

VIKAS WSP LIMITED

B-86-87, Udyog Vihar, RIICO Industrial Area, Sri Ganganagar - INDIA

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Print Media: 9873000211, 9311130211



22nd
ANNUAL REPORT
2009-10

VIKAS WSP LIMITED

Board of Directors

| | |
|-------------------|--------------------------------|
| B. D. Agarwal | Chairman cum Managing Director |
| Megh Raj Jindal | Director |
| Bimla Devi Jindal | Director |
| Ravi Sharma | Independent Director |
| Rakesh Jindal | Independent Director |
| Kishan Lal | Independent Director |
| Vishnu Bhagwan | Independent Director |
| R.A. Mittal | Independent Director |

Company Secretary

Kavinder Kumar Gupta

Members Of Audit Committee

| | |
|---------------|----------|
| Ravi Sharma | Chairman |
| Rakesh Jindal | Member |
| B.D. Agarwal | Member |

Auditors

B S R and Co
Gurgaon.

Bankers

Punjab National Bank,
Sri Ganganagar

Regd. Office

Railway Road,
Siwani – 127046 (Haryana)

Administrative Office

B-86/87,Udyog Vihar, RICO Industrial Area,
Sri Ganganagar – 335001 (Raj.)

Plants

Sri Ganganagar (Rajasthan)
Siwani (Haryana)

C O N T E N T S

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Manufacturing Facilities (Unit-1)



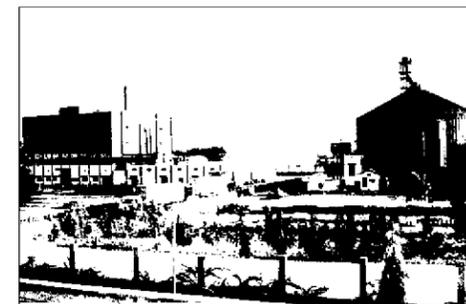
Manufacturing Facilities (Unit-2)



(Application Laboratories & QC Facilities)



Manufacturing Facilities (Unit-3)



Manufacturing Facilities (Unit-4)

MESSAGE FROM THE CHAIRMAN

"Technology for better quality of life"

Dear Shareholders,

First of all, I would like to express my sincere appreciation for your continued support and patronage.

Through ongoing research and development (R&D) in the fields of hydrocolloids (guar gum polymers) for food and technical applications, your company has continued to offer unique, high-value-added specialty products. We are extremely proud of the food ingredients made possible our innovative technologies, and of the steady global growth we have achieved through successful proposal-oriented marketing aimed at uncovering hidden market needs. To reliably supply these specialty products to the world market, we have been rapidly building a global marketing network linking us with prospective customers located across the world. During FY 2009-10, your company has attained an all time high turnover of Rs. 458.98 crore which is 25.71% higher than that of the previous year.



Global development of original food ingredients through unique technology and a willingness to challenge -

It is said that the era of mass production and mass consumption is over, and that a new age has begun focused on nature, the environment, culture, and the community. We fully appreciate the changes taking place, and in addition to our efforts to protect the global environment, our aim is to contribute to society by providing natural and eco-friendly guar gum products that will change how the world eats as we move into this promising new age.

The food ingredients we develop are changing how the world eats -

Centered around our two core business domains of food and technical applications, your company is exploring new possibilities for food ingredients and opening up a new world of delicious taste sensations. Your company has developed aroma free guar polymers production technology for food use by undertaking challenges that other producers could not attempt.

Our business domains - producing food ingredients found nowhere else -

Ever since your company was established, we have developed our business by undertaking challenges that other companies would not attempt. We have also continued to expand globally by employing innovative technologies to produce unique guar gum products, ranging from cifer viscosity to 10⁴ cps depending upon the needs of the process. Our goal is to play a vital role in the global market by increasing our market share, top line and bottom line as well.

Future outlook - we support food evolution with innovative technologies -

The global demand for guar gum polymers (hydrocolloids) is on increase at a fast rate due to evolution of newer food uses. In hydrocolloid business, your company has focused on developing easy-to-use guar products to meet out the needs of foods production professionals. For Example, by applying our proprietary emulsification and sterile/aseptic filling technologies, we were able to develop guar gum ingredients that solved the problems of limited distribution and quality instability. These technologies significantly expanded the market for cakes, bakery items and donuts made with multigrain flours. Through our expertise in dealing with food producers and convenience stores in the global market, which demands a constant stream of new products, we have accumulated a wealth of product development know-how. Your company is expanding the global food market by proposing new product ideas to meet continually changing market needs and challenges as well.

Derivative market -

The global market for derivatized guar gum polymers used in the manufacture of personnel care items has experienced constant growth over the last few years. This is because of the fact that derivatized guar gum polymers are natural hydrocolloids that do not have any adverse effect on the health of human beings. In the international market, natural gums are preferred as compared to that of synthetic gums. Therefore, the demand of derivatized guar gum polymers are expected to increase gradually in the years ahead. Similarly, demand for guar derivatives for use in oil and gas fracturing applications has already increased by 30% over and above the last year's demand and is expected to increase further by the alike percentage in the current year also. It is because of the fact that oil servicing companies have developed horizontal fracturing technology in which they have started making use of 5 to 10 times of guar polymers as compared to that of previous use levels. This evidences significant increase in global demand in the oil and gas segment.

Guar Derivatives we developed for oil and gas fracturing -

For the technical applications, your company is enlarging its product portfolio mainly for the deeper and hotter gas and geothermal wells for fracturing applications ranging from 80° C to 130° C. For this application a liquid is injected under high pressure into an oil or gas-bearing rock/soil matrix to create fissures. The resulting narrow fractures/ fissures extending away from the well bore increase the production rate of oil and gas wells. With the changing life style and increase in disposable income, oil and gas world demand is incessantly increasing that enables your company to grow for many years to come. The needs of different market segments are getting more diverse. The industry not only needs to continually innovate, but do this across more segments. In this way, the sales are enhanced.

Ensuring a reliable supply of raw materials - quality raw materials is an important responsibility -

No matter how good a product is, it can not meet the needs of the market unless it can be stably supplied at a consistent quality and price. From soon after the company was established, your company worked hard to ensure reliable supply routes for the raw materials needed to produce guar gum polymers and derivatives. Since then we have been building a farmers network linking us with quality raw material production areas in Rajasthan and Haryana as well. To reach its targeted goal, your company is distributing free of cost, quality guar seeds of different varieties for guar farming on irrigated lands which have been developed by CCS Haryana Agricultural University, Hisar. This has minimized the dependency of your company on monsoonic rains as now the guar crop is being raised on irrigated lands on the strength of canal water. Now the threat of monsoon failure is not persisting.



Certified seed distribution programme by Company, at farmers place

Expansion projects - An investment for future -

Despite soaring inputs prices, fluctuating market, and the world economy in a state of flux, your company remained focused on its expansion plans which after completion will add aggregating to 35000 TPA to its production capacity progressively at Bikaner and Baroda. The expansion plans of your company, while emphasizing capacity expansion, also put maximum thrust on value addition and product mix improvement, technological up-gradation, including modernization of existing assets and environment related projects. These investments will create competitive and sustainable businesses in the future enhancing long-term stakeholder value.

Acknowledgments -

Before I close, I would like to take this opportunity to thank all the shareholders of the company for their continued support and encouragement. Your company has received utmost outstanding support from the farmers community for growing adequate raw material in exchange of support extended by your company distributing the quality guar seeds free of cost. This is because the management of your company believe and have held a view and a sense of purpose that your company is not in existence just to run its business and to make profits but that we are responsible citizens over and above our normal operations. I would also like to thank and acknowledge the immense contribution made by the employees of your company by offering their dedicated services.

We look forward to your continued support.

Date : 30.08.2010

Place : Sri Ganganagar



(B. D. Agarwal)

Chairman cum Managing Director

NOTICE

Notice is hereby given that the 22nd Annual General Meeting of the Company will be held on Tuesday the 28th day of September, 2010 at 10.00 A.M. in the local area of Regd. Office of the Company at Railway Road, Siwani- 127046, Haryana, to transact the following business: -

ORDINARY BUSINESS

1. To receive and adopt the audited Profit & Loss Account for the year ended 31st March 2010, and the Balance Sheet as on the date and the reports of the Directors and Auditors thereon.
2. To consider and declare final dividend for the year.
3. To appoint a Director in place of Sh. Rakesh Jindal who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Sh. Megh Raj Jindal who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company and to fix their remuneration.

By Order of the Board of Director
For VIKAS WSP LIMITED

Sd/-

Date : 30.08.2010

(B. D. Agarwal)

Place : Sri Ganganagar

Managing Director

NOTES:

1. A Member entitled to attend and vote at the meeting is entitled to appoint one or more persons as proxies to attend and vote on a poll only instead of himself and a proxy need not be a member of the Company.
2. Proxies, in order to be effective, must be received at the Regd. Office of the Company, not less than forty eight hours before the commencement of the Annual General meeting.
3. Additional information, pursuant to clause 49 of the Listing Agreement with Stock Exchange, on Directors recommended for appointment/ reappointment at the Annual General meeting, is appearing in the Report and Accounts.
4. Members are requested to bring the admission slips along with their copy of the Report and accounts to the meeting.

5. Members holding shares in physical form are requested to notify/send the change in their address at the Regd. Office of the Company and holding shares in the electronic form are advised to send the same information to their respective Depository Participant.
6. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the company, as permitted under Section 109A of the Companies Act, 1956, are requested to submit at the Regd. Office of the Company the prescribed form 2B.
7. The Register of Members of the Company shall remain closed from 17th September to 25th September 2010 (both days inclusive) for the purpose of Dividend and Annual Book Closure.
8. Shareholders who have not so far en-cashed the Interim dividend warrant(s) for the year 2007-2008 are requested to seek issue of duplicate warrant(s) by writing to the company immediately. Shareholders are requested to note that no claims shall lie against the Company or the said Fund in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claim.

ADDITIONAL INFORMATION: -

1. **Brief profile of Sh. Rakesh Jindal:** - Sh. Rakesh Jindal, Director, who retires by rotation and being eligible, offers himself for reappointment.

Sh. Rakesh Jindal is Bachelor in Commerce Keeping in view his long experience in the Guar Gum Industry, your Directors recommends to re-appoint Sh. Rakesh Jindal as Director of the Company.

2. **Brief profile of Sh Megh Raj Jindal:** - Sh. Megh Raj Jindal, Director, who retires by rotation and being eligible, offers himself for reappointment.

Sh. Megh Raj Jindal has been on the Board of the Company since its inception. Sh. Megh Raj Jindal is a matriculate. He has more than 52 years experience in the guar gum industries. Keeping in view of his long association with the Company and his experience in the Guar Gum Industry, your Directors recommend to re-appoint Sh. Megh Raj Jindal as Director of the Company.

By Order of the Board of Director
For VIKAS WSP LIMITED

Sd/-

Date : 30.08.2010

(B. D. Agarwal)

Place : Sri Ganganagar

Managing Director

DIRECTORS REPORT

To The Members,

I am happy to present on behalf of the Board of Directors, the Annual Report of your Company and the audited statement of accounts for the year ended 31st March 2010.

Financial Performance

Key aspects of your Company's Financial Performance for the financial years 2009-2010 and 2008-2009 are tabulated below:

| Items | (Rs. In Millions) | |
|--|--------------------------|--------------------------|
| | Year Ended 31.03.2010 | Year Ended 31.03.2009 |
| 1. Net Sales | 4589.77 | 3651.11 |
| 2. Other Income | 6.16 | 126.50 |
| 3. Total Expenditure | 2915.50 | 2181.91 |
| 4. Interest | 50.20 | 75.31 |
| 5. Gross Profit/Loss after Interest but before depreciation | 1630.23 | 1520.39 |
| 6. Depreciation | 303.64 | 214.00 |
| 7. Net Profit/Loss before tax | 1326.59 | 1306.39 |
| 8. Tax Expenses | 127.07 | 90.58 |
| 9. Deferred tax liability | - | - |
| 10. Net Profit/Loss after tax | 1199.52 | 1215.81 |
| 11. Extra Ordinary Items | - | - |
| 12. Net Profit for the period | 1199.52 | 1215.81 |
| 13. Appropriations | | |
| (a) Proposed/ Interim Dividend | 68.72 | 68.72 |
| (b) Corporate Tax on distributed dividend | 11.68 | 11.68 |
| (c) Transfer to General Reserve | 250.00 | 150.00 |
| 14. Reserves & Surplus | 7981.05 | 6824.05 |
| 15. Book value/share | 59.65 | 51.18 |

Operations

During the current year under review your company has achieved a total turnover of Rs. 4589.77 millions as compared to that of Rs. 3651.11 millions in the previous year. So, our sales for the current year grew by 25.71% over the previous year. During the year under review the company has earned a net profit of Rs 1199.52 millions as compared to net profit of Rs.1215.81 millions in previous year. Therefore, our net profit for the current year decreases by 1.34% over the previous year.

Dividend

Your Directors proposed final dividend of Rs. 0.50 per equity share of Rs. 1/- each for the financial year 2009-10 for your approval, if approved then the record date for the purpose of payment of dividend is fix as on 17th September, 2010 and payable to its shareholders who were on the register of members of our company as at the closing hours of record date.

Future prospects

Demand of Guar polymers for oil and gas wells drilling and fracturing is increasing day by day as the global crude oil prices are on increase. Company's R&D is constantly involved in developing newer guar products for food and other industrial applications for the effective control of processing problems and the same is conducive in expanding global guar polymers market. International market for certified organic guar polymer is also on increase at a robust rate of 25% per annum. Taking all these prospects together, the demand for guar polymers is bound to increase in the years ahead. So the future prospects are expected to be even better.

International Quality Standards and their certifications-

- (A) An ISO 9001:2000 - Certified Company-
- 100% EOU units of the company have been certified as ISO 9001:2000 by DNV - a Norwegian Company. So the company is meeting all the quality control parameters as set out by DNV.
- (B) Hazards Analysis of Critical Control Points (HACCP)-
- The product manufactured by the company is also used in the food production as thickening and binding agent. The user customers are multinational (MNCs) food producers viz. Nestle (Friskies), Mars (Master Food), Heinz, Sara lee, Unilever, and CSM. To source their key raw materials, these MNCs prefer HACCP certified vendors. Employing HACCP in the production system one can check the following contaminations:
- Physical
 - Chemical
 - Microbial
- (C) Good Manufacturing Practices (GMP)
- Company's 100% EOU units are certified WHO Good Manufacturing Practices (WHO-GMP). Guar Polymers produced using GMP is included in the Food Chemical Codex (FCC) and approved for food use. Therefore, GMP ensures the customers that the products are manufactured in good and hygienic conditions.

Foreign Exchange Earning and Outgoings

The detail of foreign exchange earnings and outgoings is provided in page no. 5 of the annual report.

Conservation of Energy

The information on Conservation of Energy required under Section 217(I)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is provided in page 5 of the annual report.

Directors re-appointment

Mr. Rakesh Jindal and Mr. Megh Raj Jindal, retire by rotation and being eligible offer themselves for re-appointment at this Annual General Meeting. The Board of Directors have recommended their re-appointment for consideration of the shareholders. A brief profile of Mr. Rakesh Jindal and Mr. Megh Raj Jindal is given in the notice of Annual General Meeting.

Auditors re-appointment

M/s B S R and Co, Chartered Accountants, Gurgaon, Statutory Auditor of the company, retires and being eligible, offers himself for re-appointment.

Employee Stock Option Plan

Pursuant to the resolution passed by the Shareholders at the Extra Ordinary General Meeting held on January 21, 2008 for the grant of 14,50,000 options which is convertible into 14,50,000 equity shares of face value Re. 1/- each under Vikas Employee Stock Option Plan - 2007 to Companies employees and their Independent Directors. The company allotted 1440000 equity shares in pursuence of 1440000 option to their employees and directors on 01.08.2009 and listed on BSE on 28.08.2009. Disclosure in compliance with Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Option Purchase Scheme) Guidelines, 1999 as Annexure - C to the Director's Report.

Fixed Deposits

During the year under review, your Company has neither invited nor accepted any fixed deposits from the public or its employees within the meaning of section 58A of the Companies Act, 1956 and Rules made thereunder.

Related Party Transactions

Related party transactions have been disclosed in the notes to the accounts.

Particulars of Employees

There are no employees in the Company whose particulars are required to be given under

Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of

Employees) Rules, 1975, as amended from time to time.

Directors Responsibility Statement

On behalf of the Directors I confirm that as required under Section 217 (2AA) of the Companies Act, 1956:-

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed and that no material departures is made from the same;
- we have selected such accounting policies and applied them consistently and made judgments 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;
- 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
- we have prepared the annual accounts on a going concern basis.

Corporate Governance

We believe Corporate Governance is at the heart of Shareholder value creation. Our governance practices are described separately at page 7 of the Annual Report. We have obtained a certification from a Statutory Auditor's of the company on compliance with clause 49 of the listing agreement with Indian Stock Exchanges. The certificate is given at page 10.

Industrial Relations

The relations with employees at all levels have been cordial throughout the year. The Company has no employee drawing remuneration above the limit mentioned 217(2A) of the Companies Act, 1956 and accordingly no statement is annexed.

Acknowledgments

Your Directors take this opportunity to thank all stake holders, customers, vendors, banks, regulator and governmental authorities, and Stock Exchanges for their continued support. Your Directors also acknowledge with thanks, the support extended by Financial Institutions. The Board also place on record their appreciation for the wholehearted co-operation received from its employees.

By Order of the Board of Director
For **VIKAS WSP LIMITED**

Sd/-

Date : 30.08.2010
Place : Sri Ganganagar

(**B. D. Agarwal**)
Managing Director

ANNEXURE TO DIRECTOR'S REPORT

A. CONSERVATION OF ENERGY:-

As a part of ongoing energy saving programme your company has engaged an efficient team to examine the possibility of energy conservation at all operation levels, especially on higher load machines. Sincere efforts are being made to improve the power factor and reduce the overall energy consumption.

The company has taken the following steps towards energy conservation:-

- Frequent checking of the capacitors;
- replacement of high power factor electric motors;
- timely greasing of the bearings of all the heavy machines;
- installation of servo stabilizer to boost the voltage;
- the detail of total energy consumption are as under:

2009-10

Electricity

| | | |
|----------------|-----------------|---------|
| Purchased Unit | KWH | 9652976 |
| Total Amount | Rs.(in million) | 47.31 |
| Rate/Unit | Rs. | 4.90 |

HSD oil

| | | |
|-----------------|-----------------|----------|
| Quantity of HSD | KL: | 1596 |
| Total cost | Rs.(in million) | 46.69 |
| Average rate/KL | Rs. | 29252.90 |

LPG

| | | |
|-------------------|-----------------|--------|
| Quantity | Kgs. | 461300 |
| Total cost | Rs.(in million) | 19.24 |
| Average rate/ Kg. | Rs. | 41.71 |

B. FOREIGN EXCHANGE EARNING & OUTGOING:

Activities relating to exports, initiative taken to increase exports, development of new markets of its manufactured goods and export plans:

Your Company is the country's leading manufacturer exporter of guar water-soluble polymers. The company has always given utmost priority to earn valuable foreign exchange in the larger interest of the nation.

| | |
|--|-------------|
| | Rs. In lacs |
| Total foreign exchange earnings during the year- | 44072.18 |
| Total foreign exchange used during the year | 6314.31 |
| Net foreign exchange earned during the year | 37757.87 |

C. DISCLOSURE IN COMPLIANCE WITH CLAUSE 12 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (EMPLOYEE STOCK OPTION SCHEME AND EMPLOYEE STOCK OPTION PURCHASE SCHEME) GUIDELINES, 1999

| Sl. No. | Description | Remarks |
|---------|--|--|
| A | Options granted | : Nil |
| B | Pricing formula | : The grant / exercise price per option is Re. 1/- |
| C | Option vested | : 14,50,000 |
| D | Options exercised | : 14,40,000 |
| E | Total number of Ordinary Shares arising as a result of exercise of Options | : 14,40,000 |
| F | Options lapsed | : 10,000 |
| G | Variation of terms of Options | : Nil |
| H | Money realized by exercise of Options | : 14,40,000 |
| I | Total number of Options in force | : Nil |
| J | Details of Options granted to | : |
| | i) Senior managerial personnel | : None |
| | ii) Any other employees who received a grant in any one year of Options amounting to 5% or more of the Options granted during that year. | : None |
| | iii) Identified employees who were granted Options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant. | : None |
| K | Diluted Earnings per Share (EPS) pursuant to issue of Ordinary Shares on Exercise of Options calculated in accordance with Accounting Standard (AS) 20 'Earning Per Share.' | : Rs. 8.76 |
| L | i) Method of calculation of employee compensation cost | : The Company had calculated the employee compensation cost using the intrinsic value method of accounting to account for stock-based compensation cost in the financial year 2008-09 for the financial years ending 31 March 2009 and 31 March 2010. |
| | ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized if it had used the fair value of the Options. | : The employee compensation cost would have reduced by Rs. 10.84 lacs if the Company had used fair value method of accounting for the financial year ended 31 March 2010. |
| | iii) The impact of this difference on Profits and on EPS of the Company. | : The effect of adopting the fair value method on the net income and earnings per share is presented below: Net Income (on consolidated basis) as reported 11,995.27 Add: Intrinsic Value Compensation Cost 60.93 Less: Fair value Compensation Cost (Black Scholes Model) 50.09 Adjusted Net Income 12,006.11 Earning per share Basic (Rs.) Diluted (Rs.) As reported 8.76 8.76 As adjusted* 8.76 8.76 |
| M | Weighted average exercise price and weighted average fair value of Options granted for Options whose exercise price either equals or exceeds or is less than the market price of the stock. | : Nil |
| N | A description of the method and significant assumption used during the year to estimate the fair values of Options | The fair value of each options estimated using the Black Scholes Options Pricing Model after applying the following key assumptions: |
| | i) Risk free interest rate | 7.51% |
| | ii) Expected life | 1.50 Years |
| | iii) Expected volatility | 57.06% |
| | iv) Expected dividend | 2.06% |
| | v) The price of the underlying shares in market at the time of option grant | Rs. 27.30 |

* The effect on EPS is negligible.

CERTIFICATE OF AUDITOR FOR ESOP

To
The Board of Directors
Vikas WSP Limited
Dear Sirs,

On the basis of our examination of the relevant books of account and other records maintained by Vikas WSP Limited ("the Company"), and as per the information and explanations given to us in this regard, we certify, to the best of our knowledge and belief, that the Vikas Employee Stock Option Plan 2007, approved by the Company at its Extra Ordinary General Meeting held on January 21, 2008, has been implemented in accordance with the provision of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 as amended up to Circular no SEBICFD/DIL/ESOP/5/2009/03/09 dated September 3, 2009 and in accordance with the terms of the aforesaid resolutions passed by the Company.

for **BSR and Co**
Chartered Accountants
Firm registration no. : 128510W

Sd/-

by **Shashank Agarwal**
Partner

Place : Gurgaon
Date : 30/08/2010

Membership No. 095109

REPORT ON CORPORATE GOVERNANCE 2009-10

COMPANY'S PHILOSOPHY

Vikas WSP Limited would like to be known as an 'excellent' Company in terms of the quality of governance, the products it manufactures and trades in, in Customer Services, in fair dealings with its stakeholders and in the standards of individual and Company performance. We believe good governance is an essential ingredient of good business, good governance and good business have many things in common; participatory decision making, accountability, responsiveness, transparency, effectiveness and efficiency among others.

VIKAS, is led by a strong and independent Board, which provides the Company strong oversight and strategic counsel. The company has established systems and procedure to ensure that the Board remains well-informed and well-equipped to fulfill its oversight responsibilities and to provide the management, the strategic direction it needs to create long-term shareholders value.

For us good governance and good business is not a destination but a continuing journey.

1. BOARD OF DIRECTORS

The current policy of the Company is to have an executive Chairman who is also the Managing Director. All Directors except Non-executive Directors have long experience in the Guar Gum Industry. The Composition and category of Directors in the Board of the Company are: -

| Name of the Director | category | Total no. of Director Ship | Total no. of membership of the Committees of Board | | Total No. of Chairmanship of the Committees of Board | |
|------------------------|---------------|----------------------------|--|--|--|--------------------------------|
| | | | Member-Ship In audit/ Investor grievance committee | Member-ship in other investor committees | Chairman-ship in audit/ investor grievance committee | Chairman-ship other committees |
| 1. Sh. B.D. Agarwal | CMD | 3 | 2 | 1 | Nil | 1 |
| 2. Sh. Megh. Raj | Director | 3 | Nil | Nil | Nil | Nil |
| 3. Smt. Binla Devi | Director | 4 | 2 | 1 | Nil | 1 |
| 4. Sh. Ravi Sharma | Ind. Director | 2 | 4 | 2 | 2 | Nil |
| 5. Sh. Mahesh Batra* | Ind. Director | 2 | 4 | 1 | 2 | Nil |
| 6. Sh. Rakesh Jindal | Ind. Director | 2 | 4 | 1 | 2 | Nil |
| 7. Sh. Kishan Lal | Ind. Director | 1 | Nil | Nil | Nil | Nil |
| 8. Sh. Vishanu Bhagwan | Ind. Director | 2 | Nil | Nil | Nil | Nil |
| 9. Sh. R.A. Mittal | Ind. Director | 1 | Nil | Nil | Nil | Nil |

* Resigned from Directorship w.e.f. 27.04.2009

Notes: -

- While considering the total number of directorships, directorships in private companies have also been included

Details of Board meeting held during the financial year 2009-10.

During the financial year 2009-10, the Board of Directors of the company met 13 (Thirteen) times on 09.04.09, 14.04.09, 27.04.09, 16.05.09, 25.05.09, 30.06.09, 31.07.09, 01.08.09, 30.09.09,

30.10.09, 30.12.09, 31.01.10 and 31.03.10 Detailed Agenda notes and the informations required to be given in terms of Companies Act, 1956 and Listing Agreement were circulated to the Board.

Attendance at the Board meeting and last Annual General Meeting

| Name of the Director | No. of Board meetings Attended | Attendance at the last AGM held on 30th Sep.09 |
|----------------------|--------------------------------|--|
| Sh. B.D. Aggarwal | 13 | Yes |
| Sh. Megh Raj Jindal | 10 | Yes |
| Smt. Bimla Devi | 09 | Yes |
| Sh. Ravi Sharma | 07 | Yes |
| Sh. Mahesh Batra | 02 | No |
| Sh. Rakesh Jindal | 05 | No |
| Sh. Kishan Lal | 06 | No |
| Sh. Vishanu Bhagwan | 03 | No |
| Sh. R.A. Mittal | 03 | No |

2. AUDIT COMMITTEE

The Company has set up its Audit Committee in December 2000 and is reconstituted again on 10.06.2005 & 07.03.06 & 27.04.2009 Sh. Ravi Sharma has been appointed as chairman of this committee. Sh. Ravi Sharma has sound knowledge in finance and accounts and has long experience in this industry. Sh. Mahesh Batra has been resign from the membership and Sh. Rakesh Jindal is appointed as member of the committee.

The terms of reference of the Audit committee is very wide and includes overseeing the Company's:-

- Financial reporting process and disclosure of its financial information;
- to recommend the appointment of internal auditors;
- to review internal control systems ;
- the scope of internal audit including the observations of the auditors;
- major accounting policies, practices and entries;
- to ensure the compliances with the accounting standards, Listing Agreement and other legal requirement concerning with the financial statements of the Company;
- related party transactions, if any;
- to review the quarterly, half- yearly and annual financial statements before they are submitted to the Board.

Dates of Committee Meetings

| Name of member | Designation | Attendance - Yes/No | | | |
|-------------------|-------------|---------------------|------------|------------|------------|
| | | 30.06.2009 | 28.07.2009 | 29.10.2009 | 29.01.2010 |
| Sh. Ravi Sharma | Chairman | Yes | Yes | Yes | Yes |
| Sh. Rakesh Jindal | Member | No | Yes | Yes | Yes |
| Sh. B.D. Aggarwal | Member | Yes | Yes | Yes | Yes |

The minutes of the meetings of the audit committee are placed before the Board and the Company is following the recommendations of the audit committee.

3. COMPENSATION COMMITTEE

Company has been constituted a compensation committee in the chairmanship of Mr. B. D. Agarwal and two other Directors namely Sh. Rakesh Jindal and Sh. Ravi Sharma are the members of this committee. The Secretary of the committee is Mr. Ravinder Kumar Gupta.

4. INVESTOR GRIEVANCE COMMITTEE

The Board of Directors of the Company has constituted the Investors' Grievances Committee of Directors. The committee specifically redresses the grievances of the shareholders. The terms of reference of shareholders Grievance Committee inter-alia considers the following matters: -

- Approves issue of Duplicate Share Certificates.
- Looks into the redressal of shareholders complaints like non- receipt of Balance Sheet, Dividend Warrants and complaints pertaining to transfer of shares, etc.
- The committee also considers the request of the shareholders for splitting/ consolidation/ renewal of certificate as may be referred by the share transfer committee.

The Investor Grievance Committee presently comprises of the following Members: -

1. Sh. Rakesh Jindal Chairman
2. Sh. Ravi Sharma Member
3. Sh. B.D. Agarwal Membe

5. DATE, VENUE & TIME FOR THE LAST THREE ANNUAL GENERAL MEETING

| Date | Venue | Time | No. of Special Resolution |
|------------|---|------------|---------------------------|
| 26.09.2007 | In the local area of Regd. Office of the company at Railway Road, Siwani - 127046 (Haryana) | 10.00 A.M. | One |
| 26.09.2008 | - do - | 10.00 A.M. | None |
| 30.09.2009 | - do - | 10.00 A.M. | Three |

6. DISCLOSURE

There are no materially significant related party transactions i.e. transactions material in nature with its promoters, the directors or the management, their subsidiaries or relatives etc., except with one group company wherein normal business transactions are made and that are not prejudicial to the interest of the company.

7. MEANS OF COMMUNICATION

The company's quarterly results, in the format prescribed by the Stock Exchanges, are approved and taken on record by the Board within the prescribed time frame and sent immediately to all Stock Exchanges on which the Company's shares are listed.

The quarterly unaudited financial results are generally published in the English and Vernacular newspapers. These

results are published in Economic Times in all edition, and in two newspapers of regional language and also submitted to Stock Exchanges to enable them to put them on their websites.

8. GENERAL SHAREHOLDER INFORMATION

These information's are furnished herein below: -

- (I) As indicated in the notice to our shareholders, the Annual General Meeting of the Company will be held on 28th September 2010 in the local area of Regd. Office of the Company at 10.00 a.m.
- (II) The financial year of the Company is 1st April 2009 to 31st March 2010.
- (III) Date of Book Closure from 17th Sep. 2010 to 25th Sep. 2010 (both days inclusive) for the purpose of Annual Book Closure.
- (IV) The Shares of the Company are listed on: -
 - (a) The Bombay Stock Exchange Ltd., Mumbai
 - (b) The Delhi Stock Exchange Association Ltd., Delhi
 - (c) Jaipur Stock Exchange Ltd., Jaipur
 - (d) The Stock Exchange, Ahmedabad
 - (e) Cochin Stock Exchange Ltd., Cochin
- (V) Listing fees for the all the Stock Exchanges have been paid.
- (VI) In respect of transfer of physical shares, shareholders are advised to contact the Share Transfer Agent of the Company.
- (VII) Shares received for physical transfer are generally registered within a period of 15 days from the date of receipt.
- (VIII) As on March 31, 2010, the Distribution of our shareholding was as following: -

| S.No. | No. of Equity Shares held | Share holders Nos. | No. of Shares | % of Share holding |
|-------|---------------------------|--------------------|---------------|--------------------|
| 1 | Upto-5000 | 54586 | 37904925 | 27.58 |
| 2 | 5001-10000 | 1178 | 8888739 | 6.47 |
| 3 | 10001-20000 | 544 | 7900607 | 5.75 |
| 4 | 20001-30000 | 203 | 5032588 | 3.66 |
| 5 | 30001-40000 | 81 | 2854959 | 2.08 |
| 6 | 40001-50000 | 63 | 2933708 | 2.13 |
| 7 | 50001-100000 | 93 | 6799378 | 4.95 |
| 8 | 100001 & above | 93 | 65124696 | 47.38 |
| | TOTAL | 56841 | 137439600 | 100.00 |

Shareholding pattern as on 31st March 2010

| CATEGORY | Nos. of shares held | %To Total |
|---|---------------------|-----------|
| Promoters | 20346517 | 14.80 |
| Financial Institutions / Nationalized Banks & Mutual Fund | 5044777 | 3.67 |
| Non-Resident Individuals/OCBs/FII's | 4103502 | 2.99 |
| Bodies Corporate | 26013757 | 18.93 |
| Resident Individuals | 81931047 | 59.61 |
| TOTAL | 137439600 | 100.00 |

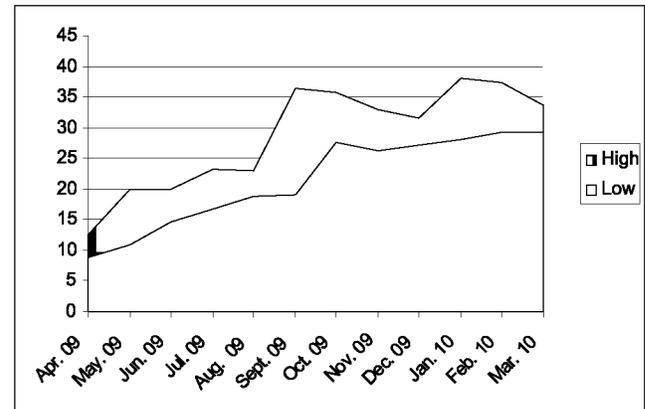
- (ix) Dematerialization of shares

Over 97% of the listed Equity Shares have been dematerialized.

- (ix) Demat ISIN Numbers in NSDL & CDSL : INE706A01022

- (xi) Stock Market Rate on BSE (Re.1/- per Share)

| | Apr. 09 | May 09 | June 09 | July 09 | Aug 09 | Sept 09 | Oct 09 | Nov 09 | Dec 09 | Jan 10 | Feb 10 | Mar 10 |
|------|---------|--------|---------|---------|--------|---------|--------|--------|--------|--------|--------|--------|
| High | 12.60 | 20.00 | 19.90 | 23.20 | 23.00 | 36.50 | 35.80 | 33.00 | 31.55 | 38.15 | 37.45 | 33.75 |
| Low | 8.70 | 10.99 | 14.60 | 16.65 | 18.70 | 19.00 | 27.55 | 26.10 | 27.10 | 28.10 | 29.30 | 29.20 |



Diagrammatical presentation of monthly high low of stock price at Bombay Stock Exchange Ltd., Mumbai.

- (xi) Address for correspondence: -

Admn. Office

B-86/87, Udyog Vihar
RIICO Industrial Area,
Sri Ganganagar- 335001

Regd. Office

Railway Road, Siwani
127046 (Haryana)

E-mail: investor.greivence@vikaswsp.in
ravinder.gupta@vikaswsp.in
vikaswsp ltd@gmail.com

Website: www.vikaswsp.in

- (xii) Registrar & Transfer Agent

LINK INTIME INDIA PVT. LIMITED
A-40, 2nd Floor, Naraina Industrial Area,
Phase-II, Near Batra Banquet Hall,
New Delhi-110028
Unit: - Vikas WSP Ltd.

9. Certification under Clause 49 (I) (D) of the Listing Agreement

All the Board Members and Senior Management personnel have affirmed compliance with the Codes of Conduct for Vikas WSP Limited for the financial year ended 31st March, 2010.

For VIKAS WSP LIMITED

Sd/-

Place : Sri Ganganagar

(B. D. Agarwal)

Date : 30.08.2010

Managing Director

10. Statement of Disclosure by Audit Committee to the Shareholders

To

The Shareholders of
Vikas WSP Limited

In terms of Clause 49 of the Listing Agreement regarding Corporate Governance, we the members of the Audit Committee disclose in respect of the Financial Year 2009-2010 that:

1. the Audit Committee has reviewed the Audited Financial Statement of the Company and held discussion on the quality of the accounting principles as applied and significant judgments affecting Company's financial statements;
- 2) the Audit Committee has discussed the quality of those principles as applied and judgments referred on (1) above under the circumstances;
- 3) the Chairman of the Audit Committee and its members after initial discussion amongst themselves, invited the Chairman and Executive Directors of the Company along with the Internal Auditor to discuss the various issues related to Audited Financial Statements of the Company. The Members of the Audit Committee discussed with the Management on the various issues pertaining to the Audited Financial Statements;
- 4) the Audit Committee, in reliance on the review and discussion conducted with Management in (1), (2) and (3) above, believed that the Company's financial statements are fairly presented in conformity with the generally accepted accounting principles in all material respects.

For and on Behalf of Audit Committee of

For **VIKAS WSP LIMITED**

Sd/-

Place : Sri Ganganagar

Ravi Sharma

Date : 30.08.2010

Chairman, Audit Committee

11. CERTIFICATE ON CORPORATE GOVERNANCE

The Auditors' certificate on Compliance of Clause 49 of the Listing Agreement relating to Corporate Governance is hereunder: -

TO

THE MEMBERS

VIKAS WSP LTD.

CERTIFICATE ON CORPORATE GOVERNANCE

We have examined the compliance of conditions of corporate governance by Vikas WSP Limited, for the year ended on March 31, 2010, as stipulated in clause - 49 of the listing agreement of the said Company with the 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 corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in Clause -49 of the above mentioned listing agreement:-

1. The company has held four meetings of the Audit Committee during the financial year 2009-2010 on 30.06.2009, 28.07.2009, 29.10.2009 & 31.01.2010.
2. The Shareholders' Grievances Committee was functioning according to the Listing Agreement.

As per the records maintained by the company, no Investor's Grievances were pending for a period exceeding one month as on 31.03.2010.

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

For Nitesh Kumar Sinha

Company Secretaries

Sd/-

Per Nitesh Kumar Sinha

Place : New Delhi

Partner

Date : August 25, 2010

Membership No. 7648

12. NON MANDATORY RECOMMENDATIONS AS PER CLAUSE 49 OF THE LISTING AGREEMENT

Chairman :- The Company has an Executive Chairman & Managing Director.

Remuneration: - The Board has Compensation Committee

Shareholders: - The Company ensures that any new developments related to its business; receive wide coverage in the press through regular press releases and electronic distribution &/ or sent to Bombay Stock Exchange as Corporate Announcement.

Postal Ballot : - The business to be transacted at the ensuing general meetings do not require passing of resolution by postal ballot. The Company will extend this facility of voting by postal ballot on matters, specified for postal ballot in the Companies Act, 1956, as and when required.

MANAGEMENT DISCUSSION & ANALYSIS

INDUSTRY STRUCTURE & DEVELOPMENT

The Company VIKAS WSP was established in 1988. The Company is one of the India's foremost guar gum powder (GGP) manufacturer, supplying to all sectors of the food industry with an extensive range of quality products. Besides food, the Company also offers guar gum for technical applications such as pet food, oil drilling and fracturing, textile printing, paper making, etc. Per annum production capacity of all grades guar gum powder is 46200 MT. The Company is committed to provide its customers overall services and values that is the best. It has contributed significantly to our national output, employment and exports.

FUTURE OUTLOOK, OPPORTUNITIES AND THREATS

Your company - world's leading provider of guar gum polymers, knows how much traceability means to food and pharmaceutical producers. It offers a complete and trustworthy range of guar polymers world-wide and can fully prove their origins. Traceability serves both regulatory and consumer requirements. The company is known for proven production processes, advanced quality systems and reliable supplies. These are the reasons that your company has abducted most of the expanding market of guar polymers. Company's R&D has a gimlet-eye on the application problems and their solutions which goes a long way in expanding its business in all segments in the years ahead. Currently, your company is the sole producer of "Certified Organic guar polymers" and the same is an opportunity for the company to spread its wings in markets where none existed before. Threats - Guar is a xero-phyte plant and the rain pattern of the monsoons in the Indian arid zone - mainly Western desert of Rajasthan provides ideal growing conditions. The need for just the right amount of rain at the right time leaves the guar crop heavily dependent on the annual rainfall pattern and causes occasional wide swings in guar supply and prices. With the emergence of irrigated guar seeds, dependency of guar crop on monsoon has been minimized. Now its crop is irrigated with canal water at the right time that increased its per hectare yield greatly.

COMPANY'S PERFORMANCE

During the current year under review your company has

achieved a total turnover of Rs. 4589.77 millions as compared to Rs.3651.11 millions in the previous year. During the year under review the company has earned a net profit of Rs. 1199.52 millions as compared to net profit of Rs. 1215.81 millions during previous year.

FOREIGN EXCHANGE EARNINGS

Your Company remains committed to enlarging Foreign Exchange Earnings. Earnings from exports create growing value for the Indian Economy and also serve to benchmark the competitiveness of your Company's operations with global standards.

The VIKAS WSP's contribution to Foreign Exchange Earning was accounted for the agro exports, a measure of your company's growing contribution to the rural economy.

BUSINESS SEGMENT

As the Company is dealing only in Guar derivatives and Guar Polymers, therefore, segment wise detail is not required to incorporate.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company is having adequate internal control systems and procedures which commensurate with the size of the Company. All the departments of the Company are following the established rules and regulations for internal control systems. Company established a Internal Control Audit Department which ensure that the internal control systems are properly followed by all the concerned departments of the Company.

HUMAN RESOURCES/INDUSTRIAL RELATIONS

Beyond Balance Sheet, Company's singly biggest asset is its Human Resource. The Company is of firm belief that the human resources are the driving force towards progress and success. The Company continued its policy of attracting and recruiting best available talents so that it can face business challenges ahead. The Company also offers attractive compensation packages to retain and motivate its professionals so that they can infuse their best efforts. The industrial relation continues to be cordial during the year.

Though the statement and views expressed in the above said report are on the basis of certain assumptions and expectations of future events, but actual results may differ from whatever is stated in the report.

Auditors' Report

To,

The Members of Vikas WSP Limited

1. We have audited the attached Balance Sheet of Vikas WSP Limited ("the Company") as at 31 March 2010 and also the Profit and 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.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ('the Order'), 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.
4. Further to our comments in the Annexure referred to above, we report that:
 - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the applicable

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 31 March 2010, and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31 March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
- (f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2010;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

for **B S R and Co**
Chartered Accountants
Firm Registration No:128510W

Sd/-

Shashank Agarwal

Partner

Place : Gurgaon

Date : 14-08-2010

Membership No.: 095109

Annexure referred to in paragraph 3 of the Auditors' Report to the Members of Vikas WSP Limited on the accounts for the year ended 31 March 2010

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The Company has a programme of physical verification of fixed assets by which all the fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable

having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification during the year.

- c) No fixed assets were disposed off during the year.
- (ii) a) The inventory, except goods-in-transit, has been physically verified by the management during the year. In our opinion the frequency of such verification is reasonable.
- b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material and have been properly adjusted in the books of account.
- (iii) As informed to us, the Company has neither granted nor taken any loans, secured or unsecured, to or from companies or firms covered in the register maintained under section 301 of the Companies Act, 1956. According to the information and explanations given to us, there are no other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain raw materials and fixed assets are for the Company's specialised requirements and similarly certain goods sold are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to sale of goods. As explained to us, the Company does not have any sale of services. We have not observed any major weakness in the internal control system during the course of our audit.
- (v) (a) In our opinion, and according to the information and explanations given to us, the contracts or arrangements, particulars of which need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been entered.
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs 5 lakh are for purchases of certain items of inventories which are for the Company's specialised requirements and similarly for sale of certain goods for the specialised requirements of the buyers and for which suitable alternative sources are not available to obtain comparable quotations. However, on the basis of information and explanations provided, same appear reasonable.
- (vi) The Company has not accepted any deposits from the public.
- (vii) The Company has an internal audit system. In our opinion, the scope of work and coverage of internal audit needs to be enlarged to make it commensurate with the size of the Company and the nature of its business.
- (viii) We are informed that the Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including, Provident Fund, Sales tax, Service tax, Excise duty, Wealth tax, Customs duty, Employees' State Insurance, Investor Education and Protection Fund, Cess and other material statutory dues have generally been deposited regularly during the year by the Company with the appropriate authorities *though there have been slight delays in a few cases* in respect of Income tax.

There were no dues on account of cess under Section 441A of the Companies Act, 1956 since the date from which the aforesaid section comes into force has not yet been notified by the Central Government.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues were in arrears as at 31

March 2010 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, Wealth tax, Service tax, Excise duty, Customs duty and Cess, which have not been deposited with the appropriate authorities on account of any dispute. As informed to us, dues relating to Income tax and Corporate Dividend tax which have not been deposited on account of any dispute is as follows:

| Name of the statute | Nature of the dues | Amount in (Rs.) | Period to which the amount relates | Forum where dispute is pending |
|----------------------|-------------------------|-----------------|------------------------------------|----------------------------------|
| Income-tax Act, 1961 | Corporate Dividend tax* | 11,679,780 | September 2009 | Debt Recovery Tribunal |
| Income-tax Act, 1961 | Income tax# | 3,072,093 | 1995-96 | High Court of Punjab and Haryana |

* The Debt Recovery Tribunal has decided the matter in favour of the Company vide their order dated 22 July 2010.

The Company has deposited the entire amount under dispute with the appropriate authorities.

- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xi) The Company did not have any outstanding dues to any financial institution, banks or debenture holders during the year.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) According to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) According to the information and explanations given to us, the term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investments.
- (xviii) The Company has not made any preferential allotment of shares to companies or firm covered in the register maintained under Section 301 of the Companies Act, 1956. As mentioned above, there are no other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by way of public issues during the year.
- (xxi) Based on the audit procedures performed and 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.

for **B S R and Co**
Chartered Accountants
Firm Registration No:128510W

Sd/-
Shashank Agarwal

Place : Gurgaon
Date : 14-08-2010

Partner
Membership No.: 095109

VIKAS WSP LIMITED

Balance Sheet as at 31 March 2010

| | Schedule | As At March 31, 2010 (Rs. in '000) | As At March 31, 2009 (Rs. in '000) |
|--|----------|--|--|
| SOURCES OF FUNDS | | | |
| Shareholders' fund | | | |
| Share capital | 1 | 137,440 | 136,000 |
| Reserves and surplus | 2 | 7,981,048 | 6,855,827 |
| Loan fund | | | |
| Secured loans | 3 | 884,138 | 419,572 |
| Deferred tax liability (net) | 4 | 217,716 | 177,481 |
| | | <u>9,220,342</u> | <u>7,588,881</u> |
| APPLICATION OF FUNDS | | | |
| Fixed assets | | | |
| Gross block | 5 | 9,186,133 | 6,694,058 |
| Less : accumulated depreciation | | 1,472,949 | 1,169,309 |
| Net block | | <u>7,713,184</u> | <u>5,524,749</u> |
| Capital work in progress [including capital advances amounting to Rs. 964,550 (previous year Rs. 166,585)] | | 347,890 | 1,033,491 |
| Current assets, loans and advances | | | |
| Inventories | 6 | 269,033 | 389,630 |
| Sundry debtors | 7 | 316,261 | 191,613 |
| Cash and bank balances | 8 | 46,581 | 71,198 |
| Loans and advances | 9 | 850,216 | 642,560 |
| | | <u>1,482,091</u> | <u>1,295,001</u> |
| Less : Current liabilities and provisions | | | |
| Current liabilities | 10 | 159,199 | 178,637 |
| Provisions | 11 | 163,624 | 85,723 |
| Net current assets | | <u>1,159,268</u> | <u>1,030,641</u> |
| | | <u>9,220,342</u> | <u>7,588,881</u> |
| Significant accounting policies | 18 | | |
| Notes to the financial statements | 19 | | |

The schedules referred to above form an integral part of the financial statements.

As per our report attached.

For B S R and Co

Chartered Accountants
Firm Registration No:128510W

for and on behalf of the board of directors

Sd/-
Shashank Agarwal
Partner
Membership no: 095109

Sd/-
B.D. Agarwal
Managing Director

Sd/-
Bimla Devi Jindal
Director

Sd/-
Ravinder K. Gupta
Company Secretary

Place : Gurgaon
Date : 14-8-2010

Place : New Delhi
Date : 14-8-2010

Place : New Delhi
Date : 14-8-2010

Place : New Delhi
Date : 14-8-2010

VIKAS WSP LIMITED

Profit and Loss Account for the year ended 31 March 2010

| | Schedule | For the year ended March 31, 2010 (Rs. in '000) | For the year ended March 31, 2009 (Rs. in '000) |
|--|----------|---|---|
| INCOME | | | |
| Sales of manufactured goods (Refer note 5(f) to schedule 19) | | 4,590,065 | 3,536,146 |
| Less: excise duty | | <u>291</u> | <u>530</u> |
| | | 4,589,774 | 3,535,616 |
| Sale of agricultural produce | | - | <u>115,492</u> |
| Net sales | | <u>4,589,774</u> | <u>3,651,108</u> |
| Other income | 12 | 6,158 | 126,501 |
| Decrease in stock of work in progress and finished goods | 13 | - | <u>146,545</u> |
| | | <u>4,595,932</u> | <u>3,924,154</u> |
| EXPENDITURE | | | |
| Increase in stock of work in progress and finished goods | 13 | 193,877 | - |
| Raw material consumed | 14 | 2,344,043 | 1,970,422 |
| Operating expenses | 15 | 377,574 | 358,039 |
| Depreciation | 5 | 303,640 | 214,001 |
| Finance charges | 16 | <u>50,200</u> | <u>75,309</u> |
| | | <u>3,269,334</u> | <u>2,617,771</u> |
| Profit before tax | | 1,326,598 | 1,306,383 |
| Tax expense | | | |
| - current tax | | 228,001 | 134,861 |
| - MAT credit | | (141,165) | (101,484) |
| - deferred tax | | 40,235 | 56,605 |
| - fringe benefit tax | | - | 594 |
| Profit after tax | | <u>1,199,527</u> | <u>1,215,807</u> |
| Balance brought forward | | <u>2,214,379</u> | <u>1,228,977</u> |
| Amount available for appropriation | | <u>3,413,906</u> | <u>2,444,784</u> |
| Appropriations | | | |
| - proposed final dividend | | 68,720 | 68,725 |
| - tax on dividend | | 11,679 | 11,680 |
| - transfer to general reserve | | <u>250,000</u> | <u>150,000</u> |
| Net profit carried forward | | <u>3,083,507</u> | <u>2,214,379</u> |
| Earnings per share (basic) | 17 | 8.76 | 8.94 |
| Earnings per share (diluted) | | 8.76 | 8.86 |
| Significant accounting policies | 18 | | |
| Notes to the financial statements | 19 | | |

The schedules referred to above form an integral part of the financial statements.

As per our report attached.

For B S R and Co
Chartered Accountants
Firm Registration No:128510W

for and on behalf of the board of directors

Sd/-
Shashank Agarwal
Partner
Membership no: 095109

Sd/-
B.D. Agarwal
Managing Director

Sd/-
Bimla Devi Jindal
Director

Sd/-
Ravinder K. Gupta
Company Secretary

Place : Gurgaon
Date : 14-8-2010

Place : New Delhi
Date : 14-8-2010

Place : New Delhi
Date : 14-8-2010

Place : New Delhi
Date : 14-8-2010

VIKAS WSP LIMITED

Schedules forming part of the financial statements as at 31 March 2010

| | As At March 31, 2010 (Rs. in '000) | As At March 31, 2009 (Rs. in '000) |
|---|--|--|
| Schedule: 1 | | |
| Share capital | | |
| Authorised capital | | |
| 287,500,000 (Previous year 227,500,000) equity shares of Re. 1 each. | 287,500 | 227,500 |
| | 287,500 | 227,500 |
| Issued, subscribed and paid up capital | | |
| 137,439,600 (Previous year 135,999,600) equity shares of Re.1 each fully paid up. | 137,440 | 136,000 |
| | 137,440 | 136,000 |
| Schedule: 2 | | |
| Reserves and surplus | | |
| Capital reserve | 10,172 | 10,172 |
| Securities premium | 2,958,450 | 2,958,450 |
| Add: premium on exercise of employee stock options | 37,872 | - |
| | 2,996,322 | 2,958,450 |
| General reserve | 1,641,047 | 1,491,047 |
| Add: transfer from profit and loss account | 250,000 | 150,000 |
| | 1,891,047 | 1,641,047 |
| Employee stock options outstanding (refer note 11 to schedule 19) | 31,779 | 38,135 |
| Add: amortisation of deferred employee compensation | 6,356 | - |
| Less: amortisation of deferred employee compensation | - | 6,356 |
| Less: transferred to share premium on exercise of stock option | 37,872 | - |
| Less: reversal of deferred employee compensation | 263 | - |
| | - | 31,779 |
| Profit and loss account | 3,083,507 | 2,214,379 |
| | 7,981,048 | 6,855,827 |
| Schedule: 3 | | |
| Secured loans | | |
| Short term | | |
| -from banks | | |
| Export packing credit (refer note 6(a) to schedule 19) | - | 65,000 |
| Bill discounting (refer note 6(a) to schedule 19) | - | 6,109 |
| Working capital demand loan (refer note 6(a) to schedule 19) | - | 340,000 |
| Demand loans (refer note 6(d) to schedule 19) | 9,138 | 8,464 |
| -from others | | |
| Export packing credit (refer note 6(c) to schedule 19) | 150,000 | - |
| Long term - from financial institution | | |
| Term loan (refer note 6(b) to schedule 19) | 725,000 | - |
| | 884,138 | 419,572 |
| Schedule: 4 | | |
| Deferred tax liability (net) | | |
| Deferred tax liability arising on account of depreciation | 218,652 | 178,350 |
| Deferred tax asset arising on account of provision for gratuity | (936) | (869) |
| | 217,716 | 177,481 |

VIKAS WSP LIMITED

Schedule forming part of the financial statements as at March 31, 2010

Schedule: 5
Fixed assets
(Rs. in '000)

| Particulars | Gross block | | | | Accumulated depreciation | | | | Net block | |
|------------------------------------|------------------------|------------------|---------------------------|-------------------------|--------------------------|------------------------|---------------------------|-------------------------|-------------------------|-------------------------|
| | As at April 1, 2009 | Additions | Disposals/ adjustments | As at March 31, 2010 | As at April 1, 2009 | Charge for the year | Disposals/ adjustments | As at March 31, 2010 | As at March 31, 2010 | As at March 31, 2009 |
| Land - Free hold* @ | 3,090,509 | 1,140,780 | - | 4,231,289 | - | - | - | - | 4,231,289 | 3,090,509 |
| Land - Lease hold ** | 32,719 | 7,451 | - | 40,170 | - | - | - | - | 40,170 | 32,719 |
| Buildings | 70,536 | - | - | 70,536 | 26,058 | 2,267 | - | 28,325 | 42,211 | 44,478 |
| Plant and machinery*** | 3,489,470 | 1,343,031 | - | 4,832,501 | 1,137,692 | 300,438 | - | 1,438,130 | 3,394,371 | 2,351,778 |
| Furniture and office equipments | 2,913 | 430 | - | 3,343 | 1,420 | 173 | - | 1,593 | 1,750 | 1,493 |
| Vehicles | 7,911 | 383 | - | 8,294 | 4,139 | 762 | - | 4,901 | 3,393 | 3,772 |
| Total | 6,694,058 | 2,492,075 | - | 9,186,133 | 1,169,309 | 303,640 | - | 1,472,949 | 7,713,184 | 5,524,749 |
| Previous year | 5,976,881 | 998,293 | 281,116 | 6,694,058 | 1,196,424 | 214,001 | 241,116 | 1,169,309 | 5,524,749 | - |

Note:

- * There are restrictions on transferability of free hold land having original cost of Rs 2,785,747 for 20 years from the date of acquisition i.e. 12 March 2008. Further, there are restrictions on transferability of free hold land having original cost of Rs. 1,140,780 for 10 years from the date of acquisition i.e. 15 March 2010.
- @ Additions to free hold land includes land of book value of Rs. Nil (previous year Rs. 1,000) which is pending registration in the name of the Company as at 31 March 2010.
- ** Additions to lease hold land includes lease hold land of book value of Rs. 7,115 (previous year Rs. 1,801) which is pending registration in the name of the Company as at 31 March 2010.
- *** Plant and machinery includes machinery [Gross block Rs. 40,587 (previous year Rs. 40,587), accumulated depreciation Rs. 27,911 (previous year Rs. 27,911) and net book value Rs. 12,677 (previous year Rs. 12,677)] retired from active use and held for disposal, these assets are being carried at the lower of the cost or net realisable value.

VIKAS WSP LIMITED

Schedules forming part of the financial statements as at 31 March 2010

| | As At March 31, 2010 (Rs. in '000) | As At March 31, 2009 (Rs. in '000) |
|--|--|--|
| Schedule: 6 | | |
| Inventories | | |
| Consumables, stores and spares | 11,658 | 14,536 |
| Raw material | 82,503 | 5,914 |
| Finished goods | | |
| - in stores | 72,747 | 41,699 |
| - in transit | 99,334 | 324,259 |
| Packing materials | 2,791 | 3,222 |
| | 269,033 | 389,630 |
| Schedule: 7 | | |
| Sundry debtors | | |
| (Unsecured, considered good) | | |
| - Debts outstanding for a period exceeding six months | - | - |
| - Other debts # (Refer note 3 to Schedule 19) | 316,261 | 191,613 |
| | 316,261 | 191,613 |
| <p># [other debts amounting to Rs. Nil (previous year Rs. 74,081) are covered from Export Credit Guarantee Corporation of India Limited]</p> | | |
| Schedule: 8 | | |
| Cash and bank balances | | |
| Cash in hand | 46 | 82 |
| Balances with scheduled banks : | | |
| - current accounts | 20,537 | 60,860 |
| - fixed deposits (Refer note 6(d) to schedule 19) | 24,913 | 9,170 |
| - unclaimed dividend account @ | 1,085 | 1,086 |
| | 46,581 | 71,198 |
| <p>@ Not due for deposit to Investor Education and Protection Fund Rs. Nil (previous year Rs. Nil).</p> | | |
| Schedule: 9 | | |
| Loans and advances | | |
| (Unsecured, considered good) | | |
| Advances recoverable in cash or kind or for the value to be received | 43,590 | 107,132 |
| VAT credit receivable | 1,882 | 1,407 |
| MAT credit entitlement | 255,033 | 113,868 |
| Advances to suppliers (Refer note 3 to schedule 19) | 396,022 | 316,018 |
| Advance tax [Net of provision for tax Rs. 217,101 (previous year Rs. Nil)] | 8,189 | - |
| Advances to farmers | 145,500 | 104,135 |
| | 850,216 | 642,560 |

VIKAS WSP LIMITED

Schedules forming part of the financial statements as at 31 March 2010

| | As At March 31, 2010 (Rs. in '000) | As At March 31, 2009 (Rs. in '000) |
|--|--|--|
| Schedule: 10 | | |
| Current liabilities | | |
| Sundry creditors | | |
| - due to micro and small enterprises (Refer note 7 to schedule 19) | 4,849 | - |
| - due to enterprises other than micro and small enterprises | 128,821 | 166,078 |
| Salary and bonus payable | 6,305 | 5,387 |
| Book overdraft | 288 | 2,430 |
| Interest accrued but not due | 16,516 | 757 |
| Unclaimed dividend # | 1,085 | 1,086 |
| Other liabilities | 1,335 | 2,899 |
| | 159,199 | 178,637 |

Not due for deposit to Investor Education and Protection Fund Rs. Nil (previous year Rs. Nil).

Schedule: 11

Provisions

| | | |
|---|----------------|---------------|
| Provision for gratuity (Refer note 10 to schedule 19) | 2,820 | 2,553 |
| Provision for income taxes [Net of advance tax Rs. Nil (previous year Rs. 127,500)] | - | 2,765 |
| Proposed final dividend | 137,445 | 68,725 |
| Corporate dividend tax on proposed dividend | 23,359 | 11,680 |
| | 163,624 | 85,723 |

| | |
|---------------------------|---------------------------|
| For the year ended | For the year ended |
| 31 March 2010 | 31 March 2009 |
| (Rs. in '000) | (Rs. in '000) |

Schedule: 12

Other income

| | | |
|--|--------------|----------------|
| Profit on sale of import licenses | 3,920 | 11,335 |
| Foreign exchange gain [Net of foreign exchange loss Rs. Nil (previous year Rs. 29,400)] | - | 71,019 |
| Interest on fixed deposits [Net of tax deducted at source Rs. 138 (previous year Rs. 364)] | 989 | 1,872 |
| Insurance claim | 1,249 | - |
| Excess provisions written back | - | 42,275 |
| | 6,158 | 126,501 |

VIKAS WSP LIMITED

Schedules forming part of the financial statements for the year ended March 31, 2010

| | For the year ended 31 March 2010 (Rs. in '000) | For the year ended 31 March 2009 (Rs. in '000) |
|---|--|--|
| Schedule 13 | | |
| Increase/(decrease) in stock of work in progress and finished goods | | |
| Opening stock | | |
| Work in process | - | 338 |
| Finished goods | | |
| - in stores | 41,699 | 45,180 |
| - in transit | 324,259 | 173,895 |
| | 365,958 | 219,413 |
| Closing stock | | |
| Work in process | - | - |
| Finished goods | | |
| - in stores | 72,747 | 41,699 |
| - in transit | 99,334 | 324,259 |
| | 172,081 | 365,958 |
| | (193,877) | 146,545 |
| Schedule: 14 | | |
| Raw material consumed | | |
| Opening stock | 5,914 | 137,293 |
| Add: purchases | 2,420,632 | 1,839,043 |
| | 2,426,546 | 1,976,336 |
| Closing stock | (82,503) | (5,914) |
| | 2,344,043 | 1,970,422 |
| Schedule: 15 | | |
| Operating expenses | | |
| Employee costs | | |
| -salaries, wages and bonus (Refer note 14 of schedule 19) | 36,363 | 32,427 |
| -contribution to provident and other funds | 1,772 | 2,264 |
| -staff welfare | 1,648 | 1,580 |
| -deferred employee compensation | 6,093 | 31,779 |
| Store and spares consumed | 10,868 | 7,560 |
| Packing material consumed | 17,643 | 18,767 |
| Power and fuel | 114,693 | 108,449 |
| Lease rent | 981 | 472 |
| Repair and maintenance | | |
| - plant and machinery | 1,004 | 917 |
| - building | 363 | 1,073 |
| - others | 1,275 | 1,439 |
| Insurance | 2,414 | 4,077 |
| Rates and taxes | 6,328 | 644 |
| Other manufacturing expenses | 8,000 | 8,006 |

VIKAS WSP LIMITED

Schedules forming part of the financial statements for the year ended March 31, 2010

| | For the year ended 31 March 2010 (Rs. in '000) | For the year ended 31 March 2009 (Rs. in '000) |
|--|--|--|
| Travelling expenses (Refer note 5(e) to schedule 19) | 3,242 | 4,361 |
| Legal and professional (Refer note 13 to schedule 19) | 7,177 | 6,059 |
| Research and development charges | 10,769 | 11,405 |
| Foreign exchange loss [Net of foreign exchange gain Rs. 21,421 (previous year Rs. Nil)] | 54,696 | - |
| Port handling charges | 24,128 | 19,671 |
| Freight outward | 62,467 | 90,726 |
| Miscellaneous | 5,650 | 6,363 |
| | 377,574 | 358,039 |
| Schedule: 16 | | |
| Finance charges | | |
| Bank charges | 1,791 | 963 |
| Interest | | |
| - term loan | 12,454 | - |
| - other | 32,475 | 71,541 |
| Bill discounting charges | 3,480 | 2,805 |
| | 50,200 | 75,309 |
| Schedule: 17 | | |
| Earnings per share | | |
| Profit attributable to equity shareholders (for basic earning and diluted earning) | 1,199,527 | 1,215,807 |
| Weighted average number of equity shares for basic earnings per share | 136,958 | 136,000 |
| "Add: "potential dilutive equity shares on account of Employees Stock Options outstanding" | - | 1,164 |
| Weighted average number of equity shares for diluted earnings per share | 136,958 | 137,164 |
| Basic (Rs.) | 8.76 | 8.94 |
| Diluted (Rs.) | 8.76 | 8.86 |

VIKAS WSP LIMITED

Schedules forming part of the financial statements for the year ended March 31, 2010

Schedule: 18

Significant accounting policies

1) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles (GAAP) in India and comply with the mandatory accounting standards as specified in Rule 3 of the Companies (Accounting Standards) Rules, 2006, and in accordance with the provisions of the Companies Act, 1956, to the extent applicable.

2) Use of estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent liabilities as at the date of the financial statements and the reported amount of revenue and expenses. Examples of such estimates include provisions of future obligation under employee retirement benefit plans, the useful lives of fixed assets.

Actual results could differ from those estimates. Any revisions to accounting estimates are recognised prospectively in current and future periods. Contingencies are recorded when it is probable that a liability will be incurred and the amount can be reasonably estimated.

3) Fixed Assets

Fixed assets are stated at acquisition cost less accumulated depreciation. Cost includes inward freight, duties, taxes and incidental expenses related to acquisition and installation incurred up to the date of commissioning of the assets.

4) Depreciation

Depreciation is provided under the straight-line method based on the estimated useful lives of the assets which are equal to the rates specified in Schedule XIV of the Act. Assets costing below Rs. 5,000 are depreciated fully in the year of purchase.

5) Inventories

Inventories are valued as follows:

Raw materials, stores and spares and packaging materials

Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

Work in progress and finished goods

Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

6) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the customer. In case of export sales this coincides with shipment of goods.

Revenue in case of sale of domestic products is recognised at the point of despatch which coincides with the transfer of risks and rewards of ownership.

7) Employee benefits

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, and bonus etc. are recognised in the Profit and Loss Account in the period in which the employee renders the related service.

Defined contribution plans

The employee's provident fund scheme is a defined contribution plan. The Company's contribution paid / payable under the scheme is recognised as an expense in the profit and loss account during the period in which the employee renders the related service.

Defined benefit plans

The Company's gratuity plan is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on an actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date. Actuarial gains and losses are recognised immediately in the Profit and Loss Account.

8) Foreign exchange transactions

Foreign exchange transactions are recorded at the exchange rates prevailing at the date of transaction. Foreign currency assets and liabilities remaining unsettled at the balance sheet date are translated at the rates of exchange prevailing on that date. Gains / losses arising on account of realisation/ settlement of foreign exchange transactions and on translation of foreign currency assets and liabilities are recognised in the Profit and Loss Account.

9) Taxation

Income tax expense comprises current tax, (that is amount of tax for the period determined in accordance with the Income tax laws) and deferred tax charge or credit (reflecting the tax effects of timing difference between accounting income and taxable income for the period).

The deferred tax charge or credit and the corresponding deferred tax liability and / or deferred tax assets is recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that the assets can be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and are written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

The Finance Act, 2009 has abolished the Fringe Benefit Tax with effect from 1 April 2009. In accordance with the circular number F.No.385/05/2010-IT (B) dated 29 January 2010 issued by Central Board of Direct Taxes, the advance fringe benefit tax paid by the Company subsequent to 31 March 2009 has been treated as advance income-tax for the Assessment Year 2010-11.

In accordance with the provisions of Section 115JAA of the Income-tax Act, 1961, the Company is allowed to avail credit equal to the excess of Minimum Alternate Tax (MAT) over normal income tax for the assessment year for which MAT is paid. MAT credit so determined can be carried forward for set-off for ten succeeding assessment years from the year in which such credit becomes allowable. MAT credit can be set-off only in the year in which the Company is liable to pay tax as per the normal provisions of the Income-tax Act, 1961 and such tax is in excess of MAT for that year. Accordingly, MAT credit entitlement is recognised only to the extent there is convincing evidence that the Company will pay normal tax during the specified period.

10) Contingencies

A provision is created when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is

made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

11) Impairment of assets

Management reviews the carrying amount of all assets at each Balance Sheet date using internal and external sources of information to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the assets or its cash generating unit is estimated. Impairment occurs where the carrying value of the assets or its cash generating unit exceeds the present value of future cash flows expected to arise from the continuing use of the asset or its cash generating unit and its eventual disposal. An impairment loss is recognized in the Profit and Loss Account whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount and is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

12) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or productions of qualifying assets is capitalised as part of assets. Other borrowing costs are recognized as an expense in the period in which they are incurred.

13) Research cost

Revenue expenditure incurred on research is charged to profit and loss account in the year it is incurred.

Schedules forming part of the financial statements for the year ended March 31, 2010

Schedule: 19

Notes to Accounts

1. Background:

Vikas WSP Limited was promoted in the year 1988 under the name and style of Vikas Gum Mills Private Limited and subsequently the name was changed to Vikas WSP Limited in the year 1992. The Company is an agro based Company registered as 100% Export Oriented Unit with Secretariat of Industrial Approval, Ministry of Commerce and Industry, Government of India, for the manufacture of Guar Gum (pulverized) and its derivatives.

2. Segment reporting disclosure per Accounting Standard 17 "Segment Reporting" as specified in rule 3 of Companies (Accounting Standard) Rules, 2006, is not applicable since the Company primarily operates within single primary segment of manufacture of guar gum powder and a single geographical segment.

3. Debts due from a company under the same management within the meaning of Section 370(1B) of the Companies Act, 1956:

| Particulars | For the year ended | For the year ended |
|--|---------------------------------|---------------------------------|
| | March 31, 2010 (Rs. in '000) | March 31, 2009 (Rs. in '000) |
| Loans and advances include | | |
| Vikas Chemi Gums (India) Limited | 394,891 | 315,893 |
| [(maximum balance due at any time during the year Rs. 479,056 (previous year Rs. 315,893)] | | |
| Vegan Colloids Limited | - | 40,000 |
| [(maximum balance due at any time during the year Rs. 40,000 (previous year Rs. 40,000)] | | |
| | 394,891 | 355,893 |

Debtors include

| | | |
|---|----------------------|----------------|
| Vikas Chemi Gums (India) Limited | - | 115,492 |
| [(maximum balance due at any time during the year Rs. 115,492 (previous year Rs. 315,893)] | | |
| Vegan Colloids Limited | 13,217 | 282 |
| [(maximum balance due at any time during the year Rs. 147,488 (previous year Rs. 166,885)] | | |
| | <u>13,217</u> | <u>115,774</u> |

4. Related party disclosures

Related party and nature of related party with whom transactions have taken place during the year

i) Key management personnel (KMP)

Mr. B. D. Agarwal - Managing Director
 Mr. Megh Raj Jindal - Director
 Mrs. Bimla Devi Jindal - Director

ii) Entities controlled by KMPs'

Vikas Granaries Limited
 Vikas Chemi Gums (India) Limited
 Vikas Dall and General Mills (Partnership firm)

iii) Entities over which significant influence is exercised by the KMPs'

Vegan Colloids Limited

Schedules forming part of the financial statements for the year ended March 31, 2010

Transactions with related parties are summarised below:

| Nature of transaction | Key Management Personnel | | Entities controlled by KMP | | (Rs. in '000) | |
|---|--------------------------|----------------|----------------------------|----------------|---|----------------|
| | | | | | Entities over which significant influence is exercised by the KMPs' | |
| | March 31, 2010 | March 31, 2009 | March 31, 2010 | March 31, 2009 | March 31, 2010 | March 31, 2009 |
| Sales - | | | | | | |
| -Vikas Chemi Gums (India) Limited | - | - | - | 115,492 | - | - |
| - Vegan Colloids Limited | - | - | - | - | 173,353 | 367,144 |
| Purchases of raw materials, intermediaries and finished goods | | | | | | |
| - Vikas Granaries Limited | - | - | 587 | - | - | - |
| - Vikas Chemi Gums (India) Limited | - | - | 1,823,874 | 1,322,798 | - | - |
| - Vegan Colloids Limited | - | - | - | - | 3,298 | - |
| Lease rent | | | | | | |
| - Vikas Chemi Gums (India) Limited | - | - | 240 | 240 | - | - |
| Sale of fixed assets | | | | | | |
| - Vegan Colloids Limited | - | - | - | - | - | 40,000 |
| Salary paid to | | | | | | |
| - Mr. B D Agarwal | 600 | - | - | - | - | - |
| - Mr. Megh Raj Jindal | 300 | - | - | - | - | - |
| - Mrs. Bimla Devi Jindal | 300 | - | - | - | - | - |
| Outstanding balances | | | | | | |
| - Advances receivable | - | - | 394,891 | 315,893 | - | - |
| - Trade payable | - | - | - | 240 | - | - |
| - Trade receivable | - | - | - | 115,492 | 13,217 | 282 |
| - Other receivable | - | - | - | - | - | 40,000 |
| - Other payable | 1,135 | - | - | - | - | - |

Schedule: 19

Notes to Accounts

5. Information pursuant to paragraph 3, 4C & 4D of part II of Schedule VI of the Act.

(a) Licensed capacity and installed capacity:

| Quantitative details | For the Year ended March 31, 2010 | For the Year ended March 31, 2009 |
|--|--------------------------------------|--------------------------------------|
| Licensed and installed capacity per annum ⁽¹⁾ | | |
| - Guar gum (pulverized) | 58,800 | 46,200 |
| - Guar splits/churi korma | 16,315 | 16,315 |

(1) Installed capacity is on double shift basis

(2) As certified by management, not verified by the auditors being a technical matter.

(b) Particulars of raw material consumed, sales and stock of finished goods

| Quantitative details | March 31, 2010 | | March 31, 2009 | |
|--|----------------|-------------------------|----------------|-------------------------|
| | Quantity in MT | Amount (Rs. in '000) | Quantity in MT | Amount (Rs. in '000) |
| Raw material consumed | | | | |
| - Guar | 4,818 | 103,263 | 12,550 | 206,878 |
| - Guar split | 46,612 | 2,188,433 | 46,335 | 1,706,338 |
| - Others | 3,464 | 52,348 | 3,957 | 57,206 |
| | - | 2,344,044 | - | 1,970,422 |
| Finished Goods (Guar Gum Pulverized/Refined Guar Gum) | | | | |
| Opening stock | | | | |
| - Guar split | 4,940 | 214,140 | 3,600 | 166,667 |
| - Guar Gum Powder (pulverised) | 3,181 | 151,818 | 1,248 | 52,408 |
| | 8,121 | 365,958 | 4,848 | 219,075 |
| Production/purchase | | | | |
| - Guar split | - | - | 4,940 | 214,140 |
| - Guar Gum Powder (pulverised) | 51,621 | 2,765,218 | 45,352 | 2,136,261 |
| | 51,621 | - | 50,292 | - |
| Sales | | | | |
| - Guar split | 4,940 | 216,284 | 3,600 | 226,874 |
| - Guar Gum Powder (pulverised) | 51,589 | 4,373,490 | 43,419 | 3,308,742 |
| | 56,529 | 4,589,774 | 47,019 | 3,535,616 |
| Closing stock | | | | |
| - Guar split | - | - | 4,940 | 214,140 |
| - Guar Gum Powder (pulverised) | 3,213 | 172,081 | 3,181 | 151,818 |
| | 3,213 | 172,081 | 8,121 | 365,958 |

(c) Net value of imported and indigenous material consumed and percentage thereof:

| | March 31, 2010 | | March 31, 2009 | |
|----------------------------|----------------|---------------|----------------|---------------|
| | % | (Rs. in '000) | % | (Rs. in '000) |
| i) Raw material | | | | |
| Indigenous | 100% | 2,344,043 | 100% | 1,970,422 |
| ii) Stores and spare parts | | | | |
| Indigenous | 34% | 3,747 | 60% | 4,512 |
| Imported | 66% | 7,121 | 40% | 3,048 |

(d) CIF value of imports

| | March 31, 2010 | March 31, 2009 |
|---------------------|----------------|----------------|
| | (Rs. in '000) | (Rs. in '000) |
| Chemicals* | - | 4,118 |
| Plant and machinery | 631,170 | 897,866 |

(e) Expenditure in foreign currency

| | March 31, 2010 | March 31, 2009 |
|--------|----------------|----------------|
| | (Rs. in '000) | (Rs. in '000) |
| Travel | 261 | - |

(f) Earnings in foreign currency:

| | March 31, 2010 | March 31, 2009 |
|-----------------------|----------------|----------------|
| | (Rs. in '000) | (Rs. in '000) |
| FOB value of exports* | 4,407,218 | 3,133,172 |

*excludes sales amounting to Rs 173,353 thousand (previous year Rs 367,144 thousand) to another Export Oriented Unit

6. Charges on the secured loan:

a) During the previous year, the Company had obtained a packing credit limit, working capital demand loan and foreign documentary bill purchase/discounting facility of Rs. 65,000 thousand, Rs. 340,000 thousand and Rs. 66,500 thousand respectively from State Bank of Bikaner and Jaipur secured by hypothecation of inventory, inward railway receipt/ motor transport receipts, bill of lading, airway bills, letter of credit, Export Credit Guarantee Cover, exclusive charge and mortgage on all the moveable and immovable fixed assets of the Company at RIICO Industrial Area, Sri Ganga Nagar, exclusive charge and mortgage on all immovable fixed assets of the Company located at Siwani, other documents to the title of goods and personal guarantee of Mr. Meghraj Jindal, Mrs. Bimla Devi Jindal and Mr. B.D. Agarwal, the promoters and Directors of the Company.

b) During the current year, Company has obtained secured loan for general corporate purposes including capital expenditure for expansion projects and augmentation of long term working capital of Rs. 800,000 thousands from IFCI Limited secured by exclusive charge and mortgage on all moveable and immovable fixed assets of the Company situated at Plot no. E-255 to 257 in RIICO Industrial Area and Plot no. F-92 in Udyog Vihar, Sri Ganga Nagar.

Mr. B.D. Agarwal, Mrs. Bimla Devi Jindal and Mr. Megh Raj Jindal, the promoters and directors of the Company have pledged their entire shareholding aggregating to 20,346 thousand shares and have also provided their personal guarantees.

All the promoters and their relatives have pledged their entire shareholding in Vikas Granaries Limited (Companies under the same management) aggregating 12,340 thousand shares.

Out of the above, the Company during the year has obtained loan aggregating to Rs. 725,000 thousands.

c) During the current year, Company has obtained packing credit limit loan of Rs. 150,000 thousand from IFCI Factors limited secured by exclusive charge and mortgage on all moveable and immovable fixed assets situated at Plot No 229 in Chandisar Industrial Estate, Palanpur, Dist. Banaskantha, Gujarat.

d) The demand loan of Rs 9,138 thousand obtained from Union Bank of India is secured against the fixed deposits (pledged) with the bank.

7. Disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006 in respect of micro and small suppliers based on the information available with the Company:

| | As At March 31, 2010 | As At March 31, 2009 |
|--|-------------------------|-------------------------|
| | (Rs. in '000) | (Rs. in '000) |
| • Principal amount remaining unpaid to any supplier as at year end | 4,721 | - |
| • the interest due on the principal remaining outstanding as at the end of the year | 128 | - |
| • the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act | - | - |

8. **Foreign exchange exposures (hedged/un-hedged positions)**

The Company did not have a hedge policy during the year. The Company sends all the export documents for collection. The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given:

| | As At March 31, 2010 (amount in '000) | | As At March 31, 2009 (amount in '000) | |
|--------------------|---|---------------------|---|---------------------|
| | INR | (Foreign currency) | INR | (Foreign currency) |
| Receivables (USD) | 296,562 | 6,570 | 65,983 | 1,275 |
| Receivables (Euro) | - | - | 1,989 | 29 |
| Payables (USD) | - | - | 4,311 | 83 |

9. **Commitments and contingent liabilities**

a) **Firm capital commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Rs. Nil (Previous year Rs 90,749 thousands).

b) **Claims against the Company not acknowledged as debts in respect of:**

Income tax matters, under dispute

The Additional Commissioner of Income Tax, Bhiwani ('the Assessing Officer') had raised an additional demand of Rs. 849 thousand for the Assessment Year 1995-96 and interest thereon of Rs. 2,223 thousand. The Company filed an appeal against the order passed by the Assessing Officer with the Commissioner of Income Tax (Appeals), Karnal. The Commissioner of Income Tax (Appeals) decided the matter in favour of the Company by setting aside the order passed by the Assessing Officer. Subsequently the Income Tax Department filed an appeal against the order of CIT (Appeals) in the Income Tax Appellate Tribunal ('the ITAT'), New Delhi which was accepted by the ITAT. Aggrieved by the order of ITAT, the Company has filed an appeal with the Hon'ble High Court of Punjab & Haryana ('the Hon'ble High Court'). The matter is currently pending before the Hon'ble High Court.

10. **Disclosure pursuant to Accounting Standard 15 on "Employee benefits"**

The Company has a defined benefit gratuity plan. Gratuity is payable to all eligible employees of the company on retirement or separation from the company.

| | For the year ended March 31, 2010 (Rs. in '000) | For the year ended March 31, 2009 (Rs. in '000) |
|---|---|---|
| a. Changes in Defined Benefit Obligation | | |
| Liability at the beginning of the year | 2,553 | 1,811 |
| Interest cost | 191 | 127 |
| Current service cost | 415 | 416 |
| Benefits paid | - | - |
| Actuarial (gain)/loss | (339) | 199 |
| Liability at the end of the year | 2,820 | 2,553 |

| | | |
|---|-------|-------|
| b. Amount recognised in the balance sheet | | |
| Liability at the end of the year | 2,820 | 2,553 |
| c. Expenses recognised in the profit and loss account | | |
| Current service cost | 415 | 416 |
| Interest cost | 191 | 127 |
| Settlement cost/credit | - | - |
| Net actuarial gain/(loss) recognised in the year | (339) | 199 |
| Net benefit expense | 267 | 742 |
| d. The principal assumption used in determining the gratuity benefit obligation is as given below: | | |
| Discount rate | 7.50% | 7.00% |
| Salary escalation rate (p.a.) | 5.50% | 5.50% |
| Expected average remaining working life of employees (years) | 27.19 | 28.42 |

The discount rate is based on the market yields of Government bonds as at the balance sheet date for the estimated term of the obligation.

The salary escalation rate takes into account inflation, seniority, promotion and other relevant factors.

Demographic Assumption

| | | |
|---------------------|-----------------|-----------------|
| 1. Retirement Age | 60 years | 60 years |
| 2. Mortality rate | LIC (1994-96) | LIC (1994-96) |
| 3. Leaving service: | Withdrawal rate | Withdrawal rate |
| Upto 30 years | 3% | 3% |
| 31- 44 years | 2% | 2% |
| Above 44 years | 1% | 1% |

During the year the Company has recorded an expense of Rs. 1,505 thousand (previous year Rs. 1,522 thousand) towards provident fund, a defined contribution plan.

11. Share based compensation

In accordance with the Securities and Exchange Board of India (Employee Stock Options Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the guidance note 18- "Employee share base payment" issued by the Institute of Chartered Accountants of India the following information relates to the stock option granted by the company in the previous year and exercised in the current year.

The Company's Employee Stock Option Schemes known as "VESOP" - Vikas Employees Stock Option Plan - 2007 ('the scheme') provides for the grant of stock options ('the Options') to eligible employees and independent directors of the Company. The scheme is administered by the Compensation Committee ('the Committee') of the Board of Directors of the Company. The options are granted on the basis of performance and the grade of the employee. The options are granted at the discretion of the committee to select employees depending upon certain criterion.

The scheme limits the maximum grant of 52,000 options to an employee in any given year. As per the scheme the grant price or exercise price of options will be the face value of its equity shares at Re.1 each.

The Company had granted 1,450 thousand shares during the previous year. However, 10 thousand shares lapsed during the year since they were not exercised prior to the expiry date which was 6 months from the vesting date in the current year.

The stock options outstanding as at 31 March 2010 is Nil (previous year 1,450 thousand)

The following table summarizes information about stock options outstanding as at 31 March 2010.

| Particular | Stock options (numbers in '000) |
|---|--|
| Outstanding, beginning of the year | 1,450 |
| Granted during the year | - |
| Forfeited during the year | - |
| Exercised during the year | 1,440 |
| Expired during the year | 10 |
| Outstanding at the end of the year | - |
| Exercisable at the end of the year | - |

Description of the method and significant assumptions used during the year to estimate the fair value of the options:

| | | |
|-------------------------|---|------------------------|
| Risk-free interest rate | - | 7.51% |
| Expected life | - | 12 months to 18 months |
| Expected volatility | - | 57.06% |
| Expected dividends | - | 0.50% |

The price of the underlying share in market at the time of grant of the share options was Rs. 27.30 which has been used to compute the intrinsic value of the share.

Had the Company used fair value method to account for the employee share based payment, the profit for the year would have increased by Rs.1,084 thousand (previous year Rs. 5,655 thousand) and diluted earnings per share would have increased by Rs. Nil (previous year Rs. 0006).

12. The Company's shareholders had approved a dividend @ 50% in their meeting dated 30 September 2009. Meanwhile, one of the Company's bankers (SBBJ) raised a claim on the Company in respect of certain Letter of Credit charges along with penal interest. The said LC's were issued by a foreign bank (customer's bank) in favour of SBBJ for the year ended 2007-08. As explained to us, there were certain delays in receiving payments against the LC by SBBJ.

The bank filed an application with the Debt Recovery Tribunal claiming the amount in question along with cost and future interest against the Company. Based on the bank's application, the DRT Jaipur passed an interlocutory order on 6 October 2009 restricting the payment of dividend declared by the Company on 30 September 2009. Consequently, the Corporate Dividend Tax on the said dividend could not be deposited.

The Company filed an application against the interlocutory order of the DRT claiming relief under the provisions of Union Customs and Practice for Documentary Credits 500. DRT Jaipur disposed of the original application no. 26/2009 and gave its final order in favour of the Company vide order dated 22 July 2010. Further, the Company has been directed to pay the declared dividend to its shareholders within a period of two months. Meanwhile, SBBJ received the entire payment and has issued a 'No objection certificate' on 8 May 2010. Management is in the process of initiating steps for payment of declared dividend and deposit the corporate dividend tax thereon.

13. Payment to auditors

(Rs. in '000)

| Particulars | For the year ended March 31, 2010 | For the year ended March 31, 2009 |
|-----------------|--------------------------------------|--------------------------------------|
| Statutory audit | 2,300 | 1,875 |
| Tax audit | 75 | 75 |
| Limited review* | 1,895 | 450 |
| Others | 623 | 625 |
| | 4,893 | 2,975 |

* Limited review for various quarters for the year ended 31 March 2010 were done by another firm of Chartered Accountants

14. Managerial Remuneration

| Particulars | For the year ended March 31, 2010 | For the year ended March 31, 2009 |
|---------------------------------------|--------------------------------------|--------------------------------------|
| Basic salary to Managing director | 600 | - |
| Basic salaries to Executive directors | 600 | - |
| | 1,200 | - |

15. The Company had established a new Export Oriented Unit III ("EOU III") situated at Plot No F90/91, Udyog Vihar, Sri Ganga Nagar, Rajasthan which commenced commercial production effective 28 March 2008. EOU III was set-up to manufacture gelled fast hydrating and chemically modified guar gum polymer for different industries.

The Company obtained approval to set-up EOU III vide Letter of Permission dated 29 August 2003 from the Office of the Development Commissioner, NOIDA Special Economic Zone, Ministry of Commerce and Industry, Department of Commerce, Government of India ("EOU authorities"). On account of technical intricacies, the company could not implement the project and sought extension of the approval from EOU authorities which was permitted for additional 3 year till 31 March 2009.

The Company also sought permission from EOU Authorities for sub-contracting part of the production processes from EOU III to the existing Export Oriented Undertakings ("EOUs") which was granted effective 4 April 2008. Accordingly, EOUIII obtained semi-finished guar gum powder from existing EOUs and carried out further chemical processing thereof in EOUIII to manufacture the guar gum derivative products.

The Company sourced new plant and machinery for carrying out the production activities at EOU III in 2008-09 and had commenced trial run activities for starting commercial production. Since the trial run production carried out with the

help of machinery in April - May 2008 were not resulting in desired quality of guar gum derivatives, the production activities was carried on manually during 2008-09 in EOUIII and the final products exported from EOUIII.

With effect from April 2009, the company commissioned the plant and machinery at EOU III and carried out the production activities in EOUIII with the use of machinery to produce and export fast hydrating and chemically modified guar gum derivatives. The Company continues to obtain semi-finished products from existing EOUs in accordance with the sub-contracting arrangement approved by the EOU Authorities.

The Company has claimed deduction under section 10B of the Income-tax Act, 1961 ("the Act") in respect of the profit and gains earned by EOU III amounting to Rs. 974 million for the year ended 31 March 2009 and proposes to claim a deduction of Rs. 999 million for the year ended 31 March 2010. The claim for deduction is based on the provisions of the said section read with various judicial precedents in this regard and the precedents in favor of the company in prior years. Accordingly, the company has paid Minimum Alternate Tax ("MAT") in accordance with section 115JB of the Act for the year ended 31 March 2010.

16. Previous year financial statements were audited by another firm of Chartered Accountants.
17. Previous year figures have been regrouped or rearranged wherever considered necessary to make them comparable with those of the current year.

For and on behalf of the board of directors

Sd/-
B.D. Agarwal
(Managing Director)

Sd/-
Bimla Devi Jindal
(Director)

Sd/-
Ravinder K. Gupta
(Company Secretary)

Place : Gurgaon
Date : 14-8-2010

Place : New Delhi
Date : 14-8-2010

Place : New Delhi
Date : 14-8-2010

VIKAS WSP LIMITED

Cash Flow Statement for the year ended March 31, 2010

| | March 31, 2010 (Rs. in '000) | March 31, 2009 (Rs. in '000) |
|--|---------------------------------|---------------------------------|
| Cash flows from operating activities | | |
| Profit before tax | 1,326,598 | 1,306,383 |
| Adjustments for | | - |
| Depreciation | 303,640 | 214,001 |
| Deferred employees compensation | 6,093 | 31,779 |
| Provision for expenses written back | - | (42,275) |
| Interest received on fixed deposits | (989) | (1,872) |
| Finance charges | 48,409 | 72,041 |
| Unrealised foreign exchange loss / (gain) | 1,797 | (851) |
| Operating profit before working capital changes | 1,685,548 | 1,579,206 |
| Adjustments for changes in working capital | | |
| (Increase) / decrease in sundry debtors | (126,445) | 417,086 |
| (Increase) / decrease in inventory | 120,597 | (19,411) |
| Increase / (decrease) in current liabilities and provisions | (34,930) | 10,340 |
| (Increase) / decrease in loans and advances | (58,302) | (284,459) |
| | (99,080) | 123,556 |
| Net cash generated from operating activities before tax | 1,586,468 | 1,702,762 |
| Direct taxes paid | (238,955) | (175,048) |
| Net cash inflow from operating activities | 1,347,513 | 1,527,714 |
| Cash flows from investing activities | | |
| Purchase of fixed assets/capital work in progress | (1,806,474) | (1,385,705) |
| Interest received on fixed deposits | 989 | 1,872 |
| Net cash used in investing activities | (1,805,485) | (1,383,833) |
| Cash flows from financing activities | | |
| Proceeds from allotment of shares on exercise of employee stock options | 1,440 | - |
| State Subsidy received | - | 3,000 |
| Dividend paid | 1 | (27,897) |
| Dividend tax paid | - | (4,661) |
| Payment of finance charges | (32,650) | (72,041) |
| Repayment of short term loans | (411,109) | (35,019) |
| Proceeds from short term loans | 150,674 | - |
| Proceeds from long term loan | 725,000 | - |
| Repayment of unsecured loan | - | (2,500) |
| Net cash (used in)/from from financing activities | 433,356 | (139,118) |
| Increase / (Decrease) in cash and cash equivalents | (24,616) | 4,763 |
| Cash and cash equivalents at the beginning of the year | 70,112 | 65,349 |
| Cash and cash equivalents at the end of the year | 45,496 | 70,112 |
| Change in cash and cash equivalents | (24,616) | 4,763 |
| Components of cash and cash equivalents as at the end of the year | | |
| Cash in hand | 46 | 82 |
| Balances with banks in | | |
| - in current accounts [excluding unclaimed dividend account Rs. 1,085 (previous year Rs. 1,086)] | 20,537 | 60,860 |
| - fixed deposits (Refer note 6 to schedule 19) | 24,913 | 9,170 |
| | 45,496 | 70,112 |

Notes:

The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statement as prescribed under Companies (Accounting Standards) Rules, 2006.

As per our report attached.

For B S R and Co
Chartered Accountants
Firm Registration No:128510W

for and on behalf of the board of directors

Sd/-
Shashank Agarwal
Partner
Membership no: 095109

Sd/-
B.D. Agarwal
Managing Director

Sd/-
Bimla Devi Jindal
Director

Sd/-
Ravinder K. Gupta
Company Secretary

Place : Gurgaon
Date : 14-8-2010

Place : New Delhi
Date : 14-8-2010

Place : New Delhi
Date : 14-8-2010

Place : New Delhi
Date : 14-8-2010

PART - IV

Balance Sheet Abstract and Company's General Business Profile

| | | | |
|-----------------------------|---|-----------------|---------------------------------|
| Registration Details | | | |
| I. | Registration No. | 30300 | State Code |
| | Balance Sheet | 31 - 3 - 2010 | 05 |
| | Date | Date Month Year | |
| II. | Capital Raised during the Year (Amount in Rs. '000) | | 1,440 |
| III. | Position of Mobilisation and Development of Funds (Amount in Rs. Thousand) | | |
| | Total Liabilities | | Total Assets |
| | 9543165 | | 9543165 |
| Source of Funds | | | |
| | Paid-up Capital | | Reserves & Surplus |
| | 137440 | | 7981048 |
| | Secured Loan | | Unsecured Loans |
| | 884138 | | NIL |
| | Deferered Tax Liability | | |
| | 217716 | | |
| Application of Funds | | | |
| | Net Fixed Assets | | Investment |
| | 8061074 | | NIL |
| | Net Current Assets | | Misc. Expenditure |
| | 1159268 | | NIL |
| | Accumulated Losses | | |
| | NIL | | |
| IV. | Performance of Company (Amount in Rs. Thousands) | | |
| | Turnover | | Total Expenditure |
| | 4589774 | | 3269338 |
| | Other Income | | Deferred Tax |
| | 6158 | | 40235 |
| | Profit before Tax | | Profit after Tax |
| | 1326598 | | 1199527 |
| | Earning Per Share in Rs. Basic / Diluted | | Dividend rate % |
| | 8.76 | | 50% |
| V. | Generic Names of Principal Product of the Company (as per monetary terms) | | |
| | Product | | Item Code No. (ITC Code) |
| | MANUFACURING AND EXPORT OF GUAR GUM | | 130232.02 |

For B S R and Co

for and on behalf of the board of directors

Chartered Accountants
Firm Registration No:128510W

Sd/-
Shashank Agarwal
Partner
Membership no: 095109

Sd/-
B.D. Agarwal
Managing Director

Sd/-
Bimla Devi Jindal
Director

Sd/-
Ravinder K. Gupta
Company Secretary

Place : New Delhi
Date : 14-8-2010

NOTES

A series of horizontal dotted lines for writing notes, spanning the width of the page.

Board of Directors

| | |
|-------------------|--------------------------------|
| B.D. Agarwal | Chairman cum Managing Director |
| Megh Raj Jindal | Director |
| Bimla Devi Jindal | Director |
| Ravi Sharma | Independent Director |
| Rakesh Jindal | Independent Director |
| Kishan Lal | Independent Director |
| Vishnu Bhagwan | Independent Director |
| R.A. Mittal | Independent Director |

Company Secretary

Kavinder Kumar Gupta

Members Of Audit Committee

| | |
|---------------|----------|
| Ravi Sharma | Chairman |
| Rakesh Jindal | Member |
| B.D. Agarwal | Member |

Auditors

B S R and Co
Gurgaon.

Bankers

Axis Bank Ltd.
Union Bank of India

Regd. Office

Railway Road,
Siwani – 127046 (Haryana)

Administrative Office

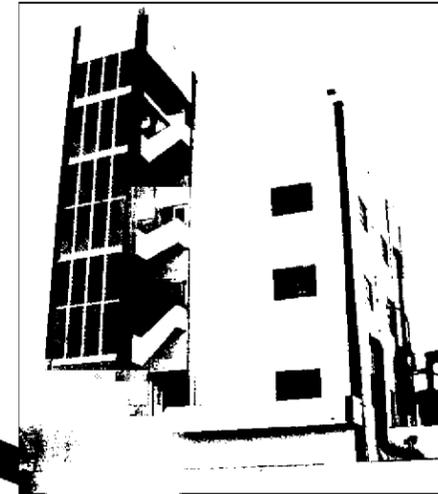
B-86/87, Udyog Vihar, RICO Industrial Area,
Sri Ganganagar – 335001 (Raj.)

Plants

Sri Ganganagar (Rajasthan)
Siwani (Haryana)

C O N T E N T S

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Manufacturing Facilities (Unit-1)



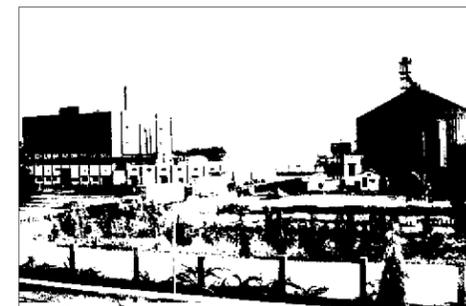
Manufacturing Facilities (Unit-2)



(Application Laboratories & QC Facilities)



Manufacturing Facilities (Unit-3)



Manufacturing Facilities (Unit-4)



VIKAS WSP LIMITED

B-86-87, Udyog Vihar, RIICO Industrial Area, Sri Ganganagar - INDIA

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ANNUAL REPORT
2009-10

VIKAS WSP LIMITED