



VISHAL COTSPIN LIMITED

16th Annual Report 2008- 2009

Board Of Directors:

Shri Balkishan Boob
Chairman & Managing Director

Shri Ramanujdas Boob
Executive Director

Shri R. P. Shantakumar
Independent Director

Shri S. Venkatakrishna
Independent Director

Auditors :

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

Secretarial Auditors:

S.N. Mishra
Company Secretaries

Corporate & Regd.office:

17, 1st Floor, 1st Cross,
5th 'A' Block, Koramanagala,
Bengaluru - 560 095.



VISHAL COTSPIN LIMITED

#17, 1st Floor, 1st Cross, 5th A Block, Koramangala, Bengaluru - 560 095

NOTICE

NOTICE is hereby given that the 16th Annual General Meeting of the Members of Vishal Cotspin Limited will be held on Saturday 1st August, 2009 at 10:00 A. M. at the Registered Office of the Company at No. 17, 1st Floor, 1st Cross, 5th 'A' Block, Koramangala, Bengaluru - 560 095 to transact the following business:

A. ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Audited Balance Sheet as on 31st March 2009 and the Profit and Loss Account of the Company for the year ended on that date together with the reports of the Auditors and Directors thereon.
2. To appoint Mr. Ramanujdas Boob, Exicutive Director who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Mr. S. Venkatkrishhna, Director who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors to hold the office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.

Registered Office:
No. 17, 1st Floor,
1st Cross, 5th 'A' Block,
Koramangala, Bengaluru - 560 095

For VISHAL COTSPIN LIMITED

Date: 30th June 2009

BALKISHAN BOOB
Chairman & Managing Director

NOTES: -

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE TIME SCHEDULED FOR COMMENCEMENT OF THE MEETING.
- 2) The Register of Members and Transfer books of the Company will remain closed from 31st July 2009 to 1st August 2009 (Both days inclusive).
- 3) Shareholders are requested to lodge the Share Transfer Deeds duly executed and intimate change of address to the Company's Share Transfer Agents M/s Cameo Corporate Services Ltd., No.1, Subramaniam Building, Club House Road, Chennai 600 002.

DIRECTORS REPORT

To The Members,

Your Directors have great pleasure in presenting their Fifteenth Annual report on the Business and operations of your Company and audited accounts for the year-ended 31.03.2009.

OPERATING RESULTS:

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

Rs. in Lakhs		
Particulars	Year Ended 31.03.2009	Year Ended 31.03.2008
Sales and Other Income	50.21	360.61
Gross Profit/(Loss)	(12.8)	(140.63)
Less Interest	2.87	47.10
Depreciation	29.10	84.09
(Loss) before tax	(44.78)	(271.83)
Provision for Income Tax - Current tax - fringe benefit Tax - Deferred Tax	0.09	0.63
Profit /(Loss) after tax but before Extra-ordinary Items	(45.12)	(272.24)
Loss for the year after Extraordinary Items	(13.43)	(272.24)
Balance in Profit/(Loss) Account brought forward	(787.48)	(515.02)
Profit / (Loss) carried over	(800.92)	(787.48)

MANAGEMENT DISCUSSION & ANALYSIS (MD& A)

Textile Orbit, Structure and Development

The Indian Textile Industry plays a vital role in the Indian economy by contributing significantly to industrial production, generating employment and foreign exchange earnings. An estimated 33.17 million people are directly employed in the textile industry making it the second largest employment provider in India, after agriculture and contributes to 4% of India's GDP and 12% of India's overall exports. The size of the domestic textile market is estimated at US \$ 52 billion(\$32 billion as domestic household consumption & 20 billion as exports), with imports forming about 38% of the market size. The export basket includes a wide range of items including cotton yarn and fabrics, man-made yarn and fabrics, wool, silk fabrics, made-ups and a variety of garments. (Source: Ministry of Textiles, Government of India, Annual Report 2005-06).

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

Overview and outlook

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

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

On the basis of the current spinning capacity, operating units, utilization rates and the estimated demand growth for spun yarn, investments worth around Rs.300 billion are expected to be made in the Indian spinning industry before 2010-11 and around 15.50 million new spindles are expected to be added during this period. (Source: CRIS INFAC Cotton Yarn Annual Review, May 2006).



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

Opportunities

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

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

During the year i.e., 2008-09, the cotton production in our country is likely to surpass all earlier targets and the Industry expects that the Indian cotton crop will be around 290/300 lakhs bales, In the new season the production is estimated to be higher by 19 lakhs bales in 2009-2010. This will help the Industry to have the raw material requirement available in abundance at reasonable prices.

Risks and Concerns

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

As the cotton production in our country is estimated at 290/300 lakhs bales, the export of raw cotton may go up substantially and this may affect the price advantage which the Industry should have got from increased crop production.

Challenges

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

Internal controls

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

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

Human Resources

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

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

Cautionary Statement

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

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

Review of Operations:

During the year under review, your company registered a Production Value / Total income of Rs. 50.21 against Rs 360.31 lakhs representing about 86.08% decline when compared to previous year.

It posted a gross loss (Earnings before Interest Depreciation and Tax) of Rs. 12.80 lakhs against Rs. 140.63 lakhs in the previous year, increase of about 90.89%. The finance and interest charge is lower by about 93.9% at Rs 2.87 lakhs. It incurred a net loss of Rs.44.70 lakhs against Rs. 271.83 lakhs in the previous year. The finance/interest alone represents about 6.00 % of net loss and is higher. The upswing in textile yarn markets, both domestic and overseas, could give further fillip to operational performance of the Company. Given the need based working capital support the operational performance is expected to grow further.

The concerted efforts in manpower rationalization, review of product mix in tune with the market trend initiated in improved performance of the operations of the Company. Your Directors endeavors to make further improvements during current fiscal 2008-09 in over all performance of the Company.

Exports:

Your Company has not exported during the year. Your Directors hope that the performance during the fiscal 2009-10 would improve as your Company is focusing on new markets.

Future Outlook:

Though The Company has disposed of All its Assets During the year ,its net worth remains positive. All other remaining assets and Liabilities are valued on a going concern basis and the directors are under process of exploring avenues of diversifying into new areas of business. The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future accordingly they

continue to adopt the going concern basis in preparing the annual reports and accounts.

Despite working capital shortage and financial crunch, your Directors have endeavored and prioritised vigorous improvement in capacity utilisation which manifests in operational performance; certain investments in critical plant and equipments helped your Company to improve the quality of yarn leading to better sales realisation; these efforts would be followed up in other thrust areas within the constraints. The management looks to the future with optimism.

Dividend:

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

Deposits:

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

Corporate Governance:

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

PARTICULARS OF EMPLOYEES:

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

Directors:

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

**Auditors:**

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

Audit Committee:

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

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

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

Mr. Shantakumar R P

Mr. Venkatakrishna S

Mr. Ramanjudas Boob

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

Directors' Responsibility Statement:

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

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;
- (ii) that they have such accounting policies and applied them consistently and made judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of profit or loss of the company for that period;

(iii) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

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

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

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

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

Acknowledgments:

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

for and on behalf of the Board

Balkishan Boob
Chairman & Managing Director.

Place: Bengaluru
Date: 30th June 2009

ANNEXURE A

A. CONSERVATION OF ENERGY

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

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

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

Form - A

(Rs. In lakhs)

A. Power & Fuel Consumption	Year Ended 2008-09	Year Ended 2007-08
1. Electricity		
a) Purchased		
Units (In Lakhs)	0.94	27.81
Total Amount (Rs in Lakhs)	10.45	127.92
Average Rate Per Unit (Rs)	11.12	4.60
b) Own Generation		
i) Through Diesel Generator		
Units (in Lakhs)	0.00	0.12
Units Per Lt of Diesel	0.00	3.40
Cost Per Unit (Rs)	0.00	10.29
ii) Through Steam Turbine/Generator	NIL	NIL
2. Coal	NIL	NIL
3. Furnace Oil	NIL	NIL
4. Other Internal Generation	NIL	NIL
B. Consumption Per Unit of Production Electricity/Kg (Rs/ 40's Conv.)	74.53	29.56

B. TECHNOLOGY ABSORPTION

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO.

(Rs. In lakhs)

Particulars	Year Ended 2008-09	Year Ended 2007-08
1. Total Foreign Exchange Earned	NIL	NIL
2. Total Foreign Exchange Used		
a) On Travel	NIL	NIL
b) Commission on Export Sales	NIL	NIL
c) Imports of Cotton	NIL	NIL
d) Import of Spares	NIL	NIL
Capital Goods	NIL	NIL



ANNEXURE B

ANNEXURE TO AND FORMING PART OF THE DIRECTORS REPORT

AUDITORS OBSERVATION	COMPANY'S REPLY
Item (f)(i) of Para 4 of the Audit Report	The PF liability of Rs 9.99 lakhs has been disputed since it is an unreasonable demand and a stay has been taken from the high court of Karnataka.
Item (f)(ii) & (iii) of Para 4 of the Audit Report:	Overstatement of deferred Tax Asset (DTA) is as per the Accounting policies of the company, since the company has business loss and depreciation etc,
Para 3 (c) of Annexure to Audit Report	"The management is taking necessary steps to compound the non-compliance of Section 295 under the provisions of the Companies Act, 1956."
Para 5 of Annexure to Audit Report	In respect of related party transactions, the said transactions were approved in the board. In the meanwhile, the company is moving a petition in this regard before the company law board.
Para 6 of Annexure to Audit Report	The Company had made a reference to BIFR. Pursuant to the State Bank of Hyderabad (Operating Agency -SBH) directions, a Strategic Investor has deposited Rs.37.20 Lakhs, towards the rehabilitation scheme. The Company had sought exemption from applicability under Sec 58A in its Rehabilitation Scheme. The Honorable BIFR had sanctioned the "Rehabilitation Scheme".
Auditors Certificate on Corporate Governance: The Company has not appointed any Company Secretary	The Company could not employ a full time Company Secretary due to the financial constraints on remuneration and also the fact that no candidate was willing to join a BIFR referred company. However the company has obtained the services of a Practicing Company Secretary to ensure strict compliance of the provisions of the Company Law.

REPORT ON CORPORATE GOVERNANCE

A. COMPLIANCE OF MANDATORY REQUIREMENTS

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

PHILOSOPHY ON THE CODE OF GOVERNANCE

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

1. BOARD OF DIRECTORS

Composition and provisions as to Board and Committees

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

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

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

Board meetings held during the year:

During the financial year ended 31 March 2009, four Board meetings were held on:

1. 22-04-2008
2. 31-07-2008
3. 21-10-2008
4. 30-01-2009



Pursuant to the provisions of the Companies Act 1956, Mr. Ramanujadas Boob, Executive Director and Mr. S. Venkatakrishnaiah, Directors retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-election.

The Last AGM was held on 22nd May, 2008 and 8 members attended the AGM

2. AUDIT COMMITTEE

The Audit Committee consists of two Independent Directors, One Executive Director. The role and terms of reference of the Audit Committee cover the areas mentioned under Clause 49 of the Listing Agreement and Section 292 A of the Companies Act, 1956 besides other terms as may be referred to by the Board of Directors from time to time. During the year the committee of Directors met 4 times. The periodicity and time gap between two meeting were in accordance with the requirement of clause 49 of the listing agreements. The details are given below:

Sl. No.	Name of the Members	Category	Attendance
1.	R. P. Shantakumar	Independent/ Non Executive Director	4
2.	Mr. S. Venkatakrishna	Independent / Non Executive Director	3
3.	Mr. Ramanujdas Boob	Executive director	4

The Audit Committee has the following powers:

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

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

3. Remuneration Committee:

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

Details of Remuneration for the Year Ended 31st March 2009:

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



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

4. SHAREHOLDER'S /INVESTORS' GRIEVANCE COMMITTEE:

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

5. General Body Meetings.

a) Last 3 Annual General Meetings

Sl. No.	Year	Date	Time	Venue
1.	2007 - 08	22nd May 2008	10 a.m	S-916, Manipal Centre, 47 Dickenson Road, Bengaluru - 42
2.	2006 - 07	29th September 2007	10 a.m	S-916, Manipal Centre, 47 Dickenson Road, Bengaluru - 42
3.	2005- 06	29th September 2006	11 a.m	S-916, Manipal Centre, 47 Dickenson Road, Bengaluru - 42

Extra Ordinary General Meeting during the year

4.	2008-09	14th November 2008	12:00 Noon	S-916, Manipal Centre, 47 Dickenson Road, Bengaluru - 42
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B) Postal Ballot

There were no resolutions that were passed through postal ballot during the financial year 2008-09.

6. DISCLOSURES

(A) Basis of Related party transactions

Your Company places all the aforesaid details w.r.t related party transactions before the Audit Committee periodically. Particulars of related party transactions are listed out in Note No.12, of Schedule 19 Notes on Accounts. However, all these transactions are on normal commercial arm's length basis.

(B) Disclosure of Accounting treatment.

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

(C) Risk Management

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

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

During the year under review, your Company has not raised any funds by way of Public issues.

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

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

Details of Directors shareholding in the Company are as follows:

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

(F) Management

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

(G) Shareholders

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

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

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

(H) Code of Conduct

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

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31st March 2009.

7. MEANS OF COMMUNICATION

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

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

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

8. MANAGEMENT DISCUSSION AND ANALYSIS.

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



9 GENERAL SHAREHOLDER INFORMATION

1. Date, Time and Venue of the AGM
1st August 2009 at 10.00 AM
17, 1st Floor, 1st Cross, 5th 'A' Block,
Koramangala, Bengaluru - 560 095
2. Financial/ Calendar year
Financial Year April 1 to March 31
Results for the year 2008-09 were announced on:
 - First quarter 31.07.2008
 - Second quarter 21.10.2008
 - Third quarter 30.01.2009
 - Fourth quarter 30.06.2009
3. Book Closure Date
31st July 2009 &
01st August 2009
4. Listing on Stock Exchanges:
The Company's Equity Shares are listed on the following Stock Exchanges:
 - i) Bombay Stock Exchange Ltd
 - ii) Hyderabad Stock Exchange Ltd
5. Stock Code
 - a) Trade Symbol at Stock Exchanges
Stock Code - BSE : 531822
 - b) Demat ISIN in CDSL : INE513E 01024
6. Market Price Data:
During the month of March 2009, the lowest value was Rs.2.77 and highest was Rs.9.45 per equity share.
7. Share Transfer System:
Shares lodged for transfer at the Registrar's address are normally processed and approved on a fortnightly basis. All requests for dematerialization of shares are processed and the confirmation is given to the Depositories within 15 days. Grievances received from Members and other miscellaneous correspondences on change of address, mandates, etc are processed by the Registrars within 30 days.
Share Transfers and other communications regarding Share Certificates,
Change of address, Demat and other matters, please write to or contact Share Transfer Agent of the Company at the address given below.
M/s Cameo Corporate Services Ltd
Subramanian Buildings,
No 1 Club House Road, Chennai 600 002
Phone 044-28460390

8. Secretarial Audit:

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

9. A) Distribution of Equity Shareholding as on 31st March 2009

Pattern of Equity Shareholding as on 31st March 2009

Vishal Cotspin Ltd

Distribution Schedule as on March 31st, 2009

No of Equity Shares	Share Holders		No of Share	
	Number	% toTotal	No of Share	% toTotal
Up to 500	691	65.94	197060	6.07
501 to 1000	71	6.77	47550	1.46
1001 to 2000	147	14.03	186750	5.75
2001 to 3000	24	2.29	60560	1.87
3001 to 4000	13	1.24	48490	1.49
4001 to 5000	7	0.67	33850	1.04
5001 to 10000	32	3.05	254950	7.85
10001 & Above	63	6.01	2418690	74.47
Total	1048	100.00	3247900	100.00

Vishal Cotspin Ltd
Distribution of Share Holding

Share Holding Pattern as on March 31st, 2009 (in accordance with Clause 35 of the Listing Agreement)

	Category	No of Equity Shares	Percentage of Holding
A	Promoters Holding		
1.	Promoters - Indian Promoters - Foreign Promoters	806835	24.84
2.	Persons Acting in Concert		
	Sub Total	806835	24.84
B	Promoters Holding		
3.	Institutional Investors a. Mutual Funds & UTI b. Banks, Financial Institutions/Insurance Companies c. FII's	125000	3.85
	Sub Total	125000	3.85
4.	Others a. Private Corporate Bodies b. Indian Public c. NRIs/OCBs d. Any other	47950 754400 125000 1388715	1.48 23.23 3.85 42.75
	Sub Total	2316065	71.31
	Grand Total	3247900	100



11. Dematerialisation of Shares and Liquidity:

26.37% of the Equity Shares are in physical format and 73.63% have been dematerialized as on 31st March 2009. The Company has entered into Agreement with CDSL whereby shareholders have the option to dematerialize their shares.

12. Address for Investors Correspondence:

Vishal Cotspin Ltd,
17, 1st Floor, 1st Cross, 5th 'A' Block,
Koramangala, Bengaluru - 560 095.

B. Non-Mandatory Requirements:

1. The Board :

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

2. Remuneration Committee:

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

3. Shareholders Rights :

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

4. Audit Qualifications :Qualifications:

The company will try to move towards unqualified financial statements.

5. Expert Training of Board members

There was no directors training programme during the year ended 31.03.2009.

6. Mechanism for evaluating Non-Executive board members. Non- executive directors were being always evaluated by their own peer in the board meeting during year 2008-09, although there was no formal peer group review by the entire Board except the directors concerned.

7. Whistle blower policy:

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

CEO AND VICE PRESIDENT CERTIFICATION

To the Board of Directors

VISHAL COTSPIN LIMITED

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

1. We have reviewed the financial statements and the cash flow statement balance sheet and profit and loss account and all its schedules and notes to accounts, as well as the cash flow statement; for the year ended on 31st March 2009, and based on our knowledge and belief, we state that
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading ;
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of Conduct. We hereby declare that all the members of the Board of Directors and Management Committee have confirmed compliance with the Code of Conduct as adopted by the company.
3. They are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and the Audit Committee:
 - a) Significant changes, if any, in the internal control over financial reporting during the year;
 - b) Significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
 - c) Instances of significant fraud of which we have become aware and the involvement therein, if any of the management or an employee having significant role in the Company's internal control system over financial reporting.

Balkishan Boob
Managing Director & CEO

Vikas Boob
Vice President



AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

The Members
Vishal Cotspin Limited
Bengaluru - 560 042

We have examined the compliance of conditions of Corporate Governance by Vishal Cotspin Limited for the year ended on March 31, 2009 as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the directors and the management, subject to the following we certify that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement

1. The Company has not appointed any Company Secretary.
2. As informed to us by the management, there were no investor grievances received by the company during the year.
3. Company has granted certain loan amounting to Rs 1,26,68,550 which are not in compliance to the provisions of Section 295 of the companies Act 1956.

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

Place: Bengaluru
Dated: 30th June 2009

For Dagliya & Company
Chartered Accountants

O D Golcha
Partner
M.No 12502

AUDITORS' REPORT

The Members,
VISHAL COTSPIN LIMITED,
Bengaluru

We have audited the attached Balance Sheet of VISHAL COTSPIN LIMITED as at 31st March 2009 and the Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Further to our comments in the Annexure referred to above, we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- e) On the basis of written representations received from the directors, as on March 31, 2009 and taken on record by the Board of Directors, we report that, none of the directors of the company is disqualified as on March 31, 2009 from being appointed as director of the company as per section 274(1)(g) of the companies Act, 1956.
- f) (i) *No provision has been made in the accounts towards PF Liability amounting to Rs.9.99 lakhs (P.Y Rs 9.99 lakhs) as stated in Note No 5 (ii) of Schedule 19 to the Accounts.*
(ii) *Reference is invited to Accounting Policy (viii) and Note No 11 of Schedule 19 to the Accounts where the Company continues to recognize Deferred Tax Asset (DTA) on account of unabsorbed loss and depreciation available up to 31.03.2004, under the provisions of Income Tax Act, 1961, amounting to Rs.393.41 Lakhs. In view of ASI-9 issued by ICAI subsequent to recognition of the DTA, the Company has not recognized the DTA on account of business losses and depreciation for the year, however, the DTA recognized up to 31.03.2004 remains recognized as such.*



- iii) *Had the matters stated in paragraphs (i) & (ii) above considered the current liabilities would have been higher by Rs 9.99 lakhs, deferred tax assets would have been lower by Rs 393.41 lakhs, and the accumulated losses would have been higher by the said amount.*
- (iv) Reference is also invited to Note No 3(b) for non disclosure of information in respect of dues to SSI units and micro, small and medium enterprises;
- g) Subject to the above, in our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read together with the Notes thereon and attached thereto give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
- l) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
- ii) In the case of Profit and Loss Account, of the Loss for the year ended on that date, and
- iii) In the case of the Cash Flow statement, of the cash flow of the company for the year ended on that date.

Place : Bengaluru

Date: 30th June 2009

For Dagliya & Company
Chartered Accountants

O D Golcha
Partner
M.No 12502

Annexure to the Auditors Report

(Referred to in our report to the members of Vishal Cotspin Ltd on the accounts for the year ended March 31, 2009).

1. (a) The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets.
(b) The fixed assets of the company have been physically verified during the year by the management which in our opinion is reasonable having regard to the size of the company and the nature of its fixed assets and no material discrepancies between the book records and the physical inventory have been noticed.
(c) The company has disposed off all its fixed assets during the year but in view of the facts disclosed in Note No 6 of schedule 19 of Notes to Accounts the concept of going concern has not effected and the accounts have been prepared accordingly.
2. (a) The inventories of the company at all its locations have been physically verified by the management at reasonable intervals during the year.
(b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
(c) The Company has maintained proper records of inventories and the discrepancies between the physical inventories and the book records, which have been properly dealt with in the books of accounts, were not material.
3. (a) The Company has taken interest free loan from two parties (Excluding Strategic Investor's Contribution) Covered in the register maintained under section 301 of the Companies Act, 1956., The maximum amount involved during the year was Rs 255.61 lakhs and the year end balance of loans taken from such parties was NIL.
(b) In the absence of terms of repayment, we are unable to state whether the company is regular in repayment of principal amounts
(c) *The company has granted interest free loan to a private company covered in the register maintained under section 301 of the Companies Act, 1956., The maximum amount involved in the transaction is Rs 1,26,68,550 and the year end balance is Rs 1,25,23,550. The loan given to the company is not in compliance to the provision of Section 295 of the Companies Act, 1956.*
(d) *The rate of interest & terms of loan given are prima facie prejudicial to the interest of the company.*
(e) *In absence of terms for repayment we are unable to state whether there is any irregularity in the repayment.*
4. In our opinion and according to the information and explanations given to us, and as per our evaluation, it appears that there are adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. (a) Based on the audit procedures applied by us and according to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained u/s 301 of the Companies Act 1956, have been so entered.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained u/s 301 of



The Companies Act, 1956 in respect of any party during the year we are unable to state whether the prices charged are reasonable having regard to fluctuating market prices and variations in quality for the products dealt and in the absence of similar transactions with other parties. Moreover, these transactions have been made without obtaining prior approval from Central Government as required under section 297 of the Companies Act 1956.

6. In our opinion and according to the information and explanations given to us the Company has not accepted any deposits within the meaning of section 58A and 58AA of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules, 1975. We have been informed that no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard. However, an amount of Rs 37.20 lakhs is received from strategic investor in pursuance of the undertaking given by the promoters to the Banks and Financial institutions and such investment from strategic investors is exempted from the provisions of Sec 58 A of the companies Act 1956. as per the scheme sanctioned by Hon'ble BIFR vide its order dated 28th November 2006 (case no 328/99 Bench II).
7. The Company has an internal audit system, which in our opinion is commensurate with the size and nature of its business.
8. On the basis of the records produced, we are of the opinion that, prima facie, the cost records prescribed by the Government of India under Section 209 (1) (d) of the Act have been maintained. However, we have not carried out any detailed examination of such accounts and records with a view to determine whether they are accurate and complete.
9. (a) According to the information and explanations given to us, the Company is generally regular, in depositing undisputed statutory dues including Provident Fund Investor Education and protection Fund, ESI, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and any other material Statutory Dues to the extent applicable to it with the appropriate authorities during the year. As explained to us, no undisputed amounts payable were in arrears as at 31st March 2009 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 were no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute.
10. The company has incurred cash loss during the year and also during the immediate previous year. The accumulated losses as at the end of the financial year are more than fifty percent of its net worth.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to its banks or to any Financial Institution. The company has not issued any debentures..
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities during the year.
13. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund / society. Therefore the provisions of clause 4(xiii) of the Companies (Auditors Report), Order 2003 are not applicable to the company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

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

Place: Bengaluru

Date: 30th June 2009

For Dagliya & Company
Chartered Accountants

O D Golcha
Partner
M.No 12502

**VISHAL COTSPIN LIMITED****Balance Sheet As At 31.03.2009**

Particulars	Schedule	As at 31-Mar-09 (Rs)	As at 31-Mar-08 (Rs)
SOURCES OF FUNDS			
Shareholder's Funds			
Share Capital	1	8,58,66,750	9,49,83,750
Reserves & Surplus	2	4,21,41,436	25,00,000
		12,80,08,186	9,74,83,750
Loan Funds			
Secured Loans	3		3,241,000
Unsecured Loans	4	37,20,167	9,86,01,431
		37,20,167	10,18,42,431
Total		13,17,28,353	199,326,181
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		-	17,56,18,449
Less: Depreciation		-	9,15,81,481
Net Block		-	8,40,36,968
Investments	6	10,500	10,500
Deferred Tax Asset		3,93,40,890	3,93,40,890
Current Assets, Loans & Advances			
Inventories	7	-	34,29,130
Sundry Debtors	8	32,76,000	1,77,50,538
Cash & Bank Balances	9	23,17,226	15,89,953
Loans & Advances	10	1,36,28,502	44,42,051
		1,92,21,728	2,72,11,673
Less: Current Liabilities & Provisions			
Current Liabilities & Provisions	11	69,36,905	3,00,22,644
Net Current Assets		1,22,84,823	(2,810,972)
Profit & Loss Account		8,00,92,140	7,87,48,793
Total		13,17,28,353	19,93,26,180
Notes to the Accounts	19		
The Schedules referred to above form part of the Accounts			

As per our Report Attached
For Dagliya & Company
Chartered Accountants

On behalf of the Board
Chairman and Managing Director

O D Golcha
Partner
M.No 12502
Place: Bengaluru
Dated: 30.06.09

Balkishan Boob
Chairman & Managing Director

Ramanujdas Boob
Executive Director

VISHAL COTSPIN LIMITED

Profit And Loss Account For The Year Ended 31.03.2009

Particulars	Schedule	As at 31-Mar-09 (Rs)	As at 31-Mar-08 (Rs)
Sales	12	-	2,32,38,615
Increase/(Decrease) in Stock	13	-	(9,551,109)
Other Income:	14(A)		
Conversion Charges		5,88,200	1,45,48,354
Other Income		44,33,197	78,25,829
		50,21,397	3,60,61,689
EXPENDITURE			
Cost of Material Consumed	15	-	1,44,74,132
Manufacturing and Administrative Expenses	16	61,67,658	3,34,91,149
Selling and Distribution Expenses	17	1,34,386	21,59,753
Financial Expenses	18	2,87,415	47,10,830
Depreciation		29,10,373	84,09,648
		94,99,833	6,32,45,512
PROFIT (LOSS) FOR THE YEAR		(44,78,436)	(27,183,824)
Provision for Income Tax:			
Fringe Benefit Tax		9,308	63,000
Current Tax		-	-
Taxation for Earlier Years		24,875	-
Deferred Tax			
Profit(loss)after Tax For The Year Before Extraordinary Items		(45,12,619)	(27,246,824)
Extraordinary items:	14(B)	31,69,272	-
PROFIT / (LOSS) FOR THE YEAR AFTER EXTRAORDINARY ITEMS		(13,43,347)	(27,246,824)
3. Loss Brought forward		(78,748,793)	(51,501,970)
BALANCE CARRIED TO BALANCE SHEET		(8,00,92,140)	(78,748,793)
Basic and Diluted Earnings Per Share of Rs 10/- Each After Extraordinary Items		(0.41)	(8.39)
Basic and Diluted Earnings Per Share of Rs 10/- Each Before Extraordinary Items		(1.39)	-
Notes to the Accounts	19		
The Schedules referred to above form part of the Accounts			

As per our Report Attached

For Dagliya & Company

Chartered Accountants

O D Golcha

Partner

M.No 12502

Place : Bengaluru

Dated: 30.06.09

On behalf of the Board

Balkishan Boob
Chairman & Managing Director

Ramanujdas Boob
Executive Director



VISHAL COTSPIN LIMITED
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st March 2009

Sch	Particulars	As at 31-Mar-09 (Rs)	As at 31-Mar-08 (Rs)
1.	SHARE CAPITAL		
	Authorised		
	35,00,000 Equity Shares (P.Y. 35,00,000/-) of Rs 10/- each	3,50,00,000	3,50,00,000
	75,00,000 Cumulative Redeemable Preference Shares (P.Y. 75,00,000) of Rs 10/- each	7,50,00,000	7,50,00,000
	TOTAL	11,00,00,000	11,00,00,000
	Issued, Subscribed and Paid up:		
	3247900 (P.Y 3247900) Equity shares of Rs. 10/- each fully paid	3,24,79,000	3,24,79,000
	Equity Shares Forfeited (Amount originally Paid up)	19,70,750	19,70,750
	70,00,000 9% Cumulative Redeemable Preference Shares Rs 10/- each paid up Rs 7/- pershare (Redeemable any time with in 20 Years from the date of Issue i.e 31.03.08)	4,90,00,000	4,90,00,000
	Share Application Money	24,17,000	1,15,34,000
	TOTAL	8,58,66,750	94,983,750
2.	RESERVES & SURPLUS		
	Capital Reserve	3,96,41,436	-
	State Capital Subsidy from Govt of Karnataka for setting up New Industry in Notified Area	25,00,000	25,00,000
	TOTAL	4,21,41,436	25,00,000
3.	SECURED LOANS		
	From Financial Institutions : (KSIIDC)		
	I) Term Loans: Secured against Mortgage/hypothecation of all the immovable and Movable properties (present & future) of the company	-	3,241,000
	TOTAL	-	3,241,000
4.	UNSECURED LOANS		
	From Bodies Corporates	-	6,15,61,097
	From Strategic Investors	37,20,167	3,70,40,334
	TOTAL	37,20,167	9,86,01,431

VISHAL COTSPIN LIMITED

5. Schedules forming part of balance sheet as at 31st March , 2009

Fixed Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As at 01-Apr. -08	Additions	Sale/ Adjustments	As at 31-Mar-09	Up to 31-Mar-08	For the Year	Sale/ Adjustments	Up to 31-Mar-09	As at 31-Mar-09	As at 31-Mar-08	
1. LAND-LEASE CUM SALE	1,568,468	1182,992	2,751,460	-	-	-	-	-	-	15,68,468	
2. OFFICE EQUIPMENTS	998,847	-	998,847	-	440,105	15,815	4,55,9214	-	-	5,58,741	
3. COMPUTERS	1,611,385	-	1,611,385	-	1,486,474	87,069	15,73,542	-	-	124,911	
4. BUILDINGS - FACTORY & Others	20,144,748 10,214,412	- -	20,144,748 10,214,412	-	7,542,573 1,205,591	224,278 113,720	77,66,851, 13,19,311	-	-	12,602,174 9,008,821	
5. PLANT & MACHINERY	138,654,702	-	138,654,702	-	79,268,639	24,12,129	8,16,80,768	-	-	59,386,062	
6. FURNITURE & FIXTURES	1,841,421	-	1,841,421	-	1,234,007	38,854	12,72,861	-	-	607,414	
7. VEHICLES	584,467	-	584,467	-	404,092	18,508	4,22,600	-	-	180,375	
8. CAPITAL WORK IN PROGRESS	-	-	-	-	-	-	-	-	-	-	
TOTAL	175,618,449	1,182,992	176,801,441	-	91,581,481	2,910,373	9,44,91,855	-	-	84,036,968	
PREVIOUS YEAR	186,408,067	1,024,526	11,814,144	175,618,449	86,085,023	840,9648	2,913,190	91,581,481	84,036,968		



Sch	Particulars	As at 31-Mar-09 (Rs)	As at 31-Mar-08 (Rs)
6.	INVESTMENTS		
	National savings certificate	10,500	10,500
	TOTAL	10,500	10,500
7.	INVENTORIES		
	[As taken, valued & certified by the Management]		
	Stores & Spares	-	34,29,130
	TOTAL	-	34,29,130
8.	SUNDRY DEBTORS		
	[Unsecured, considered good]		
	Exceeding Six Months	-	31,64,269
	Others	32,76,000	1,45,86,269
9.	CASH & BANK BALANCES		
	Cash in hand	2,80,507	4,42,996
	Balances with Scheduled Banks in Current Account	15,86,325	1,85,507
	In Fixed Deposits	45,03,94	9,61,451
	TOTAL	23,17,226	15,89,953
10.	LOANS & ADVANCES		
	(Unsecured, Considered good)		
	Advances Recoverable in cash or in kind or for value to be	1,32,36,766	16,48,548
	Deposits	3,91,736	27,93,503
	TOTAL	1,36,28,502	44,42,051
11.	CURRENT LIABILITIES & PROVISIONS		
	Creditors for Goods & Services	38,87,441	1,95,75,151
	Other Liabilities	30,40,156	95,64,245
	Provision for FBT	9,308	3,43,000
	Provision for Gratuity	-	5,40,249
	TOTAL	69,36,905	3,00,22,644

Sch	Particulars	For the year ended 31-Mar-09 (Rs)	For the year ended 31-Mar-08 (Rs)
12.	SALES		
	Cotton Yarn- Domestic	-	2,27,46,541
	Cotton Waste	-	4,92,074
		-	2,32,38,615
	Less Excise Duty	-	-
	TOTAL	-	2,32,38,615
13.	INCREASE/(DECREASE) IN STOCK		
	Opening stock	-	57,71,981
	Finished Goods (Yarn)	-	11,01,426
	With Agents	-	65,280
	Saleable Waste	-	26,12,422
	Work in Progress including Reusable Waste	-	95,51,109
	Less: Closing Stock	-	-
	Net Increase/(Decrease)	-	(95,51,109)
14.A	OTHER INCOME		
	Sundry Balances written Back	37,45,658	-
	Interest (Others)[TDS Rs.Nil]	1,78,328	73,774
	Profit on sale of assets	1,88,339	59,65,165
	Insurance Claim Received	-	1,32,134
	Miscellaneous Income	-	16,54,756
	Liabilities no longer required - written back	3,20,872	-
	TOTAL	44,33,197	78,25,829
14.B	EXTRAORDINARY ITEMS		
	Profit on sale of assets	31,69,272	-
	TOTAL	31,69,272	-
15.	COST OF MATERIALS CONSUMED		
	Opening Stock- Cotton	-	59,38,954
	Add: Purchases	-	97,97,357
	Less: Closing Stock of FP Cotton Bales	-	-
	Cotton Sales	-	12,62,178
	TOTAL	-	1,44,74,132



Sch	Particulars	For the year ended 31-Mar-09 (Rs)	For the year ended 31-Mar-08 (Rs)
16.	MANUFACTURING & ADMINISTRATIVE EXPENSES		
	Stores & Spares Consumed	9,766	38,89,779
	Power and Fuel	12,33,738	1,30,61,636
	Payment to Employees		
	- Salaries, Wages & Other Allowances	11,72,804	1,01,21,191
	- Contribution to provident fund	-	1,34,928
	- Workmen and Staff Welfare Expenses	-	4,00,668
	- Director's Remuneration	-	4,80,500
	Insurance	2,02,262	4,07,457
	Repair & Maintenance - Plant & Machinery	4,855	6,37,322
	- Vehicles	16,279	1,22,597
	- Others	51,357	1,35,517
	Travelling & Conveyance	30,565	6,38,575
	Rates & Taxes	2,64,371	2,75,602
	Rent	3,60,000	2,91,372
	Telephone and Postage	39,464	5,03,051
	Printing & Stationery	51,835	1,56,032
	Remuneration to Auditors	68,346	88,772
	Legal, Consultancy & Professional Expenses	3,14,935	3,17,464
	Watch & Ward Expenses	90,342	4,89,434
	Listing Fees	10,000	20,600
	Advertisement Expenses	1,66,410	2,68,269
	Prior Period Expenses	7,430	5,99,306
	Miscellaneous Expenses	1,61,639	4,31,077
	Bad Debts written Off	9,26,331	-
	Directors Sitting Fees	10,000	20,000
	Loss and Sale of Stores & Spares	9,74,930	
	TOTAL	61,67,658	3,34,91,149
17.	SELLING & DISTRIBUTION EXPENSES		
	Packing Materials	6,902	13,83,183
	Brokerage & Commission	-	3,51,913
	Freight outward , Coolie & Cartage	-	3,87,136
	Hamali	-	10,457
	Discount allowed & Other Selling Expenses	1,27,484	27,064
	TOTAL	1,34,386	21,59,753
18.	FINANCIAL EXPENSES		
	Interest to others	-	7,99,800
	Interest to Banks / FI (OTS)	2,40,115	37,80,303
	Bank Charges/Discounting Charges	47,300	1,30,727
	TOTAL	2,87,415	47,10,830

19. NOTES ON ACCOUNTS:

1. Significant Accounting Policies.

- i. The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting following generally accepted accounting principles in India and comply with the accounting standards prescribed by the companies (accounting Standards) Rule, 2006 and relevant provisions of the Companies Act, 1956 to the extent applicable.
- ii. Fixed assets have been stated at cost (Net of Depreciation) less depreciation.
- iii. Investments are for long term and stated at cost.
- iv. Depreciation on fixed assets has been provided on straight-line method (SLM) and at the rates prescribed in schedule XIV to the Companies Act, 1956.
- v. Stores and spares, raw material, work in progress and finished goods are valued at lower of cost or net realizable value. Stock of saleable waste is valued at estimated realizable value. The cost of material is arrived at first in first out (FIFO) basis. Cost of Finished goods and Raw Material in Process is arrived at including direct materials, direct labour and appropriate production overheads.
- vi. i) Liability towards retirement gratuity and leave salary to employees is accounted on Accrual basis.
ii Contribution to Employees provident fund are made on monthly basis and charged to revenue on accrual basis.
- vii. Transactions in foreign currencies have been accounted at the exchange rate prevailing at the time of entering into transaction. Gains / Losses arising out of the settled transaction have been adjusted in accounts on realization of payments. Transactions remaining unsettled at the year-end are translated at the exchange rate prevailing at the year-end and the difference, if any, is adjusted in the accounts.
- viii. A) Current income tax is measured at amount expected to be paid to the income tax authorities in accordance with the Income Tax Act 1961.
B) Deferred tax resulting from timing differences between taxable profit and book profit is accounted for using the tax rates and tax laws that have been enacted at the balance sheet date. The deferred tax asset (net of Deferred Tax Liability) is recognized only to the extent that there is a reasonable certainty that the assets will be realized in future.
- ix. Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount (As28)
- x.. Accounting Policies, which are not specifically referred to, are consistent with generally accepted accounting practices.

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

Amount in Rupees

Particulars	2008 - 09		2007 - 08	
	Managing Director	Directors	Managing Director	Directors
Remuneration	NIL	NIL	40,000	2,45,000
House Rent Allowance	NIL	NIL	20,000	1,47,000
PF Contribution	NIL	NIL	4,000	24,500
Provision for Gratuity	NIL	NIL	NIL	NIL



3. a. Based on the information available with the company, no creditors have been identified as Micro, small or medium enterprises within the meaning of Micro, small and medium enterprises development Act 2006. Necessary disclosures under the said act can only be considered once the relevant information to identify the suppliers who are covered under the said act or received from such parties/suppliers.
- b. Particulars of amounts due to SSI units, if any, could not be ascertained and disclosed in the Balance Sheet as necessary information is not received from the creditors.
4. Certain Parties Balances are subject to confirmation and reconciliation.
5. Contingent liabilities not provided for:
 - i. Income tax liabilities for interest & penalty that may arise on account of late/non- Payment of TDS under various sections of I.T Act 1961. The Amount is not ascertainable.
 - ii. No Provision has been made for Rs.999232 being Provident Fund Arrears relating to period from Sept.1997 to March 2001 under the provisions of EPF Scheme 1952, Employees Pension Scheme 1995 and Employee Deposit Linked Insurance Scheme 1976 in respect of trainees stipend, in view of the pendency of the appeal before EPF Appellate Tribunal, New Delhi. In the meantime the Company has paid Rs.499616 on 26.04.2004, being 50 % of the dues demanded as per the Directions of the High Court of Karnataka, Bengaluru in writ petition No 7044/2004 (L-PF).
6. Though The Company has disposed off All its Assets during the year ,its net worth remains positive. All other remaining assets and Liabilities are valued on a going concern basis and the directors are under process of exploring avenues of diversifying into new areas of business. The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future accordingly they continue to adopt the going concern basis in preparing the annual reports and accounts.

7. Auditors Remuneration:

Break Up*	For the Year ending on 31.03.09	For the Year ending on 31.03.08
Audit Fees	22,060	22,472
Tax Audit	11,030	11,236
Tax Matters	5,515	5,519
Certification Work	6,246	22,472
Reimbursement of Expenses	23,495	27,073
Total	68,346	88,772

*including Applicable service tax.

7. Quantitative Information (Manufacturing of Yarn)

	Year Ended 31.03.2009		Year Ended 31.03.2008	
a) Licensed Capacity	Not Applicable		Not Applicable	
b) Installed Capacity	Nil		12160 Spindles	
c) Actual Production	Qty (Kg)	Value (Rs)	Qty (Kg)	Value (Rs)
Cotton Yarn	Nil	Nil	163896	
Waste	Nil	Nil	17267	
D) Finished Goods (Cotton Yarn)				
i) Opening Stock				
Yarn	Nil	Nil	69117	68,73,407
Waste	Nil	Nil	2746	65,280
ii) Closing Stock				
Yarn	Nil	Nil	Nil	Nil
Waste	Nil	Nil	Nil	Nil
iii) Turnover				
Yarn	Nil	Nil	233013	22746540
Waste	Nil	Nil	20013	492074
E) Raw Materials Sales	Nil	Nil	5202	438112
f) Consumption of Raw Materials 100% Indigenous	Nil	Nil		
Polyester / Cotton	Nil	Nil	203350	14474132
G) Stores Consumed (100% Indigenous)	Nil	9766	NIL	3889779
H) Conversion charges Recieved	Nil	588200	NIL	14548354

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

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

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

Particulars	Year Ended 31-03-09	Year Ended 31-03-08
Deferred Tax Asset		
Carried Forward Losses/ Depreciation		
Sec 43 B Items	Not Considered	Not Considered
Gratuity		
Deferred Tax Liabilities/Depreciation	Not Considered	Not Considered
Net Deferred Tax Asset	39340890	39340890

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

Category I- Associates:

Vinod Marketing (P) Ltd, Madanapalle spinning Mills Ltd, Bhagwan Cotton Ginners(P) Ltd

Category 1 associates		
Particulars	Year Ended 31-03-09	Year Ended 31-03-08
a) Cotton Sales	Nil	4,55,637
b) Conversion Charges Received	5,88,200	1,45,483,54
c) Sales of Stores Spares	24,54,200	30,405,78
d) Sales of Machinery	2,70,80,750	1,45,88,000
e) Outstanding Balances as on 31.03.09		
Receivable Loan		
(i) Vinod Marketing (P) Ltd,	1,25,23,550	Nil
(ii) Madanpalle spinning Mills Ltd	Nil	1,43,83,958
Trade Payable	Nil	
Vinod Marketing (P) Ltd,	Nil	44,15,904
Unsecured Loans		
Vinod Marketing (P) Ltd,	Nil	2243378
Madanpalle spinning Mills Ltd (strategic Investment)	Nil	2,96,00,000
Madanpalle spinning Mills Ltd (Intercompany deposit)	Nil	2,33,17,718
Trade Receivable Vinod Marketing (P) Ltd,	32,76,000	Nil

Category II Key Management personnel

Particulars - Remuneration Paid	Year Ended 31-03-09	Year Ended 31-03-08
Mr. Blakishan Boob-Chairman & MD	Nil	64000
Mr. Ramanujdas Boob-Whole Time Director	Nil	416500
(Includes Perquisites, Contribution to PF and other funds)		

13. The company has opted exemption route as permitted under central Excise Act/ Rules vide notification no. 30/31 dated 9-07-2004
- 14.a) Advances recoverable includes Rs1,25,23,550 due by a company under the same management. Maximum amount due Rs1,26,68,550 (M/s Vinod Marketing (P) Ltd.)
- B) Debtors due includes Rs 32,76,000 due by a company under the same management Maximum amount due Rs 32,76,000 (M/s Vinod Marketing (P) Ltd.)
15. Paisas have been rounded off to the nearest Rupee.
16. Previous year figures have been rearranged/regrouped/recast wherever necessary.
17. Earnings per share (AS 20)

Particulars	Year Ended 31-03-09	Year Ended 31-03-08
Profit (Loss) after Tax as per Profit and loss Account before extraordinary Items (Rs in lakhs)	(45.12)	(272.46)
Weighted average number of equity Shares Outstanding	3247900	3247900
Basic & Diluted Earnings Per Share in RS	(1.39)	(8.39)

Signature on Schedule 1 to Schedule 19

As per our Report attached

For Dagliya & Company
Chartered Accountants

Place: Bengaluru

Dated: 30th June 2009

O D Golcha
Partner
M.No 12502



VISHAL COTSPIN LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2009

	31-Mar-09 (Rs)	31-Mar-08 (Rs)
A. Cash flow from Operating Activities :		
Net profit/(Loss) before Tax & extraordinary items	(44,78,436)	(27183824)
Add: a. Depreciation	29,10,373	84,09,648
b. Interest	2,40,115	45,80,103
Less:		
a. Interest Income	(1,78,328)	(73774)
b. (Profit) / Loss on Sale of Assets	(1,88,339)	(5965165)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(16,94,614)	(20233,011)
ADJUSTMENT FOR:		
(Increase)Decrease in trade /other receivables	52,88,087	(959,884)
(Increase)Decrease in Inventories	34,29,130	1,82,73,044
Increase(Decrease) in Trade / Other payable	(2,30,85,739)	(5,22,84,442)
CASH GENERATED FROM OPERATION	(1,60,63,136)	(5,52,04,293)
B. NET CASH INFLOW/ (OUTFLOW) FROM OPERATION (A)	(1,60,63,136)	(5,52,04,293)
Cash flow from Investing Activities:		
Purchase of Fixed assets	(11,82,992)	(746407)
Sale of Fixed Assets	8,56,67,198	1,45,88,000
NET CASH USED IN INVESTING ACTIVITIES (B)	8,44,84,206	1,38,41,593
C. Cash flow from Financing Activities:		
Increase in unsecured loan	(5,98,06,827)	4,72,30,357
Interest & Financial charges paid	(2,40,115)	(45,80,103)
Payment of Fringe Benefit Tax	(9,308)	(63,000)
Interest Income	1,78,328	73,774
Increase in Capital	(45,50,000)	4,90,00,000
Repayment to Financial Institution & Banks borrowing	(32,41,000)	(51,265,424)
Taxes for earlier years	(24,875)	-
NET CASH INFLOW/ (OUTFLOW) FROM FINANCING ACTIVITIES	(6,76,93,797)	4,03,95,604
D. NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	7,27,273	(967,097)
Cash and Cash Equivalents as at Opening		
Cash & Bank Balance	15,89,953	25,57,051
Total	15,89,953	25,57,051

	31-Mar-09 (Rs)	31-Mar-08 (Rs)
Cash and Cash Equivalents as at Closing		
Cash & Bank Balance	23,17,226	15,89,953
Total	23,17,226	15,89,953
Net	7,27,273	(9,67,097)

On Behalf of the Board

Balkishan Boob
Managing Director

Ramanujdas Boob
Executive Director

Auditors Report

We have examined the above cash flow statement of M/s Vishal Cotspin Limited for the year ended 31st March, 2009. The Statement has been prepared by the company in accordance with the requirements of Clause 32 of the Listing agreement with the stock exchanges and is based on and in agreement with the corresponding Profit and Loss account and Balance Sheet of the company covered by our report to the members of the company.

Place : Bengaluru
Dated: 30th June 2009

For Dagliya & Company
Chartered Accountants

O D Golcha
Partner
M.No 12502



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

I. Registration details

Registration no.	08-14326
State code	08
Balance sheet date	31st March ,2009

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

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

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

Total Liabilities	1,31,728	Total Assets	1,31,728
Sources of Funds		Application of Funds	
Paid up capital	85,867	Net Fixed Assets	0
Reserve & Surplus	42,141	Investments	11
Secured Loans	0	Net Current Assets	12,284
Unsecured Loans	3,720	Accumulated Losses	80,092
		Deferred Tax Asset	39,341

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

Turnover	5,021
Total Expenditure	9,500
Profit/ (Loss) Before tax	(4,479)
Profit/ (Loss) After tax*	(4,513)
Earning per share in Rs.	(0.41)
Dividend Rate %	Nil

* Before Extraordinary Item of Rs 31.69 Lakhs

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

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

On Behalf of the Board

Balkishan Boob
Chairman & Managing Director

Ramanujdas Boob
Executive Director

Place : Bengaluru

Dated: 30th June 2009



VISHAL COTSPIN LIMITED

CORPORATE & REGISTERED OFFICE

17, 1st Floor, 1st Cross, 5th 'A' Block, Koramanagala, Bengaluru - 560 095.

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

DP. Id*	
Client Id*	
Folio No	

I here by record my presence at the Annual General Meeting of the Company being held on Saturday , the 1st August 2009at 10-00 a.m. At the Registered office of the company at # 17, 1st Floor, 1st Cross, 5th 'A' Block, Koramanagala, Bengaluru - 560 095.

Name of the Share Holder _____

Name of the Proxy # _____

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

Signature of the Shareholder/ Proxy _____

VISHAL COTSPIN LIMITED

CORPORATE & REGISTERED OFFICE

17, 1st Floor, 1st Cross, 5th 'A' Block, Koramanagala, Bengaluru - 560 095.

DP. Id*	
Client Id*	
Folio No	

I/we _____

of _____

being members of Vishal Cotspin Limited hereby appoint _____

of _____

or failing him of _____

as my/our Proxy to vote for me/us and on my/our beheld at the Annual General Meeting of Vishal Cotspin Limited to be held on Satuarday the 1st August 2009 or at any adjournment thereof.

Signed this _____ day of _____ 2009

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