST
PRINTED MATTER**

If undelivered, please return to :



VISHNU CHEMICALS LIMITED

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