



VIKAS
A NATURAL CHEMISTRY



20th
ANNUAL REPORT

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20th ANNUAL REPORT

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
Mahesh Batra	Independent Director
Kishan Lal	Independent Director
Vishnu Bhagwan	Independent Director

Company Secretary

Ravinder Kumar Gupta

Members of Audit Committee

Ravi Sharma	Chairman
Mahesh Batra	Member
B.D. Agarwal	Member

Bankers

State Bank of Bikaner & Jaipur

Plants

Sri Ganganagar (Rajasthan)
Siwani (Haryana)

Regd. Office

Railway Road,
Siwani – 127046 (Haryana)

Administrative office

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

Auditors

Walker, Chandio & Company
New Delhi.

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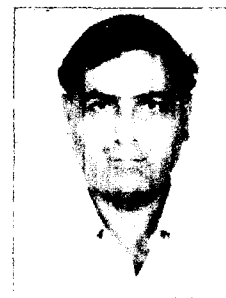
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LETTER FROM THE CHAIRMAN

Dear Shareholders,

At the outset, I thank all of you for the privilege given to me to serve your company as the Chairman and Managing Director. I am also pleased to report a good performance in fiscal 2008 by your company, returning to robust top line and turnover growth after a gap of some years.

On the back of a strong global demand for oil and gas wells fracturing and drilling, the sales of guar polymers and its derivatives registered an all time high contribution of 54.91% in the total sales during the year under review. This has been achieved partly due to active marketing, innovative products and excellent quality which has been accepted in the international market with wide acclaim.



AUDITED FINANCIAL RESULTS FY 2007-08

During the year, your company reported a growth in sales @ 27.40% and net profit @ 7.82% after tax and deferred tax liability over previous year and the same is tabulated below :-

- total sales (net)	:	Rs. 3052.95 mn
- net profit after tax	:	Rs. 452.53 mn

STRENGTHENING THE BOARD

Mr. Vishnu Bhagwan, (Retd) I.A.S. officer and former Chief Secretary of Government of Haryana and Mr. Kishan Lal, (Retd) I.P.S. officer and former Director General of Police, Government of Rajasthan have consented to join your company's Board from 27th October 2007. Mr. Vishnu Bhagwan has also served as India's representative to Food and Agricultural Organisation (FAO) of United Nations Organization. We welcome them wholeheartedly to the Vikas family and look forward to their guidance.

CHANGE OF STATUTORY AUDITORS

After resuming the office, Mr. Kishan Lal, director of your company, while reviewing company's planned projects coming up at Sriganganagar, Bikaner and Baroda, advised the Board to change the present statutory auditor to any one out of the big five audit firms having their global presence. It was partly suggested on the basis of robust projections and future growth plans made by the company. Accordingly, Walker Chandiok & Co., New Delhi were contacted and the company gave its presentation. After conducting primary due diligence of the books of accounts, they consented and gave their mandate. Therefore, the present balance sheet, which is now in your hands is duly audited by M/s Walker, Chandiok & Co.

BREAK-UP OF EXPORT SALES END-USE SEGMENT WISE - FY 2006-07 and FY 2007-08 in terms of quantity and value is as under :-

Sr.	End use segment	2006-07		2007-08	
		Qty/MT	Value Rs. Cr	Qty/MT	Value Rs. Cr
01.	Food and pet food	7418	55.67	13276	81.44
02.	Mining and minerals	900	5.38	978	3.87
03.	Explosive industry	448	2.91	476	2.53
04.	Paper making	675	4.65	1986	11.27
05.	Oil & gas industry				
	- fracturing	5397	46.78	16728	118.69
	- drilling	2469	19.97	4685	31.23
	- De-scaling	1126	9.98	2364	16.47
06.	Wildfire control	1128	7.78	1382	8.11
07.	Cosmetic/personnel Care	447	4.37	1433	11.72
08.	Tobacco products	672	4.86	1772	10.24
09.	Textiles	898	5.28	457	2.03
10.	Building trade/paint	451	3.42	908	4.47
11.	Agricultural uses Pesticides/ herbicides/misc.	453	3.26	261	1.49
12.	TOTAL :	22482	174.31	46706	303.56
	Domestic & Export through others.	13517	65.32	408	1.74
	G. Total :	35999	239.63	47114	305.30

PERCENTAGE	-	2006-07	2007-08
- Food	:	31.94%	26.88%
- Oil & Gas	:	44.02%	54.91%
- Personnel Care	:	2.50%	3.87%
- Paper	:	2.67%	3.72%
- Tobacco/ Cigarette	:	2.79%	3.38%
- Wildfire control	:	4.46%	2.67%
- Misc uses	:	11.62%	4.57%

GUAR POLYMERS INDUSTRY-UNAFFECTED BY RECESSIONS

Since guar polymers are used in varied applications, if one industry is under performing at any point of time, the other is performing well. Currently, food and oil/gas wells drilling and fracturing are the dominating areas of application for the company. These industries are expected to grow further for many years to come. Therefore, there is no threat to the company of any befalling global recession.

MARKET SHARE OF THE COMPANY- CURRENT, PAST & PROJECTED

(i) Current as well as past market share of your company is as under :-

		(Rs. in Crore)				
Sr.	Item	2003-04	2004-05	2005-06	2006-07	2007-08
		01	02	03	04	05
01.	Indian exports	507.90	689.48	1049.23	1125.79	1342.28
02.	Industry YoY growth	4.35%	35.75%	52.17%	7.30%	19.23%
03.	Vikas turnover	81.58	154.78	223.67	239.63	303.56
04.	Vikas YoY growth	-25.37%	89.73%	44.51%	7.14%	27.40%
05.	Market share	16.05%	22.45%	21.32%	21.29%	22.62%

(SOURCE: DGCI&S, CALCUTTA - visit www.apeda.com)

KEY: Actual CAGR growth rate of Vikas: 28.68%

(ii) Projected market share of your company is as under by taking a CAGR @ 15% of guar industry as a whole because in the past it witnessed CAGR growth @ 15%:-

		(Rs. in Crore)				
Sr.	Item	2008-09	2009-10	2010-11	2011-12	2012-13
		01	02	03	04	05
01.	Indian exports	1488.86	1712.18	1969.01	2264.36	2604.01
02.	Vikas exports	374.25	611.34	867.84	1041.40	1249.68
03.	Annual growth	22.58%	63.35%	41.96%	20.00%	20.00%
04.	Market share of Vikas	25.14%	35.71%	44.07%	45.99%	47.99%

KEY: Projected CAGR of VIKAS is: 33.58%

NEW PLANNED PROJECTS

The installed production capacity is fully utilized. During FY 2007-08, as against the production capacity of 46200 tons, company produced 46825.25 tons. Therefore, the present capacity is fully utilized.

Commercially, guar is grown only in India (90%) and in Pakistan (10%). The global demand of guar polymers is increasing at a CAGR rate of 15%. Therefore, the throbbing need forced the company to enhance its production capacities. Accordingly, company has planned to establish the following projects incurring a capital expenditure of Rs. 6310 mn:-

1. Agro Food Park, Plot#E-255-257, Sriganganagar (Rajasthan)

- Products: Guar Polymers for food
- Expected turnover by 2009-10 Rs. 750 mn
- Estimated capital outlay Rs. 520 mn
- Expected commercial production: During 2009-10

The manufactured goods will be exported for food applications including that of lactofermented products.






2. Industrial Growth Centre, Khara, Plot No. SP-360 & SP-82, Bikaner (Rajasthan)

- Products: Exclusively certified organic products
- Expected turnover by 2010-11 Rs. 2250 mn
- Estimated capital outlay Rs. 2020 mn
- Expected commercial production: During 2009-2010

INTERNATIONAL DEMAND SCENARIO FOR CERTIFIED ORGANIC PRODUCTS

- (i) **NORTH AMERICA** - The demand for organic food has grown by 17-20% a year for the past few years.
 (ii) **EUROPE** - The organic food market is growing at 11.6% YoY. In Italy - since 2005, all school lunches must be organic by law.

This means that, there is a vast scope for your company to tap the expanding global organic market. Company is the sole producer of certified organic guar polymers in the world having all the organic standards like -

- (a) **USDA NOP organic**  (b) **EEC organic**  (c) **Swiss bio** 
 (d) **NPOP India organic**  (e) **JAS organic** 

3. GIDC Savli, Plot No. 20, Baroda (Gujarat)

- Products: Guar derivatives for oil & gas and personal care.
- Expected turnover by 2010-11 Rs. 2400 mn
- Estimated capital outlay Rs. 3770 mn
- Expected commercial production: During 2010-2011

OIL & GAS FRACTURING-

Deeper and hotter gas and geothermal wells require improved and derivatized guar polymer for fracturing since it hydrates faster, contains less insoluble material, and has improved temperature stability. Therefore, these polymers are in great demand and the same will remain available in the years to come as the global demand for oil and gas is bound to increase in the years ahead. The existing wells are depleting and these wells are required to stimulate using these equipments. Currently, oil and gas segment contributes about 55% of the total sales of your company.

PERSONAL CARE MARKETS-

Being natural and due to brighter performance for the newer cationic guar, which are often produced as mixed ethers containing hydroxypropyl and carboxymethyl groups in addition to aminoethyl substituents are preferred for the personal care markets, including shampoos, bar soaps and skin care items, had already reached a market level of about 9500 tons by 2005 and continue to show good growth. Seeing the handsome growth in personal care market, your company has planned to produce 3000 tons annually guar derivative for personal care market. All the three plants are under implementation stage.

PAST HISTORY- PROJECTIONS MADE IN PUBLIC OFFER Vs ACTUALS-

Company came out with its IPO during the month of December 1993. The projections made in the public offer and actuals are tabulate below:-

(Rs. In Crore)

Sr. YEAR	PROJECTIONS			ACTUALS/ACHIEVED		
	Exports	PAT	Dividend	Exports	PAT	Dividend
01. FY 1994	9.65	1.77	15%	10.19	1.85	20%
02. FY 1995	17.83	4.53	15%	23.11	7.22	25%
03. FY 1996	21.78	7.22	20%	38.04	12.59	40%
04. FY 1997	25.65	8.98	25%	67.94	19.66	50%

It is evident from the above that the company has always delivered better financial results as compared to that of projected/estimated.

ACQUISITION OF LAND for organic farming - Company has purchased 1987 acres irrigated land for raising organic guar crop to meet out the increased global demand for certified organic products.

REVENUE FROM FARM LAND 1987 ACRES - The annual expected revenue is estimated at Rs.150 - 200 million once the land is converted into organic. The income being agriculture income will be exempted from payment of Income Tax. It takes 3 years to convert the land capable to produce certified organic products. After organic certification, the revenues from manufactured goods would be enhanced greatly as organic produce fetches fancy prices in the global market.

PAYMENT OF DIVIDEND - During the FY 2007-08, company has paid 50% dividend out of internal accruals. Company paid a modest amount of dividend since it has three projects in hand and these are under implementation stage and require

significant capital expenditure. The retained profit is ploughed back in the business to meet out planned capital expenditure and working capital needs.

PREFERENTIAL ALLOTMENT - During FY 2007-08, company issued 26300000 equity shares having Fv of Re. 1/- each at a premium of Rs. 81.50 per share i.e. at an aggregate price of Rs. 82.50/share to promoters and non-promoters. The proceeds so received were utilized for implementing the planned projects.

RESEARCH & DEVELOPMENT - Company has spent Rs. 7.61 million on R&D during FY 2007-08. Company has produced a newer guar polymer (delayed crosslinking product) for oil & gas industry which reduces energy costs by 60-75% while fracturing the wells. Hitherto, 2000 hp pumps were used to inject the fracturing fluid in the bore-holes to fracture subsoil matrix or bedrocks, whereas, using the delayed crosslinked guar polymers, the same amount of fluid can be pumped in by using 500-750 hp pumps that offers a significant saving in energy costs. Company has earmarked a sum of Rs. 20 million for R&D during FY 2008-09.

EXPORT AWARD - Company has received APEDA Export Award of Trophy on 30th May 2008 for the third consecutive year, with the hands of Hon'ble Minister for Commerce & Industry Shri Kamal Nath for the outstanding export performance during FY 2006-07. Company has also received Export Award of Trophy with the hands of Hon'ble Minister of Commerce and Industry for its outstanding export performance for the financial years 2004-05 and 2005-06.

MAIN FOCUS/KEY BUSINESS-

The main sales targeted segment of your company is in the field of exploration of oil and gas 55% and food 27%. In the food segment company is switching over its sales to certified organic products. Organic market is a fast growing market and pays lucrative returns. In USA, YoY organic market growth rate is 20-21% and in Europe it is 17-18%. Therefore, company foresees excellent growth in these two segments in future thereby enhancing its margins handsomely.

OIL & GAS HYDRAULIC FRACTURING - Main activity of the company -

Specialty guar polymers and its derivatives are used in hydro-fracturing. Hydro-fracturing injects pressurized fluids into wells to increase the permeability of the soil matrix. The process creates fissures, which expand away from the wells. The fissures are filled with a porous slurry composed of sand and guar polymer gel. The sand grains hold the fracture open while an enzyme additive breaks the guar gum polymer down into a thinned fluid. The fluid is pumped out from the fracture, leaving permeable subsurface channels. This way, the oil and gas from the wells are taken out.

FOOD - CONVENTIONAL AND ORGANIC

In the food applications, guar polymer is used as a natural food additive as a thickening and binding agent. In ice-cream manufacturing, it inhibits ice-crystal formation. It is used as a thickening and binding agent in the manufacturing of ketchup, sauces, meat products, tamale, lactofermented products and acidified dairy products including flavored yogurts. Certified organic guar polymer is used in a variety of food products, providing economical thickening as well as organic labeling connotation. In food engineering, an additive is required to be used for technical considerations. Guar polymer, being natural food ingredient, does not have any side effect when consumed, thereby it is a preferred food ingredient, worldwide.

INNOVATION, FUNDAMENTAL TO OUR EXISTENCE

At Vikas, we innovate not only in developing newer products, but also implement innovative business ideas and concepts to enhance business performance.

Innovation is everywhere in your company and is fundamental to its existence. Innovation drives us and is our stimulus for growth. We are, ahead of the markets because we innovate.

Innovation at Vikas is:

- o Continued emphasis on research and development to develop superior products to overcome application problems
- o Applying creativity and foresight to optimize proprietary informations to dig out secrets of the nature
- o A relentless drive towards success amidst dynamic market realities grabbing bigger market share
- o Creation and exploitation of market potential in markets where none existed before

MARKET POTENTIALS & INCESSANT GROWTH STORY

Guar gum polymer world market witnessed a CAGR @15%. In the year 1984-85, guar polymers world market was immature and its global size was as little as Rs. 12.00 Crore as compared to that of the market size of Rs. 1125.79 Crore during 2006-07.

Guar polymers and its derivatives are extensively used for fracturing the depleted wells to take out oil and gas from the side pockets which is impossible to take out otherwise. With the growing energy needs and the increasing number of depleted oil and gas wells partly due to the fact that all the oil and gas wells of the world are bound to deplete in the years ahead, the demand of guar gum polymers shall also be growing parallel with the market conditions to fill up the gap. Now its market has matured and expected to grow handsomely @ 15% CAGR partly with the development of newer guar products and areas of application. It is pertinent to take note of the following:

“The guar industry is still in its early stages of development. As a natural polymer, guar has proven that its versatility and unique properties offer opportunity for growth in areas still to be discovered. If the past is prologue, the future is bright”.

(SOURCE: Lawrence Gussman- Consultant, Stein-Hall & Co, Inc., USA)

GUAR GUM PRODUCTS- REASONS FOR ZOOMING DEMAND

It is a versatile product that finds uses in various industries. You can find guar gum polymers everywhere such as in the food you eat, the clothes you wear, the paper you work with and read and the oil and gas you drive and cook your food. In paper manufacturing, it is used to increase paper strength at the wet end. In the oil and natural gas industry, it is used as a frac fluid to give the correct viscosity, oil stimulation and fluid retention. In the textile industry, it is used for printing and to keep the yarn smooth and strong during production. In the food industry, it enhances taste, texture, mouthfeel and stability. The added advantage of its use in food products is to make them fiber enriched. Depolymerised guar gum polymers are used to help maintain healthy glucose and cholesterol levels and also used for the mitigation of constipation. Due to its varied uses, YoY global demand for guar products is on increase and your company has a gimlet- eye on the situation to abduct almost all expanding market.

MOUNTING OIL PRICES & COMPANY'S BUSINESS-

Mounting oil prices are an opportunity for your company because almost 55% sales are attributed from this segment. Fast hydrating and high viscosity guar gum polymers are used for hydro fracturing of the depleted oil & gas wells. Hydro fracturing is a proven technology being used globally for taking out oil and gas from the depleted wells. Due to higher oil and gas international prices, the sales of guar polymers used in hydro fracturing has increased tremendously in the past two years. The crude oil prices are not expected to come down below \$.75 per barrel, thereby the sale of guar polymers is expected to increase further in this segment which ultimately handsomely benefit your company. Similarly, the weakening rupee will also be taken as a direct benefit to enhance bottom-line.

INDUSTRIAL VOYAGE AND CAPACITY EXPANSION STORY

Your Company started its industrial voyage in the year 1990 with an installed capacity of 2100 tons per annum (tpa). The production capacity was doubled to 4200 tpa in the year 1992 and tripled to 12600 tpa in 1994. The capacity was further enhanced to 21000 tpa in the year 1997 and 39900 tpa in the year 1999. Thus, your Company gradually enhanced its production capacities according to market needs. Last year, as little as 6300 tpa additional capacity was added to reach at 46200 tpa. The current production capacity of 46200 tpa is fully utilized in FY 2007-08 and now it is insufficient to meet out growing world demand for natural polymers. Seeing the robust increase in global demand for guar polymers, company has been forced to add an additional capacity of 33600 tpa at three different places viz.. Sriganganagar, Bikaner and Baroda to reach at a total production capacity of 79800 tpa by 2010.

SHAREHOLDERS VALUE

I made my strenuous efforts with tenacity and integrity by organizing investors and media meets across India in 2007 to make the present and prospective investors understand about the market potential of guar polymers. Without blaming the stock market, I will not hesitate in accepting the fact that I could not mount the expected goal. I once again very sincerely assure you all that I will leave no stone unturned to make my investors and public at large understand the potential of guar in the global market. I will keep up my efforts to create a real shareholders value.

WE CARE

Your company is committed to being an active and responsible member of every community globally where we do business and has set the goal of becoming the best in corporate governance, business practices, sustainability and corporate citizenship.

Your Company believes that corporations have important social responsibilities and hence attempts to help small farmers residing in the Great Indian Desert to grow organic guar crop by giving them quality seeds, without any cost to increase their production, sale proceeds and ultimately their disposable income. The guar production, so increased will be conducive in meeting out increased global guar demand. Hitherto, guar crop was dependent on monsoonic rains. With the emergence of irrigated varieties of high yielding disease resistant guar, its dependency on monsoon has been minimized greatly.

To emerge as a global leader, I believe that pursuit of goals with tenacity and integrity is essential. With the enthusiastic and focused efforts of our personnels combined with the growing confidence and trust placed in us by all of you, I am confident that your Company will become a formidable player for the global hydrocolloid market in the years to come.

Best wishes for a prosperous tomorrow.

Sd/-

Place: Siwani

B.D. Agarwal

Date: 23rd June, 2008

Chairman & Managing Director

NOTICE

Notice is hereby given that the 20th Annual General Meeting of the Company will be held on Friday the 26th day of September, 2008 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 2008, and the Balance Sheet as on the date and the reports of the Directors and Auditors thereon.
2. To consider and declare interim dividend as final dividend for the year.
3. To appoint a Director in place of Sh. Ravi Sharma who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Sh. Mahesh Batra who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Sh. Megh Raj Jindal who retires by rotation and being eligible offers himself for re-appointment.
6. 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 **VIKASWSP LIMITED**
Sd/-

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

Date : 16.06.2008
Place : Sri Ganganagar

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 15th September to 22nd September 2008 (both days inclusive) for the purpose of 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 Mr. Ravi Sharma:** - Sh. Ravi Sharma has been appointed by the Board as an additional Director w.e.f. 07.03.2006. Sh. Ravi Sharma is a graduate in Arts. Keeping in view his long experience in the Guar Gum Industry, your Directors recommend to appoint Sh. Ravi Sharma as Director of the Company.
2. **Brief profile of Sh Mahesh Batra:** - Sh Mahesh Batra has been appointed by the Board as an additional Director w.e.f. 07.03.2006. He is M.A. and has a long Expresses in Natural Polymers. Keeping in view his long experience in the Guar Gum Industry, your Directors recommend to appoint Sh Mahesh Batra as Director of the Company.
3. **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 then 50 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 **VIKASWSP LIMITED**
Sd/-

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

Date : 16.06.2008
Place : Sri Ganganagar

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 2008.

Financial Performance

Key aspects of your Company's Financial Performance for the financial years 2007-2008 and 2006-2007 are tabulated below:

(Rs. In Millions)

ITEMS	YEAR ENDED 31.03.2008	YEAR ENDED 31.03.2007
1 Net Sales	3052.95	2396.27
2 Other Income	131.11	97.65
3 Total Expenditure	2197.95	1888.61
4 Interest	99.94	77.22
5 Gross Profit/Loss after Interest but before depreciation	886.17	528.09
6 Depreciation	191.80	108.40
7 Net Profit/Loss before tax	694.37	419.69
8. Tax Expenses	70.30	0.00
9. Deferred tax liability	120.88	0.00
10. Net Profit/Loss after tax	503.19	419.69
11. Extra Ordinary Items	50.66	0.00
12. Net Profit for the period	452.53	419.69
13. Appropriations		
(a) Interim Dividend	54.85	0.00
(b) Corporate Tax on distributed dividend	9.32	0.00
(c) Transfer to General Reserve	75.00	0.00
14. Reserves & Surplus	5685.65	3153.84
15. Book value/share	42.81	29.75

Operations

During the current year under review your company has achieved a total turnover of Rs. 3052.95 millions as compared to that of Rs. 2396.27 millions in the previous year. So, our sales for the current year grew by 27.40% over the previous year. During the year under review the company has earned a net profit of Rs 452.53 millions as compared to net profit of Rs.419.69 millions in previous year. Therefore, our net profit for the current year grew by 7.82 % over the previous year.

Dividend

Your Directors declared interim dividend of Rs. 0.25 per equity share of Rs. 1/- each on 09th October 2007 and Rs. 0.25 per equity share of Rs. 1/- each on 14th January, 2008. The record date for the purpose of payment of interim dividend was fixed for 24th October 2007, and 29th January 2008 respectively and was paid to its shareholders who were on the register of members of our company as at the closing hours of record date.

Future prospects

Guar gum polymers global market is expanding at a CAGR

@ 15%. Its main demand is increasing in the food and oil and gas segment. Guar gum polymers demand in the food segment is increasing @ 7 to 8% in the developed countries whereas it is showing an increase of 12-15% in the developing countries. 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.

Preferential Allotment -

Company has allotted 2,63,00,000 equity shares having Fv of Re. 1/- each at a premium of Rs. 81.50 per share i.e. at an aggregate price of Rs. 82.50 per share to promoters and non-promoters on 25th February, 2008 as approved in the EGM dated 21st January, 2008. The proceeds so received

were utilized for implementing the planned projects. However company has received in-principal approval from Bombay Stock Exchange Ltd., Mumbai for listing of these shares.

Vikas Employee Stock Option Plans (VESOP)

Company approved Vikas Employee Stock Option Plan 2008. Under this plan employees of the Company will be benefited by way of participation in equity. Company has already applied to Bombay Stock Exchange for their necessary approvals and the said exchange has approved the scheme. These information is being provided in compliance with Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme) and (Employee Stock Purchase Scheme) Guidelines, 1999, as amended.

Foreign Exchange Earning and Outgoings

The detail of foreign exchange earnings and outgoings is provided in page no. 9 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 9 of the annual report.

Change of Statutory Auditor -

Statutory Auditor's of the company was changed during the year and M/s Walker, Chandiook & Company, Chartered Accountant, New Delhi was duly appointed in the Extra-Ordinary General Meeting (EGM) of the members which was held on March 8th, 2008

Since M/s S. Prakash Aggarwal & Co., Chartered Accountant, Sri Ganganagar resigned during the year, therefore M/s Walker, Chandiook & Co., Chartered Accountant, New Delhi were appointed as statutory auditors of the company in the EGM held on 8th March, 2008.

Directors re-appointment

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

Auditors re-appointment

M/s Walker, Chandiook & Company, Chartered Accountants, New Delhi, Statutory Auditor of the company, retires and being eligible, offers himself for re-appointment.

Directors Responsibility Statement

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

- (a) In the preparation of the Annual Accounts, the applicable accounting standards have been followed and that no material departures is made from the same;
- (b) we have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for the period;
- (c) 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
- (d) 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 10 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 12.

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/-

(B.D. Agarwal)
Managing Director

Date : 04.07.2008
Place : Sri Ganganagar

ANNEXURE TO DIRECTOR'S REPORT

Rs. In lacs

A. (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:-

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

2007-08

Electricity

a. Purchased			
Unit	KWH		11010082
Total Amount	Rs.(in million)		53.51
Rate/Unit	Rs.		4.86
b. Own generation			
through diesel generator			
Unit	KWH		759046
HSD consumed	KL:		220
Cost per unit	Rs.		7.75

HSD oil

Quantity of HSD	KL:		988
Total cost	Rs.(in million)		26.42
Average rate/KL	Rs.		26736/-

LPG

Quantity	Kgs.		235315
Total cost	Rs.(in million)		8.75
Average rate/ Kg.	Rs.		37.18

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.

Total foreign exchange earnings during the year-	30191.34
Total foreign exchange used during the year	880.27
Net foreign exchange earned during the year	<u>29311.07</u>

REPORT ON CORPORATE GOVERNANCE 2007-08

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 committees	Member-ship in other committees	Chairman-ship in audit/ investor grievance committees	Chairman-ship other committees
1. Sh. B.D. Agarwal	CMD	3	2	1	Nil	1
2. Sh. Megh. Raj	Director	2	Nil	Nil	Nil	Nil
3. Smt. Bimla Devi	Director	3	2	Nil	Nil	Nil
4. Sh. Ravi Sharma	Ind. Director	2	4	1	2	Nil
5. Sh. Mahesh Batra	Ind. Director	2	4	1	2	Nil
6. Sh. Rakesh Jindal	Ind. Director	2	Nil	Nil	Nil	Nil
7. Sh. Kishan Lal	Ind. Director	1	Nil	Nil	Nil	Nil
8. Sh. Vishanu Bhagwan	Ind. Director	2	Nil	Nil	Nil	Nil

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 2007-08.

During the financial year 2007-08, the Board of Directors of the company met 24 (Twenty four) times on 20.04.07, 08.06.07, 26.06.07, 29.06.07, 31.07.07, 04.08.07, 11.08.07, 20.08.07, 24.08.07, 02.09.07, 27.09.07, 09.10.07, 24.10.07, 27.10.07, 31.10.07, 14.12.07, 28.12.07, 14.01.08, 02.02.08, 07.02.08, 25.02.08, 08.03.08, 20.03.08 and 31.03.08 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 26 th Sep.07
Sh. B.D. Aggarwal	23	Yes
Sh. Megh Raj Jindal	21	Yes
Smt. Bimla Devi	20	Yes
Sh. Ravi Sharma	17	Yes
Sh. Mahesh Batra	19	No
Sh. Rakesh Jindal	16	No
Sh. Kishan Lal	4	-
Sh. Vishanu Bhagwan	3	-

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 due to resignations of Sh. Ashok Oza & Sh. Om Prakash Garg. 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 also been appointed as member of this 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			
		29.06.2007	28.07.2007	08.10.2007	12.01.2008
Sh. Ravi Sharma	Chairman	Yes	Yes	Yes	Yes
Sh. Mahesh Batra	Member	Yes	Yes	Yes	Yes
Sh. B.D.Agarwal	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. Mahesh Batra 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. Mahesh Batra	Chairman
2.	Sh. Ravi Sharma	Member
3.	Sh. B.D.Agarwal	Member

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

Date	Venue	Time	No. of Special Resolution
30.09.2005	Railway Road, Siwani 127046 (Haryana)	11.00 A.M.	None
29.09.2006	In the local area of Regd. Office of the company at Railway Road, Siwani- 127046 (Haryana)	10.00 A.M.	None
26.09.2007	- do -	10.00 A.M.	One

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 26th September 2008 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 2007 to 31st March 2008
- (III) Date of Book Closure from 15th Sep. 2008 to 22nd Sep. 2008 (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, 2008, the Distribution of our shareholding was as following:-

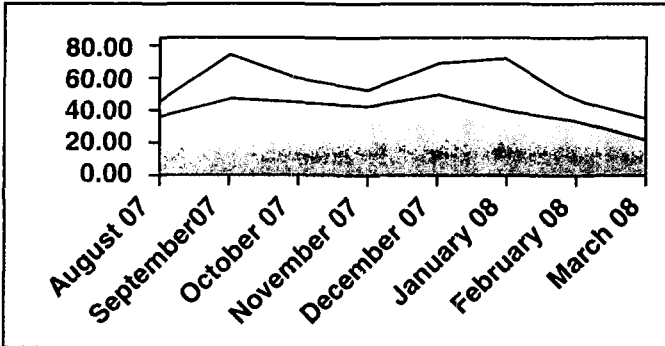
S.NO.	No. Of Equity Shares held	Share holders Nos.	No. Of Shares	% Of Share holding
1	Upto- 5000	57877	38786884	28.520
2	5001- 10000	1056	7858406	5.778
3	10001- 20000	510	7365537	5.416
4	20001- 30000	166	4107874	3.021
5	30001- 40000	59	2097589	1.542
6	40001- 50000	42	1925626	1.416
7	50001-100000	70	5179022	3.808
8	100001 & above	72	68678662	50.499
TOTAL		59852	135999600	100.00

Shareholding pattern as on 31st March 2008

CATEGORY	Nos. of shares held	%To Total
Promoters	20346517	14.96
Financial Institutions / Nationalized Banks & Mutual Fund	3888716	2.86
Non-Resident Individuals/OCBs/FII's	8838400	6.50
Bodies Corporate	12085251	8.89
Resident Individuals	90840716	66.79
TOTAL	135999600	100.00

- (viii) Dematerialization of shares
Over 80% of the listed Equity Shares have been dematerialized.
- (ix) Demat ISIN Numbers in NSDL & CDSL: INE706A01022
- (x) Stock Market Rate on BSE (Re.1/- per Share)

	Apr 07	May 07	June 07	July 07	Aug 07	Sept 07	Oct 07	Nov 07	Dec 07	Jan 08	Feb 08	Mar 08
HIGH	-	-	-	-	44.01	74.95	59.70	51.95	68.85	71.95	44.85	35.30
LOW	-	-	-	-	36.22	46.20	43.50	43.10	49.85	40.15	33.90	21.05



Diagrammatical presentation of monthly high low of stock price at Bombay Stock Exchange Ltd., Mumbai after revocation of suspension of trading of equity shares w.e.f. 27-08-2007

(xi) Address for correspondence:-

Admn. Office
B-86/87, Udyog Vihar
RIICO Industrial Area,
Sri Ganganagar- 335001
E-mail: investor.greivence@vikaswsp.in

Regd. Office
Railway Road, Siwani
127046 (Haryana)

(xii) **Registrar & Transfer Agent**

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

9. AUDITOR'S 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 of Vikas WSP Limited

We have examined the compliance of conditions of corporate governance by Vikas WSP Limited, ("the Company") for the year ended on March 31, 2008, as stipulated in clause 49 of the listing agreement of the 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 the above mentioned listing agreement.

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 Walker, Chandio & Co.
Chartered Accountants

Sd/-

Per Rajesh Jain

Partner

Membership No. 81203

Place: Gurgaon
Date :August18, 2008

10. 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 & electronic distribution and 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. 3052.95 millions as compared to Rs.2396.27 millions in the previous year During the year under review the company has earned a net profit of Rs. 452.53 millions as compared to net profit of Rs. 419.69 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 March 31, 2008, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto (collectively referred as the 'financial statements'). 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 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 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') (as amended), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (the 'Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the 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 financial statements dealt with by this report are in agreement with the books of account;
 - d. On the basis of written representations received from the directors, as on March 31, 2008 and taken on record by the Board of

Directors, we report that none of the directors is disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;

- e. In our opinion and to the best of our information and according to the explanations given to us, the financial statements dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act and the Rules framed there under and give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:
 - i) the Balance Sheet, of the state of affairs of the Company as at March 31, 2008;
 - ii) the Profit and Loss Account, of the profit for the year ended on that date; and
 - iii) the Cash Flow Statement, of the cash flows for the year ended on that date;

for **Walker, Chandlok & Co**
Chartered Accountants

Place: Gurgaon
Date: June 17, 2008

Sd/-
per **Rajesh Jain**
Partner
Membership No. 81203

Annexure to the Auditors' report of the even date to the members of Vikas WSP Limited on the financial statements for the year ended March 31, 2008

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that

- (i) a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) A significant portion of the fixed assets has been physically verified by the management during the year. In our opinion, the frequency of verification of the fixed assets is reasonable having regards to the size of the Company and nature of its assets. The material discrepancies noticed have been properly dealt with in the books of account.
- c) In our opinion, a substantial part of fixed assets have not been disposed off during the year.
- (ii) a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventory 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 and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(b) to (d) of the Order are not applicable.
- (iv) Owing the nature of its business the Company is not providing any service. Accordingly, clause 4(iv) of

the Order with respect of sale of services is not applicable to the Company. In our opinion, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventories and fixed assets and for the sale of goods. The Company is not providing any services.

- (v) (a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Act have been so entered.
- (b) In our opinion, the transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time
- (vi) The Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.
- (vii) The Company has an internal audit system, *the scope and coverage of which, in our opinion, requires to be enlarged to make it commensurate with the size and the nature of the Company's business.*
- (viii) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act, in respect of Company's products. Accordingly, the provisions of clause 4(viii) of the Order are not applicable.
- (ix) a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have *not been regularly deposited with the appropriate authorities and there have been significant delays in a few cases.* No undisputed amounts payable in respect thereof were outstanding at the year end for a period of more than six months from the date they became payable.
- b) The dues outstanding in respect of sales-tax, income-tax, custom duty, wealth-tax, excise duty, cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount in Rs.	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty on goods lost in transit	Rs. 3,072,652 (Rs. 1,000,000 have been deposited under protest)	2004 - 05	CESTAT, New Delhi
Customs Act, 1962	Import duty on HSD Oil	Rs. 1,440,000 (Rs. 1,440,000 have been deposited under protest)	2004 - 05	CESTAT, Ahmedabad
Income Tax Act, 1961	Income tax and interest thereon	Rs. 3,072,093 (Income tax 849,438, interest 2,222,655)	1995 - 96	Appeal (pending admission) before the Hon'ble High Court of Punjab and Haryana

(xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

for **Walker, Chandio & Co**
Chartered Accountants

- (x) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.
- (xi) In our opinion, the Company has not defaulted in repayment of dues to a bank or financial institution. There are no debenture holders.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/ society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.
- (xiv) 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 Order are not applicable.
- (xv) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the Order are not applicable.
- (xvi) The Company did not have any terms loans outstanding during the year. Accordingly, the provisions of clause 4(xvi) of the Order are not applicable.
- (xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the Company.
- (xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.
- (xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.

Place: Gurgaon
Date: June 17, 2008

Sd/-
per **Rajesh Jain**
Partner
Membership No. 81203

VIKAS WSP LIMITED
Balance Sheet as at March 31, 2008

	Schedule	March 31, 2008 Rs.	March 31, 2007 Rs.
SOURCES OF FUNDS			
Shareholders' fund			
Share capital	1	135,999,600	109,699,600
Reserves and surplus	2	5,685,645,729	3,153,839,691
Loan fund			
Secured loans	3	455,348,533	752,004,173
Unsecured loans	4	2,500,000	16,996,356
Deferred tax liability (net)	5	120,876,506	-
		6,400,370,368	4,032,539,820
APPLICATION OF FUNDS			
Fixed assets			
Gross block	6	5,976,880,577	1,810,260,853
Less : Accumulated depreciation		1,196,424,547	1,014,311,921
Net block		4,780,456,030	795,948,932
Capital work in progress (including capital advances)		646,078,605	2,004,962,006
Current assets, loans and advances			
Inventories	7	370,219,594	828,701,551
Sundry debtors	8	607,655,177	518,023,277
Cash and bank balances	9	94,331,918	10,724,412
Other current assets	10	139,117,478	27,916,732
Loans and advances	11	77,704,509	29,961,176
		1,289,028,677	1,415,327,148
Less : Current liabilities and provisions			
Current liabilities	12	270,819,084	183,698,266
Provisions	13	44,373,860	-
Net current assets		973,835,733	1,231,628,882
		6,400,370,368	4,032,539,820
Significant accounting policies	24		
Notes to the financial statements	25		

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

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

This is the Balance Sheet referred to in our report of even date.

for Walker, Chandio & Co
Chartered Accountants

Sd/-
per Rajesh Jain
Partner
Membership number: 81203

Place : Gurgaon
Date : June 17, 2008

VIKAS WSP LIMITED
Profit and Loss Account for the year ended March 31, 2008

	Schedule	March 31, 2008 Rs.	March 31, 2007 Rs.
INCOME			
Sales			
-Exports		3,035,577,606	1,743,141,855
-Domestic		<u>19,802,390</u>	<u>656,489,871</u>
		3,055,379,996	2,399,631,726
Less: Excise duty		<u>2,434,613</u>	<u>3,363,185</u>
Net Sales		3,052,945,383	2,396,268,541
Other income	14	131,113,701	98,056,402
Increase/ (decrease) in stock	15	<u>(4,126,991)</u>	<u>8,921,925</u>
		3,179,932,093	2,503,246,868
EXPENDITURE			
Raw material consumed	16	1,828,399,936	1,462,003,057
Manufacturing overheads	17	112,463,796	169,728,061
Employee cost	18	27,138,463	21,266,656
Administrative expenses	19	36,394,843	33,502,514
Selling expenses	20	189,426,235	199,685,677
Financial charges	21	<u>99,941,761</u>	<u>86,694,953</u>
		2,293,765,034	1,972,880,918
Profit before depreciation, tax and prior period items		886,167,059	530,365,950
Less: Depreciation	6	209,994,718	110,492,719
Add: Impact of change in accounting policy (Refer note 6 to schedule 24)		18,199,547	-
Profit before tax and prior period items		694,371,888	419,873,231
Tax expense			
- Current tax		82,228,173	-
- MAT credit		(12,383,956)	-
- Deferred tax		120,876,506	-
- Fringe benefit tax		459,459	185,468
Profit after tax		503,191,706	419,687,763
Prior period expenses, net of prior period income	22	50,664,144	-
Net profit after tax and prior period item		452,527,562	419,687,763
Balance brought forward		<u>915,620,546</u>	<u>495,932,783</u>
Amount available for appropriation		1,368,148,108	915,620,546
Appropriations			
- interim dividend		54,849,800	-
- tax on dividend		9,321,724	-
- transfer to general reserve		75,000,000	-
Net profit carried forward		1,228,976,584	915,620,546
Earnings per share (basic and diluted)	23	4.03	3.83
Significant accounting policies	24		
Notes to the financial statements	25		

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

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

This is the Profit and Loss Account referred to in our report of even date.

for Walker, Chandiook & Co
Chartered Accountants

Sd/-
per Rajesh Jain
Partner
Membership number: 81203

Place : Gurgaon
Date : June 17, 2008

VIKAS WSP LIMITED
Schedules forming part of the financial statements as at March 31, 2008

	March 31, 2008	March 31, 2007
	Rs.	Rs.
Schedule: 1		
Share Capital		
Authorised capital		
227,500,000 (Previous year 127,500,000) equity shares of Re. 1 each (Refer note 2 to schedule 25)	227,500,000	127,500,000
Nil (previous year 1,000,000) 12.75% Redeemable non- cumulative preference shares of Rs.100 each	-	100,000,000
	<u>227,500,000</u>	<u>227,500,000</u>
Issued , subscribed and paid up capital		
135,999,600 (Previous year 109,699,600) equity shares of Re.1 each fully paid up (Refer note 3 and 4 to schedule 25)	135,999,600	109,699,600
	<u>135,999,600</u>	<u>109,699,600</u>
Schedule: 2		
Reserves and surplus		
State subsidy	7,147,738	7,147,738
Land subsidy	24,288	24,288
Investment allowance reserve	538,648	538,648
Less : transferred to general reserve	538,648	-
	-	538,648
General reserve	1,415,508,471	1,415,508,471
Add: transferred from investment allowance reserve	538,648	-
Add: transfer from profit and loss	75,000,000	-
	<u>1,491,047,119</u>	<u>1,415,508,471</u>
Securities premium	815,000,000	815,000,000
Add: premium on preferential allotment	2,143,450,000	-
	<u>2,958,450,000</u>	<u>815,000,000</u>
Profit and loss account	1,228,976,584	915,620,546
	<u>5,685,645,729</u>	<u>3,153,839,691</u>
Schedule: 3		
Secured loans		
Short term		
from banks		
Export packing credit (refer note 10 to schedule 25)	65,998,406	84,794,300
Bank discounting (refer note 10 to schedule 25)	366,148,171	481,056,384
Demand loans (refer note 11 to schedule 25)	23,201,956	7,100,489
Long term		
from banks	-	179,053,000
	<u>455,348,533</u>	<u>752,004,173</u>
Schedule: 4		
Unsecured loans		
Short term		
- other than banks	2,500,000	16,996,356
	<u>2,500,000</u>	<u>16,996,356</u>
Schedule: 5		
Deferred tax liability (net)		
Deferred tax liability arising on account of depreciation	121,175,840	-
Deferred tax asset arising on account of provision for gratuity	(299,334)	-
	<u>120,876,506</u>	<u>-</u>

VIKAS WSP LIMITED

Schedule forming part of the financial statements as at March 31, 2008

Schedule 6
Fixed assets

(Amounts in Rs.)

Particulars	Gross block				Accumulated depreciation					Net block	
	As at April 1, 2007	Additions	Disposals/ adjustments	As at March 31, 2008	As at April 1, 2007	Impact of change in accounting policy	Charge for the year	Disposals/ adjustments	As at March 31, 2008	As at March 31, 2008	As at April 1, 2007
Land - Free hold ¹	1,088,548	2,785,747,293	-	2,786,835,841	-	-	-	-	-	2,786,835,841	1,088,548
Land - Lease hold	8,562,806	21,355,257	-	29,918,063	-	-	-	-	-	29,918,063	8,562,806
Building	70,501,492	-	-	70,501,492	41,481,309	19,957,672	2,264,502	-	23,788,139	46,713,353	29,020,183
Plant and machinery ²	1,717,520,556	1,368,252,553	6,912,200	3,078,860,909	964,639,080	(3,502,690)	206,776,418	6,912,200	1,168,005,988	1,910,854,921	752,881,476
Office equipments	2,841,710	11,813	-	2,853,523	1,882,959	841,996	202,277	-	1,243,240	1,610,283	958,751
Furniture and fixtures	300,545	-	300,545	-	207,617	(92,928)	-	300,545	-	-	92,928
Vehicles	9,445,196	935,353	2,469,800	7,910,749	6,100,956	995,497	751,521	2,469,800	3,387,180	4,523,569	3,344,240
Total	1,810,260,853	4,176,302,269	9,682,545	5,976,880,577	1,014,311,921	18,199,547	209,994,718	9,682,545	1,196,424,547	4,780,456,030	795,948,932
Previous year	1,713,387,415	96,873,438	-	1,810,260,853	903,819,203	-	110,492,719	-	1,014,311,921	795,948,932	809,568,212

Notes:

1. There are restrictions on transferability of Free hold land having an original cost of Rs 2,785,747,293 for 20 years from the date of acquisition i.e. March 12, 2008.

2. Plant and machinery includes machinery (Gross block Rs. 280,915,500, Accumulated depreciation Rs. 182,308,819 and Net book value Rs.98,606,681) retired from active use and held for disposal, these assets are being carried at the lower of the cost or net realisable value of Rs 40,000,000 and depreciation include a provision, of Rs 58,606,681 towards such diminution in the value of these assets.

VIKAS WSP LIMITED
Schedules forming part of the financial statements as at March 31, 2008

	March 31, 2008	March 31, 2007
	Rs.	Rs.
Schedule: 7		
Inventories		
Raw material		
- in stores	137,292,789	748,724,438
- in transit	166,666,826	-
Work in progress	338,387	-
Finished goods		
- in stores	45,180,450	55,435,000
- in transit	7,227,783	21,410,150
Consumables , stores and spares	10,822,521	1,955,963
Packing materials	2,690,838	1,176,000
	<u>370,219,594</u>	<u>828,701,551</u>
Schedule: 8		
Sundry debtors		
(Unsecured, considered good)		
Debts outstanding for a period exceeding six months	489,214	189,925
Other Debts #	607,165,963	517,833,352
	<u>607,655,177</u>	<u>518,023,277</u>
(# other debts amounting to Rs 594,044,477 are backed by letter of credit and cover from Export Credit Guarantee Corporation of India Limited)		
Schedule: 9		
Cash and bank balances		
Cash in hand	265,711	251,548
Balances with scheduled banks in		
- current accounts	36,268,114	1,777,688
- fixed deposits@	28,677,747	8,290,427
- unclaimed dividend account \$	28,983,281	404,749
Balances with non-scheduled banks in current account		
- The Ganganagar Kendriya Sehkari Bank Limited*	137,065	-
	<u>94,331,918</u>	<u>10,724,412</u>
@ Pledged against short term loan from banks		
\$ Not due for deposit to Investor Education & Protection Fund, (previous year Nil)		
* Maximum balance Rs. 1,156,965, (previous year Nil)		
Schedule: 10		
Other current assets		
(Unsecured, considered good)		
Export incentives receivable (Vishesh Krishi Gran Udyog Yojna)	116,840,746	5,640,000
Insurance claim receivable	22,276,732	22,276,732
	<u>139,117,478</u>	<u>27,916,732</u>

VIKAS WSP LIMITED
Schedules forming part of the financial statements as at March 31, 2008

	March 31, 2008	March 31, 2007
	Rs.	Rs.
Schedule: 11		
Loans and advances		
(Unsecured, considered good)		
Advances recoverable in cash or kind or for the value to be received	43,527,587	-
Security deposits	11,454,555	11,454,555
Pre paid income taxes	204,114	141,274
VAT credit receivable	1,516,957	6,461,936
MAT credit receivable	12,383,956	-
Advances to		
- suppliers	2,212,333	7,193,320
- employees	1,001,564	427,900
- others	5,403,444	4,282,191
	77,704,510	29,961,176
 Schedule: 12		
Current liabilities		
Sundry creditors @	166,407,004	174,184,952
Salary and bonus payable	4,535,504	1,983,228
Expenses payable	62,780,048	5,733,631
Book overdraft	1,220,073	-
Unclaimed dividend #	28,983,281	404,749
Corporate dividend tax payable	4,660,862	-
Other liabilities	2,232,312	1,391,706
	270,819,084	183,698,266
 (@ There are no dues to Micro, Small and Medium Enterprises) (# Not due for deposit to Investor Education and Protection Fund)		
 Schedule: 13		
Provisions		
Retirement benefits (Refer note 15 to schedule 25)	1,811,005	-
Income taxes	42,378,174	-
Fringe benefit tax	184,681	-
	44,373,860	-
 Schedule: 14		
Other Income		
Export incentives under Vishesh Krishi Gram Udyog Yojana	119,777,000	97,653,910
Foreign exchange gain	8,308,141	-
Interest on fixed deposit receipts*	532,204	402,492
Liabilities written back	2,496,356	-
	131,113,701	98,056,402
 * Tax deducted at source	 54,818	 43,161

VIKAS WSP LIMITED
Schedules forming part of the financial statements for the year ended March 31, 2008

	March 31, 2008 Rs.	March 31, 2007 Rs.
Schedule 15		
Increase/(decrease) in stock		
Opening stock		
Work in process	-	-
Finished goods		
- in stores	55,435,000	64,380,523
- in transit	21,410,150	3,542,702
Less: Adjustment for prior period sales	(19,971,539)	-
Adjusted Opening stock	56,873,611	67,923,225
Closing stock		
Work in process	338,387	-
Finished goods		
- in stores	45,180,450	55,435,000
- in transit	7,227,783	21,410,150
	52,746,620	76,845,150
	(4,126,991)	8,921,925
Schedule: 16		
Raw material consumed		
Opening stock	748,724,438	706,479,546
Add: purchases	1,383,635,114	1,504,966,852
Closing stock	(303,959,616)	(749,443,341)
	1,828,399,936	1,462,003,057
Schedule: 17		
Manufacturing overheads		
Power, fuel, liquified petroleum gas and water	89,845,366	139,988,968
Store and spares consumed	6,517,603	7,202,276
Wages and labour	5,559,605	4,477,527
Chemicals	3,654,071	3,540,848
Other manufacturing expenses	6,887,151	14,518,442
	112,463,796	169,728,061
Schedule: 18		
Employee cost		
Salaries, wages and bonus	23,453,937	19,852,591
Contribution to provident and other funds	2,252,100	1,295,394
Employee welfare	1,432,426	118,671
	27,138,463	21,266,656

VIKAS WSP LIMITED
Schedules forming part of the financial statements as at March 31, 2008

	March 31, 2008	March 31, 2007
	Rs.	Rs.
Schedule: 19		
Administrative expenses		
Meetings and conferences	2,792,618	847,697
Postage and telephone	2,315,636	2,017,358
Repair and maintenance		
- Plant and machinery	688,614	5,810,983
- Building	1,457,246	2,733,408
Travelling expenses	5,009,004	2,687,675
Auditors' remuneration		
- Statutory audit	1,100,000	100,000
- Tax audit	150,000	-
- Others	154,500	-
Legal and professional charges	3,028,017	4,601,957
Lease rent	594,268	-
Insurance	4,375,412	4,537,600
Rates and taxes	1,247,829	1,712,011
Premium paid to Export Credit Guarantee Corporation of India Limited (ECGC)	1,177,137	1,669,935
Research and development expenses	7,611,992	2,850,350
Advertisement expenses	1,521,073	1,106,547
Office expenses	627,990	469,760
Printing and stationery expenses	1,248,553	863,048
Vehicle running and maintenance	1,294,954	1,494,185
	<u>36,394,843</u>	<u>33,502,514</u>
Schedule: 20		
Selling expenses		
Secondary packing expenses	2,636,755	4,912,859
Packing material	9,412,612	9,363,604
Port expenses	19,815,413	12,057,799
Selling commission and brokerage	81,998,624	123,557,392
Transportation charges	75,562,831	49,794,023
	<u>189,426,235</u>	<u>199,685,677</u>
Schedule: 21		
Financial charges		
Bank Charges	470,960	2,540,568
Interest	83,543,752	72,548,172
Bill discounting charges	12,152,200	11,606,213
Swap charges	3,774,849	-
	<u>99,941,761</u>	<u>86,694,953</u>
Schedule: 22		
Prior period items		
Prior period sales	(29,863,683)	-
Cost of goods sold (prior period sales)	19,971,539	-
Insurance	(1,636,043)	-
Provident fund	478,310	-
Bonus	1,012,124	-
Store and spares	(9,947,581)	-
Sales commission	69,719,126	-
Gratuity	930,352	-
	<u>50,664,144</u>	<u>-</u>
SCHEDULE - 23		
Earnings per share (basic and diluted)		
Number of equity shares of Re. 1 each fully paid up	135,999,600	109,699,600
Profit after tax	452,527,562	419,687,763
Weighted average number of equity shares	112,286,485	109,699,600
Earnings per share (basic and diluted) (Rs.)	4.03	3.83

**Schedules forming part of the financial statements for the year ended
March 31, 2008**

Schedule: 24

Significant accounting policies

1) Basis of preparation of financial statements

The financial statements of Vikas WSP Limited ("the Company") have been prepared to comply with the Accounting Standards referred to in the Companies (Accounting standards) Rule 2006 issued by the Central Government in exercise of the power conferred under sub-section (1) (a) of section 642 and the relevant provisions of the Companies Act, 1956 (the 'Act'). The financial statements have been prepared under the historical cost convention on accrual basis.

2) Use of estimates

In preparing the Company's financial statements in conformity with the accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period; actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods

3) Foreign exchange transactions

i. Initial Recognition

Transactions in foreign currency are recorded in the reporting currency by applying to the foreign currency amount the exchange rate prevailing on the date of the transaction.

ii. Conversion

Monetary items denominated in foreign currency as at the balance sheet date are converted at the exchange rate prevailing on that date

iii. Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

4) Fixed Assets

- i. Fixed Assets are stated at cost less accumulated depreciation and impairment losses if any.
- ii. Cost comprises the purchase price and any attributable costs of bringing the asset to its working condition for its intended use.
- iii. When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit (including capital profit) or loss, if any, is reflected in the Profit and Loss account.
- iv. Self fabricated fixed assets include material cost and appropriate share of attributable expenses.
- v. Project under commissioning and other assets under erection, installation are shown under capital work in progress and are carried at cost, comprising of direct cost, related incidental expenses.

5) Depreciation:

Depreciation on all assets of the company has been provided on straight line basis at the rates specified in Schedule XIV to the Act.

6) Change in accounting policy

In the current year, the Company changed (with retrospective effect) its method of providing depreciation on fixed assets, from the Written Down Value ('WDV') method at the rates prescribed in Schedule XIV to the Companies Act, 1956 to the Straight Line (SLM) method at the rates prescribed in the Companies Act 1956. Management considers that the change would result in a more appropriate preparation and presentation of the financial statements of the Company.

Had the Company continued to use the earlier basis of providing depreciation, the charge to the Profit and Loss Account for the current period would have been higher by Rs.83,840,662 and the net block of fixed assets would correspondingly have been lower by that amount. The net surplus of Rs.18,199,547 arising out of retrospective re computation has been recognised in the current year's profit and loss account.

7) Employee benefits:

Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15 Employee Benefits (Revised 2005) "Revised AS 15".

i. Provident fund

The Company makes contribution to statutory provident fund in accordance with Employees' Provident Fund and Miscellaneous Provisions Act, 1952. The plan is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee.

ii. Gratuity

Gratuity is a post employment benefit and is in the nature of defined benefit plan. The liability recognized in the balance sheet in respect of gratuity is the present value of the defined benefit obligation at the balance sheet date, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the Profit and loss account in the year in which such gains or losses arises.

iii. Other short term benefits

Expenses in respect of other short term benefits including performance bonus is recognized on the basis of amount paid or payable for the period during which services are rendered by the employee.

8) Taxation

Tax expense comprises current taxes, deferred taxes and fringe benefit taxes.

Provision for current taxation is ascertained on the basis of the assessable profits computed in accordance with the provisions of the Income-tax Act, 1961.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets relating to timing differences are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The Company makes provision for fringe benefit tax in accordance with applicable Income-tax laws.

Minimum Alternate Tax (MAT) credit has been recognized as an asset and created by way of a credit to the profit and loss account, in accordance with the provisions of the Guidance Note on accounting for credit available in respect of MAT under the Income Tax Act, 1961.

9) Operating lease

Operating lease charges are recognized as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

10) Contingent liabilities and provisions

The Company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of obligation can be made. A disclosure is made for possible future obligations that may but probably will not require outflow of resources or where a reliable estimate cannot be made, as a contingent liability in the financial statements.

11) Earnings per share

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue and share split.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

12) Inventories

Inventories are valued as follows:

Raw materials, stores and spares and packaging materials

Lower of cost and net realizable value. 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 based on normal operating capacity. Cost of finished goods includes excise duty.

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

13) 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 recognized when the significant risks and rewards of ownership of the goods are transferred to the customer. In case of export sales, revenue is recognized after shipment.

Export benefits/incentive

Export incentives receivable under Vishesh Krishi Gram Udyog Yojna are recognized when the entitlement to receive the benefit is established and ultimate realization under the scheme becomes certain.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate of interest.

14) Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

15) Borrowing cost

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

16) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Where the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset.

17) 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, 2008**

Schedule: 25

Notes of the financial statements

1. 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 shares of the Company were listed on Bombay Stock Exchange Limited ("the stock exchange") and other stock exchanges in India in 1994. The Company is an agro based industry 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. During the year ended March 31, 2008 the Company converted its authorized share capital represented by un issued 1,000,000, 12.75% non cumulative redeemable preference shares of Rs. 100 each into 100,000,000. un issued equity shares of Re. 1 each.
3. In the year 2001, the Company allotted 10,000,000 equity shares to the promoter group of the Company on a preferential basis. The stock exchange had rejected the Company's application for listing of 10,000,000 equity shares issued on preferential basis to promoters, directors and their relatives for non compliance with clause 13.1A ("the clause") of chapter XIII of Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000. The Company convened an Extra Ordinary General Meeting on May 30, 2008 and has made compliances with this clause. The Company has again applied with the stock exchange for listing of these shares on the stock exchange. The shares in question are expected to be listed in due course.
4. During the year the Company has issued 26,300,000 equity shares of Re. 1 each at a premium (of Rs. 81.50 per share, to Mr. Meghraj Jindal (Promoter and director of the Company) and Smt. Sarbati Devi (non promoter and non share holder on the date of allotment) on a preferential basis. These equity shares are not listed on the stock exchange and Company has applied to the stock exchange for listing of these shares.

5. Information on Companies under the same management:

<u>Particulars</u>	March 31, 2008	March 31, 2007
	Rs in lacs	Rs in lacs
<u>Loans and advances</u>		
Vikas Dall and General Mills	13.27	12.12
Maximum balance due at any time during the year	13.27	31.68

6. **Fixed assets register**

The fixed assets register of the Company was destroyed in fire in the year 2000-01 and during the period the Company was charging depreciation on the basis of the net block in the books of the Company. In the year 2007 -08 the Company has recreated its fixed assets register using the following approach.

- a. The Company did not have any details prior to March 31, 2001, therefore the year commencing April 1, 2001 was taken as a basis for the preparation of the register accordingly the relevant details were collated. The management engaged a professional valuer for physical verification of fixed assets and their valuation.
- b. The value of the gross block as at March 31, 2001 was proportionately distributed in the ratio of value assigned by the valuer to individual assets as at March 31, 2008.

7. The Company is engaged in the business of manufacturing of guar gum (pulverized) and its derivatives which as per Accounting Standard 17 on "Segment Reporting" is considered to be the only reportable business segment. The Company is a 100% Export Oriented Unit and there is no other significant geographical segment.

8. **Related Party disclosure:**

Information required to be disclosed under Accounting Standard 18 on "Related Party Disclosures"

i) **Key management personnel**

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

ii) **Entities controlled by key management personnel (KMP)**

Adarsh Derivatives Limited
Vikas Chemi Gums (India) Limited
Vikas Dall & General Mills (Partnership firm)

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

Vegan Colloids Limited

iv) **Relative of key management personnel** (where transaction has taken place)

Babul Lal Jindal
Anchi Devi Jindal
Narender Jindal
Sanjay Jindal
Jitender Jindal

Schedules forming part of the financial statements for the year ended March 31, 2008

Schedule: 25

Notes of the financial statements

(Note 8 continued.)

Transactions with related parties are summarized below:

(Amounts in Rs.)

Nature of transaction	Key Management Personnel		Entities controlled by KMP		Relatives of KMP		Entities over which significant influence is exercised by the KMPs'	
	March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007
Sales -								
- Vikas Chemi Gums (India) Limited	-	-	3,680,482	-	-	-	-	-
- Vegan Colloids Ltd	-	-	-	-	-	-	105,321,897	68,445,166
Purchases of raw materials, intermediaries and finished goods -								
- Adarsh Derivatives Limited	-	-	6,227,560	-	-	-	-	-
- Vikas Chemi Gums (India) Limited	-	-	936,874,551	580,849,750	-	-	-	-
- Vegan colloids Limited	-	-	-	-	-	-	69,151,800	-
Lease rent	-	-	240,000	-	-	-	-	-
Preferential issue of share capital to - Mr. Megh Raj Jindal (including premium)	495,000,000	-	-	-	-	-	-	-
Advances paid	7,900,000	-	105,000	-	1,353,801	-	-	-
Amount outstanding as at March 31, 2008								
- Advances receivable	-	-	-	-	-	-	-	-
- Trade payable	-	-	1,327,238	2,397,735	2,711,380	1,122,238	-	-
- Trade receivable	-	-	37,794,194	-	-	8,381,631	-	1,271
	-	-	-	-	-	-	7,683,211	-

**Schedules forming part of the financial statements for the year ended
March 31, 2008**

Schedule: 25

Notes of the financial statements

9. Information pursuant to paragraph 3, 4C & 4D of part II of Schedule VI of the Companies Act, 1956.

(a) Licensed capacity and installed capacity:

Quantitative details	March 31, 2008	March 31, 2007
	Metric tones per annum ²	Metric tones per annum ²
Licensed and installed capacity per annum ¹		
- Guar gum pulverized	46,200	39,900
- Guar splits/churi korma	16,315	16,315

1. On double shift basis

2. As certified by management and relied upon by the Auditors, being a technical matter.

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

Quantitative details	March 31, 2008		March 31, 2007	
	Quantity in MT	Amount (Rs. in lacs)	Quantity in MT	Amount (Rs. in lacs)
Raw material consumed				
- Guar	16,158.10	2,630.10	35,584.07	6,221.95
- Guar split	33,317.20	14,550.63	21,705.21	14,326.19
- Others	-	1,103.26	-	639.41
	-	18,283.99	-	14,620.03
Finished Goods (Guar Gum Pulverized/Refined Guar Gum)				
Opening stock	1,536.90	768.45	1,720.97	679.00
Production/purchase	46,825.25	-	36,033.31	-
Sales	47,114.12	30,529.45	35,999.21	23,962.69
Closing stock	1,248.03	524.08	1,536.90	768.45

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

	March 31, 2008		March 31, 2007	
	Percentage	Value (Rs. in lacs)	Percentage	Value (Rs. in lacs)
i) Raw material				
Indigenous	100%	18,283.99	100%	14,620.03
ii) Stores and spare parts				
Indigenous	100%	Rs. 65.17	100%	72.02
Imported	-	-	-	-

(d) CIF value of imports

	March 31, 2008	March 31, 2007
	Value (Rs. in lacs)	Value (Rs. in lacs)
HSD/SKO	-	102.64
Chemicals*	59.67	-

*Imported chemicals worth Rs.59.67 lacs (previous year Nil) used in research and development activities.

**Schedules forming part of the financial statements for the year ended
March 31, 2008**

Schedule: 25

Notes of the financial statements

(Note 9 continued....)

(e) Expenditure in foreign currency

	March 31, 2008	March 31, 2007
	Value (Rs. in lacs)	Value (Rs. in lacs)
Travelling	3.84	4.64
Selling commission	816.76	1,235.57

(f) Earnings in foreign currency:

	March 31, 2008	March 31, 2007
	(Rs. in lacs)	(Rs. in lacs)
FOB value of exports	30,191.34	17,291.29

10. The Company has been granted a packing credit limit and foreign documentary bill purchase/discounting facility of Rs 655 lacs and Rs 4,665 lacs respectively from State Bank of Bikaner and Jaipur secured by hypothecation of Inventory, Inward, RR/MTRs, bill of lading, letter of credit, ECGC cover, other documents to the title of goods and personal guarantee of Mr. Meghraj Jindal, Mrs. Bimla Devi Jindal and Mr. B.D.Aggarwal, the promoters and Directors of the Company.

11. The demand loans of Rs 232.01 lacs from Union Bank of India and State Bank of Bikaner & Jaipur are secured against the fixed deposits with the respective banks.

12. Information required as per the Micro, Small and Medium Enterprises Development Act, 2006

The Company has identified Micro, Small and Medium Enterprises on the basis of information made available. As at March 31, 2008 there are no dues to Micro, Small and Medium Enterprises that are reportable under the MSME Act, 2006.

13. Foreign exchange exposures (hedged/un hedged positions)

The Company uses Forward exchange rate booking to hedge its risks associated with fluctuations in foreign currencies.

The Company does not use Forward exchange rate booking for speculative purposes. The following are outstanding forward exchange rates booked at March 31, 2008:

For hedging currency risks:

Foreign exchange rate booking:

	Currency	Amounts in Rs.
Receivables	USD	227,896,306

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given:

	Currency	Amount in Rs.
Payables	USD	58,500,000

14. Commitments and contingent liabilities

Firm capital commitments

Estimated amount of contracts remaining to be executed on capital account Rs 1,266.34 lacs (Previous year nil) and not provided (for net of advances).

**Schedules forming part of the financial statements for the year ended
March 31, 2008**

Schedule: 25

Notes of the financial statements

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

a) Custom matters, under dispute

The Assistant Commissioner (100% EOU) Custom House, Kandla has confirmed the demand of Rs. 1,440,000 on import of HSD oil. The Company has, deposited Rs. 1,440,000 under protest and, filed an appeal to Commissioner Appeal, Kandla against the orders of the AO and the Assistant commissioner. The management believes that the appeal will be upheld by the adjudicating authority.

b) Excise matters, under dispute

The Company having the stay order in the case of goods lost in transit at the time of export. In the case the excise Department has raised a total demand of Rs. 3,072,652 on goods lost in transit. The Company has already deposited Rs. 1,000,000 under protest in this case and proceeding of this matter still stayed. The management believes that the appeal will be upheld by the adjudicating authority.

c) Income tax matters, under dispute

The Additional Commissioner of Income Tax, Bhiwani has raised demand of Rs. 849,438/- for the Assessment Year 1995-96 and interest thereon of Rs. 2,222,655. The Company has filed an appeal in the High Court of Punjab & Haryana against the said demand. The matter is still pending and the management believes that the appeal will be admitted and upheld by the honorable high court.

15. Retirement Benefits

During the year, the Company has adopted Accounting Standard 15 (Revised 2005) 'Employees Benefits'. The Company was not providing for the gratuity benefits in the previous years and therefore there is no impact due to change in assumption which has to be adjusted to the opening balance of reserves and surplus.

The gratuity liability (unfunded) existing as at March 31, 2007 has been adjusted as prior period item. The Company is using the Projected Unit Credit Method for valuation of its liability for gratuity.

There are no assets earmarked towards the gratuity liability and the Company has provided for the gratuity liability (unfunded) on the basis of actuarial valuation as at March 31, 2007 and March 31, 2008.

**Schedules forming part of the financial statements for the year ended
March 31, 2008**

Schedule: 25

Notes of the financial statements

Actuarial valuation of gratuity has been done with the following assumptions.

The Company is providing the following benefits to their employees :

Assumptions

Discount rate	8.00%
Rate of increase in compensation levels	5.50%
Expected average remaining working lives of employees (years)	29.53

Change in the present value of obligation :

Particulars

Present value of obligation as at beginning of the year	930,351
Interest cost	74,428
Current service cost	343,272
Benefits paid	-
Actuarial (gain)/loss on obligations	462,954
Present value of obligation as at March 31,2008	1,811,005

Reconciliation of present value of defined benefit obligation

And the fair value of assets

Particulars

Present value of unfunded obligation as at March 31,2008	1,811,005
Unfunded net liability recognized in Balance Sheet	1,811,005

Expenses recognized in the Profit and Loss Account

Particulars

Current service cost	343272
Interest cost	74,428
Settlement cost/credit	-
Net actuarial (gain)/loss recognized in the period	462,954
Total expenses recognized in the Profit and Loss Account	880,654

16. Previous year figures have been regrouped or recast wherever necessary to make them comparable with those of the current year.

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

Sd/-
Bimla Devi
(Director)

Sd/-
Ravinder Gupta
(Company Secretary)

Place: Gurgaon
Date: June 17, 2008

VIKAS WSP LIMITED
Cash Flow Statement for the year ended March 31, 2008

	March 31, 2008 Rs.	March 31, 2007 Rs.
Cash flows from operating activities		
Net profit before taxes and prior period items	694,371,886	419,873,231
Adjustments for		
Depreciation	209,994,718	110,492,719
Impact of change in accounting policy	(18,199,547)	-
Liabilities written back	(2,496,356)	-
Interest received on fixed deposits	(532,204)	(402,492)
Interest paid	93,453,007	86,694,953
Prior period items	(50,664,144)	-
Operating profit before working capital changes	925,927,360	616,658,411
Adjustments for		
Trade and other receivables	(89,631,900)	112,545,823
Inventories	458,481,957	(51,781,426)
Trade payable	53,881,423	(6,800,272)
Other current assets	(146,560,124)	10,722,906
Provisions	1,811,005	-
Fixed deposits with banks	(20,387,320)	(3,034,331)
Net cash generated from operating activities before tax	1,183,522,401	678,311,111
Direct taxes paid		
Income tax	(39,850,000)	-
Fringe benefit tax	(274,830)	(185,468)
	(40,124,830)	(185,468)
Net cash inflow from operating activities	1,143,397,571	678,125,643
Cash flows from investing activities		
Purchase of fixed assets/capital work in progress	(2,817,418,867)	(459,002,922)
Interest received on fixed deposits	532,204	402,492
Net cash outflow from investing activities	(2,816,886,663)	(458,600,430)
Cash flows from financing activities		
Proceeds from preferential allotment of shares	2,169,750,000	-
Dividend paid	(54,849,800)	-
Dividend tax paid	(4,660,862)	-
Interest paid	(93,453,007)	(86,694,953)
Decrease in working capital loans	(117,602,640)	(83,497,798)
Repayment of long term loan	(179,053,000)	(50,033,000)
Repayment of unsecured loan	(11,999,945)	-
Net cash inflow/ (outflow) from financing activities	1,708,130,746	(220,225,751)
Increase in cash and cash equivalents	34,641,654	(700,538)
Cash and cash equivalents at the beginning	2,029,236	2,729,774
Cash and cash equivalents at the close	36,670,890	2,029,236
Change in cash and cash equivalents	34,641,654	(700,538)
<i>Note:: Cash and cash equivalents include:</i>		
Cash in hand	265,711	251,548
Balances with banks in		
- Current accounts (excluding unclaimed dividend accounts Rs. 28,983,281 (previous year Rs. 404,749))	36,405,179	1,777,688
	36,670,890	2,029,236

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

This is the Cash Flow Statement referred to in our report of even date.

for Walker, Chandio & Co
Chartered Accountants

Sd/-
per Rajesh Jain
Partner

Membership number: 81203

Place : Gurgaon
Date : June 17, 2008

PART - IV
Balance Sheet Abstract and Company's General Business Profile

Registration Details

I.	Registration No.	30300	State Code	05
	Balance Sheet	31 - 3 - 2008		
	Date	Date	Month	Year

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

Public Issue	-	NIL	-	Rights Issue	-	NIL
Bonus Issue	-	NIL	-	Private Placement		26,300

III. Position of Mobilisation and Development of Funds (Amount in Rs. Thousand)

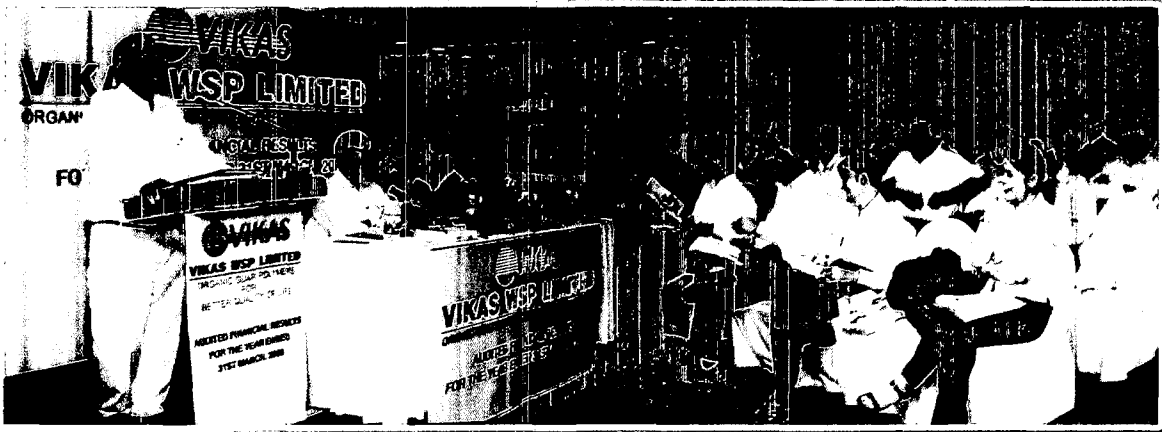
Total Liabilities	Total Assets
6715563	6715563
Source of Funds	
Paid-up Capital	Reserves & Surplus
135999	5685646
Secured Loan	
752004	
Application of Funds	
Net Fixed Assets	Investment
5426535	NIL
Net Current Assets	Misc. Expenditure
1289029	NIL
Accumulated Losses	
NIL	

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

Turnover [Including Other Income]	Total Expenditure
3035577	2197950
Profit/Loss Before Tax	Profit/Loss After Tax
694370	452530
Earning Per Share in Rs.	Dividend rate %
4.03	50%

V. Generic Names of Principal Product of the Company (as per monetary terms)

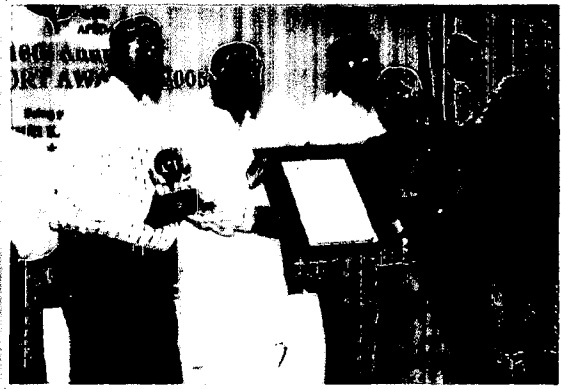
Item Code No. (ITC Code)	130232.02
Product	GUAR DERIVATIVE & GUAR POLYMERS



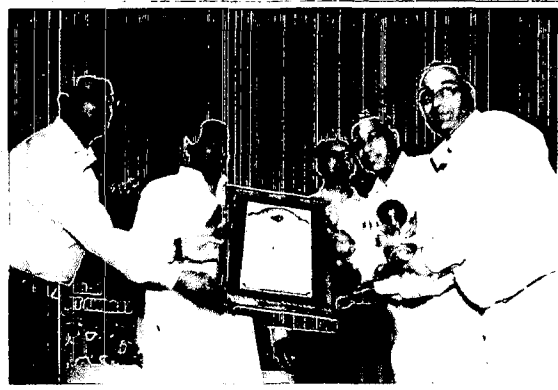
B.D. Agarwal, Managing Director of the company addressing the analyst meet while announcing the Audited Financial Results for the year ended 31st March 2008 at Mumbai on 16th June 2008



Best Export Oriented Unit (Non SSI Category - Food product sector) award by Hon'ble Shri Kamal Nath, Union Minister of Commerce & Industry on 19th January, 2007 at New Delhi for the year 2004-05.



APEDA Export Award for outstanding contribution to export from India during the year 2005-06 by Hon'ble Shri Kamal Nath, Union Minister of Commerce & Industry on 30th April, 2007 at New Delhi.



APEDA Export Award for outstanding contribution to export from India during the year 2006-07 by Hon'ble Shri Kamal Nath, Union Minister of Commerce & Industry on 30th May, 2008 at New Delhi.

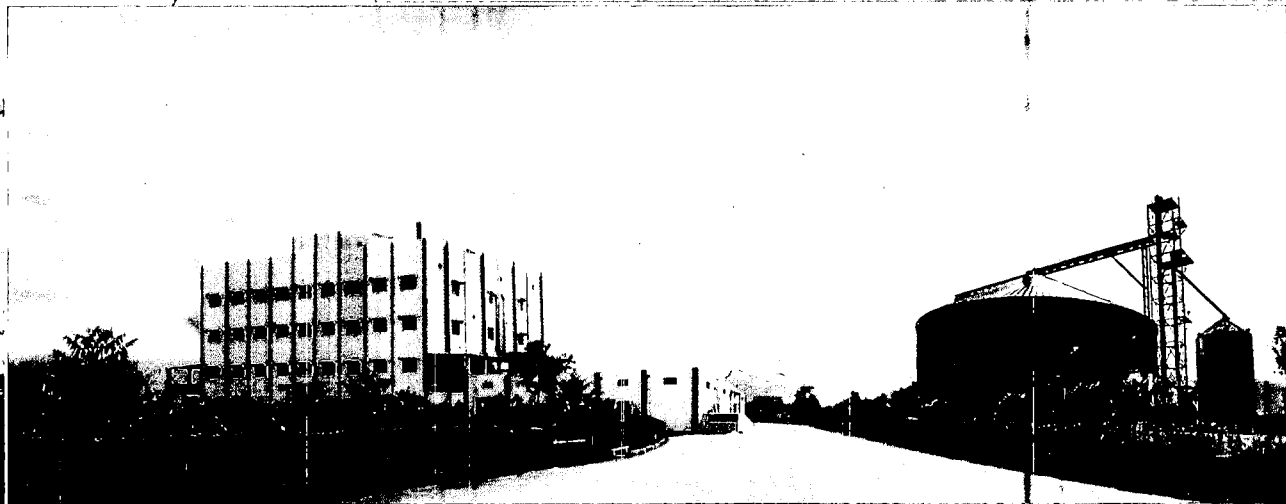
VIKAS WSP LIMITED

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