



## COMPANY INFORMATION

### BOARD OF DIRECTORS:

Sri Gen. C.R. Sen Gupta	-	Chairman
Sri B. Narayana Murthy	-	Managing Director
Sri G.S. Ramachandra Rao	-	Director
Smt. B. Vijaya Lakshmi	-	Executive Director
Sri L. Rajarao	-	Director (Technical)
Sri A. Satya Prasad	-	Independent Director
Sri J. Srikanth Babu	-	Independent Director

**REGISTERED OFFICE** : Ankulapatur Village, Chillakur Mandal,  
SPSR Nellore District,  
Andhra Pradesh - 524 412.

**CORPORATE OFFICE** : Plot No.89/A, Aishwarya, Sagar Society,  
Road No. 2, Banjara Hills,  
Hyderabad – 500 034. Andhra Pradesh  
[www.vsfprojects.com](http://www.vsfprojects.com)  
[info@vsfprojects.com](mailto:info@vsfprojects.com)

**SITUATORY AUDITORS** : **M/s Ramana Reddy & Associates**  
Chartered Accountants,  
10-5-6/B, My Home Plaza  
Masab Tank, Hyderabad. Andhra Pradesh

**REGISTRARS &  
SHARE TRANSFER AGENTS** : Aarthi Consultants (P) Ltd.,  
1-2-285, Near Gaganmahal Hospital  
Domalaguda, Hyderabad – 500 029  
Andhra Pradesh

**BANKERS** : UCO Bank



## An overview

### The Company

VSF Projects Limited is an integrated construction and infrastructure development and execution company with two principal business segments:

- Construction business which is operated by the Company
- Power Generation business which is operated through Special Purpose Vehicle (SPV) as subsidiary.

Infrastructure business of the Company focuses on sectors including roads, buildings, industrial construction.

The Power project is yet to be started. All government approvals as well as Licenses have been obtained from various concerned authorities. The Company has been approached by several BOP and BTG Service providers to co ordinate with the Civil and Technical Infrastructure works at the Project site. **The Project is India's first 350 MW Super Critical Power Generation Plant** and Power Finance Corporation has given its in principle approval to finance to the project.

### VSF Projects



#### Values

- Customer satisfaction
- Integrity
- Work culture
- Employee sense of belonging
- Innovation
- Health, safety & environment
- Social commitment





<p>Account No and Depository Participant Identification Number (DPID No) on all correspondence with the Company.</p>	<p>to the details of the Directors seeking appointment / re-appointment in this Annual General Meeting.</p>
<p>5. Members are requested to send all communication relating to shares to the Company's RTA M/s Aarthi Consultants Pvt. Ltd, 1-2-285, Near Gaganmahal Hospital, Domalaguda, Hyderabad – 500 029, Andhra Pradesh</p>	<p style="text-align: center;"><b><u>ADDITIONAL INFORMATION</u></b> <b><i>(pursuant to Clause 49 IV (G) of the Listing Agreement)</i></b></p> <p><b>Sri A Satya Prasad</b>, aged about 41 years is an M.Com and has 19 years of experience in land development and infrastructure works. The Board is of the view that the knowledge and experience of Shri A Satya Prasad will be of immense value and benefit to the Company.</p>
<p>6. Shareholders desiring any information regarding the Accounts are requested to write to the company at least 7 days before the date of the Meeting so as to enable the Management to keep the information ready.</p>	<p>He neither holds any directorship nor membership of any committee, other than that of the Company.</p>
<p>7. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and has issued circular stating that service of notice/documents including annual report can be sent by e-mail to its members. We fully support the Ministry's green initiative. Accordingly, the members are requested to inform their e-mail addresses to their respective Depository Participants / RTA - M/s Aarthi Consultants Pvt. Ltd, 1-2-285, Near Gaganmahal Hospital, Domalaguda, Hyderabad – 500 029, Andhra Pradesh</p>	<p>Shareholding in the Company: NIL</p> <p><b>Shri L. Rajarao</b>, 60 years, has done Master of Engineering with specialization in Power systems, have 31 years of vast experience in the field of Erection, Testing &amp; Commissioning, Operation &amp; Maintenance of Thermal Power Engineering segment. He has worked in various positions in APGENCO till 31st July, 2010. He had successfully completed implementation of Kakatiya Thermal Power Project Stage -1 (1x 500 MW) project at Chelpur Village, Ghanpur Mandal, Warangal District in July, 2010.</p>
<p>8. The information pursuant to Clause 49 of the Listing Agreement with respect</p>	<p>Shri L. Rajarao, is also a Director in VSF Energy Projects Private Limited.</p> <p>Shareholding in the Company: NIL</p>



## DIRECTORS' REPORT

Your Directors hereby present the **TWENTY FIRST ANNUAL REPORT** together with the Audited Accounts of the company for the financial year ended 31<sup>st</sup> March, 2013.

### FINANCIAL HIGHLIGHTS:

(Rupees In Lakhs)

<b>PARTICULARS</b>	<b>2012-13</b>	<b>2011-12</b>
Gross Income	1944.38	1822.58
Total expenditure	1779.85	1686.22
<b>Profit before Interest &amp; Depreciation</b>	<b>190.98</b>	<b>172.09</b>
Interest	39.90	10.68
Depreciation	26.45	25.05
<b>Profit before tax</b>	<b>124.63</b>	<b>136.36</b>
Current Tax	24.93	27.28
Deferred tax	15.50	15.71
<b>Profit/(Loss) after tax</b>	<b>84.20</b>	<b>93.36</b>
<b>Balance Carried forward from previous years</b>	<b>166.43</b>	<b>73.07</b>
<b>Balance Carried forward to Balance Sheet</b>	<b>250.63</b>	<b>166.43</b>

### OPERATIONS AND PERFORMANCE:

During the year under review, your company has seen a growth in revenue. The Company has generated income of Rs.1944.38 Lakhs during the current year as compared to Rs. 1822.58 Lakhs during the previous year an increase of 6.68 % and net profit stood at Rs. 84.2 Lakhs. There is a margin dip in the Net Profit due to increased Interest Charges in the Profit & Loss A/c.

### DIVIDEND:

In view of the inadequate profits, your Directors do not recommend any dividend for the financial year 2012-13.

### SUBSIDIARY COMPANY

In order to execute the proposed a 350 MW Super Critical Power Project, the company incorporated Wholly owned Subsidiary M/s VSF Energy Projects Private Limited on 07th March, 2011.

### CONSOLIDATED FINANCIAL STATEMENTS :

The Consolidated Financial Statements of Your Company with that of its Wholly owned Subsidiary M/s. VSF Energy Projects Private Limited is provided in the Annual Report. The annual accounts of the subsidiary and the related detailed information shall be made available to members seeking such information at any point of time. The annual accounts of the VSF Energy Projects Private Limited shall also be kept for inspection by any of the members at the administrative and registered office of the Company. Information pursuant to section 212 of the Companies Act, 1956, relating to subsidiary company, is annexed to this report.

### FIXED DEPOSITS:

The company has neither accepted nor renewed any deposits falling within the provisions of Section 58A of the Companies Act, 1956 read with the Companies



(Acceptance of Deposits) Rules, 1975 from the public during the financial year.

**DIRECTORS:**

Sri. A. Satya Prasad and Sri. L Rajarao retire at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment.

**AUDITORS:**

M/s. Ramana Reddy & Associates, Chartered Accountants, Hyderabad, the Statutory Auditors of the Company retire at the conclusion of ensuing Annual General Meeting & being eligible, offer themselves for re-appointment. They have furnished a certificate stating that their re-appointment, if made, will be within the limits laid down under Section 224(1B) of the Companies Act, 1956. The Board recommends their re-appointment for the FY 2013-14.

**PARTICULARS OF EMPLOYEES:**

There are no employees whose particulars are required to be furnished under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rules, 1975, and as amended from time to time as remuneration of none of the employees is in excess of Rs.5,00,000/- per month, if employed for the part of year or Rs.60,00,000/75,00,000/- per annum during the financial year 2012-13.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

The Directors of your Company hereby report:

- (i) That in the preparation of Annual Accounts for the financial year ended 31st March, 2013, the applicable accounting standards have been followed along with the proper explanation relating to material departures, if any, there from;
- (ii) That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period:
- (iii) That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities
- (iv) That the directors have prepared the annual accounts for the financial year ended 31st March 2013 on a going concern basis.



**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The details regarding Energy Conservation, Technology Absorption, Foreign Exchange Earnings and Outgo as required by section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of the particulars in the report of the Board of Directors) Rules, 1988 are given as Annexure A and forms part of this report.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

Management Discussion and Analysis Report, pursuant to Clause 49 of the Listing Agreement forms part of this Report and is annexed hereto.

**CORPORATE GOVERNANCE:**

The Company has implemented the procedures and adopted practices in conformity with the Code of Corporate Governance enunciated in Clause 49 of the Listing Agreement with the Stock Exchanges. A separate report on Corporate Governance is annexed herewith, as a part of the Annual Report along with the Auditor's Certificate on its compliance.

**LISTING:**

Your Company's shares are presently listed on The Bombay Stock Exchange Limited, Mumbai.

**ACKNOWLEDGEMENTS:**

Your directors acknowledge the continued support from its management and staff. Your Directors also wish to thank its customers, vendors, banks, service providers as well as regulatory and government authorities for their support and cooperation.

BY THE ORDER OF THE BOARD  
For VSF PROJECTS LIMITED

Sd/- Sd/-  
(B.N. MURTHY) (B. VIJAYA LAKSHMI)  
Managing Director Director

Place: Hyderabad  
Date : 14-08-2013

**Annexure – A**

**INFORMATION UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.**

**A. CONSERVATION OF ENERGY:**

- i. The Company is very careful in using the power to reduce the cost of maintenance and conserve the resources and constantly evaluates new technologies and invests to make its infrastructure more energy-efficient
- ii. The Company has not made any



<p>additional investments and has not proposed any amount for reduction of consumption of energy.</p>	<table border="1"> <thead> <tr> <th data-bbox="841 394 987 422">Particulars</th> <th data-bbox="1154 394 1247 422">2012-13</th> <th data-bbox="1256 394 1344 422">2011-12</th> </tr> </thead> <tbody> <tr> <td data-bbox="841 457 1154 485">Foreign Exchange Earnings</td> <td data-bbox="1154 457 1247 485">Nil</td> <td data-bbox="1256 457 1344 485">Nil</td> </tr> <tr> <td data-bbox="841 491 1154 518">Foreign Exchange Outgo</td> <td data-bbox="1154 491 1247 518">Nil</td> <td data-bbox="1256 491 1344 518">Nil</td> </tr> </tbody> </table>	Particulars	2012-13	2011-12	Foreign Exchange Earnings	Nil	Nil	Foreign Exchange Outgo	Nil	Nil
Particulars	2012-13	2011-12								
Foreign Exchange Earnings	Nil	Nil								
Foreign Exchange Outgo	Nil	Nil								
<p>iii. There is no impact of the measures at (i) and (ii) above for reduction of energy consumption and consequent impact on the cost of production of goods.</p>	<p style="text-align: center;">BY THE ORDER OF THE BOARD For VSF PROJECTS LIMITED</p>									
<p>iv. Disclosure under Form A is not applicable to the Company.</p>	<table border="1"> <tr> <td data-bbox="841 688 1073 785" style="text-align: center;">           Sd/- <b>(B.N. MURTHY)</b> Managing Director         </td> <td data-bbox="1073 688 1362 785" style="text-align: center;">           Sd/- <b>(B. VIJAYA LAKSHMI)</b> Director         </td> </tr> </table>	Sd/- <b>(B.N. MURTHY)</b> Managing Director	Sd/- <b>(B. VIJAYA LAKSHMI)</b> Director							
Sd/- <b>(B.N. MURTHY)</b> Managing Director	Sd/- <b>(B. VIJAYA LAKSHMI)</b> Director									
<p><b>B. TECHNOLOGY ABSORPTION: FORM B</b> (Disclosure of particulars with respect to technology Absorption)</p>	<p>Place: Hyderabad Date : 14-08-2013</p>									
<p><b>i) Research and Development (R &amp; D) :</b> Specific areas in which R &amp; D carried out by the Company : NIL Benefits derived as a result of the above : NIL Future plan of action : NIL Expenditure on R &amp; D : NIL</p> <p><b>ii) Technology absorption, adaptation and innovation : NIL</b></p>	<p><b>MANAGEMENT DISCUSSION &amp; ANALYSIS</b></p> <p><b>OVERVIEW:</b></p> <p>The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, guidelines issued by the Securities and Exchange Board of India (SEBI) and other statutory requirements. Our Management accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner the form and substance of transactions and reasonably present our state of affairs, profits and cash flows for the year.</p>									
<p><b>C) FOREIGN EXCHANGE EARNINGS AND OUTGO:</b></p> <p>Activities relating to exports and initiatives taken to increase export products, services and export plans :</p> <p>Foreign Exchange earnings and outgo: <i>(on receipts and payments basis)</i></p>										





## **INFRASTRUCTURE AND CONSTRUCTION – THE LONG TERM OPPORTUNITY**

Infrastructure remains a vital sector for India's growth story. But, lack of adequate infrastructure is a major constraint in India's growth. Infrastructure, which was the golden sector a few years ago, is battling regulatory bottlenecks, land acquisition delays and credit crunch. Without any dichotomy - the future growth prospects of the Indian economy lingers primarily on the infrastructure investment and timely execution of the projects. The infrastructure sector was one of the thrust areas in Union Budget 2012-13 as a string of measures were announced in the budget.

Defying inflationary pressures and euro zone crisis, the Finance Minister in his Budget has attempted to steer the economy out of recessionary slumber. To give infrastructure the much needed boost and to bridge the infra funding deficit he marshaled all resources at his disposal and fired a barrage of tax free bonds to generate funds for infrastructure sector which plays a pivotal role in generating jobs, shaping the fiscal health of economy and accelerating GDP growth. In fact, the approach is straight, loud and crystal clear attempt to make India an attractive destination for global investors by conceptualizing the cascading effect of dividend distribution tax by terminating secondary tax on companies and skillfully employing the ECB window to generate infra

funds both from internal and external resources.

### **FINANCIAL PERFORMANCE :**

During the year under review, your company has seen a growth in revenue. The Company has generated income of Rs.1944.38 Lakhs during the current year as compared to Rs. 1822.58 Lakhs during the previous year an increase of 6.68 % and net profit stood at Rs. 84.20 Lakhs

### **OPPORTUNITIES & THREATS**

**Infrastructure Industry:** The continued thrust on infrastructure projects including highways / expressways and Power will bring lot of opportunities for India and your Company.

**Power Generation:** The necessity for addition of power generation capacity of the country and the various incentives provided by the Government of India for private sector participation in development of power will be key to the development of Power projects.

**General:** The Indian Economy is expected to slowdown and grow at around 5% p.a and provides ample opportunity for the Company to sustain the growth.

All though the Company is well poised and equipped to face any risk of exposure to Business, Assets and Financial Risks in the form of competition, accidents, natural



calamities, obsolescence, and fluctuations in foreign currency etc, the Company is not secluded from the threats of slowing economy around the world and India in particular.

Emerging economies around the globe have witnessed outflow of FII investment from both Debt and Equities, resulting in a free fall of the domestic currency against the US Dollar. India is no exception to this and companies across the sectors are feeling the pinch of the slowing economy and falling rupee.

Apart from the global and macro factors, power sector in India is going through a lean phase. The delay in getting various clearances from the government, non signing of Fuel Supply Agreements by the Coal and Gas ministries, the cost escalation have all impacted adversely the Power Sector.

The management of your company is however hopeful that the government will take appropriate and timely steps to revive the prospects of the ailing infra and power companies.

#### **RISKS & CONCERNS**

1. Infrastructure sector is dependent on political stability.
2. Contract Payment Risk
3. Un Organized Sector
4. Shortage of Labor and Employees.
5. Coal Shortages

#### **INTERNAL CONTROL SYSTEM AND ITS ADEQUACY**

The philosophy we have with regard to internal control systems and their adequacy has been formulation of effective systems and their strict implementation to ensure that assets and interests of the Company are safeguarded; checks and balances are in place to determine the accuracy and reliability of accounting data. The Company has a well defined organization structure with clear functional authority, limits for approval of all transactions. The Company has a strong reporting system, which evaluates and forewarns the management on issues related to compliance. Company updates its internal control system from time to time, enabling it to monitor employee adherence to internal procedures and external regulatory guidelines.

#### **PERSONNEL:**

Human wealth is the ultimate wealth in for any industry. The Company recognizes this fact and understands that employees are one of the most important sources for sustained growth of any business. Quality personnel delivering their optimum potential for the organization is the key differentiator. The Company maintained good relations with its employees and there was no unrest in the Company at any point of time.

Industrial relations in the organization continued to be cordial and progressive.



#### **HEALTH AND SAFETY:**

The Company places considerable emphasis on health and safety throughout its operation and displays commitment to ensure the high standards being maintained in compliance with applicable laws and regulations.

#### **FORWARD LOOKING / CAUTIONARY STATEMENT:**

Certain statements in the Management Discussion & Analysis Report detailing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable securities laws and regulations. These statements being based on certain assumptions and expectation of future event, actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting domestic demand supply conditions, finish goods prices, changes in Government Regulations and Tax regime etc. The Company assumes no responsibility to publically amend, modify or revise any forward looking statements on the basis of subsequent developments, information or events.

#### **REPORT ON CORPORATE GOVERNANCE**

##### **1. COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE**

The Company believes in transparency, empowerment, accountability and integrity in its operations duly delegated authority to various functional heads that are responsible for attaining the corporate plans with the ultimate purpose of enhancement of "Stake holder value".

Moreover, the Company believes that sound Corporate Governance practices that provide an important platform to assist the management and the Board in delivering its responsibilities. The Company has always been taking the spirit of various legislations as guiding principles and has done well beyond simple statutory compliance. The Board of directors of the company has the responsibility of protecting the long term interests of all the stakeholders, while adhering to sound principles of corporate governance.

The Company has professionals on its Board of Directors who are actively involved in the deliberations of the Board on all important policy matters.

##### **2. BOARD OF DIRECTORS**

The Company upholds the policy of having an optimum combination of Executive, Non-Executive and Independent Directors to



ensure independent, transparent and professional conduct of Board Procedures in all aspects related thereto. The Chairman is non - executive director and the number of Independent Non-executive directors is 50% of the Board strength at any point of time.

During the Financial year ended 31st March, 2013, Board of Directors met 7 times and gap between two Board meetings did not exceed four months. None of the Directors on the Board is a member in more than 10 committees and none of them act as Chairman of more than five committees across all companies in which he is a Director.

- ❖ 06.04.2012
- ❖ 14.05.2012
- ❖ 13.08.2012
- ❖ 03.09.2012
- ❖ 14.11.2012
- ❖ 06.12.2012
- ❖ 14.02.2013

The attendance at the Board Meetings conducted during the 12 months period ended 31<sup>st</sup> March, 2013 and at the Annual General Meeting as also the number of Directorships and committee memberships (other than VSF Projects Limited) are given below:

Name of the Director	Category of the Directorship	No. of Board meetings attended	Attendance at the last AGM	No. of Memberships in other companies (excluding private limited Companies)	
				Boards	Committees
C.R.Sengupta	Chairman Independent & Non Executive	1	No	Nil	Nil
B.N. Murthy	Managing Director - Executive	7	Yes	1	Nil
GSRamachandra Rao	Director - Non Executive	7	Yes	Nil	Nil
B.Vijaya Lakshmi	Director - Executive	7	Yes	Nil	Nil
J Srikanth Babu	Director - Independent & Non Executive	7	Yes	Nil	Nil
A. Satya Prasad	Director - Independent & Non Executive	7	Yes	Nil	Nil
L. Raja Rao	Director Executive	7	Yes	Nil	Nil

### 3. AUDIT COMMITTEE

#### Terms of Reference:

- a. To review the results and announcement, and the report and accounts at the end of a quarter, half year and the full year before submission to the Board, focusing particularly on:



<p>(i) Any changes in accounting policies and practices.</p> <p>(ii) Compliance with accepted accounting standards.</p> <p>(iii) Compliance with the Listing and other Legal requirements</p> <p>(iv) Major Judgmental Decisions; etc.</p> <p>b. To consider appointment of Statutory Auditors, the Audit Fee, and any matter of resignation and dismissal.</p> <p>c. To discuss with the Statutory Auditor, before the audit commences, the nature and scope of the Audit.</p> <p>d. To discuss problems and reservations arising from the statutory audit, and any matters the statutory auditor may wish to discuss.</p> <p>e. To consider other matters as may be delegated by the Board from time to time.</p> <p><b>Composition of Audit Committee:</b></p> <p>The Audit Committee provides assistance to the Board of Directors in fulfilling its oversight responsibilities. The Audit committee has been entrusted with the responsibilities as laid down under Clause 49 of the Listing Agreement, to the extent applicable and required. The Committee is constituted by:</p> <ul style="list-style-type: none"><li>● Shri A Satya Prasad – Chairman</li><li>● Shri G S Ramachandra Rao – Member</li><li>● Shri J Srikanth Babu – Member</li></ul>	<p><b>Meetings during the year:</b></p> <p>During the Financial year ended 31st March, 2013, the Audit Committee met 4 times as follows, and all the members were present in each of such meetings.</p> <ul style="list-style-type: none"><li>❖ 14.05.2012</li><li>❖ 13.08.2012</li><li>❖ 14.11.2012</li><li>❖ 14.02.2013</li></ul> <p>The Company continued to derive immense benefit from the deliberations of the Audit Committee. Shri A Satya Prasad, who is heading the Audit Committee as Chairman has rich experience and professional knowledge in Finance and Accounts. The members always added value for the Company.</p> <p><b>4. REMUNERATION COMMITTEE:</b></p> <p><b>Terms of Reference:</b></p> <p>The terms of reference as per Clause 49 of the Listing Agreement is to determine and review the remuneration, performance, and related bonuses of Executive Director(s), if any.</p> <p><b>Composition</b></p> <p>The remuneration committee consist of the following directors :</p> <ul style="list-style-type: none"><li>● Shri J. Srikanth Babu – Chairman</li><li>● Shri G S Ramachandra Rao – Member</li><li>● Shri A Satya Prasad – Member</li></ul>
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Remuneration paid to Directors during the Financial year 2012-13:

Executive Directors:

Sri B N Murthy, Managing Director Rs. 24,00,000/- P.A.

Sri L Rajarao, Director(Technical) Rs.18,00,000/- P.A.

Smt. B. Vijaya Lakshmi, Director Rs. 6,00,000/- P.A.

**Disclosures as required under Section II of Part II of Schedule XIII**

(i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc. of all the directors :

Name of the Director	Salary & Perquisites P.A.	Total Rs. P.A.
B N Murthy	24,00,000	24,00,000
B Vijaya Lakshmi	6,00,000	6,00,000
L Rajarao	18,00,000	18,00,000

**Non - Executive Directors** : NIL

**Shareholding of Non-Executive Director:** None of the Non-Executive Directors of the Company holds any share in the Company, except G.S. Ramachandra Rao.

**5. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE**

**Composition**

The committee consist of the following directors:

Shri B.N Murthy	Chairman
Smt. B Vijaya Lakshmi	Member
Shri. J Srikanth Babu	Member

The Committee looks into the shareholder's and investor's complaints. Most of the complaints received from the shareholders have been resolved during the year is as follows :

1. Pending at the beginning of the year	0
2. Received during the year	9
3. Disposed of during the year	9
4. Remaining unresolved at the end of the year	0

The number of complaints pending as on 31st March, 2013 is Nil.

**6. SHARE TRANSFER COMMITTEE**

The process of share transfers is entrusted with Registrars and Share Transfer Agents of the Company, M/s Aarthi Consultants Pvt. Ltd., who attends to the said task as and when the requisitions are received.

The Share transfer committee meets fortnightly every month to approve transfer of shares, if any and also overviews the work of M/s Aarthi Consultants Pvt. Ltd., on regular intervals.

**Composition**

Shri B.N Murthy	Chairman
Smt. B Vijaya Lakshmi	Member
Shri. J Srikanth Babu	Member



## 7. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

A Report of the Management Discussion and Analysis is attached as part of the Annual Report.

## 8. GENERAL BODY MEETINGS:

The last three Annual General Meetings of the company were held at the Regd. Office of the Company at Ankulpatur Village, Chillakur Mandal, Nellore District, Andhra Pradesh.

Year	AGM	Venue	Day & Date	Time
2010	18 <sup>th</sup>	Ankulpatur Village Chillakur Mandal, SPSR Nellore Dist., 2010 Andhra Pradesh	Thursday, 30 <sup>th</sup> September,	11:00 A.M.
2011	19 <sup>th</sup>	Ankulpatur Village Chillakur Mandal, SPSR Nellore Dist., 2011 Andhra Pradesh	Friday, 30 <sup>th</sup> September,	11:00 A.M.
2012	20 <sup>th</sup>	Ankulpatur Village Chillakur Mandal, SPSR Nellore Dist., 2012 Andhra Pradesh	Friday, 28 <sup>th</sup> December,	11:00 A.M.

## II. Special Resolutions have been passed in the previous 3 AGM's

AGM Date	Description of Item
28 <sup>th</sup> September, 2012	Nil
30 <sup>th</sup> September, 2011	Increase in remuneration of Managing Director
30 <sup>th</sup> September, 2010	Nil

## Postal ballot:

There were no items of business transacted by way of Postal Ballot during the financial year 2012-2013.

There is no Special Resolution proposed to the way of Postal in the AGM.

## 9. DISCLOSURES:

- Related Party Transaction (Shown in Notes to Accounts)
- 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., having potential Conflict with the interests of Company at large. Except notes to Accounts , Note no. 26
- Details on non-compliance by the company, penalties and strictures imposed on the company by stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years: None
- Details of compliance with mandatory requirements and adoption of non-mandatory requirements of the clause

Pursuant to sub-clause VII of clause 49 of the listing agreement, the Company confirms that it has complied with all mandatory requirements prescribed.



As regards non-mandatory requirements, a Remuneration Committee has been formed to evaluate remuneration packages for directors and senior staff members.

**e) C.E.O. Certification**

Sri B. N. Murthy (Managing Director) and Smt B. Vijaya Lakshmi, Director certified to the Board on the prescribed matters as required under Clause 49 of the Listing Agreement and the said Certificate was considered by the Board at its meeting held on 14.08.2013.

**10. MEANS OF COMMUNICATION:**

- a. Quarterly Financial Results are furnished within the time frame to all the concerned Stock Exchanges as per clause 41 of the Listing Agreement and the same are displayed on the company's website.
- b. No presentations were made to the analysts or institutional investors during the year under review except the results are mailed electronically to those who have requested for regular information.
- c. All material information about the Company is promptly sent through facsimile to the Stock Exchanges where the Company's shares are listed and the same are displayed on the company's website.

**11. GENERAL SHAREHOLDER INFORMATION:**

**Annual General Meeting :**

Day Date and time : **Wednesday, 25th September, 2013** at 11:00 A.M.

Venue : **Ankulapatur Village, Chillakur Mandal, SPSR Nellore District, Andhra Pradesh**

**Book Closure Date :** 21<sup>st</sup> September, 2013 to 25<sup>th</sup> September, 2013 (both days inclusive)

**Dividend :** No dividend is recommended for the year.

**Listing on Stock Exchanges :** The Bombay Stock Exchange Limited, Mumbai

The Company has paid the annual listing fees for the year 2013-14 to the stock exchange.

**Scrip Code Number :** 519331

**ISIN Number for NSDL & CDSL :**  
INE923K01014

**Market Price Data :**

The closing market price of the equity shares as on 31<sup>st</sup> March, 2013 was Rs. 32/- on BSE The monthly movement of the equity share price during the year on BSE are summarized here in below:





Month	High	Low	No. of Shares Traded
Apr-12	39.90	28.50	4,529
May-12	45.95	31.05	12,216
Jun-12	36.00	29.35	4,977
Jul-12	41.60	30.00	1,261
Aug-12	48.00	43.65	1,793
Sep-12	48.00	34.10	619
Oct-12	34.10	30.90	6,141
Nov-12	34.10	31.00	896
Dec-12	38.00	31.40	6,61,778
Jan-13	38.00	33.15	10,15,242
Feb-13	36.50	28.00	4,85,468
Mar-13	34.80	12.30	6,69,337



**Registrars and Transfer Agents :**  
Share Transfers & Communication regarding Share Certificates, Dividends & Change of Address may be sent to

M/s. Aarthi Consultants Pvt. Ltd,  
1-2-285, Near Gaganmahal Hospital,  
Domalaguda, Hyderabad – 500 029,  
Andhra Pradesh

**Share Transfer System :**

The R & T Agent process the Physical Share Transfers and the Share Certificates are returned to the shareholder within a maximum period of 15 days from the date

of receipt, subject to the documents being valid and complete in all respects. All share transfers are approved by the Share Transfer Committee, which meets every fortnight.

The company obtains half yearly Certificate of Compliance with the Share Transfer formalities as required under clause 47 (C) of the Listing Agreement with Stock exchanges from a Company Secretary in practice and the same is submitted to the Stock Exchanges within the period prescribed.

All requests for Dematerialization of shares are processed and the confirmation is given to the respective Depositories, i.e, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), within 21 days of receipt.

#### **Distribution of Shareholdings as on 31.03.2013:**

Equity shares holding of Nominal Value (Rs)	No. of share holders	%	Amount (in Rs)	%
Upto 5000	8047	97.16	79,29,600	13.51
5001 to 10000	89	1.07	6,40,190	1.09
10001 to 20000	57	0.69	7,47,100	1.27
20001 to 30000	19	0.23	4,84,730	0.83
30001 to 40,000	4	0.05	1,39,500	0.24
40001 to 50000	6	0.07	2,84,490	0.48
50001 to 100000	12	0.14	8,45,170	1.44
100001 & above	48	0.59	4,76,18,720	81.14
<b>Total</b>	<b>8282</b>	<b>100</b>	<b>5,86,89,500</b>	<b>100</b>



**Outstanding GDR's / ADR's / Warrant or any convertible instruments, conversion date and likely impact on Equity:**

The Company has not issued any of these instruments till date.

**Plant Location:**

Ankulpatur Village, Chillakur Mandal, SPSR Nellore District, A.P.

**Secretarial Audit:**

A qualified practicing Company Secretary carries out Secretarial Audit every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

**Address for correspondence:**

**Corporate Office** : Plot No.89/A, Aishwarya,  
Sagar Society,  
Road No. 2,  
Banjara Hills,  
Hyderabad - 500 034  
Andhra Pradesh  
[www.vsfprojects.com](http://www.vsfprojects.com)

**Nomination Facility:**

Shareholders 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 to the Company the prescribed Form 2B for this purpose.

**Code of Conduct for the Board & Senior Management Personnel:**

The Company has laid down a Code of Conduct which has been effectively adopted by the Board Members and Senior Management Personnel of the Company.

**DECLARATION OF COMPLIANCE OF CODE OF CONDUCT**

**VSF Projects Limited** has adopted a Code of Business Conduct and Ethics (the Code) which applies to all the employees and Directors of the Company. Under the Code, it is the responsibility of all the employees and directors to familiarize themselves with the code and comply with its standards.

I hereby certify that the Board of Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the year 2012-13.

**For VSF Projects Ltd.**

Sd/-  
**B.N. Murthy**  
Managing Director

Place: Hyderabad  
Date : 14-08-2013

**Annexure-1**

Statement pursuant to exemption under Section 212(8) of the Companies Act, 1956 relating to Subsidiary Company

Name of the Subsidiary Company : VSF Energy Projects Private Limited

S.No	Particulars	2012-13 Rs. in lakhs
1	Shareholding	100%
2	Share Capital	1.00
3	Reserves	0.00
4	Total Assets	2518.63
5	Total Liabilities	2518.63
6	Investments	Nil
7	Turnover	Nil
8	Profit Before Taxation	Nil
9	Provision for Taxation	Nil
10	Profit After Taxation	Nil
11	Proposed Dividend	Nil

**Statement pursuant to Section 212 of the Companies Act, 1956.**

1. Name of the Subsidiary : **VSF Energy Projects Private Limited**
2. The financial year of the subsidiary company Entered on : 31.03.2013
3. No. of Shares in the subsidiary company held :  
by holding company at the above date  
- Equity shares 10,000  
- Equity holding 100%
4. The net aggregates of profits (losses) of the Subsidiary company for its financial year so far as they concern the members of Holding Company  
- Dealt with the accounts of Holding Company : -  
- Not dealt with the accounts of Holding Company : Rs.
5. The net aggregate of profits (losses) of the subsidiary Company for its previous financial year so far as They concern the members of Holding company  
- Dealt with the accounts of Holding company : -  
- Not dealt with the accounts of Holding company : Rs.
6. Changes in the interest of Holding company between The end of the last financial year and 31.03.2013 : Nil
7. Material changes between entered the end of the Last financial year and 31.03.2013 : Nil



**CERTIFICATE FROM PRACTICING COMPANY SECRETARY REGARDING  
COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

To

The Members,  
**VSF Projects Limited**  
Hyderabad

We have examined the compliance of conditions of corporate governance by **VSF Projects Limited** for the year ended 31st March, 2013, as stipulated in clause 49 of the Listing Agreement of the Company with Stock Exchanges.

The compliance of the conditions of the corporate governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor expression of the 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 state that no investor grievances were pending for a period exceeding one month against the Company as per the records maintained by the Company.

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 P.S. RAO & ASSOCIATES,  
COMPANY SECRETARIES**

**Sd/-  
(N. VANITHA)  
CP No. 10573**

**Place: Hyderabad  
Date: 14-08-2013**



## **INDEPENDENT AUDITOR'S OPINION**

**To**  
**The Members of**  
**M/s. VSF PROJECTS LIMITED**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of M/s.VSF PROJECTS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion

on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion and to the best of our information and according to the



explanations given to us, the financial statements 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013,
- (b) in the case of the Statement of Profit and Loss, of the Profit of the Company for the year ended on that date and
- (c) in the case of the Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date

**Report on Other Legal and Regulatory Requirements**

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we report that in the annexure on the matters specified in paragraphs 4 and 5 of the said order.
- 2. As required by Section 227(3) of the Act, 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 it appears from our examination of those books.
- (c) The Balance Sheet, Statement of Profit and Loss & Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss & Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.
- (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

**for RAMANA REDDY &  
ASSOCIATES  
CHARTERED ACCOUNTANTS  
FIRM REG. NO. 003246S  
Sd/-  
(CA. Ramana Reddy A.V.)  
PARTNER  
Membership No. 024329**

**PLACE: HYDERABAD.  
DATE: 31-05-2013**



**ANNEXURE TO THE AUDITORS'  
REPORT**

(Referred to in paragraph (1) of our report  
of even date)

- |   |  |
|---|--|
| <p>1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.</p> <p>(b) The fixed assets of the company have been physically verified by the management during the year as per a programme of verification, which in our opinion is reasonable having regard to the size of the company and the nature of its fixed assets. No material discrepancies were noticed on such verification.</p> <p>(c) In our opinion and according to the information and explanations given to us, during the year, the company has not disposed off any substantial part of its fixed assets so as to affect its going concern.</p> <p>2. (a) The stocks of construction materials, stores and consumables have been physically verified by the management during the year, in our opinion, the frequency of verification is reasonable.</p> <p>(b) In our opinion and according to</p> | <p>the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.</p> <p>(c) On the basis of our examination of records of stocks, in our opinion, the company has maintained proper records of stocks. The discrepancies noticed on physical verification between the physical stocks and the book records were not material.</p> <p>3. (a) The company has granted loans to companies, firms or other parties listed in the register maintained u/s.301 of the Act and the outstanding balance at the end of the financial year is Rs.1156.40 lakhs.</p> <p>(b) According to the information and explanation given to us, the terms and conditions of such loans are not prima facie prejudicial to the interest of the company.</p> <p>(c) Since the loans granted are repayable on demand, the provisions of clause 4(iii)(c) and (d) of the Companies (Auditor's</p> |
|---|--|



Report) Order, 2003, as amended, is not applicable to the company.

- (d) In our opinion and according to the information and explanations given to us, the company has taken loans unsecured from other parties listed in the register maintained u/s. 301 of the Companies Act, 1956.

Sl. No.	Name of the Party	Op. Balance Rs.	Amount taken During the year Rs.	Amount Repaid Rs.	Year end Balance Rs.
1.	B. Narayana Murthy	183924	8069000	--	8252924
2.	A. Satya Prasad	--	10000000	4000000	6000000

(e) According to the information and explanation given to us, the terms and conditions of such loans are not prima facie prejudicial to the interest of the company.

(f) Since the loans taken are repayable on demand, the provisions of clause 4(iii)(g) of the Companies (Auditor's Report) Order, 2003, as amended, is not applicable to the company.

4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the

company and the nature of its business. Further, on the basis of our examination and information and according to the explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control system.

5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements that need to be entered into the Register maintained under section 301 of Act, have been so entered.

(b) In our opinion, and according to the information and explanations given to us, the company has made contracts or arrangements that need to be entered in the register maintained under section 301 of the Act, and exceeding the value of five lakh rupees in respect of any party during the year. However, the terms and conditions are not prejudicial to the interest of the company.

6. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public to which the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder are applicable.

7. The company has an internal audit





system within the organization commensurate with the size and nature of its business.

8. During the year under report, the company has maintained cost records as prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956. We have broadly reviewed the accounts and records of the company. However, we have not made a detailed examination of the same.

9. (a) We were informed that the provisions of Provident Fund Act and Employees State Insurance Act are not applicable to this company during the year under report. However, the company is regular in depositing with appropriate authorities undisputed statutory dues including income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues as applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2013 for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess, which have not been deposited on account of any dispute except for the following dues outstanding of income tax on account of disputes:

Name of Statute	Nature of Dues	Amount (in Rs Lakhs)	Period for which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	179.74	FY 2005-06	Income Tax Appellate Tribunal

10. The company has neither accumulated losses as on 31.03.2013 nor it has not incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.

11. The company has not defaulted in repayment of dues to banks, financial institutions etc., during the year.

12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to this company.



14. The company has maintained proper records of transactions and contracts in respect of investments and timely entries have been made therein. All the investments have been hold by the company in its own name.
15. The company has not given any guarantees for loans taken by others, from banks or financial institutions, the terms and conditions, whereof, in our opinion, are prima facie prejudicial to the interest of the company. .
16. In our opinion and according to the information and explanations given to us and on an overall examination, the term loans have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
18. According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act, 1956.
19. According to the information and explanations given to us, during the period covered by our audit report, the company has not issued any debentures.
20. The company has not raised any money by public issue, during the year.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**for RAMANA REDDY & ASSOCIATES  
CHARTERED ACCOUNTANTS  
FIRM REG. NO. 003246S**

**Sd/-  
(CA. Ramana Reddy A.V.)  
PARTNER  
Membership No. 024329**

**PLACE: HYDERABAD.  
DATE: 31-05-2013**



### Balancesheet as at 31.03.2013

Particulars	Note No	As at 31.03.13	As at 31.03.12
		Rs	Rs
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	2	5,86,89,500	5,86,89,500
(b) Reserves & Surplus	3	23,01,24,892	4,97,08,730
<b>(2) Non-Current Liabilities</b>			
(a) Long Term Borrowings	4	12,69,47,256	10,09,47,270
<b>(3) Current Liabilities</b>			
(a) Short Term Borrowings	5	1,76,93,361	99,83,859
(b) Trade Payables	6	12,11,623	4,65,87,623
(b) Other Current Liabilities	7	12,60,39,167	4,67,15,492
(c) Short Term Provisions	8	24,93,775	27,28,266
TOTAL		<u>56,31,99,574</u>	<u>31,53,60,740</u>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	9	27,77,55,980	10,70,89,564
(b) Non Current Investments	10	99,990	99,990
(c) Deferred Tax Asset		10,09,462	25,59,650
<b>(2) Current Assets</b>			
(a) Trade Receivables	11	14,85,31,686	7,56,30,605
(b) Cash and Cash Equivalents	12	5,30,366	56,08,887
(c) Short Term Loans and Advances	13	13,52,72,090	12,43,72,044
TOTAL		<u>56,31,99,574</u>	<u>31,53,60,740</u>

Notes forming part of the financial statements 1-29

Vide our report of even date  
for **Ramana Reddy & Associates**

Chartered Accountants  
Firm Regn. No. 003246S

Sd/-

**(CA. Ramana Reddy A.V.)**

Partner

Membership No. 024329

Place: Hyderabad

Date : 31.05.2013

For and on behalf of the Board

Sd/-

**(B. VIJAYA LAKSHMI)**

Director

Sd/-

**(BN MURTHY)**

Managing Director



### Profit and Loss Account for the year ended 31st March, 2013

Particulars	Note No	Current Year	Previous Year
		Rs	Rs
I. Revenue from operations		19,42,21,784	18,15,98,761
II. Other Income		<u>2,17,609</u>	<u>6,59,361</u>
<b>III. Total Revenue (I +II)</b>		<b><u>19,44,39,393</u></b>	<b><u>18,22,58,122</u></b>
IV. <i>Expenses:</i>			
Operation & Maintenance Expenses	14	16,52,97,948	15,65,64,960
Employee Benefit Expenses	15	29,36,036	24,67,621
Finance Costs	16	39,90,865	10,68,115
Other Expenses	17	71,05,463	60,15,732
Depreciation and amortization expenses <sup>9</sup>		<u>26,45,031</u>	<u>25,05,643</u>
<b>Total</b>		<b><u>18,19,75,343</u></b>	<b><u>16,86,22,071</u></b>
V. Profit before exceptional and extraordinary items and tax (III - IV)		<u>1,24,64,050</u>	<u>1,36,36,051</u>
VI. Exceptional Items		<u>0</u>	<u>0</u>
VII. Profit before extraordinary items and tax (V - VI)		<u>1,24,64,050</u>	<u>1,36,36,051</u>
VIII. Extraordinary Items		<u>0</u>	<u>0</u>
IX. Profit before tax (VII - VIII)		<u>1,24,64,050</u>	<u>1,36,36,051</u>
X. Tax expenses:			
- Income Tax		24,93,775	27,28,266
- Deferred Tax		<u>15,50,188</u>	<u>15,71,779</u>
XI. Profit for the year from continuing operations (IX - X)		<u>84,20,087</u>	<u>93,36,006</u>
XII. Profit / Loss from discontinuing operations		<u>0</u>	<u>0</u>
XIII. Tax expense of discontinuing operations		<u>0</u>	<u>0</u>
XIV. Profit / Loss from discontinuing operations (XII - XIII)		<u>0</u>	<u>0</u>
XV. Profit for the year (XI + XIV)		<u>84,20,087</u>	<u>93,36,006</u>
XVI. Earning per equity share:			
(1) Basic		1.43	1.59
(2) Diluted		1.43	1.59
<b>Notes forming part of the financial statements</b>		<b>1 - 29</b>	
Vide our report of even date <b>for Ramana Reddy &amp; Associates</b> Chartered Accountants Firm Regn. No. 003246S Sd/- <b>(CA. Ramana Reddy A.V.)</b> Partner Membership No. 024329  Place: Hyderabad Date : 31.05.2013		For and on behalf of the Board Sd/- <b>(B. VIJAYA LAKSHMI)</b> Director Sd/- <b>(BN MURTHY)</b> Managing Director	



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2013**  
(As required under Clause 32 of the Listing Agreement with Stock Exchange)

Particulars	As at 31.03.13 Rs	As at 31.03.12 Rs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit	1,24,64,050	1,36,36,051
Adjusted for:		
Depreciation	<u>26,45,031</u>	<u>25,05,643</u>
Operating Profit before Working Capital Charges	1,51,09,081	1,61,41,694
<b>Adjustment for:</b>		
Decrease / (Increase) in Trade Receivables	-7,29,01,081	5,94,99,591
Decrease / (Increase) in Loans & Advances	-1,09,00,046	-8,78,72,670
Decrease / (Increase) in Inventories	0	12,37,736
Increase / (Decrease) in Current Liabilities & Provisions	3,39,47,675	-1,66,45,585
Income Tax Paid	<u>-27,28,266</u>	<u>-24,45,424</u>
Net Cash Flow from operating Activities	<u><u>-3,74,72,637</u></u>	<u><u>-3,00,84,658</u></u>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES:</b>		
Fixed Assets additions	-17,33,11,447	-5,80,55,346
Investments	<u>0</u>	<u>0</u>
Net Cash Flow from Investment Activities	<u><u>-17,33,11,447</u></u>	<u><u>-5,80,55,346</u></u>
<b>C. CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
Increase / (Decrease) in Share Capital	0	0
Increase / (Decrease) in Securities Premium	0	0
Increase / (Decrease) in Revaluation Reserve	17,19,96,075	0
Proceeds from Long Term Borrowings	2,59,99,986	10,04,92,705
Proceeds from Short Term Borrowings	<u>77,09,502</u>	<u>-72,04,590</u>
Net Cash Flow from Financing Activities	<u><u>20,57,05,563</u></u>	<u><u>9,32,88,115</u></u>
Net increase in Cash & Cash Equivalents	-50,78,521	51,48,111
Cash and Cash Equipvalents at the benginning of the year	56,08,887	4,60,776
Cash and Cash Equipvalents at the end of the year	5,30,366	56,08,887
Vide our report of even date <b>for Ramana Reddy &amp; Associates</b> Chartered Accountants Firm Regn. No. 003246S Sd/- <b>(CA. Ramana Reddy A.V.)</b> Partner Membership No. 024329 Place: Hyderabad Date : 31.05.2013	For and on behalf of the Board Sd/- <b>(B. VIJAYA LAKSHMI)</b> Director Sd/- <b>(BN MURTHY)</b> Managing Director	



## NOTE NO. 1

### NOTES ON ACCOUNTS

#### Disclosure of Significant Accounting Policies:

- a) **Basis of Preparation:**  
The financial statements are prepared under the historical cost convention and comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956 and the same is prepared on a going concern basis.
- b) **Fixed Assets:**  
All fixed assets are stated at cost of acquisition inclusive of freight, duties, taxes and other incidental charges related to acquisition.
- c) **Revenue Recognition:**  
All revenue income and expenditure are recognized on accrual concept of accounting.
- d) **Depreciation:**  
Depreciation on fixed assets has been provided on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 on pro-rata basis.
- e) **Inventories:**  
Inventories are stated at the lower of cost and net realizable value.
- f) **Earning per Share:**  
The Company reports its Earnings per Share (EPS) in accordance with Accounting Standard 20 issued by the Institute of Chartered Accountants of India.
- g) **Taxes on Income:**  
The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the company. Deferred tax asset and liability is recognized for future tax consequences attributable to the timing differences that result between the profit offered for income tax and the profit as per the financial statements. Deferred tax asset & liability are measured as per the tax rates / laws that have been enacted or substantively enacted by the Balance Sheet date.
- h) **Provision, Contingent Liabilities and Contingent Assets:**  
Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.



<b>NOTE NO. 2</b>		As at	As at
<b>SHARE CAPITAL:</b>		31.03.13	31.03.12
		Rs.	Rs.
<b>Equity Share Capital</b>			
<b>Authorised Share Capital</b>			
- 80,00,000 Equity shares Rs.10/- each		<u>8,00,00,000</u>	<u>8,00,00,000</u>
<b>Issued, Subscribed and Fully Paid Share Capital</b>			
- 58,68,950 equity shares Rs.10/- each fully paidup		<u>5,86,89,500</u>	<u>5,86,89,500</u>
<b>TOTAL</b>		<b><u>5,86,89,500</u></b>	<b><u>5,86,89,500</u></b>
<b>List of Shareholders holding more than 5%</b>	<b>No. of</b>	<b>% of</b>	<b>No. of</b>
<b>Name of the Shareholder</b>	<b>Shares</b>	<b>holding</b>	<b>Shares</b>
M.Lakshmi	8,00,000	13.63%	8,00,000
B.N. Murthy	8,25,077	14.06%	8,25,077
B.L.N. Chowdary	4,32,766	7.37%	3,12,766
			5.33%
<b>NOTE NO. 3</b>			
<b>RESERVES &amp; SURPLUS</b>			
- Forfeited shares reserve		29,33,000	29,33,000
- Revaluation reserve		19,28,39,950	2,08,43,875
- Securities Premium		92,88,500	92,88,500
- Surplus in the Profit & Loss Statement			
Opening Balance	1,66,43,355		73,07,349
Add: Surplus for the year	<u>84,20,087</u>		<u>93,36,006</u>
		<u>2,50,63,442</u>	<u>1,66,43,355</u>
<b>TOTAL</b>		<b><u>23,01,24,892</u></b>	<b><u>4,97,08,730</u></b>
<b>NOTE NO. 4</b>			
<b>LONG TERM BORROWINGS</b>			
<b>A) SECURED LOANS</b>			
- Hire Purchase Finance from:			
Magma Finance Corpn. Ltd		0	7,63,346
ICICI Bank Ltd.		28,040	0
(Hire purchase Loans from Financial Institutions are charged with relevant assets of the company for which loan has taken)			
- Business Loan from :			
Shriram City Union Finance Ltd.		42,54,892	0
(Unsecured Loan from Shriram City union finance ltd is charged against Ac. 6.21 guntas of land at Srinivasa Satram Village, Khota Manda, SPSR Nellore Dist. of the company.)			
<b>B) UNSECURED LOANS</b>			
- From Inter Corporate Deposit		10,71,11,400	10,00,00,000
- From Directors		1,40,69,000	0
- From Shareholders		<u>14,83,924</u>	<u>1,83,924</u>
<b>TOTAL</b>		<b><u>12,69,47,256</u></b>	<b><u>10,09,47,270</u></b>



	As at 31.03.13 Rs.	As at 31.03.12 Rs.
<b>NOTE NO. 5</b>		
<b>SHORT TERM BORROWINGS</b>		
Cash Credit from Uco Bank	1,76,93,361	99,83,859
<b>TOTAL</b>	<b><u>1,76,93,361</u></b>	<b><u>99,83,859</u></b>
(Cash Credit from UCO Bank is secured by way of hypothecation of stocks, bills receivable and immovable properties and personally guaranteed by the directors of the company.)		
<b>NOTE NO. 6</b>		
<b>TRADE PAYABLES</b>		
- Creditors for Suppliers	12,11,623	4,65,87,623
<b>TOTAL</b>	<b><u>12,11,623</u></b>	<b><u>4,65,87,623</u></b>
<b>NOTE NO. 7</b>		
<b>OTHER CURRENT LIABILITIES</b>		
- Current Maturities of Finance Lease Obligation	1,03,02,380	7,78,244
- Creditors for Expenses	11,57,36,787	45937248
<b>TOTAL</b>	<b><u>12,60,39,167</u></b>	<b><u>4,67,15,492</u></b>
<b>NOTE NO. 8</b>		
<b>SHORT TERM PROVISIONS</b>		
- For Taxation	24,93,775	27,28,266
<b>TOTAL</b>	<b><u>24,93,775</u></b>	<b><u>27,28,266</u></b>





**NOTE NO. 9  
TANGIBLE ASSETS**

Description of the Asset	Gross Carrying Amount			Depreciation Block			Net Carrying Amount	
	As at 01.04.12	Additions during the year	As at 31.03.13	Upto 01.04.12	for the year	As at 31.03.13	As at 31.03.13	As at 31.03.12
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Land & Site Development (free hold)	8,24,03,925	17,19,96,075	25,44,00,000	0	0	0	25,44,00,000	8,24,03,925
Buildings	76,97,050	0	76,97,050	44,47,333	2,57,081	47,044,14	29,92,636	32,49,717
Plant & Machinery	90,51,029	0	90,51,029	9,56,911	4,29,925	13,86,836	76,64,193	80,94,118
Office Equipments	6,72,604	0	6,72,604	2,97,901	31,995	3,29,896	3,42,708	3,74,703
Furniture & Fixtures	9,30,828	0	9,30,828	2,52,719	56,864	3,09,583	6,21,245	6,78,109
Computers	1,69,030	9,700	1,78,730	97,296	28,740	1,26,036	52,694	71,734
Vehicles - Tipper	97,36,002	0	97,36,002	25,67,320	11,01,142	36,68,462	60,67,540	71,68,682
Vehicles - Others	67,12,337	13,05,672	80,18,009	16,63,761	7,39,284	24,03,045	56,14,964	50,48,576
<b>Total</b>	<b>11,73,72,805</b>	<b>17,33,11,447</b>	<b>29,06,84,252</b>	<b>1,02,83,241</b>	<b>26,45,031</b>	<b>1,29,28,272</b>	<b>27,77,55,980</b>	<b>10,70,88,564</b>

Note: Land values appreciated as per Fixed Assets revaluation only

**NOTE NO. 10**

**NONCURRENT INVESTMENTS**

In Equity shares of Subsidiary company  
VSF Energy Projects Pvt. Ltd  
(9999 equity shares Rs. 10/- each)

TOTAL

As at  
31.03.13  
Rs

99,990

99,990

As at  
31.03.12  
Rs

99,990

99,990

**NOTE NO. 11**

**TRADE RECEIVABLES**

(Unsecured, Considered Good)

- Debts outstanding for a period  
exceeding six months

- Other Debts

TOTAL

4,33,90,428

10,51,41,258

14,85,31,686

10,93,684

7,45,36,921

7,56,30,605



<b>NOTE NO. 12</b>	As at 31.03.2013 Rs	As at 31.03.2012 Rs	<b>NOTE NO. 16</b>	Current year Rs	Previous year Rs
<b>CASH AND CASH EQUIVALENTS</b>			<b>FINANCE COSTS</b>		
- Balance with Scheduled Banks in Current Accounts	2,65,257	52,32,804	- Interest on Cash Credit	22,10,619	6,43,785
- Cash in hand	<u>2,65,109</u>	<u>3,76,083</u>	- HP Financial Charges	13,97,154	4,24,330
<b>TOTAL</b>	<u><b>5,30,366</b></u>	<u><b>56,08,887</b></u>	- Loan Processing charges	3,83,092	0
			<b>TOTAL</b>	<u><b>39,90,865</b></u>	<u><b>10,68,115</b></u>
<b>NOTE NO. 13</b>			<b>NOTE NO. 17</b>		
<b>SHORT TERM LOANS AND ADVANCES</b>			<b>OTHER EXPENSES</b>		
- Deposits	78,13,247	89,22,561	- Rent	2,64,000	3,56,450
- Advance for Materials	20,000	93,53,424	- Rates & Taxes	3,03,036	1,93,564
- Investments in Power Division (Loan to Subsidiary Company)	11,56,39,545	9,54,92,651	- Electricity charges	54,752	33,260
- IT Refund Receivable	77,53,627	68,30,810	- Office Maintenance	78,352	1,23,793
- Prepaid expenses	1,53,158	121,515	- Postage & Telegrams	18,949	40,694
- TDS receivable	38,92,513	36,51,083	- Printing & Stationary	90,566	1,38,942
<b>TOTAL</b>	<u><b>13,52,72,090</b></u>	<u><b>12,43,72,044</b></u>	- Telephone charges	1,26,020	1,23,335
			- Travelling expenses	13,944	98,230
<b>NOTE NO. 14</b>	Current year Rs	Previous year Rs	- Computer Maintenance	23,440	44,430
<b>OPERATING &amp; CONTRACT EXPENSES</b>			- Internet charges	15,305	16,035
- Materials, Consumables & Other Site exps.	59,08,490	90,55,100	- Insurance charges	3,35,358	3,10,572
- Machinery & Vehicles Hire charges	17,19,498	19,86,655	- Directors Remuneration	24,00,000	17,60,000
- Earthwork & contract expenses	15,76,69,960	14,55,23,205	- MD Remuneration	24,00,000	18,00,000
<b>TOTAL</b>	<u><b>16,52,97,948</b></u>	<u><b>15,65,64,960</b></u>	- Audit fee	1,50,000	1,50,000
			- Professional charges	3,37,095	1,42,945
<b>NOTE NO. 15</b>			- Registration & Licence fee	7,381	13,700
<b>EMPLOYEE BENEFIT EXPENSES</b>			- AGM Expenses	40,000	1,75,200
- Salaries & Wages	28,76,408	24,52,151	- Board Meeting Expenses	13,400	21,800
- Staff Welfare	59,628	15,470	- Listing fee	28,090	27,575
<b>TOTAL</b>	<u><b>29,36,036</b></u>	<u><b>24,67,621</b></u>	- Advertisement	1,548	46,392
			- Books & Periodicals	3,630	3,006
			- Conveyance	5,345	16,380
			- Lab testing Charges	3,172	0
			- Bank charges	1,52,476	2,82,339
			- Depository charges	33,708	97,090
			- Bad Debts written off	2,05,896	0
			<b>TOTAL</b>	<u><b>71,05,463</b></u>	<u><b>60,15,732</b></u>

**NOTE NO. 18**

The legal title in respect of farm land to the extent of 30.84 acres is yet to be registered in favour of the company.

**NOTE NO. 19****Contingent Liabilities not provided for in respect:**

Claims not acknowledged as debts in respect of direct tax matters in appeals – Rs.179.74 lakhs

**NOTE NO. 20****Auditors Remuneration**

Particulars	Current Year Rs.	Previous Year Rs.
As Auditors	90,000	90,000
Tax Audit fee	40,000	40,000
Other services	20,000	20,000
Total	<u>1,50,000</u>	<u>1,50,000</u>

**NOTE NO. 21****Managerial Remuneration:**

	Current Year Rs.	Previous Year Rs.
Managing Director	24,00,000	18,00,000
Directors	24,00,000	17,60,000
Total	<u>48,00,000</u>	<u>35,60,000</u>

**NOTE NO. 22**

Particulars of Employees required in pursuant to the Provisions of Sec. 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 - Nil.

**NOTE NO. 23**

There are no separate reportable segments (business and/or geographical) in accordance with the requirements of Accounting Standard 17 – 'Segment Reporting', notified in the companies (Accounting Standards) Rules 2006.

**NOTE NO. 24****Disclosure under Micro, Small and Medium Enterprises Development Act, 2006**

There are no Micro and Small Scale Business Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2013. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

**NOTE NO. 25**

Balances of Sundry Debtors, Advances and Sundry Creditors are subject to confirmation with the respective parties.

**NOTE NO. 26****Earnings per Share:**

The numerators and denominators used for calculation of EPS

Particulars	Year ended	Year ended
	31-03-13	31-03-12
	Rs	Rs
a) Profit available to the Equity shareholders	84,20,087	93,36,006
b) No. of Equity shares	58,68,950	58,68,950
c) Weighted Average No. of Shares	58,68,950	58,68,950
c) Nominal value of share	10	10
d) Basic Earning per Share	1.43	1.59

**NOTE NO. 27**

Transactions with the Related Parties pursuant to Accounting Standard 18:

- i. List of Related Parties
  - Subsidiary Company : VSF Energy Projects Pvt. Ltd.,
  - Associate Companies / Firms  
(including Companies / firms  
Controlled by key management  
Personnel / relatives who are sub-  
stantially interested) : Nil
  - Key Management Personnel : Sri. B.N.Murthy,  
Managing Director  
Sri.L.Raja Rao  
Whole-Time Director  
B. Vijaya Lakshmi  
Whole-Time Director
- ii. Transactions with Related Parties
  - Remuneration to Managing Director Rs. 24,00,000/-
  - Remuneration to Whole-Time Director Rs. 24,00,000/-
- iii. Balance as on 31<sup>st</sup> March, 2013 Rs. 3,40,800/-



**NOTE NO. 28**

Taxes on Income:

- (a) Provision has been made for tax as per the normal provisions of the Income Tax Act, 1961.
- (b) In compliance with the Accounting Standard AS 22 Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India, the company has provided Rs.15,50,188/- towards deferred tax liability in the year 2012-13. The major components of deferred tax asset / liability are on account of timing differences in depreciation, carried forward of losses and Minimum alternate tax.

**NOTE NO. 29**

Previous year figures have been regrouped wherever if thought necessary in conformity with the current year groupings. Paise have been rounded off to the nearest rupee.

Notes to the financial statements, Cash Flow Statement and statement on accounting policies form an integral part of the balance sheet and profit and loss statement.

**SIGNATURES TO SCHEDULE 1 TO 29**

**VIDE OUR REPORT OF EVEN DATE  
For RAMANA REDDY & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Regn. No.003246S**

**FOR AND ON BEHALF OF THE BOARD**

**(B. VIJAYA LAKSHMI)  
DIRECTOR**

**(CA. RAMANA REDDY A.V.)  
PARTNER  
Membership No. 024329**

**(BN MURTHY)  
MANAGING DIRECTOR**

**PLACE : HYDERABAD  
DATE : 31-05-2013**



**CONSOLIDATED FINANCIAL STATEMENTS**

**OF**

**VSF PROJECTS LIMITED**

**&**

**VSF ENERGY PROJECTS  
PRIVATE LIMITED**

**2012-2013**



## INDEPENDENT AUDITOR'S OPINION

To

**The Board of Directors of  
M/s. VSF Projects Limited**  
Hyderabad.

We have audited the accompanying consolidated financial statements of M/s. VSF Projects Limited, ("the Company") and its subsidiary, VSF Energy Project Pvt. Ltd., which comprise the consolidated balance sheet as at 31st March, 2013, the consolidated statement of profit and loss and the consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the

consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date, and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**for RAMANA REDDY & ASSOCIATES  
CHARTERED ACCOUNTANTS  
FIRM REG. NO. 003246S**

**(CA. Ramana Reddy A.V.)  
PARTNER**

**Membership No. 024329**

**PLACE: HYDERABAD.**

**DATE: 31-05-2013**



## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

Particulars	Note No	As at 31.03.13	As at 31.03.12
		Rs.	Rs.
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	2	5,86,89,510	5,86,89,510
(b) Reserves & Surplus	3	23,01,24,892	4,97,08,730
<b>(2) Non-Current Liabilities</b>			
(a) Long Term Borrowings	4	12,69,47,256	10,09,47,270
<b>(3) Current Liabilities</b>			
(a) Short Term Borrowings	5	1,76,93,361	99,83,859
(b) Trade Payables	6	12,11,623	4,65,87,623
(c) Other Current Liabilities	7	12,86,33,782	6,28,63,404
(d) Short Term Provisions	8	<u>24,93,775</u>	<u>27,28,266</u>
<b>TOTAL</b>		<b><u>56,57,94,199</u></b>	<b><u>33,15,08,662</u></b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
<b>(a) Fixed Assets</b>			
(i) Tangible Assets	9	28,08,48,556	11,04,86,549
(ii) Civil Works in Progress		20,20,99,084	7,14,09,330
(iii) Preoperative Expenses		4,41,95,461	2,37,67,398
(b) Deferred Tax Asset		10,09,462	25,59,650
<b>(2) Current Assets</b>			
(a) Trade Receivables	10	1,50,02,092	7,56,30,605
(b) Cash and Cash Equivalents	11	8,41,099	1,55,57,510
(c) Short Term Loans and Advances	12	<u>2,17,98,445</u>	<u>3,20,97,620</u>
<b>TOTAL</b>		<b><u>56,57,94,199</u></b>	<b><u>33,15,08,662</u></b>
<b>Notes forming part of the financial statements</b>	1 - 28		

Vide our report of even date  
**for Ramana Reddy & Associates**  
 Chartered Accountants  
 Firm Regn. No. 003246S  
 Sd/-  
**(CA. Ramana Reddy A.V.)**  
 Partner  
 Membership No. 024329

Place: Hyderabad  
 Date : 31.05.2013

For and on behalf of the Board  
 Sd/-  
**(B. VIJAYA LAKSHMI)**  
 Director  
 Sd/-  
**(BN MURTHY)**  
 Managing Director





## CONSOLIDATED PROFIT & LOSS STATEMENT FOR THE YEAR 31ST MARCH, 2013

Particulars	Note Nos	Current Year	Previous Year
		Rs.	Rs.
I. Revenue from operations		19,42,21,784	18,15,98,761
II. Other Income		<u>2,17,609</u>	<u>6,59,361</u>
III. <b>Total Revenue (I +II)</b>		<b><u>19,44,39,393</u></b>	<b><u>18,22,58,122</u></b>
IV. <u>Expenses:</u>			
Operation & Maintenance Expenses	13	16,52,97,948	15,65,64,960
Employee Benefit Expenses	14	29,36,036	24,67,621
Finance Costs	15	39,90,865	10,68,115
Other Expenses	16	71,05,463	60,15,732
Depreciation and amortization expenses	9	<u>26,45,031</u>	<u>26,45,031</u>
<b>Total</b>		<b><u>18,19,75,343</u></b>	<b><u>16,87,61,459</u></b>
V. Profit before exceptional and extraordinary items and tax (III - IV)		1,24,64,050	1,34,96,663
VI. Exceptional Items		<u>0</u>	<u>0</u>
VII. Profit before extraordinary items and tax (V - VI)		1,24,64,050	1,34,96,663
VIII. Extraordinary Items		<u>0</u>	<u>0</u>
IX. Profit before tax (VII - VIII)		1,24,64,050	1,34,96,663
X. Tax expenses:			
- Income Tax		24,93,775	27,28,266
- Deferred Tax		<u>15,50,188</u>	<u>15,71,779</u>
XI. Profit for the year from continuing operations (IX - X)		<u>84,20,087</u>	<u>91,96,618</u>
XII. Profit / Loss from discontinuing operations		<u>0</u>	<u>0</u>
XIII. Tax expense of discontinuing operations		<u>0</u>	<u>0</u>
XIV. Profit / Loss from discontinuing operations (XII - XIII)		<u>0</u>	<u>0</u>
XV. Profit for the year (XI + XIV)		<u>84,20,087</u>	<u>91,96,618</u>
XVI. Earning per equity share:			
(1) Basic		1.43	1.57
(2) Diluted		1.43	1.57
<b>Notes forming part of the financial statements</b>	<b>1 - 28</b>		

Vide our report of even date  
**for Ramana Reddy & Associates**  
Chartered Accountants  
Firm Regn. No. 003246S  
Sd/-  
**(CA. Ramana Reddy A.V.)**  
Partner  
Membership No. 024329

Place: Hyderabad  
Date : 31.05.2013

For and on behalf of the Board  
Sd/-  
**(B. VIJAYA LAKSHMI)**  
Director  
Sd/-  
**(BN MURTHY)**  
Managing Director



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2013**  
(As required under Clause 32 of the Listing Agreement with Stock Exchange)

Particulars	As at 31.03.13 Rs	As at 31.03.12 Rs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit	1,24,64,050	1,34,96,663
Adjusted for:		
Depreciation	<u>26,45,031</u>	<u>26,45,031</u>
Operating Profit before Working Capital Charges	1,51,09,081	1,61,41,694
<b>Adjustment for:</b>		
Decrease / (Increase) in Trade Receivables	6,06,28,513	5,94,99,591
Decrease / (Increase) in Loans & Advances	1,02,99,175	-9,10,44,997
Decrease / (Increase) in Inventories	0	12,37,736
Increase / (Decrease) in Current Liabilities & Provisions	2,03,94,378	-4,97,673
Income Tax Paid	<u>-27,28,266</u>	<u>-24,45,424</u>
Net Cash Flow from operating Activities	<u>10,37,02,881</u>	<u>-1,71,09,073</u>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES:</b>		
Fixed Assets additions	-17,33,56,362	-6,14,52,331
Civil works in progress	-13,06,89,754	-7,14,09,330
Preoperative Expenses	-2,00,78,739	-2,37,67,398
Preliminary Expenses	0	-45,900
Investments	<u>0</u>	<u>0</u>
Net Cash Flow from Investment Activities	<u>-32,41,24,855</u>	<u>-15,66,74,959</u>
<b>C. CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
Increase / (Decrease) in Share Capital	0	1,00,000
Increase / (Decrease) in Revaluation Reserve	17,19,96,075	0
Increase / (Decrease) in Unsecured Loans	0	9,54,92,651
Proceeds from Long Term Borrowings	2,59,99,986	10,04,92,705
Proceeds from Short Term Borrowings	<u>77,09,502</u>	<u>-72,04,590</u>
Net Cash Flow from Financing Activities	<u>20,57,05,563</u>	<u>18,88,80,766</u>
Net increase in Cash & Cash Equivalents	-1,47,16,411	1,50,96,734
Cash and Cash Equipvalents at the benginning of the year	1,55,57,510	4,60,776
Cash and Cash Equipvalents at the end of the year	8,41,099	1,55,57,510
Vide our report of even date <b>for Ramana Reddy &amp; Associates</b> Chartered Accountants Firm Regn. No. 003246S Sd/- <b>(CA. Ramana Reddy A.V.)</b> Partner Membership No. 024329  Place: Hyderabad Date : 31.05.2013		For and on behalf of the Board Sd/- <b>(B. VIJAYA LAKSHMI)</b> Director Sd/- <b>(BN MURTHY)</b> Managing Director



**NOTE NO. 1**

**NOTES FORMING PART OF THE  
CONSOLIDATED FINANCIAL STATEMENTS**

**Disclosure of Significant Accounting Policies:**

- |   |  |
|---|--|
| <p>a) <b>Basis of Preparation:</b><br/>The financial statements are prepared under the historical cost convention and comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956 and the same is prepared on a going concern basis.</p> <p>b) <b>Fixed Assets:</b><br/>All fixed assets are stated at cost of acquisition inclusive of freight, duties, taxes and other incidental charges related to acquisition.</p> <p>c) <b>Revenue Recognition:</b><br/>All revenue income and expenditure are recognized on accrual concept of accounting.</p> <p>d) <b>Depreciation:</b><br/>Depreciation on fixed assets has been provided on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 on pro-rata basis.</p> | <p>e) <b>Inventories:</b><br/>Inventories are stated at the lower of cost and net realizable value.</p> <p>f) <b>Earning per Share:</b><br/>The Company reports its Earnings per Share (EPS) in accordance with Accounting Standard 20 issued by the Institute of Chartered Accountants of India.</p> <p>g) <b>Taxes on Income:</b><br/>The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the company. Deferred tax asset and liability is recognized for future tax consequences attributable to the timing differences that result between the profit offered for income tax and the profit as per the financial statements. Deferred tax asset &amp; liability are measured as per the tax rates / laws that have been enacted or substantively enacted by the Balance Sheet date.</p> <p>h) <b>Provision, Contingent Liabilities and Contingent Assets:</b><br/>Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.</p> |
|---|--|



<b>NOTE NO. 2</b>		As at	As at	
<b>SHARE CAPITAL:</b>		31.03.13	31.03.12	
		Rs.	Rs.	
<b>Equity Share Capital</b>				
<b>Authorised Share Capital</b>				
- 8000000 Equity shares Rs.10/- each		<u>8,00,00,000</u>	<u>8,00,00,000</u>	
<b>Issued Subscribed and Fully Paid Share Capital</b>				
- 58,68,950 equity shares Rs.10/- each fully paidup		<u>5,86,89,510</u>	<u>5,86,89,510</u>	
<b>TOTAL</b>		<b><u>5,86,89,510</u></b>	<b><u>5,86,89,510</u></b>	
<b>List of Shareholders holding more than 5%</b>	<b>No. of</b>	<b>% of</b>	<b>No. of</b>	<b>% of</b>
<b>Name of the Shareholder</b>	<b>Shares</b>	<b>holding</b>	<b>Shares</b>	<b>holding</b>
M.Lakshmi	8,00,000	13.63%	8,00,000	13.63%
B.N. Murthy	8,25,077	14.06%	8,25,077	14.06%
B.L.N. Chowdary	4,32,766	7.37%	3,12,766	5.33%
<b>NOTE NO. 3</b>				
<b>RESERVES &amp; SURPLUS</b>				
- Forfeited shares reserve		29,33,000		29,33,000
- Revaluation reserve		19,28,39,950		2,08,43,875
- Securities Premium		92,88,500		92,88,500
- Surplus in the Profit & Loss Statement				
Opening Balance	1,66,43,355		73,07,349	
Add: Surplus for the year	<u>84,20,087</u>		<u>93,36,006</u>	
		<u>25,06,34,442</u>		<u>1,66,43,355</u>
<b>TOTAL</b>		<b><u>23,01,24,892</u></b>		<b><u>4,97,08,730</u></b>
<b>NOTE NO. 4</b>				
<b>LONG TERM BORROWINGS</b>				
<b>A) SECURED LOANS</b>				
- Hire Purchase Finance from:				
Magma Finance Corpn. Ltd		0		7,63,346
ICICI Bank Ltd.		28,040		0
(Hire purchase Loans from Financial Institutions are charged with relevant assets of the company for which loan has taken)				
- Business Loan from :				
Shriram City Union Finance Ltd.		42,54,892		0
(Unsecured Loan from Shriram City union finance ltd is charged against Ac. 6.21 guntas of land at Srinivasa Satram Village Khota Manda SPSR Nellore Dist. of the company.)				
<b>B) UNSECURED LOANS</b>				
- From Inter Corporate Deposit		10,71,11,400		10,00,00,000
- From Directors		1,40,69,000		0
- From Shareholders		14,83,924		1,83,924
<b>TOTAL</b>		<b><u>12,69,47,256</u></b>		<b><u>10,09,47,270</u></b>



	As at 31.03.13 Rs.	As at 31.03.12 Rs.
<b>NOTE NO. 5</b>		
<b>SHORT TERM BORROWINGS</b>		
Cash Credit from Uco Bank	1,76,93,361	99,83,859
<b>TOTAL</b>	<b><u>1,76,93,361</u></b>	<b><u>99,83,859</u></b>
<p>(Cash Credit from UCO Bank is secured by way of hypothecation of stocks bills receivable and immovable properties and personally guaranteed by the directors of the company.)</p>		
<b>NOTE NO. 6</b>		
<b>TRADE PAYABLES</b>		
- Creditors for Suppliers	12,11,623	4,65,87,623
<b>TOTAL</b>	<b><u>12,11,623</u></b>	<b><u>4,65,87,623</u></b>
<b>NOTE NO. 7</b>		
<b>OTHER CURRENT LIABILITIES</b>		
- Current Maturities of Finance Lease Obligation	1,03,02,380	7,78,244
- Creditors for Expenses	11,83,31,402	6,20,85,160
<b>TOTAL</b>	<b><u>12,86,33,782</u></b>	<b><u>6,28,63,404</u></b>
<b>NOTE NO. 8</b>		
<b>SHORT TERM PROVISIONS</b>		
- For Taxation	24,93,775	27,28,266
<b>TOTAL</b>	<b><u>24,93,775</u></b>	<b><u>27,28,266</u></b>



**NOTE NO. 9  
TANGIBLE ASSETS**

Description of the Asset	Gross Carrying Amount				Depreciation Block		Net Carrying Amount	
	As at 01.04.12	Additions during the year	As at 31.03.13	Upto 01.04.12	for the year	As at 31.03.13	As at 31.03.13	As at 31.03.12
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Land & Site Development	8,24,03,925	17,19,96,075	25,44,00,000	0	0	0	25,44,00,000	8,24,03,925
Buildings	76,97,050	0	76,97,050	44,47,333	2,57,081	47,04,414	29,92,636	32,49,717
Plant & Machinery	90,51,029	0	90,51,029	9,56,911	4,29,925	13,86,836	76,64,193	80,94,118
Office Equipments	7,94,504	12,675	8,07,179	3,02,242	31,995	3,34,237	4,67,010	4,92,262
Furniture & Fixtures	10,42,703	0	10,42,703	2,58,397	56,864	3,15,261	7,20,362	7,84,306
Computers	2,89,434	41,940	3,31,374	1,12,631	28,740	1,41,371	1,67,407	1,76,803
Vehicles - Tippers	97,36,002	0	97,36,002	25,67,320	11,01,142	36,68,462	60,67,540	71,68,682
Vehicles - Others	1,00,14,606	13,05,672	1,13,20,278	18,97,870	7,39,284	26,37,154	83,69,408	81,16,736
						3,13,716		
<b>Total</b>	<b>12,10,29,253</b>	<b>17,33,56,362</b>	<b>29,43,85,615</b>	<b>1,05,42,704</b>	<b>26,45,031</b>	<b>1,35,37,059</b>	<b>28,08,48,556</b>	<b>1,04,86,549</b>

Note: Land values appreciated as per Fixed Assets revaluation only

**NOTE NO. 10**

**TRADE RECEIVABLES**

(Unsecured, Considered Good)

- Debts outstanding for a period exceeding six months

- Other Debts

**TOTAL**

As at  
31.03.13  
Rs

As at  
31.03.12  
Rs

0

10,93,684

1,50,02,092

7,45,36,921

1,50,02,092

7,56,30,605



<b>NOTE NO. 12</b>	As at 31.03.2013 Rs	As at 31.03.2012 Rs	<b>NOTE NO. 16</b>	Current year Rs	Current year Rs
<b>CASH AND CASH EQUIVALENTS</b>			<b>FINANCE COSTS</b>		
- Balance with Scheduled Banks in Current Accounts	3,06,793	54,44,034	- Interest on Cash Credit	2210619	643785
- Cash in hand	<u>5,34,306</u>	<u>1,01,13,476</u>	- HP Financial Charges	1397154	424330
<b>TOTAL</b>	<u><b>8,41,099</b></u>	<u><b>1,55,57,510</b></u>	- Loan Processing charges	383092	0
			<b>TOTAL</b>	<u><b>3990865</b></u>	<u><b>1068115</b></u>
<b>NOTE NO. 13</b>			<b>NOTE NO. 17</b>		
<b>SHORT TERM LOANS AND ADVANCES</b>			<b>OTHER EXPENSES</b>		
- Deposits	79,33,247	89,62,561	- Rent	26,40,00	3,56,450
- Advance for Materials	20,000	93,53,424	- Rates & Taxes	3,03,036	1,93,564
- IT Refund Receivable	77,53,627	68,30,810	- Electricity charges	54,752	33,260
- Prepaid expenses	1,53,158	1,21,515	- Office Maintenance	78,352	1,23,793
- TDS receivable	38,92,513	36,51,083	- Postage & Telegrams	18,949	40,694
- Advance for Survey Work	0	4,100	- Printing & Stationary	90,566	1,38,942
- Other Advances	20,00,000	31,28,227	- Telephone charges	1,26,020	1,23,335
- Preliminary expenses	45,900	45,900	- Travelling expenses	13,944	98,230
<b>TOTAL</b>	<u><b>2,17,98,445</b></u>	<u><b>3,20,97,620</b></u>	- Computer Maintenance	23,440	44,430
			- Internet charges	15,305	16,035
<b>NOTE NO. 14</b>	Current year Rs	Current year Rs	- Insurance charges	3,35,358	3,10,572
<b>OPERATING &amp; CONTRACT EXPENSES</b>			- Directors Remuneration	24,00,000	17,60,000
- Materials, Consumables & Other Site exps.	59,08,490	90,55,100	- MD Remuneration	24,00,000	18,00,000
- Machinery & Vehicles Hire charges	17,19,498	19,86,655	- Audit fee	1,50,000	1,50,000
- Earthwork & contract expenses	<u>15,76,69,960</u>	<u>14,55,23,205</u>	- Professional charges	3,37,095	1,42,945
<b>TOTAL</b>	<u><b>16,52,97,948</b></u>	<u><b>15,65,64,960</b></u>	- Registration & Licence fee	7,381	13,700
			- AGM Expenses	40,000	1,75,200
<b>NOTE NO. 15</b>			- Board Meeting Expenses	13,400	21,800
<b>EMPLOYEE BENEFIT EXPENSES</b>			- Listing fee	28,090	27,575
- Salaries & Wages	28,76,408	24,52,151	- Advertisement	1,548	46,392
- Staff Welfare	59,628	15,470	- Books & Periodicals	3,630	3,006
<b>TOTAL</b>	<u><b>29,36,036</b></u>	<u><b>24,67,621</b></u>	- Conveyance	5,345	16,380
			- Lab testing charges	3,172	0
			- Bank charges	1,52,476	2,82,339
			- Depository charges	33,708	97,090
			- Bad debts written off	2,05,896	0
			<b>TOTAL</b>	<u><b>71,05,463</b></u>	<u><b>60,15,732</b></u>

**NOTE NO. 17**

These accounts comprise a consolidation of balance sheet and profit and loss statement VSF Projects Limited and its wholly owned subsidiary of VSF Energy Projects Private Limited. M/s.VSF Projects Limited is engaged in the business of execution of Infra Projects and M/s.VSF Energy Projects Private Limited is engaged in generation of power.

**NOTE NO. 18**

The legal title in respect of farm land to the extent of 30.84 acres is yet to be registered in favour of the company.

**NOTE NO. 19****Contingent Liabilities not provided for in respect:**

Claims not acknowledged as debts in respect of direct tax matters in appeals – Rs.179.74 lakhs

**NOTE NO. 20****Managerial Remuneration:**

	Current Year Rs.	Previous Year Rs.
Managing Director	24,00,000	18,00,000
Directors	24,00,000	17,60,000
Total	<u>48,00,000</u>	<u>5,60,000</u>

**NOTE NO. 21**

Particulars of Employees required in pursuant to the Provisions of Sec. 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 - Nil.

**NOTE NO. 22**

There are no separate reportable segments (business and/or geographical) in accordance with the requirements of Accounting Standard 17 – 'Segment Reporting', notified in the companies (Accounting Standards) Rules 2006.

**NOTE NO. 23****Disclosure under Micro, Small and Medium Enterprises Development Act, 2006**

There are no Micro and Small Scale Business Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2013. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

**NOTE NO. 24**

Balances of Sundry Debtors, Advances and Sundry Creditors are subject to confirmation with the respective parties.



**NOTE NO. 25****Earnings per Share:**

The numerators and denominators used for calculation of EPS

Particulars	Year ended	Year ended
	31-03-13	31-03-12
	Rs	Rs
a) Profit available to the Equity shareholders	84,20,087	93,36,006
b) No. of Equity shares	58,68,951	58,68,951
c) Weighted Average No. of Shares	58,68,951	58,68,951
c) Nominal value of share	10	10
d) Basic Earning per Share	1.43	1.59

**NOTE NO. 26**

Transactions with the Related Parties pursuant to Accounting Standard 18:

- i. List of Related Parties
  - Subsidiary Company : VSF Energy Projects Pvt. Ltd.,
  - Associate Companies / Firms  
(including Companies / firms  
Controlled by key management  
Personnel / relatives who are sub-  
stantially interested) : Nil
  - Key Management Personnel : Sri. B.N.Murthy,  
Managing Director  
Sri.L.Raja Rao  
Whole-Time Director  
B. Vijaya Lakshmi  
Whole-Time Director
- ii. Transactions with Related Parties
  - Remuneration to Managing Director Rs. 24,00,000/-
  - Remuneration to Whole-Time Director Rs. 24,00,000/-
- iii. Balance as on 31<sup>st</sup> March, 2013 Rs. 3,40,800/-



**NOTE NO. 27**

Taxes on Income:

- (a) Provision has been made for tax as per the normal provisions of the Income Tax Act, 1961.
- (b) In compliance with the Accounting Standard AS 22 Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India, the company has provided Rs.15,50,188/- towards deferred tax liability in the year 2012-13. The major components of deferred tax asset / liability are on account of timing differences in depreciation, carried forward of losses and Minimum alternate tax.

**NOTE NO. 28**

Previous year figures have not been given for comparison as the company is consolidating its accounts for the first time. Paise have been rounded off to the nearest rupee.

Notes to the financial statements, Cash Flow Statement and statement on accounting policies form an integral part of the balance sheet and profit and loss statement.

**SIGNATURES TO NOTES - 1 TO 28**

**VIDE OUR REPORT OF EVEN DATE  
For RAMANA REDDY & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Regn. No.003246S**

**(CA. RAMANA REDDY A.V.)  
PARTNER  
Membership No. 024329**

**PLACE : HYDERABAD  
DATE : 31-05-2013**

**FOR AND ON BEHALF OF THE BOARD**

**Sd/-  
(B. VIJAYA LAKSHMI)  
DIRECTOR**

**Sd/-  
(BN MURTHY)  
MANAGING DIRECTOR**



**VSF PROJECTS LIMITED**

Regd.Off: Ankulapatur Village, Chillakur Mandal, SPSR Nellore District, Andhra Pradesh

**PROXY FORM**

Regd. Folio No. :

No. of Shares Held:

Client ID No. :

I/We .....

of ..... in the

District of ..... being a

member/members of the above named company hereby appoint ..... of

..... in the District of

..... as my/our Proxy to attend and to vote for me/us on my/our behalf at the 21<sup>st</sup> Annual General Meeting of the Company to be held on Friday, 25<sup>th</sup> September, 2013 at 11.00 A.M. at Ankulapatur Village, Chillakur Mandal, SPSR Nellore District, Andhra Pradesh and at any adjournment thereof.

Signed this ..... day of ..... Two Thousand Thirteen.

Affix  
Revenue  
Stamp

Note: This Proxy Form duly completed should be deposited at the Registered Office of the Company not less the 48 (Forty Eight) hours before the time fixed for holding the meeting.

**VSF PROJECTS LIMITED**

Regd.Off: Ankulapatur Village, Chillakur Mandal, SPSR Nellore District, Andhra Pradesh

**ATTENDANCE SLIP**

(Please present this slip at the Meeting Venue)  
21<sup>st</sup> ANNUAL GENERAL MEETING – 25<sup>th</sup> September, 2013

Regd. Folio No. :

No. of Shares Held:

Client ID No. :

I hereby record my presence at the 20<sup>th</sup> ANNUAL GENERAL MEETING of the members of the Company held on Friday, **25<sup>th</sup> September, 2013 at 11.00 A.M. at Ankulapatur Village, Chillakur Mandal, SPSR Nellore District, Andhra Pradesh.**

Name of the Shareholder: .....

Name of the Proxy: .....

Signature of Member / Proxy: .....

**FORM A**

**COVERING LETTER OF THE ANNUAL AUDIT REPORT TO BE FILED WITH THE STOCK EXCHANGES**

1.	Name of the Company:	VSF PROJECTS LIMITED
2.	Annual financial statements for the year ended	31.03.2013
3.	Type of Audit observation	Un-qualified / Matter of emphasis
4.	Frequency of observation	NA
5.	To be signed by-	
	<ul style="list-style-type: none"><li>• CEO/Managing Director</li></ul>	B. Narayana Murthy
	<ul style="list-style-type: none"><li>• CFO/Heading Finance Department</li></ul>	B. Narayana Murthy
	<ul style="list-style-type: none"><li>• Auditor of the Company</li></ul>	CA. Ramana Reddy A.V Partner Ramana Reddy & Associates Chartered Accountants
	<ul style="list-style-type: none"><li>• Audit Committee Chairman</li></ul>	A Satya Prasad

*[Handwritten signature]*



For VSF PROJECTS LTD.

*B. Narayana Murthy*  
Managing Director

*[Handwritten signature]*

