



VISHAL COTSPIN LIMITED

15th Annual Report 2007- 2008

Board Of Directors:

Shri Balkishan Boob
Chairman & Managing Director

Shri Ramanujdas Boob
Executive Director

Shri R. P. Shantakumar
Independent Director

Shri S. Venkatakrishna
Independent Director

Bankers :

State Bank of Hyderabad, IFB
Bangalore - 560 025

Canara Bank
Raichur - 584 102

Auditors :

M/s. Dagliya & Co
Chartered Accountants
L Block, Unity Building,
Bangalore 560 002

Secretarial Auditors:

Uday Shankar R.M.
Company Secretaries

Corporate & Regd.office:

S-916, Manipal Centre,
47, Dickenson Road,
Bangalore 560 042

Works:

Deosugur Industrial Area
Shakthinagar
Raichur 584 170



VISHAL COTSPIN LIMITED

S-916, Manipal Centre, 47 Dickenson Road, Bangalore - 560 042

NOTICE

NOTICE is hereby given that the 15th Annual General Meeting of the Members of Vishal Cotspin Limited will be held on Thursday, the 22nd May 2008 at 10:00 A. M. at S-916, Manipal Centre, South Block, 47, Dickenson Road, Bangalore 560 042 to transact the following business:

A. ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Audited Balance Sheet as on 31st March 2008 and the Profit and Loss Account of the Company for the year ended on that date together with the reports of the Auditors and Directors thereon.
2. To appoint Mr. Balkishan Boob, managing Director who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Mr. R. P. Shantakumar, Director who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors to hold the office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.

B. SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without modifications the following Resolution proposed as a SPECIAL RESOLUTION:

“RESOLVED THAT the petition filed for amalgamation of the Company with M/s Madanapalle Spinning Mills Limited before the Board of Industrial and Financial Reconstruction (BIFR) be and is hereby withdrawn.

RESOLVED FURTHER THAT any Director of the Company be and is hereby authorized to file the application for withdrawal before BIFR and other Government Authorities and also authorized to do all such acts, deeds and things as may be necessary to give effect to the said foregoing resolution(s).”

6. To consider and if thought fit to pass with or without modifications the following Resolution proposed as a SPECIAL RESOLUTION:

“RESOLVED THAT, since the net worth of the company has become positive and since all the secured creditors have been paid their dues as per the one time settlement offered by each of the said secured creditors, the application filed with Board for Industrial & Financial Reconstruction (BIFR) be withdrawn.

RESOLVED FURTHER THAT, Mr. Balkishan Boob, Managing Director, Mr. Ramanujdas Boob, Executive Director and Mr. Vinod Boob, President be and are hereby authorised to take all

necessary steps to submit the application before BIFR, liaison with the legal counsel, authorities representatives and to get the reference before BIFR withdrawn, discharges or abated and to do all steps as may be incidental and ancillary for the aforesaid purpose.”

Registered Office:
S-916, Manipal Centre,
South Block, 47, Dickenson Road,
Bangalore 560 042
Date : 22nd May 2008

For VISHAL COTSPIN LIMITED

BALKISHAN BOOB
Chairman & managing director

NOTES: -

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE TIME SCHEDULED FOR COMMENCEMENT OF THE MEETING.
- 2) The relative Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of item No. 5 & 6, of the Notice is annexed hereto.
- 3) The Register of Members and Transfer books of the Company will remain closed from 21st May 2008 to 22nd May 2008 (Both days inclusive).
- 4) Shareholders are requested to lodge the Share Transfer Deeds duly executed and intimate change of address to the Company's Share Transfer Agents M/s Cameo Corporate Services Ltd., No.1, Subramaniam Building, Club House Road, Chennai 600 002.



ANNEXURE TO THE NOTICE:

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

In conformity with the provision of Section 173(2) of the Companies Act 1956 the following explanatory statement sets out all material facts relating to the Special business mentioned in the accompanying notice and should be taken as forming part of the Notice.

Item No. 5

It was proposed that since the net worth of the Company has become positive and the Company has decided to withdraw the petition filed for amalgamation with M/s Madanapalle Spinning Mills Limited before BIFR.

The Board recommends the Resolution for Shareholders approval.

No Director of the Company is concerned or interested in the Resolution.

Item No. 6

Since, the net worth of the company has become positive and the company had cleared its liabilities to the secured creditors and to the majority of the other creditors. Consequently the application filed with Board for Industrial & Financial Reconstruction (BIFR) is required to be withdrawn since all the lenders have been paid their dues. The Board approved the withdrawal in its Board meeting conducted on 22nd April 2008 and has proposed the same before the shareholders.

The Board recommends the Resolution for Shareholders approval.

No Director of the Company is concerned or interested in the Resolution.

FOR VISHAL COTSPIN LIMITED

BALKISHAN BOOB

CHAIRMAN & MANAGING DIRECTOR

Place : Bangalore

Date : 22nd April 2008

DIRECTORS REPORT

To The Members,

Your Directors have great pleasure in presenting their Fifteenth Annual report on the Business and operations of your Company and audited accounts for the year-ended 31.03.2008.

OPERATING RESULTS:

Your Company's performance during the year as compared with that during the previous year is summarized below.

Rs. in Lakhs

Particulars	Year Ended 31.03.2008	Year Ended 31.03.2007
Sales and Other Income	360.61	1274.46
Gross Profit/(Loss)	(140.63)	(79.01)
Less Interest	47.10	36.76
Depreciation	84.09	90.14
(Loss) before tax	(271.83)	(205.91)
Provision for Income Tax - Current tax - fringe benefit Tax - Deferred Tax	0.63	1.6
Profit / (Loss) after tax but before Extra-ordinary Items	(272.24)	(207.51)
Waiver of interest by Financial Institutions under OTS	-	158.23
Loss for the year after Extraordinary Items	(272.24)	(143.41)
Balance in Profit/(Loss) Account brought forward	(515.02)	(696.39)
Profit / (Loss) carried over	(787.48)	(515.02)

MANAGEMENT DISCUSSION & ANALYSIS (MD& A)

Textile Orbit, Structure and Development

The Indian Textile Industry plays a vital role in the Indian economy by contributing significantly to industrial production, generating employment and foreign exchange earnings. An estimated 35 million people are directly employed in the textile industry making it the second largest employment provider in India, after agriculture and contributes to 4% of India's GDP and 16.24% of India's overall exports. The size of the domestic textile market is estimated at US \$ 25 billion, with imports forming about 5% of the market size. The export basket includes a wide range of items including cotton yarn and fabrics, man-made yarn and fabrics, wool, silk fabrics, made-ups and a variety of garments. (Source: Ministry of Textiles, Government of India, Annual Report 2005-06).

India is the world's third largest producer of cotton, second largest producer of cotton yarn, third largest exporter of cotton fabrics and fourth largest exporter of synthetic fabric

Overview and outlook

The Industry trend is likely to move to the following initiatives-enhanced economies of scale, product integration chain, higher productivity, cost competitiveness, niche productisation, shrinking delivery schedules and aggressive marketing.

Developing countries with both downstream and upstream facilities in textiles are better able to prosper in the new competitive environment. Relatively inexpensive labour, favorable demographics, increasing presence in the textile value chain and availability of raw material continue to attract investment into the Asia-Pacific region, especially as a consequence of the continued liberalization of its core markets, China and India.

On the basis of the current spinning capacity, operating units, utilization rates and the estimated demand growth for spun yarn, investments worth around Rs.300 billion are expected to be made in the Indian spinning industry before 2010-11 and around 15.50

million new spindles are expected to be added during this period. (Source: CRIS INFAC Cotton Yarn Annual Review, May 2006).



The appreciation of INR vis-à-vis with USD has impacted the overall realization of the upstream manufacturers and consequently the spinning segment is not realizing potential demand/prices. However the stability in currency of neighboring countries viz., Pakistan & China results in selling their products at more competitive prices. In the long run it will severely affect the performance of the industry in our country. In so far as it relates to domestic segment the demand is good with better prices for the products.

Opportunities

The Indian Textile Industry is on a high growth path. Its competitive advantage, both in raw material and high quality cost effective labour have positioned the country as a strong supplier of textile products to the world.

There is a good demand for the speciality yarn viz Compact Cotton Yarn both in the international and domestic markets as the same is required for manufacturing premium cotton / Knitwear products.

During the year i.e., 2007-08, the cotton production in our country is likely to surpass all earlier targets and the Industry expects that the Indian cotton crop will be around 315/325 lacs bales a steep increase from 275 lacs bales produced in the year 2006-07. This will help the Industry to have the raw material requirement available in abundance at reasonable prices.

Risks and Concerns

Risks are of both internal and external and shall include, but not limited to, on our ability to procure quality cotton, the primary raw material for the manufacture of yarn with a share of 60% in the basket of raw materials consumed. Cotton is an agricultural product and their supplies are subject to the forces of nature. Changes in Policies of the Government and the sudden increase in the cost of finance will be the major factors having a bearing on the operations of the Company.

As the cotton production in our country is estimated at 315/325 lacs bales, the export of raw cotton may go up substantially from 45 lacs bales exported in 2006-07 and this may affect the price advantage which the Industry should have got from increased crop production.

Challenges

Availability of quality cotton at reasonable prices, manufacturing of cotton yarn without market orientation by the other manufacturers, appreciation of INR vis-à-vis USD, and increase in rate of interest by the lending banks are some of the challenges which may have an impact over the margins and the profitability of the Company.

Internal controls

VISHAL COTSPIN LTD has put in place proper and adequate internal control systems. By following these systems and procedures, the Company safeguards and protects all its assets against loss from unauthorized use or disposition and further ensures that the transactions are authorised, recorded and reported correctly.

Internal controls are supplemented by an extensive programme of internal audits, review by management, documented policies, guidelines and procedures. These controls are designed to ensure that financial and other records are reliable for preparing financial information and reports and for maintaining regular accountability of the company's asset

Human Resources

Vishal Cotspin Ltd recognizes that nurturing and recruiting the best talent is vital to the success of the enterprise. Substantial investment is made in people, people processes and skill development.

Workers are provided with opportunities for getting trained in the training centre within the premises which is the key driver for their growth. A comprehensive induction program ensures that all new recruits are oriented seamlessly into the Company.

Cautionary Statement

Statements in this management discussion and analysis describing the company's objective and expectations may be 'forward looking' that set forth anticipated results based on management assumptions. Achievement of future results is subject to risks, uncertainties and inaccurate assumptions. Actual results, performance and

achievements might differ substantially or materially from those expressed or implied. The company's performance could also be affected due to major political and economic changes, interest rate scenario, statutory legislations and regulations affecting the operations including tax obligations and other allied factors.

Review of Operations:

During the year under review, your company registered a Production Value / Total income of Rs. 360.31 against Rs 1274.46 lacs representing about 71.72% decline when compared to previous year (company has started doing conversion on account of our strategic investor Madanapalle spinning mills Ltd.) It posted a gross loss (Earnings before Interest Depreciation and Tax) of Rs. 140.63 lacs against Rs. 79.01lacs in the previous year, increase of about 77.99%. The finance and interest charge is higher by about 28.12% at Rs 47.10 lacs. It incurred a net loss of Rs.271.83 lacs against Rs. 205.91 lacs in the previous year. The finance/interest alone represents about 17.00 % of net loss and is higher. The upswing in textile yarn markets, both domestic and overseas, could give further fillip to operational performance of the Company. Given the need based working capital support the operational performance is expected to grow further.

The concerted efforts in manpower rationalization, review of product mix in tune with the market trend initiated in improved performance of the operations of the Company. Your Directors endeavors to make further improvements during current fiscal 2007-08 in over all performance of the Company.

Exports:

Your Company has not exported during the year when compared to Rs. 243.74 Lacs in previous year. Your Directors hope that the performance during the fiscal 2008-09 would improve as your Company is focusing on new markets.

Future Outlook:

Despite working capital shortage and financial crunch, your Directors have endeavored and prioritised vigorous improvement in capacity utilisation which manifests in operational performance; certain investments in critical plant and equipments helped your Company to improve the

quality of yarn leading to better sales realisation; these efforts would be followed up in other thrust areas within the constraints. The Company in its proposal submitted to Hon'ble BIFR / Operating Agency, has identified thrust areas like value addition. The reliefs and concessions sought by your Company helped in reducing its debts. Strategic Investors have funded the company to the extend of Rs 370.40 lacs by way of long term investment as part of rehabilitation package and this has helped in serving of OTS commitments. The management looks to the future with optimism.

BIFR PROCEEDINGS:

We are pleased to inform you that the net-worth of the company as on 31st March 2008 has become positive and accordingly the board has decided to seek de-registration from BIFR. Further, the board has also decided to withdraw the merger petition with Madanapalle Spinning Mills Ltd

Dividend:

Considering the Company's present situation the Board is compelled not to recommend dividend for the year under review.

Deposits:

In terms of provision of Section 58A of Companies Act, 1956 read with Companies (Acceptance of Deposit) Rules 1975, the company has not accepted any amount during the year under review.

Corporate Governance:

The Company is in conformity with the code of Corporate Governance enunciated in Clause 49 of the Listing Agreement with Stock Exchanges. A separate report on Corporate Governance is annexed hereto and form part of Directors' Report together with a certificate from the Auditors of the Company confirming compliance of the conditions of Corporate Governance.

PARTICULARS OF EMPLOYEES:

There are no employees drawing remuneration in excess of the limits laid down in section 217(2A) of the Companies Act 1956 read with Companies (particulars of employees) Rules 1975.

**Directors:**

Mr. Venkatakrisnan and Mr. Ramanujdas Boob, Directors of the Company retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment as per the provisions of the Companies Act 1956.

Auditors:

M/s. Dagliya & Co. Chartered Accountants, Auditors of the company hold office as Auditor until the conclusion of ensuing Annual General Meeting and are eligible for re-appointment and have expressed their willingness for re-appointment. The observations of the Auditors read with relevant notes to the account and form of this report are explained in Annexure- B.

Audit Committee:

Pursuant to the provisions of Section 292A of the Companies Act, 1956, your Company has constituted the Audit Committee.

The role and terms of reference of the Audit Committee covers related areas mentioned in Section 292A of the Companies Act, 1956, besides other terms as may be referred to by the Board of Directors.

The Board has constituted the Audit Committee in line with the requirement under Section 292A of the Companies Act, 1956 comprising the following Directors as its members:

Mr. Shantakumar R P

Mr. Venkatakrisna S

Mr. Ramanjudas Boob

The Committee acts in accordance with the terms of reference specified by the Board of Directors of the Company.

Directors' Responsibility Statement:

Pursuant to provisions contained in Section 217 (2AA) of the Companies Act, 1956, the Directors of your Company confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;

- (ii) that they have such accounting policies and applied them consistently and made judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of profit or loss of the company for that period;

- (iii) that they 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;

- (iv) that they have prepared annual accounts prepared on a going concern basis;

The details required under the Companies (Disclosure of Particulars in the Report in the Report of Board of Directors) Rules, 1988 are given in Annexure-A to this report.

INFORMATION ON ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUT FLOW:

The details required under the Companies (Disclosure of Particulars in the Report in the Report of Board of Directors) Rules, 1988 are given in Annexure-A to this report.

Acknowledgments:

Your Directors acknowledge with gratitude the guidance and assistance rendered by the Hon'ble BIFR, Auditors, State Government, Stock Exchanges and other Regulatory Authorities. Your Directors thank the Commercial Banks, KSIIDC and other Institutions for their continued help and assistance and large body of customers who have continued their patronage to your Company's products.

for and on behalf of the Board

BALISHAN BOOB
Chairman & Managing Director.

Place: Bangalore
Date: 22nd April 2008

ANNEXURE A

A. CONSERVATION OF ENERGY

COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

The electricity is captively generated through Diesel Generator (DG) and purchased from Gulbarga Electricity Supply Company (GESCOM) and used for production as well as for commissioning of the Plant and Machinery.

Total Energy Consumption and Energy Consumption per unit of production as per Form A:

Form - A

(Rs. In Lacs)

A. Power & Fuel Consumption	Year Ended 2007-08	Year Ended 2006-07
1. Electricity		
a) Purchased		
Units (In Lakhs)	27.81	34.39
Total Amount (Rs in Lakhs)	127.92	164.52
Average Rate Per Unit (Rs)	4.60	4.77
b) Own Generation		
i) Through Diesel Generator		
Units (in Lakhs)	0.12	4.04
Units Per Lt of Diesel	3.40	3.39
Cost Per Unit (Rs)	10.29	9.09
ii) Through Steam Turbine/Generator	NIL	NIL
2. Coal	NIL	NIL
3. Furnace Oil	NIL	NIL
4. Other Internal Generation	NIL	NIL
B. Consumption Per Unit of Production	29.56	24.46
Electricity/Kg (Rs/ 40's Conv.)		

B. TECHNOLOGY ABSORPTION

- i. Indigenous technology is used and R & D is carried out by Separate Textile research Associations.
- ii. Efforts are being made in technology absorption as per form 'B' prescribed to improve productivity and reduce product wastage's.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO.

(Rs. In Lacs)

Particulars	Year Ended 2007-08	Year Ended 2006-07
1. Total Foreign Exchange Earned	NIL	NIL
2. Total Foreign Exchange Used		
a) On Travel	NIL	NIL
b) Commission on Export Sales	NIL	NIL
c) Imports of Cotton	NIL	NIL
d) Import of Spares	NIL	NIL
Capital Goods	NIL	NIL



ANNEXURE B

ANNEXURE TO AND FORMING PART OF THE DIRECTORS REPORT

AUDITORS OBSERVATION	COMPANY'S REPLY
Item (d) of Para 4 of the Audit Report	Actuarial valuations not been received by the company as such the required information could not be disclosed
Item (f)(i) of Para 4 of the Audit Report	The PF liability of Rs 9.99 Lacs is been disputed since it is an unreasonable demand and a stay has been taken from the high court of Karnataka.
Item (f)(ii) & (iii) of Para 4 of the Audit Report:	Overstatement of deferred Tax Asset (DTA) is as per the Accounting policies of the company, since the company has business loss and depreciation etc,
Para 3 of Annexure to Audit Report:	The Company is a BIFR registered Company. To tide over its financial crisis, it has borrowed from companies in which directors are interested by way of inter company deposit on call basis and there is no interest due in future.
Para 5 of Annexure to Audit Report	In respect of related party transactions, the said transactions were approved in the board. In the meanwhile, the company is moving a petition in this regard before the company law board.
Para 6 of Annexure to Audit Report	The Company has made a reference to BIFR. Pursuant to the State Bank of Hyderabad (Operating Agency -SBH) directions, a Strategic Investor has deposited Rs.370.40 Lakhs, towards the rehabilitation scheme. The Company has sought exemption from applicability under Sec 58A in its Rehabilitation Scheme. The Honorable BIFR has sanctioned the "Rehabilitation Scheme".
Para 10 of Annexure to Audit Report	The management is looking at ways and means to shore up its net worth during the current year and also looking at revenues for transfer of its undertaking to one other entity under section 391 to 394 of companies act
Para 11 of Annexure to Audit Report	The Financial Position has continued to be tight.
Auditors Certificate on Corporate Governance: The Company has not appointed any Company Secretary	The Company could not employ a full time Company Secretary due to the financial constraints on remuneration and also the fact that no candidate was willing to join a BIFR referred company. However the company has obtained the services of a Practicing Company Secretary to ensure strict compliance of the provisions of the Company Law.

REPORT ON CORPORATE GOVERNANCE

A. COMPLIANCE OF MANDATORY REQUIREMENTS

In compliance with clause 49 of the Listing Agreement with Stock Exchanges, the Company submits the report on the matters mentioned in the said clause and lists the practices followed by the Company.

PHILOSOPHY ON THE CODE OF GOVERNANCE

Vishal Cotspin Limited's, philosophy on corporate governance envisages transparency, accountability, integrity, consistent value systems, delegation and responsibility. The Company tries to work by these principles in all its interactions with Shareholders, Employees, customers, suppliers and statutory authorities. The Corporate Governance comprises of a unique combination of factors like regulations, compliance, policies and economic environments, voluntary practices and disclosures.

1. BOARD OF DIRECTORS

- Composition and provisions as to Board and Committees

our company's Board comprises of 4 Directors out of which 2 are executive. The details of directors with regard to outside directorships, committee positions as well as attendance at Board/general meetings are as follows:

The Board of the Company consists of eminent persons with considerable professional experience and expertise in the field in which the Company operates and in related industries.

The Board of the Company consists of eminent persons with considerable professional experience and expertise in the field in which the Company operates and in related industries.

Sl. No.	Name of the Director	Executive/ Non-Executive/ Independent	No. of Outside Directorships Held		No. of Outside Committee Positions Held		No. of Board Meeting	
			Public	Private	Member	Chairman	Held	Attendance
1.	Mr. Balkishan Boob	Chairman and Managing Director	1	NIL	NIL	1	8	8
2.	Mr.R.P. Shantakumar	Independent Director	NIL	1	NIL	NIL	8	8
3.	Mr.S. Venkatakrishnan	Independent Director	NIL	NIL	NIL	NIL	8	7
4.	Mr. Ramanujdas Boob	Executive Director	NIL	NIL	NIL	NIL	8	4

Board meetings held during the year:

During the financial year ended 31 March 2008, eight Board meetings were held on:

- (i) 30th April 2007
- (ii) 30th July 2007
- (iii) 3rd September 2007
- (iv) 30th October 2007
- (v) 31st January 2008
- (vi) 20th February 2008
- (vii) 25th March 2008 &
- (viii) 31st March 2008



The gap between any two consecutive meetings did not exceed four months.

Pursuant to the provisions of the Companies Act 1956, Mr. Balkishan Boob, Managing Director and Mr. R.P. Shantakumar, Director retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-election.

The Last AGM was held on 29th September, 2007 and 10 members attended the AGM

2. AUDIT COMMITTEE

The Audit Committee consists of two Independent Directors, One Executive Director. The role and terms of reference of the Audit Committee cover the areas mentioned under Clause 49 of the Listing Agreement and Section 292 A of the Companies Act, 1956 besides other terms as may be referred to by the Board of Directors from time to time. During the year the committee of Directors met 5 times. The periodicity and time gap between two meeting where in accordance with the requirement of clause 49 of the listing agreements. The details are given below:

Sl. No.	Name of the Members	Category	Attendance
1.	R. P. Shantakumar	Independent/ Non Executive Director	5
2.	Mr. S. Venkatakrishna	Independent / Non Executive Director	5
3.	Mr. Ramanujdas Boob	Executive director	5

The Audit Committee has the following powers:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
5. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
6. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
7. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
8. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - E. Compliance with listing and other legal requirements relating to financial statements

F. Disclosure of any related party transactions

g. Qualifications in the draft audit report.

9. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
10. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
11. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
12. Discussions with internal auditors any significant findings and follow up there on.
13. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
14. Discussions with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussions to ascertain any area of concern.
15. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
16. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
17. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
18. Management discussion and analysis of financial condition and results of operations.
19. Statement of significant related party transactions (as defined by the audit committee), submitted by management.
20. Management letters / letters of internal control weaknesses issued by the statutory auditors.
21. Internal audit reports relating to internal control weaknesses; and
22. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

3. Remuneration Committee:

The Company has constituted a Remuneration Committee. The Remuneration Committee determines the remuneration payable to the key employees and whole-time Directors taking into account their qualifications, experience, expertise, contribution and the prevailing levels of remuneration in companies of corresponding size and nature. The committee has been empowered to review/recommend appointments and remuneration of the executive and non-executive Directors. No meeting was held during the year.

Details of Remuneration for the Year Ended 31st March 2008:

Sl. No	Name of the Director	Category / Present position	Salary	Perquisites	Provident Fund	Retirement Benefits
1	Mr. Balakishan Boob	Chairman & Managing Executive Ddirector	40000	20000	4000	-
2	Mr. Ramanujdas Boob	Executive director	245000	147000	24500	-



The remuneration of the Whole-time Directors is decided by the Board of directors subject to the approval of the Shareholders. No remuneration is paid to Non-Working Directors and Independent Directors

4. SHAREHOLDER'S / INVESTORS' GRIEVANCE COMMITTEE:

The shareholders and Investors Grievance Committee has not met since there were no grievances received by the Company.

5. General Body Meetings.

a) Last 3 Annual General Meetings

Sl. No.	Year	Date	Time	Venue
1.	2004 - 05	29th September 2005	11 a.m	S-916, Manipal Centre, 47 Dickenson Road, Bangalore - 42
2.	2005- 06	29th September 2006	11 a.m	S-916, Manipal Centre, 47 Dickenson Road, Bangalore - 42
3.	2006 - 07	29th September 2007	10 a.m	S-916, Manipal Centre, 47 Dickenson Road, Bangalore - 42

B) Postal Ballot

There were no resolutions that were passed through postal ballot during the financial year 2007-08.

6. DISCLOSURES

(A) Basis of Related party transactions

Your Company places all the aforesaid details w.r.t related party transactions before the Audit Committee periodically and no meeting held during the year as there were no complaints from the shareholders.

Particulars of related party transactions are listed out in Note No. 15, Schedule 19 Notes to the Accounts. However, all these transactions are on normal commercial arm's length basis.

(B) Disclosure of Accounting treatment

Your Company has followed all relevant Accounting Standards while preparing the financial statements.

(C) Risk Management

Your Company is aware of the risk associated with the business. It regularly analysis the risks and takes corrective action for managing/ mitigating the same. Your Company has developed a risk management policy.

(D) Proceeds from public issues, Right Issues, Preferential issues etc

During the year under review, your Company has not raised any funds by way of Public issues. However 70 lakh 9% Cumulative Redeemable Preference Shares of Rs.10/- each have been allotted on 31.03.2008 to Vinod Marketing (P) Ltd., of which Rs.7/- per share has been paid up. The funds raised have been utilized towards the objects of the issue as stated in the explanatory statement contained in the notice of the Extraordinary General Meeting held on 24.03.2008 i.e. to debt reduction/general corporate purposes.

(E) The Company needs to disclose all pecuniary relationship or transactions of the non-executive directors vis-a-vis the company

Apart from sitting fees that are paid to the Directors for attending Board / Committee meetings, no significant material transactions have been made with the non-executive Directors vis-à-vis the company.

Details of Directors shareholding in the Company are as follows:

Sl. No.	Name of the Director	No. of Shares
1.	Mr. Balakishan Boob	210320
2.	Mr. Ramanujdas Boob	189755
3.	Mr. Venkatakrishna	5
4.	Mr. Shanthakumar	NIL

(F) Management

The Management Discussion and Analysis Report forms part of the Annual Report and is in accordance with the requirement laid out in Clause 49 of the Listing Agreement.

(G) Shareholders

Details of the Directors Seeking appointment / re-appointment at the ensuing AGM are provided in the Notice convening the AGM

Press Releases and financial results are made available on the website of your Company (www.vishalcotspin.com).

Shareholders' Grievances Committee was constituted under the chairmanship of a non-executive director and no meeting held during the year as there were no complaints from the shareholders.

(H) Code of Conduct

The Board of Directors of your Company have laid down a Code of Conduct ('the Code') applicable to all Board Members and Senior Management personnel of your Company. A Declaration from the CEO of your Company to the effect that all Board Members and Senior Management personnel of your Company have affirmed Compliance with the Code, forms a part of this Report. The Code has been posted on the website of your Company www.vishalcotspin.com

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31st March 2008.

7. MEANS OF COMMUNICATION

The annual, half yearly and quarterly results are regularly submitted to the Stock Exchanges in accordance with the listing agreement and published in leading newspapers like Business standard and other local news papers.

Annual Report containing inter alia Audited Accounts, Consolidated Financial Statements, Directors Report, Auditors Report, and other important information is circulated to members and others entitled thereto.

Other information of significant importance like take over, change in management, information of subsidiaries/ offices, major projects, status/recognition received etc. are promptly intimated to Stock Exchanges and also to the public by way of Press releases in leading newspapers.

8. MANAGEMENT DISCUSSION AND ANALYSIS.

The management discussions and Analysis report forms part of the annual report and is captioned "Management Discussion and Analysis" in the Directors Report.

**9 GENERAL SHAREHOLDER INFORMATION**

1. Date, Time and Venue of the AGM 22nd May th September 2008 at 10.00 AM
S-916, Manipal Centre
47, Dickenson Road
Bangalore 42
2. Financial/ Calendar year
Financial Year April 1 to March 31
Results for the year 2007-08 For the year ended March 31, 2008, results were announced on:
- First quarter 01.08.2007
- Second quarter 01.11.2007
- Third quarter 02.02.2008
- Fourth quarter 24.04.2008
3. Book Closure Date 21st May 2008 &
22nd May 2008
4. Listing on Stock Exchanges:
The Company's Equity Shares are listed on the following Stock Exchanges:
i) Bombay Stock Exchange Ltd
ii) Hyderabad Stock Exchange Ltd
5. Stock Code
a) Trade Symbol at Stock Exchanges
Stock Code - BSE : 531822
b) Demat ISIN in CDSL : INE513E 01024
Note: Annual Listing Fees for the Year 2007-085-06 has been duly paid to all the above Stock Exchanges except Bangalore Stock Exchange.
6. Market Price Data:
During the month of March 2008, the lowest value was Rs.7.00 and highest was Rs.15.00 per equity share.
7. Share Transfer System:
Shares lodged for transfer at the Registrar's address are normally processed and approved on a fortnightly basis. All requests for dematerialization of shares are processed and the confirmation is given to the Depositories within 15 days. Grievances received from Members and other miscellaneous correspondences on change of address, mandates, etc are processed by the Registrars within 30 days.
Share Transfers and other communications regarding Share Certificates,
Change of address, demat and other matters, please write to or contact Share Transfer Agent of the Company at the address given below.
M/s Cameo Corporate Services Ltd
Subramanián Buildings,
No 1 Club House Road, Chennai 600 002
Phone 044-28460390

8. Secretarial Audit:

The Secretarial Audit of the Company is being carried every quarter by a qualified Practicing Company Secretary to reconcile the total admitted capital with Central Depository Services (India) Ltd and Physical shares with the total issued and listed capital. The audit confirms that the total paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares.

9. A) Distribution of Equity Shareholding as on 31st March 2008

Pattern of Equity Shareholding as on 31st March 2008:

Vishal Cotspin Ltd

Distribution Schedule as on March 31st, 2008

No of Equity Shares	Share Holders		No of Share	
	Number	% toTotal	No of Share	% toTotal
Up to 500	697	65.63	198230	6.10
501 to 1000	72	6.78	48250	1.49
1001 to 2000	148	13.94	187500	5.77
2001 to 3000	23	2.16	57260	1.76
3001 to 4000	13	1.22	48490	1.49
4001 to 5000	8	0.75	38850	1.20
5001 to 10000	35	3.29	284650	8.76
10001 & Above	66	6.21	2384670	73.42
Total	1062	100.00	3247900	100.00

Vishal Cotspin Ltd

Distribution of Share Holding

Share Holding Pattern as on March 31st, 2008 (in accordance with Clause 35 of the Listing Agreement)

	Category	No of Equity Shares	Percentage of Holding
A	Promoters Holding		
1.	Promoters - Indian Promoters - Foreign Promoters	806835	24.8417
2.	Persons Acting in Concert		
	Sub Total	806835	24.8417
B	Promoters Holding		
3.	Institutional Investors a. Mutual Funds & UTI b. Banks, Financial Institutions/Insurance Companies c. FIIs	125000	3.85
	Sub Total	125000	3.85
4.	Others a. Private Corporate Bodies b. Indian Public c. NRIs/OCBs d. Any other	31950 763900 125000 1395215	0.98 23.42 3.85 42.75
	Sub Total	2316065	71.31
	Grand Total	3247900	100

**11. Dematerialisation of Shares and Liquidity:**

51.08% of the Equity Shares are in physical format and 48.92% have been dematerialized as on 31st March 2008. The Company has entered into Agreement with CDSL whereby shareholders have the option to dematerialize their shares.

12. Plant Location: Karnataka

Deosugar Industrial Area, Shaktinagar

Raichur 584 170 INDIA

PH: 08532 246503, 246501

FAX 08532 246471

E Mail: raichuroffice@vishalcotspin.com

13 Address for Investors Correspondence:

Vishal Cotspin Ltd,

S-916, Manipal Centre, 47, Dickenson Road,

Bangalore 560 042

PH: 080 25321194/95

Fax: 080 25321225

E Mail : vcl@bgl.vsnl.net.in

B. Non-Mandatory Requirements:**1. The Board :**

The Chairman of the company Sri Balkishan Boob does not have any office in the Company and no expenses related to his office are reimbursed to him.

2. Remuneration Committee:

The company have Remuneration Committee as mentioned under serial no.3 of the mandatory requirement .

3. Shareholders Rights :

Half yearly results including the summary of significant events are presently not being sent to the Shareholders of the Company.

4. Audit Qualifications :Qualifications:

The company will try to move towards unqualified financial statements.

5. Expert Training of Board members

There was no directors training programme during the year ended 31.03.2008.

6. Mechanism for evaluating Non-Executive board members. Non- executive directors were being always evaluated by their own peer in the board meeting during year 2007-08, although there was no formal peer group review by the entire Board except the directors concerned.**7. Whistle blower policy:**

The company does not have any whistle blower policy as of now, but no personnel is being denied any access to the Audit committee.

CEO AND VICE PRESIDENT CERTIFICATION

To the Board of Directors

VISHAL COTSPIN LIMITED

We, the undersigned, in our respective capacities as Managing Director (CEO) and Vice President of Vishal Cotspin Ltd ("The Company"), to the best of our knowledge and belief certify that :

1. We have reviewed the financial statements and the cash flow statement balance sheet and profit and loss account (consolidated and unconsolidated) and all its schedules and notes to accounts, as well as the cash flow Statement; for the year ended on 31st March 2008. and based on our knowledge and belief, we state that
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading ;
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of Conduct. We hereby declare that all the members of the Board of Directors and Management Committee have confirmed compliance with the Code of Conduct as adopted by the company.
3. They are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and the Audit Committee:
 - a) Significant changes, if any, in the internal control over financial reporting during the year;
 - b) Significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
 - c) Instances of significant fraud of which we have become aware and the involvement therein, if any of the management or an employee having significant role in the Company's internal control system over financial reporting.

Balkishan Boob
Managing Director & CEO

Vikas Boob
Vice President



AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

The Members

Vishal Cotspin Limited
BANGALORE - 560 042

We have examined the compliance of conditions of Corporate Governance by Vishal Cotspin Limited for the year ended on March 31, 2007 as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchanges.

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 and the representations made by the directors and the management, subject to the following we certify that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement

1. The Company has not appointed any Company Secretary.
2. As informed to us by the management, there were no investor grievances received by the company during the year.

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

Place: Bangalore
Dated: 22.04.2008

For Dagliya & Company
Chartered Accountants

O D Golcha
Partner
M.No 12502

AUDITORS' REPORT

The Members,
VISHAL COTSPIN LIMITED,
BANGALORE

We have audited the attached Balance Sheet of VISHAL COTSPIN LIMITED as at 31st March 2008 and the Profit & Loss Account and the 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.

We conducted our audit in accordance with the 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order:

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 it 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 & Loss Account and Cash Flow Statement except noncompliance of AS 15, 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, 2008 and taken on record by the Board of Directors, we report that, none of the directors of the company is disqualified as on March 31, 2008 from being appointed as director of the company as per section 274 (1) (g) of the companies Act, 1956.
- f) (i) No provision has been made in the accounts towards PF Liability amounting to Rs.9.99 Lacs (P.Y Rs 9.99 Lacs) as stated in Note No 8 (iii) of Schedule 19 to the Accounts whereby the loss for the year is lower by the said amount.
(ii) Reference is invited to Accounting Policy (viii) and Note No 14 of Schedule 19 to the Accounts where the Company continues to recognize Deferred Tax Asset (DTA) on account of unabsorbed loss and depreciation available up to 31.03.2004, under the provisions of



Income Tax Act, 1961, amounting to Rs.393.41 Lakhs. In view of ASI-9 issued by ICAI subsequent to recognition of the DTA, the Company has not recognized the DTA on account of business losses and depreciation for the year, however, the DTA recognized up to 31.03.2004 remains recognized as such.

- iii) Had the matters stated in paragraphs (i) & (ii) above considered the current liabilities would have been higher by Rs 9.99 lacs, deferred tax assets would have been lower by Rs 393.41 lacs, and the accumulated losses would have been higher by the said amount.
- (iv) Reference is also invited to Note No 3(b) for non disclosure of information in respect of dues to SSI units and micro, small and medium enterprises;
- g) Subject to the above, in our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read together with the Notes thereon and attached thereto 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 Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;
 - ii) In the case of Profit and Loss Account, of the Loss for the year ended on that date, and
 - iii) In the case of the Cash Flow statement, of the cash flow of the company for the year ended on that date.

Place : Bangalore
Date: 22.04.08

For Dagliya & Company
Chartered Accountants

O D Golcha
Partner
M.No 12502

Annexure to the Auditors Report

(Referred to in our report to the members of Vishal Cotspin Ltd on the accounts for the year ended March 31, 2008)

1. (a) The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets.
(b) The fixed assets of the company have been physically verified during the year by the management which in our opinion is reasonable having regard to the size of the company and the nature of its fixed assets and no material discrepancies between the book records and the physical inventory have been noticed.
(c) No substantial part of fixed assets of the Company has been disposed off during the year.
2. (a) the inventories of the company at all its locations have been physically verified by the management at reasonable intervals during the year.
(b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
(c) The Company has maintained proper records of inventories and the discrepancies between the physical inventories and the book records, which have been properly dealt with in the books of accounts, were not material.
3. (a) The company has taken loan from two parties (Excluding Strategic Investor's contribution) covered in the register maintained under section 301 of the Companies Act, 1956., the maximum amount involved during the year was Rs.714.12 Lacs and the year-end balance of loans taken from such parties was Rs.255.61 Lacs.
(b) In the absence of terms of repayment and payment of interest, we are unable to state whether the company is regular in repayment of principal amounts and in payment of interest. However the company has neither paid interest on this loan nor provided for the same in the books of account.
(c) The company has not granted any loans to companies, firms or other parties covered by the register maintained under section 301 of the Companies Act, 1956. In view of the above, clauses 4 (iii) (b), (c) and (d) of the Order are not applicable to the Company and no further comments are made.
4. In our opinion and according to the information and explanations given to us, and as per our evaluation, it appears that there are adequate internal control system 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 the 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) Based on the audit procedures applied by us and according to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained u/s 301 of the Companies Act 1956, have been so entered.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained u/s 301 of the Companies Act, 1956 in respect of any party during the year we are unable to state whether the prices charged are reasonable having regard to fluctuating market prices and variations in quality for the products dealt and in the absence of similar transactions with other parties. Moreover, these transactions have been made with out obtaining prior approval from Central Government as required under section 297 of the Companies Act 1956.



6. In our opinion and according to the information and explanations given to us the Company has not accepted any deposits within the meaning of section 58A and 58AA of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules, 1975. We have been informed that no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard. However, an amount of Rs 54.40 Lacs is received from strategic investor in pursuance of the undertaking given by the promoters to the Banks and Financial institutions and such investment from strategic investors is exempted from the provisions of Sec 58A of the companies Act 1956. as per the scheme sanctioned by Hon'ble BIFR vide its order dated 28th November 2006 (case no 328/99 Bench II).
7. The Company has an internal audit system, which in our opinion is commensurate with the size and nature of its business.
8. On the basis of the records produced, we are of the opinion that, prima facie, the cost records prescribed by the Government of India under Section 209 (1) (d) of the Act have been maintained. However, we have not carried out any detailed examination of such accounts and records with a view to determine whether they are accurate and complete.
9. (a) According to the information and explanations given to us, the Company is generally regular, except Cess Rs.52415/- Entry Tax Rs.1,10,015/- VAT/Sales Tax Rs.7, 36,859/-, in depositing undisputed statutory dues including Provident Fund Investor Education and protection Fund, ESI, Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, and any other material Statutory Dues to the extent applicable to it with the appropriate authorities during the year. As explained to us, no undisputed amounts payable were in arrears as at 31st March 2008 for a period of more than six months from the date they became payable, except those stated above.
(b) According to the information and explanations given to us there were no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute.
10. The company has incurred cash loss during the year and also during the immediate previous year. The accumulated losses as at the end of the financial year are more than fifty percent of its net worth.
11. The company has borrowed loans from banks and financial institutions and the installments were overdue, as per BIFR sanctioned rehabilitation package granted vide its order dated 28.11.2006 (case no 328/99 Bench II). As per the approved scheme there are no defaults in repayments of loans to banks and the entire loans have been repaid, However, the company has defaulted in respect of loans from KSIIDC (financial institution) Rs 32, 41,000 relating to each Monthly Installments of Rs 8, 10,250 /- due as on 31.10.07, 30.11.07, 31.12.07 and 31.01.2008 respectively along with arrears of interest amounting to Rs 4, 03,775 for the period 1-03-2007 to 31-03-2008.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities during the year.
13. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund / society. Therefore the provisions of clause 4(xiii) of the Companies (Auditors Report), Order 2003 are not applicable to the company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. As informed to us the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. As informed to us, the company has not raised any term loan during the year.

17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. According to the information and explanations given to us, the price at which the company has made preferential allotment of shares to a party covered in the register maintained U/s 301 of the companies Act 1956 is not prima facie pre judicial to the interest of the company
19. According to the information and explanations given to us the Company has not issued any debentures during the year.
20. As informed to us, the Company has not raised any money through a public issue.
21. Based on the audit procedures performed and the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

Place: Bangalore

Date: 22.04.08

For Dagliya & Company
Chartered Accountants

O D Golcha
Partner
M.No 12502

**VISHAL COTSPIN LIMITED**

Balance Sheet As At 31.03.2008

Particulars	Schedule	As at 31-Mar-08 (Rs)	As at 31-Mar-07 (Rs)
SOURCES OF FUNDS			
Shareholder's Funds			
Share Capital	1	9,49,83,750	4,59,83,750
Reserves & Surplus	2	25,00,000	25,00,000
		9,74,83,750	4,84,83,750
Loan Funds			
Secured Loans	3	3,241,000	5,67,07,496
Unsecured Loans	4	9,86,01,431	5,13,71,074
		10,18,42,431	10,80,78,571
Total		199,326,181	156,562,321
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		17,56,18,449	18,64,08,068
Less: Depreciation		9,15,81,481	8,60,85,023
Net Block		8,40,36,968	10,03,23,045
Investments	6	10,500	10,500
Deferred Tax Asset		3,93,40,890	3,93,40,890
Net Block			
Current Assets, Loans & Advances			
Inventories	7	34,29,130	2,17,02,174
Sundry Debtors	8	1,77,50,538	1,63,52,719
Cash & Bank Balances	9	15,89,953	25,57,051
Loans & Advances	10	44,42,051	48,79,986
		2,72,11,673	4,54,91,929
<u>Less: Current Liabilities & Provisions</u>			
Current Liabilities & Provisions	11	3,00,22,644	8,01,06,014
Net Current Assets		(2,810,972)	(34,614,084)
Profit & Loss Account		7,87,48,793	5,15,01,970
Total		19,93,26,180	15,65,62,321
Notes to the Accounts	19		
The Schedules referred to above form part of the Accounts			

As per our Report Attached
For Dagliya & Company
Chartered Accountants

O D Golcha
Partner
M.No 12502
Place: Bangalore
Dated: 22.04.2008

On behalf of the Board
Chairman and Managing Director

Balkishan Boob
Chairman & Managing Director

Ramanujdas Boob
Executive Director

VISHAL COTSPIN LIMITED

Profit And Loss Account For The Year Ended 31.03.2008

Particulars	Schedule	For the year ended 31-Mar-08 (Rs)	For the year ended 31-Mar-07 (Rs)
INCOME			
Sales	12	2,32,38,615	12,89,79,949
Increase/(Decrease) in Stock	13	(9,551,109)	(2,660,351)
Other Income:	14		11,44,446
Conversion Charges		1,45,48,354	
Other Income		78,25,829	11,44,446
		3,60,61,689	12,74,64,044
EXPENDITURE			
Cost of Material Consumed	15	1,44,74,132	8,34,96,288
Manufacturing and Administrative Expenses	16	3,34,91,149	4,75,31,375
Selling and Distribution Expenses	17	21,59,753	43,37,429
Financial Expenses	18	47,10,830	36,76,426
Depreciation		84,09,648	90,14,074
		6,32,45,512	14,80,55,592
PROFIT (LOSS) FOR THE YEAR		(27,183,824)	(20,591,548)
Provision for Income Tax:			-
Fringe Benefit Tax		63,000	160,000
Current Tax			-
Deferred Tax			-
Profit(loss)after Tax For The Year Before Extraordinary Items		(27,246,824)	(20,751,548)
Extraordinary items:			
Less: Interest waiver by Financial Institutions under OTS			15,823,840
Add: Sales Tax & Entry Tax Provision as per BIFR Sanctioned scheme			(9,414,138)
PROFIT / LOSS FOR THE YEAR AFTER EXTRAORDINARY ITEMS		(27,246,824)	(14,341,846)
3. Loss Brought forward		(51,501,970)	(69,639,124)
Less: Adjusted against Capital reduction (Refer Note no. 8)			3,24,79,000
BALANCE CARRIED TO BALANCE SHEET		(78,748,793)	(51,501,970)
Basic and Diluted Earnings Per Share of Rs 10/- Each		(8.39)	(3.47)
Notes to the Accounts	19		
The Schedules referred to above form part of the Accounts			

As per our Report Attached
For Dagliya & Company

On behalf of the Board

Chartered Accountants
O D Golcha
Partner
M.No 12502

Balkishan Boob
Chairman & Managing Director

Place : Bangalore
Dated: 22.04.2008

Ramanujdas Boob
Executive Director

**VISHAL COTSPIN LIMITED**

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st March 2008

Sch	Particulars	For the year ended 31-Mar-08 (Rs)	For the year ended 31-Mar-07 (Rs)
1.	SHARE CAPITAL		
	Authorised		
	35,00,000 Equity Shares (P.Y. 9,000,000/-) of Rs 10/- each	3,50,00,000	9,00,00,000
	75,00,000 Cumulative Redeemable Preference Shares (P.Y. nil) of Rs 10/- each	7,50,00,000	
	TOTAL	11,00,00,000	9,00,00,000
	<u>Issued, Subscribed and Paid up:</u>		
	3247900 (P.Y 3247900) Equity shares of Rs. 10/- each fully paid	3,24,79,000	3,24,79,000
	Equity Shares Forfeited (Amount originally Paid up)	19,70,750	19,70,750
	70,00,000 9% Cumulative Redeemable Preference Shares Rs 10/- each paid up Rs 7/- per share (Redeemable any time with in 20 Years from the date of Issue i.e 31.03.08)	4,90,00,000	
	Share Application Money	1,15,34,000	1,15,34,000
	TOTAL	94,983,750	4,59,83,750
2.	RESERVES & SURPLUS		
	Capital Reserve		
	State Capital Subsidy from Govt of Karnataka for setting up New Industry in Notified Area	25,00,000	25,00,000
	TOTAL	25,00,000	25,00,000
3.	SECURED LOANS		
	From Banks :		
	Term Loans: Secured against Mortgage/hypothecation of and first charge on all the immovable and movable properties (present & future) of the company	-	4,64,05,424
	Interest accrued & due	-	22,01,072
	From Financial Institutions : (KSIIDC)		
	I) Term Loans: Secured against Mortgage/hypothecation of all the immovable and Movable properties (present & future) of the company	3,241,000	81,01,000
	TOTAL	3,241,000	5,67,07,496
4.	UNSECURED LOANS		
	From Bodies Corporates	6,15,61,097	2,51,30,740
	From Share Holders	3,70,40,334	2,62,40,334
	TOTAL	9,86,01,431	5,13,71,074

5. Schedules forming part of balance sheet as at 31st March , 2008

Fixed Assets	GROSS BLOCK					DEPRECIATION					NET BLOCK		
	As at 01-Apr. -07	Additions	Sale/ Adjustments	As at 31-Mar-08	Up to 31-Mar-07	For the Year	Sale/ Adjustments	Up to 31-Mar-08	As at 31-Mar-08	As at 31-Mar-07			
1. LAND-LEASE CUM SALE	1,568,468	-	-	1,568,468	-	-	-	-	15,68,468	15,68,468			
2. OFFICE EQUIPMENTS	998,847	-	-	998,847	392,660	47,445	-	440,105	5,58,741	606,186			
3. COMPUTERS	1,473,203	138,182	-	1,611,385	1,450,147	36,327	-	1,486,474	124,911	23,055			
4. BUILDINGS - FACTORY & Others	20,144,748 9,936,293	278,119	-	20,144,748 10,214,412	6,869,739 1,042,350	672,835 163,241	-	7,542,573 1,205,591	12,602,174 9,008,821	13,275,009 8,893,943			
5. PLANT & MACHINERY	150,067,190	123,537	11,536,025	138,654,702	74,824,747	7,357,083	2,913,190	79,268,639	59,386,062	75,242,444			
6. FURNITURE & FIXTURES	1,783,211	58,210	-	1,841,421	1,118,913	115,094	-	1,234,007	607,414	664,298			
7. VEHICLES	386,467	198,000	-	584,467	386,467	17,625	-	404,092	180,375	-			
8. CAPITAL WORK IN PROGRESS	49,641	228,478	278,119	-	-	-	-	-	-	49,641			
TOTAL	186,408,067	1,024,526	11,814,144	175,618,449	86,085,023	8,409,648	2,913,190	91,581,481	84,036,968	100,323,045			
PREVIOUS YEAR	185,795,401	18,110,010	17,497,344	186,408,068	77,389,750	9,014,074	318,801	86,085,023	100,323,045				



Sch	Particulars	For the year ended 31-Mar-08 (Rs)	For the year ended 31-Mar-07 (Rs)
6.	INVESTMENTS		
	National savings certificate	10,500	10,500
	TOTAL	10,500	10,500
7.	INVENTORIES [As taken, valued & certified by the Management]		
	Stores & Spares	34,29,130	62,12,111
	Raw Materials	-	59,38,954
	Saleable Waste	-	35,040
	Reusable waste	-	30,240
	Finished Goods-Yarn at Mill	-	57,71,981
	Finished Goods-Yarn with Consignment Agents	-	11,01,426
	Work in Progress	-	26,12,422
	TOTAL	34,29,130	2,17,02,174
8.	SUNDRY DEBTORS [Unsecured, considered good]		
	Exceeding Six Months	31,64,269	11,59,744
	Others	1,45,86,269	1,51,92,975
	TOTAL	1,77,50,538	1,63,52,719
9.	CASH & BANK BALANCES		
	Cash in hand	4,42,996	2,69,830
	Balances with Scheduled Banks in Current Account	1,85,507	13,99,543
	Fixed Deposits	9,61,451	8,87,677
	TOTAL	15,89,953	25,57,051
10.	LOANS & ADVANCES (Unsecured, Considered good)		
	Advances Recoverable in cash or in kind or for value to be	16,48,548	31,34,621
	Deposits	27,93,503	17,27,468
	Excise Duty Recoverable Account(Cenvat)	-	17,896
	TOTAL	44,42,051	48,79,986
11.	CURRENT LIABILITIES & PROVISIONS		
	Creditors for Goods & Services	1,95,75,151	6,13,14,213
	Other Liabilities	95,64,245	1,60,59,922
	Provision for FBT	3,43,000	2,80,000
	ICICI Bank Balance overdrawn	-	10,24,735
	Provision for Gratuity	5,40,249	14,27,144
	TOTAL	3,00,22,644	8,01,06,014

Sch	Particulars	For the year ended 31-Mar-08 (Rs)	For the year ended 31-Mar-07 (Rs)
12.	SALES		
	Cotton Yarn- Domestic	2,27,46,541	9,73,33,122
	Cotton Yarn- Deemed Export	,0	2,43,74,116
	Cotton Waste	4,92,074	72,72,710
		2,32,38,615	12,89,79,949
	Less Excise Duty	,0	,0
	TOTAL	2,32,38,615	12,89,79,949
13.	<u>INCREASE/(DECREASE) IN STOCK</u>		
	Opening stock		
	Finished Goods (Yarn)	57,71,981	57,44,190
	With Agents	11,01,426	25,11,634
	Saleable Waste	65,280	7,80,808
	Work in Progress including Reusable Waste	26,12,422	31,74,828
		95,51,109	1,22,11,460
	Less: Closing Stock		
	Finished Goods (Yarn)	,0	57,71,981
	With Agents	,0	11,01,426
	Saleable Waste	,0	35,040
	Reusable waste	,0	30,240
	Work in Progress including Reusable Waste	,0	26,12,422
	TOTAL	,0	95,51,109
	Net Increase/(Decrease)	-9551,109	-2660,351
14.	OTHER INCOME		
	Interest (Others)[TDS Rs.Nil]	73,774	1,82,755
	profit on sale of assets	59,65,165	1,29,656
	Insurance Claim Received	1,32,134	,0
	Miscellaneous Income	16,54,756	8,32,035
	TOTAL	78,25,829	11,44,446
15.	COST OF MATERIALS CONSUMED		
	Opening Stock- Cotton	59,38,954	92,90,370
	Add: Purchases	97,97,357	8,01,44,871
	Less: Closing Stock of FP Cotton Bales	,0	59,38,954
	Cotton Sales	12,62,178	,0
	TOTAL	1,44,74,132	8,34,96,288



Sch	Particulars	For the year ended 31-Mar-08 (Rs)	For the year ended 31-Mar-07 (Rs)
16.	MANUFACTURING & ADMINISTRATIVE EXPENSES		
	Stores & Spares Consumed	38,89,779	56,78,643
	Power and Fuel	1,30,61,636	2,00,99,626
	Payment to employees		
	- Salaries, Wages & Other Allowances	1,01,21,191	1,23,16,971
	- Contribution to provident fund	1,34,928	2,88,729
	- Workmen and Staff Welfare Expenses	4,00,668	4,30,420
	- Director's Remuneration	4,80,500	11,52,000
	Insurance	4,07,457	2,52,843
	Repair & Maintenance - Plant & Machinery	6,37,322	11,81,802
	- Buildings	,0	,0
	- Vehicles	1,22,597	1,62,824
	- Others	1,35,517	4,13,496
	Travelling & Conveyance	6,38,575	18,04,352
	Rates & Taxes	2,75,602	6,23,502
	Rent	2,91,372	2,22,744
	Telephone and Postage expenses	5,03,051	6,46,690
	Printing & Stationery	1,56,032	2,82,690
	Remuneration to Auditors	88,772	68,837
	Legal, Consultancy & Professional Expenses	3,17,464	3,04,291
	Watch & Ward Expenses	4,89,434	5,86,515
	Listing Fees	20,600	54,350
	Advertisement Expenses	2,68,269	88,646
	Prior Period Expenses	5,99,306	95,179
	Miscellaneous Expenses	4,31,077	6,93,189
	Loss on Sale of Assets	,0	39,037
	Directors Sitting Fees	20,000	44,000
	TOTAL	3,34,91,149	4,75,31,375
17.	SELLING & DISTRIBUTION EXPENSES		
	Packing Materials	13,83,183	22,79,158
	Brokerage & Commission	3,51,913	11,18,152
	Freight outward , Coolie & Cartage	3,87,136	7,64,689
	Hamali	10,457	69,058
	Foreign Exchange Fluctuation Loss	,0	,0
	Handling Charges on Export Sales	,0	,0
	Discount allowed & Other Selling Expenses	27,064	1,06,373
	TOTAL	21,59,753	43,37,429
18.	FINANCIAL EXPENSES		
	Interest to others	7,99,800	10,22,616
	Interest to Banks (OTS)	37,80,303	25,11,196
	Bank Charges/Discounting Charges	1,30,727	1,42,614
	TOTAL	47,10,830	36,76,426

19. NOTES ON ACCOUNTS:

1. Significant Accounting Policies.

- i. The accounts have been prepared on accrual basis.
- ii. Fixed assets have been stated at cost (Net of Cenvat) less depreciation.
- iii. Investments are for long term and stated at cost.
- iv. Depreciation on fixed assets has been provided on straight-line method (SLM) and at the rates prescribed in schedule XIV to the Companies Act, 1956.
- v. Stores and spares, raw material, working in progress and finished goods are valued at lower of cost or net realizable value. Stock of saleable waste is valued at estimated realizable value. The cost of material is arrived at first in first out (FIFO) basis. Cost of Finished goods and Raw Material in Process is arrived at including direct materials, direct labour and appropriate production overheads.
- vi.
 - i) Liability towards retirement gratuity to employees is accounted on Accrual basis.
 - ii) Contribution to Employees provident fund are made on monthly basis and charged to revenue on accrual basis.
- vii. Transactions in foreign currencies have been accounted at the exchange rate prevailing at the time of entering into transaction. Gains / Losses arising out of the settled transaction have been adjusted in accounts on realization of payments. Transactions remaining unsettled at the year-end are translated at the exchange rate prevailing at the year-end and the difference, if any, is adjusted in the accounts.
- viii. Current income tax is measured at amount expected to be paid to the income tax authorities in accordance with the Income Tax Act 1961.
Deferred tax resulting from timing differences between taxable profit and book profit is accounted for using the tax rates and tax laws that have been enacted at the balance sheet date. The deferred tax asset (net of Deferred Tax Liability) is recognized only to the extent that there is a reasonable certainty that the assets will be realized in future.
- ix. Accounting Policies, which are not specifically referred to, are consistent with generally accepted accounting practices.
- x. Impairment loss, if any, is provided to the extent, the carrying amount of assets exceed their recoverable amount (AS28)

2. The details of remuneration paid to Managing Director and The Executive Director as required under Schedule XIII to the Companies Act, 1956 are as given below.

Amount in Rupees

Particulars	2007 - 08		2006 - 07	
	Managing Director	Directors	Managing Director	Directors
Remuneration	40,000	2,45,000	240,000	420,000
House Rent Allowance	20,000	1,47,000	120,000	252,000
PF Contribution	4,000	24,500	24,000	42,000
Provision for Gratuity	NIL	NIL	11333	19,833

3. a. Based on the information available with the company, no creditors have been identified as micro, small or medium enterprises with in the meaning of Micro, small and medium enterprises development Act 2006. Necessary disclosures under the said act can only be considered once the relevant information to identify the suppliers who are covered under the said act or received from such parties /suppliers.



- b. Particulars of amounts due to SSI units, if any, could not be ascertained and disclosed in the Balance Sheet as necessary information is not received from the creditors.
4. The Company has acquired land at Deosugar Industrial Area, Raichur District from Karnataka Industrial Areas Development Board (KIADB) on Lease-cum-Sale basis vide agreement-dated 18.08.1993. The formalities with regard to conveyance of title in the name of the Company are under process as the lease period of 11 (eleven) years expired in August 2004.
 5. Shortages/excesses found on the physical verification of stocks remain adjusted in consumption of Raw Materials and Consumables Stores. Profit or loss on sale of Cotton adjusted in the Raw material consumption.
 6. Certain Parties Balances are subject to confirmation and reconciliation.
 7. During the year authorized share capital of the company has been increased and reclassified from Rs 9,00,00,000 consisting of 90,00,000 equity shares of Rs 10/- each to Rs 11,00,00,000 consisting of 35,00,000 equity shares of Rs 10/- each and 75,00,000 redeemable preference shares of Rs 10/- each.
 8. Contingent liabilities not provided for:
 - i. Income tax liabilities for interest & penalty that may arise on account of non- Payment of TDS under various sections of I.T Act 1961. The Amount is not ascertainable.
 - ii. No provision has been made for Rs.300000/- being Central Excise duty modvat credit reversed by Central Excise department as the company has disputed the same before Appellate Authorities. However, the company has made payment of Rs.300000/- under protest, which is included in other advances.
 - iii. No Provision has been made for Rs.999232 being Provident Fund Arrears relating to period from Sept. 1997 to March 2001 under the provisions of EPF Scheme 1952, Employees Pension Scheme 1995 and Employee Deposit Linked Insurance Scheme 1976 in respect of trainees stipend, in view of the pendency of the appeal before EPF Appellate Tribunal, New Delhi. In the meantime the Company has paid Rs.499616 on 26.04.2004, being 50 % of the dues demanded as per the directions of the High Court of Karnataka, Bangalore in writ petition No 7044/2004 (L-PF).

9. Auditors Remuneration:

Break Up*	For the Year ending on 31.03.08	For the Year ending on 31.03.07
Audit Fees	22472.00	22472.00
Tax Audit	11236.00	11236.00
Tax Matters	5519.00	NIL
Certification Work	22472.00	22464.00
Reimbursement of Expenses	27073.00	10681.00
Total	88772.00	66853.00

*including Applicable service tax.

10. Quantitative Information (Manufacturing of Yarn)

	Year Ended 31.03.2008		Year Ended 31.03.2007	
a) Licensed Capacity	Not Applicable		Not Applicable	
b) Installed Capacity	12160 Spindles		12160 Spindles	
c) Actual Production	Qty (Kg)	Value	Qty (Kg)	Value
Cotton Yarn	163896		1122496.36	
Waste	17267		526445	
D) Finished Goods (Cotton Yarn)				
i) Opening Stock				
Yarn	69117	68,73,407	78513	8,255,824
Waste	2746	65,280	64914	780,808
ii) Closing Stock				
Yarn	Nil	Nil	69117	6,873,407
Waste	Nil	Nil	2746	65,280
iii) Turnover				
Yarn	233013	22746540	1126291	121,707,238
Waste	20013	492074	559668	7,272,709
E) Raw Materials Sales	5202	438112	NIL	NIL
f) Consumption of Raw Materials 100% Indigenous				
Polyester / Cotton	203350	14474132	1586753	83496288
G) Stores Consumed (100% Indigenous)	NIL	3889779	NIL	5678643
H) Conversion charges	NIL	14548354	NIL	NIL

H) CIF Value of Imports	NIL	NIL
i) Earnings in Foreign Exchange	NIL	NIL
j) Expenditure in Foreign Exchange	NIL	NIL

11. In the opinion of the Board and to the best of its knowledge, the value on realization of current assets, loans and advances in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet.
12. The company operates solely in the Textile Intermediary Products (Cotton Yarn) and the operations are within the country risks and returns do not defer significantly. In view of the above, segment wise disclosures either primary or secondary as per AS 17 issued by ICAI are not applicable to the company during the year.
13. There are no amounts required to be credited to 'Investors Education and Protection Fund' as at the year end.



14. Consequent to the introduction of AS-22 'Accounting for Taxes on Income' issued by ICAI, the Company has recognized deferred tax asset/liabilities in terms of accounting policy No (i) up to 31.03.2004. Deferred Tax Assets are recognized on carry forward of unabsorbed depreciation and tax losses that such deferred tax assets can be realized against future taxable profits. However, after 1-04-2004, the Company has not recognized incremental Deferred Tax Asset on account of Business Loss and Depreciation for the year in view of the ASI-9 issued by ICAI. The DTA recognized as of 31.03.2004 is, however, still retained in the accounts. Major components of deferred tax asset/liability ties are as under

Particulars	Year Ended 31-03-08	Year Ended 31-03-07
Deferred Tax Asset		
Carried Forward Losses/ Depreciation		
Sec 43 B Items	Not Considered	Not Considered
Gratuity		
Deferred Tax Liabilities/Depreciation	Not Considered	Not Considered
Net Deferred Tax Asset	39340890	39340890

15. Related party disclosures: (As identified by the Management and relied upon by the Auditors) Related party disclosures as required by AS 18 issued by ICAI are given below:

Category I- Associates:

Bhagwan Cotton Ginners Pvt Ltd (BCGPL), Bankatlal Boob Cottons (P) Ltd (BBCPL), Vinod Marketing P Ltd (VMPL) Vinod Securities & Investments (P) Ltd., Madanapalle spinning Mills Ltd

Category 1 associates

Particulars	Year Ended 31-03-08	Year Ended 31-03-07
a) Cotton Purchases	Nil	32,633,691.00
b) Cotton Sales	455637.00	Nil
c) Conversion Charges Received	1,45,483,54	Nil
d) Sales of Stores Spares	30,405,78	Nil
e) Sales of Machinery	1,45,88,000	Nil
f) Cotton Yarn Waste Interstate Sales	Nil	14,30,772
g) Outstanding Balance included in Receivables. (Madanapalle spinning Mills Ltd)	1,43,83,958	7,12,320
h) Outstanding Balance included in Payable		
i) Trade Payable		
Vinod Marketing (P) Ltd,	44,15,904	
Madanapalle spinning Mills Ltd	Nil	26,98,111
Bankatlal Boob Cottons Pvt Ltd		91,71,167
Bhagwan Cottons Ginning Pvt Ltd		1,03,58,501

ii) Unsecured Loans		
Vinod Marketing (P) Ltd,		
Madanpalle spinning Mills Ltd (strategic Investment)	2243378	25130740
Madanpalle spinning Mills Ltd (Intercompany deposit)	29600000	18800000
	23317718	Nil

Category II Key Management personnel

Particulars	Year Ended 31-03-08	Year Ended 31-03-07
Mr. Blakishan Boob-Chairman & MD	64000	395333
Mr. Ramanujdas Boob-Whole Time Director	416500	733833
(Includes Perquisites, Contribution to PF and other funds)		

16. The company has opted exemption route as permitted under central Excise Act/ Rules vide notification no. 30/31 dated 9-07-2004
17. Paisas have been rounded off to the nearest Rupee.
18. Previous year figures have been rearranged/regrouped/recast wherever necessary.
19. Earnings per share (AS 20)

Particulars	Year Ended 31-03-08	Year Ended 31-03-07
Profit (Loss) after Tax as per Profit and loss Account (Rs in Lacs)	-272.46	-205.91
Weighted average number of equity Shares Outstanding	3247900	3247900
Basic & Diluted Earnings Per Share in RS	(8.39)	(3.47)

Signature on Schedule 1 to Schedule 19
As per our Report attached

For Dagliya & Company
Chartered Accountants

Place: Bangalore
Dated:22.04.2008

O D Golcha
Partner
M.No 12502

**VISHAL COTSPIN LIMITED**

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st March 2008

	31-Mar-08 (Rs)	31-Mar-07 (Rs)
A. Cash flow from Operating Activities :		
Net profit/(Loss) before Tax & extraordinary items	(27183824)	(20,591,548)
Add: a. Depreciation	84,09,648	9,014,074
b. Interest	45,80,103	3,533,812
Less:		
A Interest Income	(73774)	(182,755)
B (Profit) / Loss on Sale of Assets	(5965165)	39,037
C Extraordinary Items: Sales Tax & Entry Tax Provision		- 9,414,138)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	-20233,011	-17601,518
ADJUSTMENT FOR:		
(Increase)Decrease in trade /other receivables	(959,884)	-5262,664
(Increase)Decrease in Inventories	18273044	5,518,463
Increase(Decrease) in Trade / Other payable	(52,284,442)	2,20,04,065
CASH GENERATED FROM OPERATION	(55,204,293)	46,58,346
B. NET CASH INFLOW/ (OUTFLOW) FROM OPERATION (A)	(55,204,293)	46,58,346
Cash flow from Investing Activities:		
Investments for the Year	-	-
Purchase of Fixed assets	(746407)	(1,848,576)
Sale of Fixed Assets	1,45,88,000	8,78,072
NET CASH USED IN INVESTING ACTIVITIES (B)	13841593	(970,504)
C. Cash flow from Financing Activities:		
Increase in unsecured loan	47,230,357	13,930,740
Interest & Financial charges paid	(4,580,103)	(3,533,812)
Payment of Fringe Benefit Tax	(63,000)	(160,000)
Interest Income	73,774	1,82,756
Increase in Capital	4,90,00,000	-2600,000
Repayment to Financial Institution & Banks borrowing	(51,265,424)	-10521928
NET CASH INFLOW/ (OUTFLOW) FROM FINANCING ACTIVITIES	4,03,95,604	(2,702,244)
D. NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(967,097)	985,597
Cash and Cash Equivalents as at Opening		
Cash & Bank Balance	25,57,051	15,71,454
Total	25,57,051	15,71,454

	31-Mar-08 (Rs)	31-Mar-07 (Rs)
Cash and Cash Equivalents as at Closing		
Cash & Bank Balance	15,89,953	25,57,051
Total	15,89,953	25,57,051
Net	-967,097	9,85,597

On Behalf of the Board

Balkishan Boob
Managing Director

Ramanujdas Boob
Executive Director

Auditors Report

We have examined the above cash flow statement of M/s Vishal Cotspin Limited for the year ended 31st March, 2008. The Statement has been prepared by the company in accordance with the requirements of Clause 32 of the Listing agreement with the stock exchanges and is based on and in agreement with the corresponding Profit and Loss account and Balance Sheet of the company covered by our report of to the members of the company.

Place : Bangalore
Dated: 22.04.2008

For Dagliya & Company
Chartered Accountants

O D Golcha
Partner
M.No 12502



20. Information Pursuant to part iv of schedule vi to the companies Act , 1956

I. Registration details

Registration no.	08-14326
State code	08
Balance sheet date	31st March ,2008

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	Nil
Right Issue	Nil
Bonus Issue	Nil
Private placement	49000.00

III. Position of mobilisation and deployment of funds(Amount in thousands)

Total Liabilities	1,99,326	Total Assets	1,99,326
Sources of Funds		Application of Funds	
Paid up capital	94,984	Net Fixed Assets	84,036
Reserve & Surplus	2,500	Investments	11
Secured Loans	3,241	Net Current Assets	(2,811)
Unsecured Loans	98,601	Accumulated Losses	78,749
		Deferred Tax Asset	39,341

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

Turnover	45,613
Total Expenditure	72,797
Profit/ (Loss) Before tax	-27,184
Profit/ (Loss) After tax	-27,184
Earning per share in Rs.	-8.39
Dividend Rate %	Nil

V. Generic names of Two principle products/ service of company/Item code no.Product description

52051101	Cotton yarn (Other than Sewing thread)
52030000	Yarn / Carded / Combed

On Behalf of the Board

Balkishan Boob
Chairman & Managing Director

Ramanujdas Boob
Executive Director

Place : Bangalore
Dated: 22.04.2008



VISHAL COTSPIN LIMITED

CORPORATE & REGISTERED OFFICE

S-916, Manipal Centre, 47 Dickenson Road, Bangalore - 560 042

Please complete this attendance slip and hand it over at the entrance of the Meeting hall.

DP. Id*	
Client Id*	
Folio No	

I hereby record my presence at the Annual General Meeting of the Company being held on Thursday, the 22nd May, 2008 at 10-00 a.m. At the Registered office of the company at S-916, Manipal Centre, 47, Dickenson Road, Bangalore - 560 042

Name of the Share Holder _____

Name of the Proxy # _____

To be filled in case the proxy attends instead of Shareholder.

Signature of the Shareholder/ Proxy _____

VISHAL COTSPIN LIMITED

CORPORATE & REGISTERED OFFICE

S-916, Manipal Centre, 47 Dickenson Road, Bangalore - 560 042

DP. Id*	
Client Id*	
Folio No	

I/we _____

of _____

being members of Vishal Cotspin Limited hereby appoint _____

of _____

or failing him of _____

as my/our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting of Vishal Cotspin Limited to be held on Thursday the 22nd May 2008 or at any adjournment thereof.

Signed this _____ day of _____ 2008

(*Applicable for investor holding shares in electronic/dmat form)