

VENNAR CERAMICS LIMITED

17th

ANNUAL REPORT

2010 – 2011

VENNAR CERAMICS LIMITED

BOARD OF DIRECTORS

SRI. K.V. VISHNU RAJU

SRI. P.V.R.L. NARASIMHA RAJU

SRI. R. RAVICHANDRAN

CHIEF EXECUTIVE OFFICER

SRI. C.V.K. RAJU

REGISTERED OFFICE

“Sitha Nilayam,
153, Dwarakapuri Colony,
Panjagutta,
Hyderabad – 500 082

WORKS

Vishnupur,
Perikigudem Village,
Krishna (Dist), (A.P),
Pin: 521 345

BANKERS

Punjab National Bank

AUDITORS

M/s. M. Bhaskara Rao & Co.,
5th Floor, “Kautilya”,
Somajiguda,
HYDERABAD-500 082

Vennar Ceramics Limited

NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of the Members of Vennar Ceramics Limited will be held on Friday, the 23rd September, 2011, at 10.00 A.M. at "Sitha Nilayam", 153, Dwarakapuri Colony, Punjagutta, Hyderabad - 500 082 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account of the Company for the year ended 31st March, 2011, and the Audited Balance Sheet and the Cash Flow as on that date together with the Reports of the Directors' and the Auditors' thereon.
2. To appoint a Director in the place of Mr. K.V. Vishnu Raju, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Statutory Auditors and fix their remuneration.

SPECIAL BUSINESS:

4. **To consider, and if thought fit to pass with or without modifications the following resolution as a Special Resolution.**

“RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors under Section 293(1)(d) of the Companies Act, 1956 to borrow any sum of monies from time to time notwithstanding that the money or monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its reserves that is to say reserves not set apart for any specific purpose, provided however, the total amount so borrowed shall not exceed Rs.50 Crores (Rupees Fifty Crores only).”

“FURTHER RESOLVED THAT Board of Directors of the Company be authorized to create charge on the assets of the Company against the loan amounts availed from the Banks/Financial Institutions and also to do all such other acts in connection thereon.”

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

Corporate Guarantee:

“RESOLVED THAT Pursuant to Section 372A and other applicable provisions, if any, of the Companies Act, 1956 the consent of the Company be and is hereby accorded to the Board of Directors of the Company to give any guarantee/guarantees and/or provide any security/securities in connection with the Working Capital facilities/Term Loans availed/to be availed by M/s. Anjani Portland Cement Limited from any Bank(s)/Financial Institution(s) provided that the aggregate value of such outstanding guarantees and/or securities shall not exceed Rs.30 Crores at any point of time.

“RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to determine the amount, terms and conditions of such guarantees and/or securities and to decide all or any other matters arising out of or incidental there to and to do all such acts and things including the execution of documents as may be necessary to implement this resolution”

“FURTHER RESOLVED THAT the Common Seal of the Company, if required be and is hereby authorised to be affixed on any of the documents connected therewith in the presence of any one of the Directors and another Director or officer of the Company who shall sign in witness there of”.

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

“RESOLVED that pursuant to sections 16,31 and 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from Rs.5,00,00,000/- (Rupees Five Crores Only) divided into 50,00,000 (Fifty Lakhs) Equity Shares of Rs.10/- (Rupees Ten only) each to Rs. 15,00,00,000/- (Rupees Fifteen Crores Only) divided into 1,50,00,000 (One Crore Fifty Lakhs) Equity shares of Rs.10/- (Rupees Ten Only) each, ranking pari passu with the existing equity shares.

“RESOLVED FURTHER that Clause V of the Memorandum of Association of the Company be and is hereby altered to read as follows: “The Authorised Share Capital of the Company is Rs.15,00,00,000/- (Rupees Fifteen Crores Only) divided into 1,50,00,000 (One Crore Fifty Lakhs Only) Equity shares of Rs.10/- (Rupees Ten Only) each with power to increase or reduce the capital of the Company or to divide the shares in the capital for the time being, ‘several’ clauses and to attach thereto respectively such preferential, deferred qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as they may for the time being be provided by the Articles of Association of the Company.”

“RESOLVED FURTHER that Clause 4 of the Articles of Association of the Company be and is hereby altered to read as follows: “The Authorised Share Capital of the Company is Rs.15,00,00,000/- (Rupees Fifteen Crores Only) divided into 1,50,00,000/- (One Crore Fifty Lakhs) Equity shares of Rs.10/- (Rupees Ten Only) each,

Save as permitted by Section 77 of the Act, the funds of the Company shall not employed in the purchase of or lent on the security of shares of the Company and the company shall not give directly or indirectly any financial assistance, whether by way of loan, guarantee the provision of security or otherwise for the purpose of or in connection with any purchase of or subscription for shares in the company or any company of which it may, for the time being, be a subsidiary.

“RESOLVED FURTHER that the Board of Directors be and are hereby authorized to do such other acts and deeds as may be necessary for giving effect to this resolution.”

By order of the Board

K.V. Vishnu Raju
Director

Place : Hyderabad
Date : 04.8.2011

AUDITORS:

M/s. M. Bhaskara Rao & Co., Chartered Accountants, Hyderabad the Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE:

Additional information on conservation of energy, Technology absorption, Foreign Exchange earnings and outgo as required to be disclosed in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto in Forms A, B & C which are part of this report.

PARICULARS OF EMPLOYEES:

There is no employee during the year under review, in respect of whom the particulars are required to be disclosed with reference to the Companies (Particulars of Employees) Rules, 1975 as amended.

INDUSTRIAL RELATIONS:

During the period, Industrial relations continued to be cordial. Your Directors take this opportunity to thank all the employees for their dedicated and sincere services towards a harmonious relationship and the progress of the company.

ACKNOWLEDGEMENTS:

The Board wishes to express its appreciation and place on record their gratitude for the confidence reposed and co-operation extended to the Company by the various departments of Government of India, State Government, Indian Overseas Bank, Punjab National Bank, GAIL, Wartsila, APCL (holding Company) and Employees of the Company.

**By Order of the Board
FOR VENNAR CERAMICS LTD.**

**K.V. VISHNU RAJU
DIRECTOR**

**P.V.R.L. NARASIMHA RAJU
DIRECTOR**

**PLACE : HYDERABAD
DATE : 04.8.2011**

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956.

Item No.4

Section 293(1)(d) of the Companies Act, 1956 provides that the Board of Directors of a Company shall not borrow moneys (apart from temporary loans obtained from Company's bankers in the ordinary course of business) in excess of the aggregate of paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, unless the Company in general meeting authorizes the Board of Directors to do so.

At the Extra Ordinary General Meeting held on 23.12.1999 a resolution was passed by the members authorizing Board of Directors of the Company, to borrow in the aggregate Rs.10 Crores notwithstanding that the same may exceed the limit set out in Section 293(1)(d) of the Companies Act, 1956.

The Company has proposals to incur capital expenditure in respect of setting up expansion Projects. Considering such expansions and new projects, your Board of Directors consider it necessary to seek the consent of shareholders to increase the borrowing limits upto Rs.50 Crores (Rupees Fifty Crores Only) including the existing borrowings of the Company.

To comply the conditions of Banks / Financial Institutions while sanctioning the loan amount, assets of the Company may be mortgage/charge with the Banks/ Financial Institutions.

Your Directors therefore, recommend the resolution for your approval.

None of the Directors are concerned or interested in the proposed resolution.

Item No.5

As per U/s 372 of the Companies Act, 1956 the Company can extend a Corporate Guarantee to any body corporate not exceeding 60% of the Paid up share capital and free reserves or 100% of the free reserves whichever is more. The paid up share capital and free reserves of the company is Rs.496.60 Lakhs. Since the company proposes to extend corporate guarantee to its holding company. M s. Anjani Portland Cement Limited more than 60% of its reserves, it requires authorization by means of special resolution. Hence, the present special resolution.

Your Directors therefore, recommend the resolution for your approval.

None of the Directors are concerned or interested except Mr. K.V. Vishnu Raju and Mr. P.V.R.L. Narasinha Raju in the proposed resolution.

Item No.6

As present the Authorised Capital of the Company stands at Rs.5 Crores. As the Company is embarking on several expansion plans with a view to achieve faster growth, the Company needs to increase the long term financial resources. In order that a proposal can be made for infusion of further resources, the Company may have to consider further issue of capital with all necessary statutory approvals.

This resolution to amend the MOA & AOA to increase the authorized capital will be an enabling resolution based on which further necessary course of action can be taken up by the Board of Directors at a time as may be considered appropriate.

Your Directors therefore, recommend the resolution for your approval.

None of the Directors are concerned or interested in the proposed resolution.

**By Order of the Board
For VENNAR CERAMICS LTD.,**

**Place : Hyderabad
Date : 04.8.2011**

**K.V. Vishnu Raju
Director**

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company.
2. The proxy form duly completed and signed should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

Vennar Ceramics Limited

DIRECTORS' REPORT

To the Members,

Your directors have pleasure in presenting the Seventeenth Annual Report together with the Audited statement of Accounts for the year ended **31st March, 2011**.

<u>Financial Results:</u>	<u>Rs. in Lakhs</u> <u>2010 - 2011</u>	<u>Rs. in Lakhs</u> <u>2009 - 2010</u>
Sales and other Income	290.97	211.64
Profit before interest, depreciation	58.75	58.39
Profit before depreciation	57.27	56.94
Net Profit / (Loss) for the year	2.11	1.87

REVIEW OF OPERATIONS AND OUTLOOK:

The over all performance of your company during the year under review is satisfactory. The company has generated 66,10,800 units of power compared to the previous year generation of 44, 14,790 units registering an increase of 49.74%.

The sale of power in terms of value during the year under review is Rs.288.71 Lakhs as against Rs.204.53 Lakhs during the previous financial year facilitating an increase of 41%.

Despite reasonable increase in both generation of power as well as sales turnover, the profitability of the Company for the year is not commensurate to the above increase. The main reason is on account decrease in sale price by AP Transco, to whom the entire power is sold and increase in gas price by Gas Authority of India Limited (GAIL).

The Company's performance is expected to improve in the coming years. However there may be an adverse affect in the performance of your Company in the event of increase in gas prices by Gas Authority of India Limited (GAIL) and decrease in sale price by AP Transco.

EXPANSION PROJECT:

Your company has initiated to set up ceramic tiles plant with an initial capacity of 6500 Sq Mtrs per day. The project cost is estimated at Rs.50.00 Crores of which a debt component shall be Rs.35.00 Crores and the remaining shall be invested by the holding company after using the present infrastructure facilities of the Company.

ENVIRONMENT & SAFETY:

Your Company has always emphasized the need for a clean environment and highest safety standards. There have been no accidents in the plant, which is a reflection on the safety practices being followed by your company.

PUBLIC DEPOSITS:

Your Company has not accepted any Public Deposits from the Public and therefore, the Provisions of Section 58-A of the Companies Act, 1956 are not applicable.

DIRECTORS:

Mr. K.V.Vishnu Raju will retire by rotation and being eligible, offer himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

As required under Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm that:

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures are made from the same.
- (ii) We have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for the period;
- (iii) We 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; and
- (iv) We have prepared the annual accounts on a going concern basis.

FORM - "A"

ANNEXURE FORMING PART OF DIRECTOR'S REPORT

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY:

- (A) Energy Conservation Measures : The required measures are being followed at the Perikigudem Power Plant to reduce the energy consumption by adopting energy conservation Measures.
- (B) Additional Investments and proposals, : None
If any, being implemented for
Reduction of consumption of energy
- (C) Impact of the measures at (a) (b) above : Not relevant as the company itself is
for reduction of energy consumption engaged in generation of electric power.
and consequent impact on the cost of
production of goods.

FORM - "B"

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION RESEARCH AND DEVELOPMENT (R & D)

No R & D was carried out during the year and no expenses were incurred on R & D.

FORM - "C"

FOREIGN EXCHANGE EARNING & OUTGO

The Company has not earned any foreign exchange during the year and there was no foreign exchange used during the year.

For and on behalf of the Board

K.V. Vishnu Raju
Director

P.V.R.L. Narasimha Raju
Director

Place : Hyderabad
Date : 04.08.2011

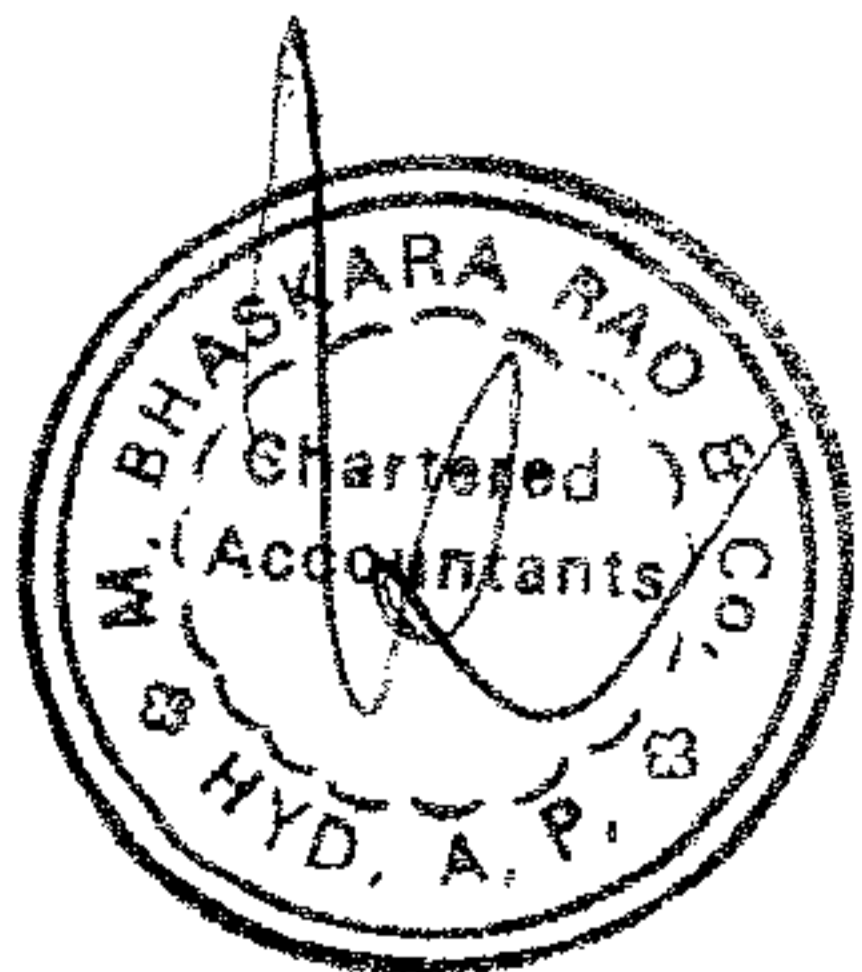
AUDITOR'S REPORT

To
The Members of
Vennar Ceramics Limited

We have audited the attached Balance Sheet of Vennar Ceramics Limited as at 31st March 2011, the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, as amended, by Companies (Auditor's Report) Order (Amendment), 2004 issued by the Central Government of India 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.
2. Further to our comments in the annexure referred to in paragraph 1 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 purposes of our audit.
 - b) In our opinion, proper books of accounts as required by law, have been kept by the Company so far as appears from our examination of such books.
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement comply with Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956



Except the Accounting Standard 22 in respect of "Accounting for taxes on Income" issued by the Companies Accounting Standard Rules, 2006. Since in our opinion this standard becomes applicable as there is a timing difference which will reverse after the expiry of the tax holiday period.

The deferred tax liability not so provided for the year amounts to Rs. 10.37 Lakhs and the cumulative deferred tax liability not so provided upto 31st March, 2011 amounts to Rs. 121.62 Lakhs. Consequently the Profit for the year after taxes is overstated by Rs. 10.37 Lakhs. Profit and loss account (Debit balance) is understated by Rs. 121.62 Lakhs.

- e) *Reference is invited to note No. 7 under schedule No. N regarding refund of additional amount charged by GAIL (India) Limited to the extent of Rs. 22.85 lakhs which is subject to confirmation by GAIL (India) Limited.*
- f) On the basis of written representations received from the directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) to Section 274 of Companies Act, 1956.
- (i) Subject to para (d) & (e) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with "significant accounting policies" and Notes to Accounts thereon 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 case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2011.
- ii) In case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date and
- iii) In case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Place: Hyderabad
Date: 04.08.2011



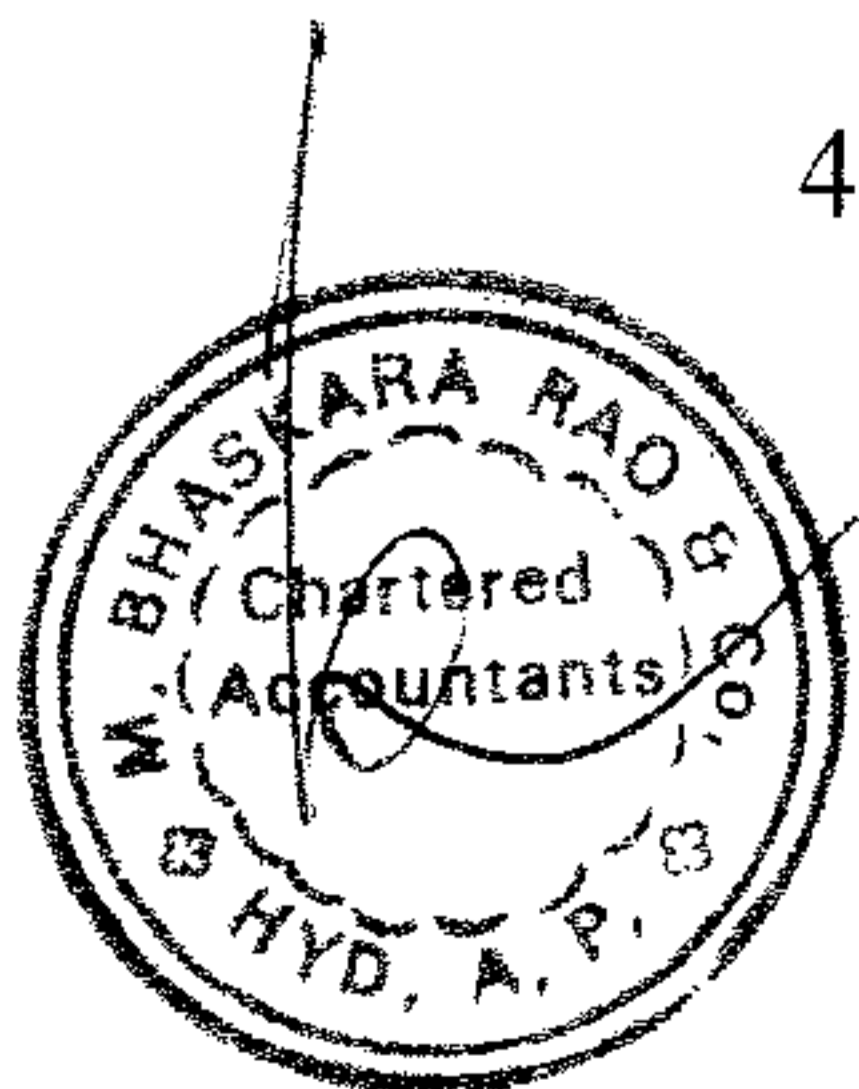
for M.Bhaskara Rao & Co.,
Chartered Accountants
Firm Regn. No.000459S

V. Raghunandan

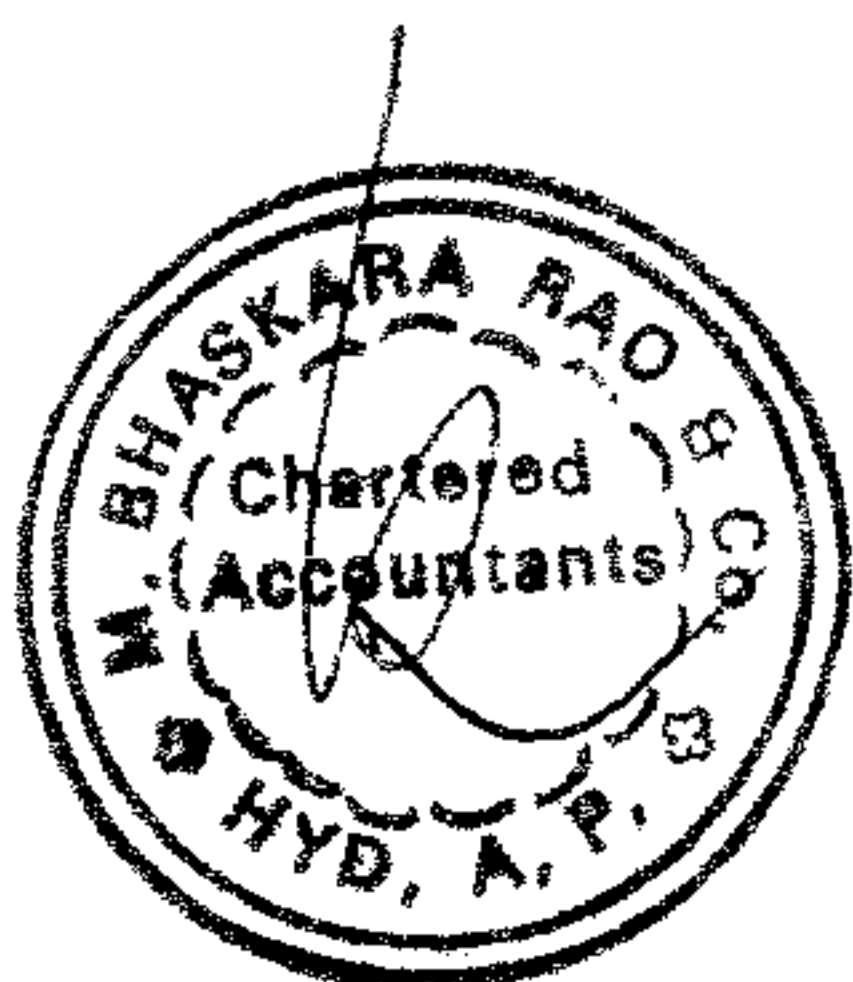
V.Raghunandan
(Partner)
Membership No. 26255

Annexure to the Auditor's Report
(Statement referred to in paragraph (1) of our report of even date)

1. (a) The company has maintained fixed asset register showing full particulars including the quantitative details and situation of fixed assets is under compilation.
- (b) As explained to us, the management has physically verified the major items of the fixed assets during the year. As reported to us, there were no discrepancies found during such verification.
- (c) There is no disposal of fixed assets during the year and hence commenting under this sub-clause does not arise.
2. (a) The physical verification of inventory was carried out by the management during the year. In our opinion, the frequency of verification is reasonable and adequate.
- (b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the Management are adequate and reasonable having regard to the size of the Company and nature of its business.
- (c) In our opinion and according to the information and explanations given to us, and on the basis of our examination of the inventory records, the company is maintaining proper records. The discrepancies noticed on physical verification of inventory as compared to book records were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
3. (a) The company has not granted any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956. Hence, Clause (iii) (b) to (d) of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended is not applicable to the Company for the current year.
- (e) The company has taken unsecured loans repayable on demand from four parties covered under register maintained under section 301 of the Companies Act, 1956. The maximum amount involved and the year-end balance was Rs. 759.67 Lakhs.
- (f) In our opinion and according to the information and explanations given to us, the rate of interest and other terms & conditions of the said loans taken by the company are not prima facie prejudicial to the interests of the company.
- (g) Since the loans taken are repayable on demand, question of overdue amounts does not arise.
4. In our opinion and according to the information and explanations given to us there is adequate internal control system commensurate with the size of the Company and nature of its business with regard to purchase of inventory, fixed assets, sale of goods and services. In our opinion according to the information and explanation given to us,

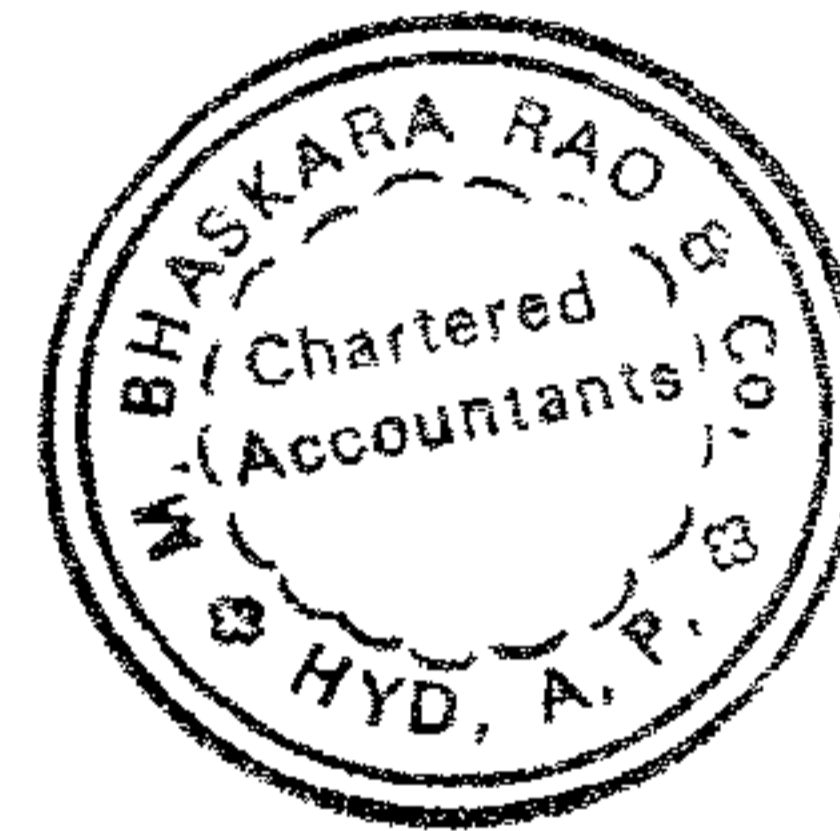


- there has been no continuing failure to correct major weaknesses in internal control system of the company.
5. (a) In our opinion and according to the information and explanations given to us, the transaction that need to be entered in the register maintained under section 301 of the Companies Act, 1956, have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements to be entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
 6. The Company has not accepted any deposits from the public during the year.
 7. *There is no internal audit system in vogue*
 8. *The Company is not maintaining any cost records as prescribed by central government under Section 209 (1) (d) of the Companies Act, 1956.*
 9. (a) According to the information and explanations given to us, there were no undisputed amounts payable in respect of Provident Fund, Investors education and protection fund, Employees' State Insurance Act, Income Tax, Wealth Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, cess and other statutory dues outstanding as at 31st March 2011 for a period of more than six months from the date they became payable.
 - (b) According to the information and explanations given to us, there are no dues of Sales Tax, Customs duty, Wealth Tax, Service Tax, Excise duty & Cess, which have not been deposited on account of any dispute.
 10. In our opinion, the accumulated losses of the company at the end of the financial year are not more than fifty percent of its net worth. The Company has not incurred any cash losses in the financial year under report, but incurred cash losses of Rs. 67.98/- lakhs in the immediately preceding financial year.
 11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions or banks or debenture holders.
 12. According to the information and explanations given to us during the course of the audit, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 13. The provisions of any special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund / Society are not applicable to the Company.
 14. In our opinion and according to the information and explanations given to us during the course of the audit, 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 during the course of the audit, the company has not given any guarantee for loans taken by others from bank or financial institutions.
16. The Company has not obtained term loans during the financial year.
17. On the basis of overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on short- term basis, which have been used for long-term investments by the Company.
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 during the year.
19. The Company has not issued any debentures during the year and hence commenting under this does not arise.
20. The Company has not raised any money by public issue during the year and hence commenting under this does not arise.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

Place: Hyderabad
Date: 04.08.2011



for M. Bhaskara Rao & Co.,
Chartered Accountants
Firm Regh. No 000459S

V. Raghunandan
V. Raghunandan
(Partner)

Membership No. 26255

VENNAR CERAMICS LIMITED
BALANCE SHEET AS AT 31ST MARCH 2011

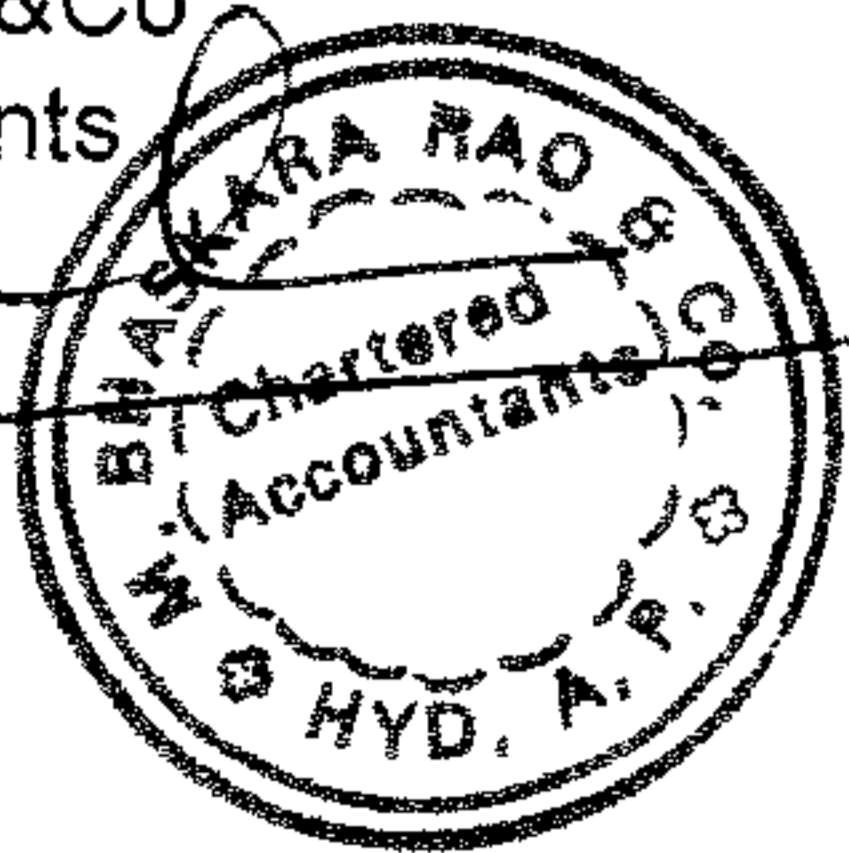
	Schedule No	As at 31.03.2011		As at 31.03.2010	
		Rupees	Rupees	Rupees	Rupees
SOURCES OF FUNDS:					
SHARE HOLDERS FUNDS					
Capital	A	49,660,700		49,660,700	
Reserves & Surplus	B	-	49,660,700	-	49,660,700
LOAN FUNDS					
Secured Loans	C	-		-	
Unsecured Loans	D	76,649,425	76,649,425	37,599,425	37,599,425
TOTAL			126,310,125		87,260,125
APPLICATION OF FUNDS:					
FIXED ASSETS					
Gross Block	E	122,415,849		120,196,540	
Less depreciation		59,655,951		54,140,088	
Net Block		62,759,898		66,056,452	
W-I-P-Non Factory Building		21,296,693	84,056,591	21,296,693	87,353,145
CURRENT ASSETS, LOANS AND ADVANCES					
Inventories	F	19,428,176		18,641,566	
Sundry Debtors		2,985,981		1,170,439	
Cash & Bank balances		2,056,424		192,209	
Loans & Advances		7,676,687		4,227,546	
		32,147,268		24,231,760	
Less: Current Liabilities & provisions	G	951,600		35,593,609	
Net Current Assets			31,195,668		(11,361,849)
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)					
Profit & Loss Account (Debit Balance)	H		11,057,866		11,268,829
TOTAL			126,310,125		87,260,125
Notes to Accounts	N				

The Schedules referred to above form an integral part of the Balance Sheet

As Per our report of even date attached
For M. Bhaskar Rao & Co
Chartered Accountants

For and on behalf of the Board

V. Raghunandan
Partner
M.No.26255



K. V. Vishnu Raju
Director

P. V. R. L. Narasimha Raju
Director

Place: Hyderabad
Date : 04.08.2011

VENNAR CERAMICS LIMITED

Profit and Loss Account for the year ended 31.03.2011

Particulars	Schedule No	Year ended 31.03.2011 Rupees	Year ended 31.03.2010 Rupees
<u>INCOME:</u>			
Sale income	I	28,871,174	20,453,055
Other income		225,962	710,986
TOTAL		29,097,136	21,164,041
<u>EXPENDITURE</u>			
Manufacturing & Other Expenses	J	20,850,580	12,555,712
Salaries, wages & other Employee Benefi	K	553,828	1,009,488
Administration & Other Expenses	L	1,817,059	1,760,199
Interest & Other Financial charges	M	148,843	144,323
Depreciation	E	5,515,864	5,506,846
TOTAL		28,886,173	20,976,568
PROFIT/(LOSS) for the year		210,963	187,473
Prior Period Adjustments		-	-
Provision for Tax		-	-
Profit /(Loss) after Taxation		210,963	187,473
Profit / (Loss) brought forward		(11,268,829)	(11,456,302)
Profit /(Loss) carried to Balance Sheet		(11,057,866)	(11,268,829)
Basic & Diluted Earnings per Share		0.04	0.04
Notes on Accounts	N		

The Schedules referred to above form an integral part of the Balance Sheet

As Per our report of even date attached For and on behalf of the Board

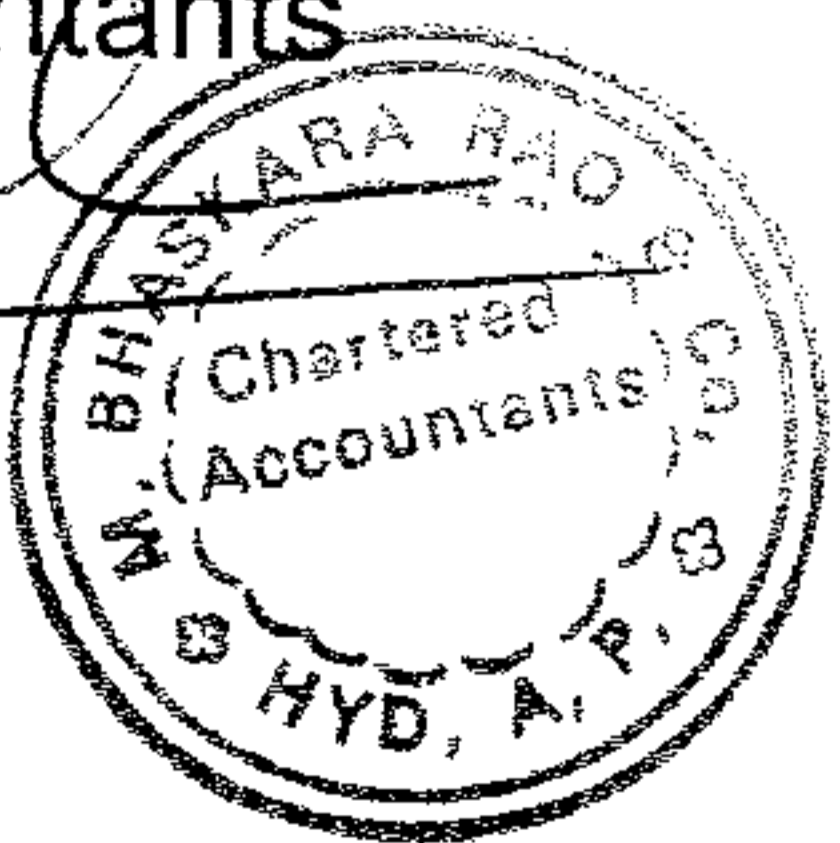
For M.Bhaskar Rao &Co

Chartered Accountants

V.Raghunandan

Partner

M.No.26255



K V Vishnu Raju
Director

P V R L Narasimha Raju
Director

Place:Hyderabad

Date : 04.08.2011

VENNAR CERAMICS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

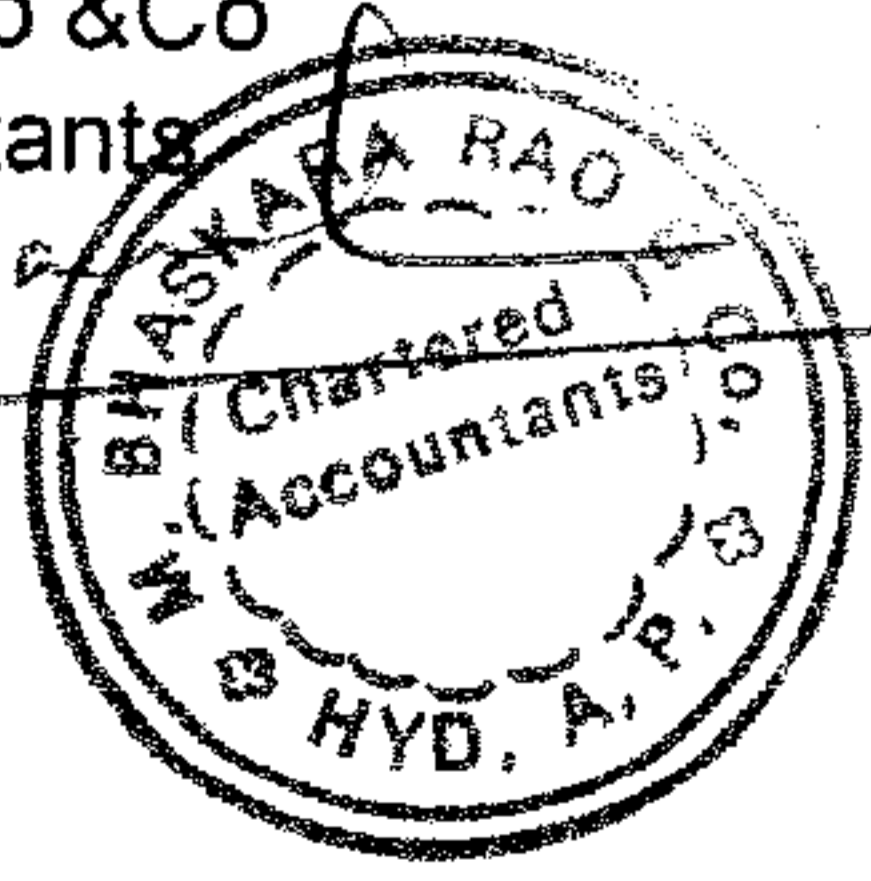
	Year Ended 31st March 2011 Rupees		Year Ended 31st March 2010 Rupees	
A) Cash flow from operating activities :				
Net Profit before Tax and Extraordinary Items:	210,963		187,473	
Adjustment for :				
Depreciation	5,515,864		5,506,846	
Deferred Revenue Expenses	-		-	
Interest and Finance charges	148,843		144,323	
Other income	(225,962)		(710,986)	
Operating Profit Before Working Capital Changes	5,649,707		5,127,657	
Changes in Working Capital				
(Increase)/Decrease in Inventories	(786,610)		(416,597)	
(Increase)/Decrease in Sundry Debtors	(1,815,542)		(1,170,439)	
(Increase)/Decrease in Loans and Advances	(3,449,141)		(3,578,682)	
Increase/(decrease) in Current Liabilities	(34,642,009)		(36,695,542)	
Cash Generated from Operations	(35,043,595)		(36,733,604)	
Extraordinary items			710,986	
Net Cash Flow from Operating Activity		(35,043,595)		(36,022,618)
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Inflow/(Outflow)				
Interest Received	225,962		-	
Purchase of Fixed Assets	(2,219,309)		(122,325)	
Proceeds from sale of fixed assets				
Capital Work in progress	-		-	
Net Cash Flow from Investing Activities		(1,993,347)		(122,325)
C. CASH FLOW FROM FINANCIAL ACTIVITIES:				
Inflow / (Outflow)				
Proceeds of Long Term Borrowings	-		-	
Proceeds of Unsecured Loans	39,050,000		36,301,381	
Repayment Of Unsecured Loans				
Repayment Of Long Term Borrowings	-		-	
Proceeds / (Repayment) of Hire Purchase loan	-		-	
Increase / (Decrease) in cash Credit Utilisation	-		-	
Interest Paid	(148,843)		(144,323)	
Net Cash Flow from Financing Activities		38,901,158		36,157,058
D) NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS:		1,864,215		12,116
Cash and Cash Equivalents as at the Commencement of the year		192,209		180,093
Cash and Cash Equivalents as at the close of the year		2,056,424		192,209

The Schedules referred to above form an integral part of the Balance Sheet

As Per our report of even date attached
For M. Bhaskar Rao & Co
Chartered Accountants

For and on behalf of the Board

Raghunandan
V. Raghunandan
Partner
M.No.26255



K. V. Vishnu Raju
K. V. Vishnu Raju
Director

P. V. R. L. Narasimha Raju
P V R L Narasimha Raju
Director

Place: Hyderabad
Date : 04.08.2011

VENNAR CERAMCIS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET

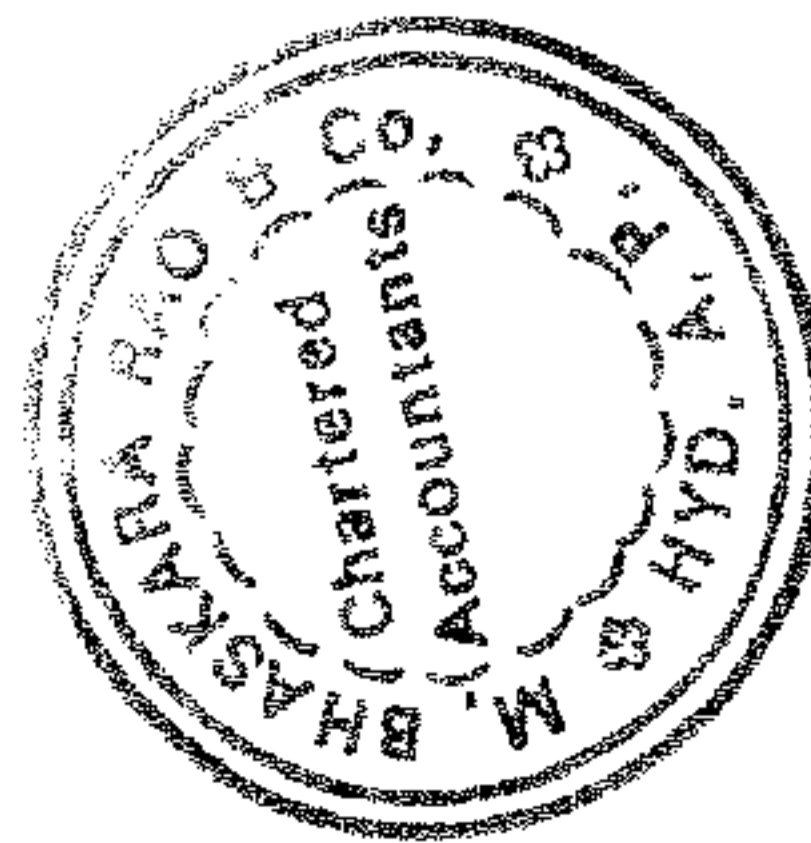
		AS AT 31.03.2011 RUPEES		AS AT 31.03.2010 RUPEES
<u>SCHEDULE - A</u>				
<u>SHARE CAPITAL</u>				
AUTHORISED CAPITAL 50,00,000 Equity Shares of Rs. 10 each		50,000,000		50,000,000
ISSUED & SUBSCRIBED 49,66,070 Equity Shares of Rs.10/- each fully paid (Held by Anjani Portland Cement Ltd, the Holding Co)		49,660,700		49,660,700
TOTAL		49,660,700		49,660,700
<u>SCHEDULE - B</u>				
Reserves & Surplus				
Opening Balance of P & L Account		-		-
Add: Profit during the year		-		-
Less: Debit Balance Adjusted		-		-
TOTAL		-		-
<u>SCHEDULE - C</u>				
SECURED LOANS		-		-
<u>SCHEDULE - D</u>				
<u>UNSECURED LOANS</u>				
Unsecured Loans	75,350,000		36,300,000	
-- Inter corporate Deposits	400,000		400,000	
Interest accrued & due	11,250		11,250	
		75,761,250		36,711,250
-- Others (out of which 2,71,300/-are interest free loans)		888,175		888,175
TOTAL		76,649,425		37,599,425



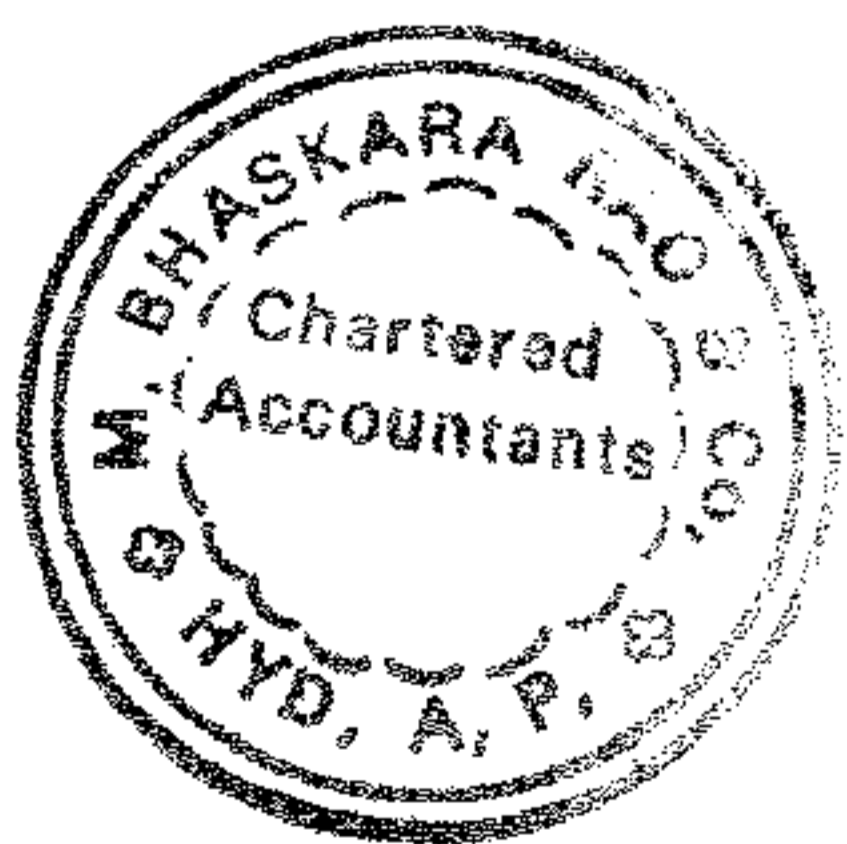
SCHEDULE-E

FIXED ASSETS

ASSETS	(Amount in Rupees)										
	Gross Block (At cost)					Depreciation				Net Block	
	As At 01.04.2010	Additions during the year	Deletions during the year	As At 31.03.2011	Up to 01.04.2010	For the Year	Deletions during the year	Up to 31.03.2011	As At 31.03.10	As At 31.03.2011	
Land & Site Development	11,763,446	-	-	11,763,446	-	-	-	-	11,763,446	11,763,446	
Buildings	8,244,817	-	-	8,244,817	2,702,660	255,909	-	2,958,569	5,542,157	5,286,248	
Plant & Machinery	89,066,600	2,219,309	-	91,285,909	45,741,150	4,703,038	-	50,444,187	43,325,450	40,841,722	
Office Equipment	446,360	-	-	446,360	446,360	-	-	446,360	0	0	
Electrical Equipment	9,489,235	-	-	9,489,235	4,625,605	450,739	-	5,076,344	4,863,630	4,412,891	
Furniture & Fixtures	205,028	-	-	205,028	136,926	12,978	-	149,904	68,102	55,124	
Vehicles	981,054	-	-	981,054	487,387	93,200	-	580,587	493,667	400,467	
TOTAL	120,196,540	2,219,309	-	122,415,849	54,140,088	5,515,864	-	59,655,952	66,056,452	62,759,897	
PREVIOUS YEAR	120,074,215		-	120,196,540	48,633,241	5,506,846	-	54,140,088	71,440,974	66,056,452	



		AS AT 31.03.2011 RUPEES		AS AT 31.03.2010 RUPEES
<u>SCHEDULE -- F</u>				
<u>CURRENT ASSETS, LOANS & ADVANCES</u>				
A. Current Assets:				
Inventories				
Stores & Spares		19,428,176		18,641,566
<u>Balances with Scheduled Banks</u>				
-- in Current Accounts	166,424		52,209	
--in Margin Money deposits	1,890,000	2,056,424	140,000	192,209
TOTAL		21,484,600		18,833,775
<u>B. Loans and Advances</u>				
(Unsecured, considered good)				
Advances recoverable in cash or in kind or for value to be received				
Deposit With Govt. Depts		6,545,138		3,499,672
Other Deposits		1,073,049		675,374
		58,500		52,500
TOTAL		7,676,687		4,227,546
<u>SCHEDULE --G</u>				
<u>CURRENT LIABILITIES AND PROVISIONS</u>				
Sundry Creditors- SSI undertaking				
- Others	-		-	
	863,057	863,057	437,912	437,912
Other Liabilities				35,084,021
Provisions		88,543		71,676
TOTAL		951,600		35,593,609
<u>SCHEDULE -- H</u>				
MISCELLANEOUS EXPENDITURE				
(To the extent not writtenoff or adjusted)				
		-		-



SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

		YEAR ENDED		YEAR ENDED
		31.03.2011		31.03.2010
		RUPEES		RUPEES
SCHEDULE --I				
Sale of Power		28,871,174		20,453,055
Other Miscellaneous income		225,962		710,986
TOTAL		29,097,136		21,164,041
SCHEDULE --J				
MANUFACTURING & OTHER EXPENSES				
Consumption of Natural Gas		17,563,172		8,123,419
O&M charges				1,578,277
Consumption of Stores & Spares		1,266,871		-
Repairs & Maintenance --- Plant & Machinery		5,897		18,488
--- Other Assets		4,100		259,646
Factory Maintenance		138,960		104,757
Transportation charges		44,765		564,195
Service Charges & Development Chgs		249,882		1,124,658
Transmission Charges		872,413		355,952
SLDC Charges		39,214		412,420
Rebate/Compensation		665,306		13,900
Testing Charges		-		
TOTAL		20,850,580		12,555,712
SCHEDULE -- K				
SALARIES, WAGES AND OTHER EMPLOYEE BENEFITS				
Salaries & wages		464,664		815,190
Staff welfare exp.		89,164		194,298
TOTAL		553,828		1,009,488
SCHEDULE -- L				
ADMINISTRATION & OTHER EXPENSES				
Rent, Rates and Taxes		741,067		916,294
Insurance Charges		456,099		41,255
Vehicle Running Expenses		41,775		108,160
Office Maintenance		174,335		177,398
Travelling & Conveyance		93,707		55,074
Postage, Telephone & Telegrams		18,764		27,412
Auditor's Remuneration		60,665		60,665
Legal & Professional Charges		94,525		294,584
Printing & Stationary		5,641		12,247
Miscellaneous Expenses		700		10,241
General Expenses				-
Gifts & Donations				8,000
Electricity Charges		129,781		48,869
TOTAL		1,817,059		1,760,199
SCHEDULE --M				
INTEREST & OTHER FINANCIAL CHARGES				
Interest				
---on Term Loans & Cash Credit		-		
---on Unsecured loan	125,000		125,000	
---on Others	510		2,731	
		125,510		127,731
Bank charges		23,333		16,592
TOTAL		148,843		144,323



SCHEDULES TO ACCOUNTS

Schedule 'N' -- Notes on Accounts

1. Significant Accounting Policies

- 1.1 The financial statements have been prepared on historical cost convention in accordance with the applicable accounting standards.
- 1.2 **Fixed Assets**
Fixed Assets are stated at cost of acquisition inclusive of inward freight. The cost of acquisition comprises of purchase price, duties, taxes and other directly and indirectly attributable costs for bringing the asset to its present location and working condition for its intended use.
- 1.3 All fixed assets are tested for any indication of impairment at the end of each financial year. On such indication, impairment loss, being the excess of carrying value over recoverable value of the assets are charged to profit and loss account in the respective financial years. The impairment loss recognised in the prior years is reversed in cases where the recoverable value exceeds the carrying value upon reassessments in the subsequent years.
- 1.4 **Depreciation:** Depreciation on the assets have been provided at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 on straight-line basis.
- 1.5 **Inventories:**
Stores & Spares are valued at cost.
- 1.6 **Revenue Recognition:** Energy supplied to APCPDCL is accounted for as per the rates mutually agreed.
- 1.7 **Borrowing Costs:** Borrowing costs that are directly attributable to the acquisition, constructing or production of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.
- 1.8 **Taxes on Income**
a) The provision for Current tax is made for tax payable on book profits U/S 115 JB of the Income Tax Act, 1961.
b) Deferred Income Tax as per the Accounting Standard-22 "Accounting for Taxes on Income" is not recognized as the companies gross total income is eligible for deduction under section 80- IA of the Income Tax Act, 1961.
- 1.9 **Contingent Liabilities**
Contingent liabilities arising from clients, litigations, assessments, fines, penalties etc., are provided when it is probable that a liability may be incurred and the amount can be reliably estimated.
2. Contingent Liabilities not provided for NIL
3. Unsecured loans, and loans & advances are subject to confirmation & reconciliation.



4. Outstanding dues of Micro enterprises and Small enterprises.

Information as per Notification No. GSR 719 (E) & as per "The Micro, Small and Medium Enterprises Development Act, 2006 (MSED)"

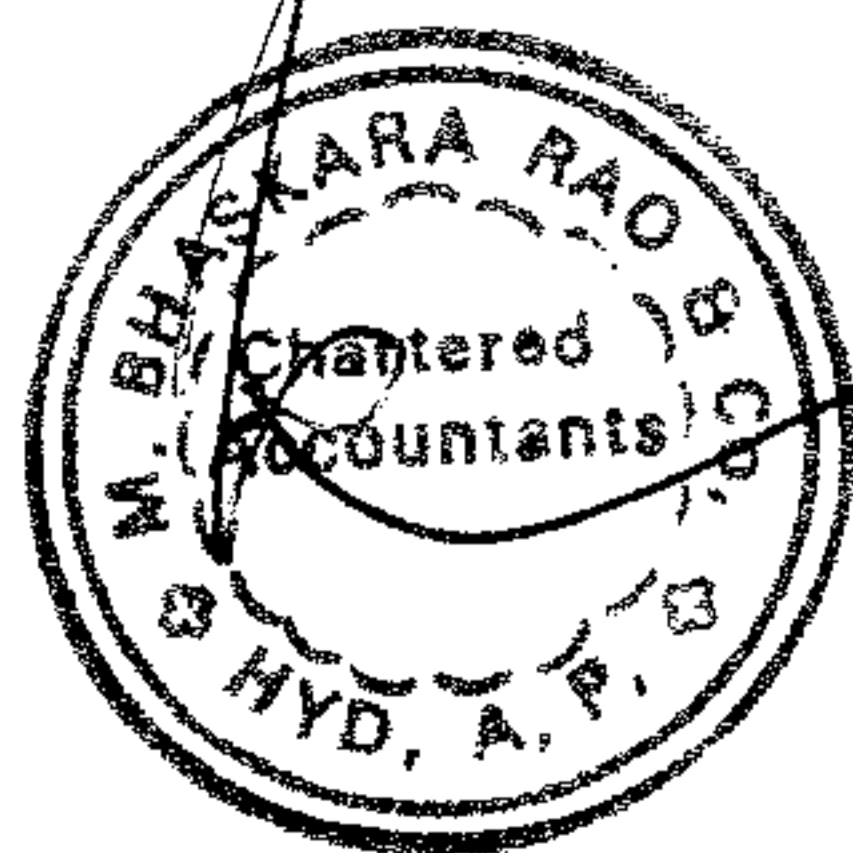
Sl.No	PARTICULARS	2010-11	2009-10
1.	The Principal amount and the Interest due thereon remaining unpaid to any supplier as at the end of the each accounting year	NIL	NIL
2.	The amount of interest paid by the buyer in terms of Sec 16, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	NIL	NIL
3.	The amount of interest due and payable for the period of delay of making payment but without adding the interest specified under the Act	NIL	NIL
4.	The amount of interest accrued and remaining unpaid at the end of the each accounting year	NIL	NIL
5.	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the Small enterprises, for the purpose of disallowance as a deductible expenditure Under Sec 23.	NIL	NIL

5. Auditor's Remuneration:

	<u>2010-2011</u>	<u>2009-2010</u>
Audit Fee	44120	44120
Tax Audit Fee	16545	16545
	-----	-----
	<u>60665</u>	<u>60665</u>

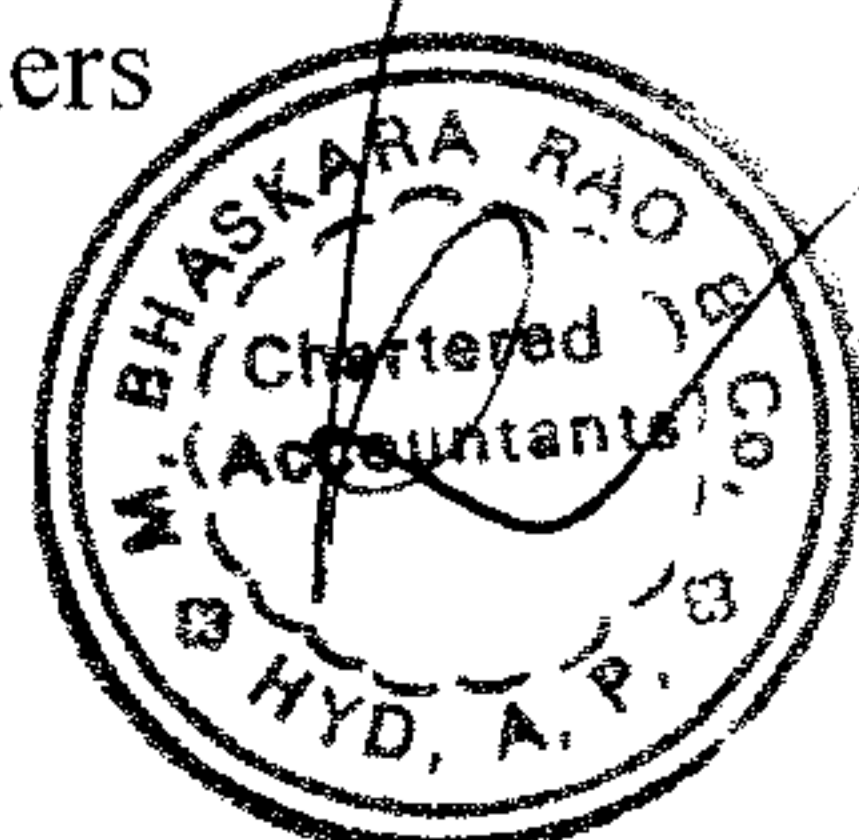
6. The Capital Work In Progress includes Rs.2.10 crores relates to the property settled out of court with M/s MSK Projects Limited.

7. Consumption of Natural Gas for the year is arrived at after considering the credit of Rs.22,85,063/- receivable form GAIL towards refund of excess charged.



Additional information pursuant to provision of Para 3,4C and 4D of part II of Schedule VI to the Companies Act, 1956, to the extent applicable.

	Year ended 31.03.2011 QTY	Year ended 31.03.2010 QTY		
CAPACITY, PRODUCTION SALES & STOCKS				
1.Capacity				
a) Licensed Capacity	2.7 MW	2.7 MW		
b) Installed Capacity (as certified by Management and relied upon by the Auditors being a technical matter)	2.7 MW	2.7 MW		
Numerator used for calculating Basic & Diluted EPS	2,10,963	1,87,473		
Denominator used for calculating Basic & Diluted EPS	49,66,070	49,66,070		
	Year ended 31.03.2011 QTY	Value Rs. Lakhs	Year ended 31.03.2010 QTY	Value Rs. Lakhs
2. Production/Purchases Energy (Units)				
Actual Generation	68,35,300		46,37,330	
Less:				
Captive consumption	2,24,500		2,22,540	
Net Units	6610800		4414790	
	<u>Units</u>	<u>Rs. In Lakhs</u>	<u>Units</u>	<u>Rs. In Lakhs</u>
3. Sales				
Energy (Gross)	6610800	288.71	4414790	204.53
4. Particulars of raw materials consumed				
Natural Gas (Cubic Mtrs. in lakhs)	19.51	175.63	12.75	81.23
5. Value of Imports on CIF Basis Capital Goods	NIL		NIL	
Others	NIL		NIL	



6. A. Expenses in Foreign Currency	NIL		NIL	
B. Income of Goods on FOB Basis	NIL		NIL	
Ocean Freight				
7. Value of Imported and Indigenous material consumed and % of each to total consumption				
a) Raw Materials				
Imported	NIL		NIL	
Indigenous	100%	175.63	100%	81.23
b) Stores & Spares				
Imported	NIL		NIL	
Indigenous	100%	12.67	100%	15.78

8. Related Party Disclosures:

Holding Company

M/s. Anjani Portland Cement Limited

Key Management Personnel

Sri K.V.Vishnu Raju

Sri . P.V.R.L.Narasimha Raju

Relative of Key Management Personnel

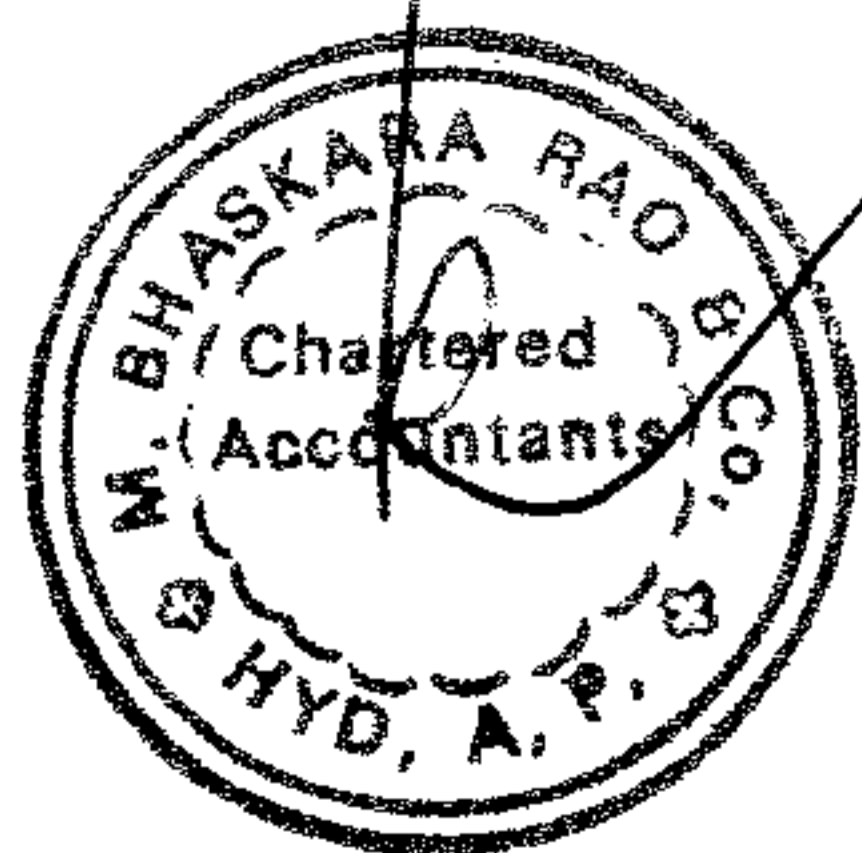
Smt. K. Ramavathi, Mother of Sri K.V. Vishnu Raju, Dr KSN Raju, Father of Sri K V Vishnu Raju

Enterprises owned or significantly influenced by Key Management Personnel

M/s Hitech Print Systems Ltd

Transactions during the year

	Holding Company	Key Management Personnel	Relatives of the Key Management Personnel	Enterprises owned or significantly influenced by Key Management Personnel	Total
Interest paid	Nil	Nil	75000	Nil	75000
Office Rent	Nil	208464	208464	Nil	416928
Guest House Rent	Nil	204000	Nil	Nil	204000
Balances outstanding at the end of the Current year	40350000	15300	616875	35000000	75982175
Balances outstanding at the end of the previous year	36326704	112700	616875	35000000	72056279



9. Deferred Tax:

The Company is eligible for Tax Holiday under section 80-IA of the Income Tax Act, 1961 and the company intends to claim the Tax Holiday after the set off of unabsorbed depreciation. Accordingly the company has decided not to provide the deferred tax upto the end of the tax holiday period.

10. Previous year's figures have been re-grouped, re-cast, re-classified and re-arranged, wherever necessary to conform to the current year's classification.

11. Figures have been rounded off to the nearest rupee.

AS PER OUR REPORT ATTACHED
For M.BHASKARA RAO & CO.,
CHARTERED ACCOUNTANTS


V.RAGHUNANDAN
PARTNER
M.No.26255

FOR AND ON BEHALF OF THE BOARD


K V VISHNU RAJU
DIRECTOR


P V R L NARASIMHA RAJU
DIRECTOR

PLACE: HYDERABAD
DATE : 04.08.2011



VENNAR CERAMICS LIMITED

“Sitha Nilayam”, 153, Dwarakapuri Colony, Panjagutta, Hyderabad – 500 082

**SEVENTEENTH ANNUAL GENERAL MEETING
ATTENDANCE SLIP**

Folio No :

No.of Shares held

I hereby record my presence at the SEVENTEENTH ANNUAL GENERAL MEETING of the Company to be held on Friday, the 23rd September, 2011 at 10.00 A.M. at "Sitha Nilayam, 153, Dwarakapuri Colony, Panjagutta, Hyderabad - 500 082.

Member's Signature :

Proxy Signature :

NOTE :

Only shareholders of the Company or their proxies will be allowed to attend the meeting.

VENNAR CERAMICS LIMITED

“Sitha Nilayam”, 153, Dwarakapuri Colony, Panjagutta, Hyderabad – 500 082

PROXY FORM

Folio No.

No.of shares held
(To be filled by the Shareholder)

I/We being a Member/Member(s)
of VENNAR CERAMICS LIMITED hereby appoint
of failing him/her of

As my/our proxy to vote for me/us and on my/our
behalf at the Seventeenth Annual General Meeting of the Company to be held on Friday, the
23rd September, 2011 and at any adjournment thereof.

Signed this day of 2011



NOTE : The proxy must be returned so as to reach the Regd. Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.