

# VSF PROJECTS LIMITED



22<sup>nd</sup>  
Annual Report

2013-2014



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**Corporate Information**

**BOARD OF DIRECTORS**

Sri Gen. C.R. Sen Gupta	Chairman (Independent Director)
Sri B. Narayana Murthy	Managing Director
Sri. G.S. Ramachandra Rao	Director
Smt. B. Vijaya Lakshmi	Executive Director
Sri. L. Rajarao	Director

**REGISTERED OFFICE**

Ankulapatur Village, Chillakur Mandal, SPSR Nellore District,  
Andhra Pradesh Pin: 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)

**STATUTORY AUDITORS**

**M/s Ramana Reddy & Associates**  
Chartered Accountants  
Unit No.406, 4<sup>th</sup> Floor,  
Ashoka Capitol, Opp: KBR Park  
Hyderabad – 500 034

**REGISTRAR AND SHARE TRANSFER AGENT**

**Aarhi Consultants (P) Ltd.,**  
1-2-285, Near Gaganmahal Hospital  
Domalaguda, Hyderabad – 500 029

**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

## NOTICE

Notice is hereby given that the **Twenty Second Annual General Meeting** of the members of the Company will be held on **Wednesday, 31<sup>st</sup> December, 2014 at 11.00 A.M.** at the Registered Office of the Company at Ankulapatur Village, Chillakur Mandal, SPSR Nellore District, Andhra Pradesh to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2014, the Statement of Profit and Loss Account and the Cash Flow Statement for the financial year ended on that date along with the Report of Directors and the Auditors thereon.
2. To appoint Director in the place of Smt Vijaya Lakshmi, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint M/s Ramana Reddy & Associates, Chartered Accountants, as Statutory Auditors of the Company

**RESOLVED THAT** Pursuant to the provisions of Sections 139 of the Companies Act, 2013, ("Act") and other applicable provisions of the Act, if any and the Rules framed there under, as amended from time to time M/s Ramana Reddy & Associates, Chartered Accountants, Hyderabad (ICAI **Firm Registration. No.003246S**) the retiring auditor be are hereby re-appointed as the statutory Auditors of the company to hold the office from the Conclusion of this Meeting for a period of 3 years till the conclusion of 25<sup>th</sup> AGM subject to ratification of their appointment by the members at every Annual General Meeting, on such remuneration as may be fixed by the Board of Directors and mutually agreed by the Auditors."

### **SPECIAL BUSINESS**

4. **To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:**

#### **Appointment of Sri Gen. C.R. Sen Gupta as an Independent Director of the Company**

"RESOLVED that pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed there under, read with Schedule IV to the Act, as amended from time to time, **Sri Gen. C.R. Sen Gupta** (DIN 02432874), Independent Director, whose term of office is liable to determination by retirement of directors by rotation as per the provisions of Companies Act, 1956 and in respect of whom the Company has received a Notice in writing under Section 160 of the Companies Act 2013 proposing his candidature for the office of Director of the Company be and is hereby appointed as Independent Director of the Company, whose period of office shall not be liable to retire by rotation, to hold office for five consecutive years with effect from 31<sup>st</sup> December 2014 upto 30<sup>th</sup> December 2019."

5. To consider and if thought fit, to pass with or without modification(s) the following resolution as a "Special Resolution":

#### **To consider and reconfirm the authority to Board of Directors borrow in excess of the Paid up capital and Free Reserves:**

"RESOLVED that in supersession of the resolution passed by the shareholders in 20<sup>th</sup> Annual General Meeting under Section 293(1)(d) of Companies Act, 1956, and pursuant to Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors to borrow moneys from time to time, any sum or sums of money for the purposes of the Company upon such terms and conditions and with or without security as the Board of Directors may in its discretion think fit, notwithstanding, that the money or monies to be borrowed by the Company (apart from the Temporary loans obtained or to be obtained from time to time from the Company's Bankers in the ordinary course of business) together with the money already borrowed, may exceed the aggregate of the Paid-up

share Capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose(s), provided however that the money or monies to be borrowed by the Company together with the money already borrowed shall not, at any time exceed Rs.500 Crores (Rupees Five Hundred Crores only)".

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as a "Special Resolution":

**Authorization To The Board Of Directors Of The Company To Borrow Moneys By Way Of Creating Charge On The Assets Of The Company.**

"RESOLVED that in supersession of the resolution passed by the shareholders in 20<sup>th</sup> Annual General Meeting under Section 293(1)(a) and pursuant to the provisions of Section 180 (1)(a) and all other applicable provisions, if any, of the Companies Act, 2013, the consent of the company be and is hereby accorded to the Board of Directors of the company to mortgage / to create charge in such form and manner with such ranking and at such time and on such terms and conditions as the Board may determine, on any of the movable and immovable properties of the company, both present and future and / or the whole or any part of the undertakings of the company together with the power to take over the management of the business and concern of the company in sustained events of defaults, in favour of any Bank / Financial Institution, or any lender(s), trustee(s) for securing the borrowings of the company to be availed by way of loans / Working Capital limits / Bank Guarantee or any other form and other debt instruments issued by the company from time to time together with the interest at the respective agreed rates and in case of default all other applicable charges payable by the company, as specified in the trust deeds / agreement etc or any other document entered into between the company and the lender(s) and containing such terms and conditions and comments in respect of enforcement of security as may be stipulated in that behalf and agreed between the Board of Directors / Committee thereof and the lenders or their trustees."

7. **To consider and, if thought fit, to pass, with or without modification (s), the following resolution as a Ordinary Resolution:**

**Approval of Remuneration to B. Narayana Murthy, MD**

"RESOLVED THAT pursuant to the provisions of the Section 196, 197 and Schedule V and other applicable provisions of the Companies Act, 2013 and the Articles of Association of the Company, and upon the recommendation of Nomination Remuneration Committee, the remuneration of Mr. B Narayana Murthy Managing Director of the Company be and is hereby fixed at Rs. 2.00 Lacs per month (24.00 Lacs per annum) with effect from 01.10.2014

"RESOLVED FURTHER THAT subject to the applicable provisions of the Companies Act, 2013, in the event of loss or inadequacy of profits, in any financial year during the term of Appointment, the above mentioned remuneration shall be paid to Mr B Narayana Murthy as minimum remuneration under schedule V of the Companies Act, 2013"

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be required to give effect to this resolution including filing of relevant returns with the register of Companies, Andhra Pradesh and Telangana."

**BY THE ORDER OF THE BOARD  
For VSF PROJECTS LIMITED**

Place: Hyderabad  
Date : 03.12.2014

**B N MURTHY  
Managing Director  
(DIN: 00073068)**

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND TO VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies in order to be effective must be received at the Company's Registered Office not less than 48 hours before the meeting. A person cannot act as proxy for more than 50 members and holding in aggregate not more than 10% of the total share capital of the Company.
2. Members / Proxies are requested to bring their copies of Annual Report with them for the Annual General Meeting and the attendance slip duly filled in for attending the Meeting. No copies of the Annual Report will be distributed at the meeting.
3. The Register of Members and the Share Transfer Books will remain closed from 29<sup>th</sup> December, 2014 to 31<sup>st</sup> December, 2014 (both days inclusive).
4. Members are requested to quote their Registered Folio No or Demat Account No and Depository Participant Identification Number (DPID No) on all correspondence with the Company.
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
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.
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
8. The information pursuant to Clause 49 of the Listing Agreement with respect to the details of the Directors seeking appointment / re-appointment in this Annual General Meeting
9. All the documents referred to in the Notice and explanatory statement will be available to the members at the Registered of the company between 10.30 A.M to 12.30 P.M on all working days from the date hereof up to the date of the Meeting.
10. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, Which sets out details relating to Special Business at the meeting, is annexed hereto.

11. **Voting through electronic means:**

In Compliance with provisions of Section 108 of the companies Act, 2013 and Rule 20 of the companies (Management and Administration) Rule, 2014 the company is pleased to provide members facility to exercise their vote at the 22<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting Services provided by Central Depository Services Limited (CDSL).

The Voting period begins on 25.12.2014 at 9.00 am and ends on 27.12.2014 at 5.00 pm. During this period shareholders of the company, holding shares either in physical form or in dematerialized form as on the cutoff date 28.011.2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

The Company has appointed N Vanitha ,Practicing Company Secretary as scrutinizer for conducting the e-voting process for the Annual General Meeting in fair and transparent manner



A. Instructions for E-voting:

1. The e-voting period commences on Thursday, 25<sup>th</sup> December, 2014 (9.00 a.m. IST) and ends on Saturday, 27<sup>th</sup> December, 2014 (6.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on 28<sup>th</sup> November, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.
2. Open the e-mail and also open PDF file namely “**VSF PROJECTS LIMITED**” with your client id or Folio No. as password. The said PDF file contains your user id and password for e-voting. Please note that the password is an initial password.
3. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period.
  - (i) Click on “Shareholders” tab.
  - (ii) Now, select the “**VSF PROJECTS LIMITED**” from the drop down menu and click on “SUBMIT”.
  - (iii) Now Enter your User ID
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - (iv) Next enter the Image Verification as displayed and Click on Login.
  - (v) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
  - (vi) If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN Field.</p> <p>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</p>
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <p>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</p>

- (vii) After entering these details appropriately, click on “SUBMIT” tab.
- (viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for the relevant < **VSF PROJECTS LIMITED** > on which you choose to vote.
- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If Demat account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Note for Institutional Shareholders & Custodians:  
 Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate.  
 A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).  
 After receiving the login details they have to create compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.  
 The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.  
 A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xviii) Since the Company is required to provide facility to the members to exercise their right to vote by electronic means, shareholders of the Company, holding shares either in physical form or in dematerialized form and not casting their vote electronically, may cast their vote at the Annual General Meeting.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (xx) Mrs. N. Vanitha Practicing Company Secretary, (Membership No. 26859; CP No. 10573), has been appointed as the **Scrutinizer** to scrutinize the e-voting process in a fair and transparent manner.

The Scrutinizer shall, within a period not exceeding three working days from the conclusion of thee-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.vsfprojects.com](http://www.vsfprojects.com) and on the website of CDSL [www.evoting.cdsl.com](http://www.evoting.cdsl.com) within two days of the

passing of the resolutions at the 22<sup>nd</sup> AGM of the Company on 31<sup>st</sup> December, 2014 and communicated to the BSE Limited, where the shares of the Company are listed.

#### **EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS**

The following Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") sets out all material facts relating to the business mentioned at Item Nos. 4 to 7 of the accompanying Notice dated 03.12.2014

##### **Item No 4 :**

The Company had, pursuant to the provisions of Clause 49 of the Listing Agreement entered with the Stock Exchanges, appointed Sri Gen C R Sen Gupta as Independent Director in compliance with the requirements of the said clause.

As per the provisions of Section 149(4) which has come into force with effect from 1st April, 2014, every listed company is required to have at least one-third of the total number of Directors as Independent Directors. Further, Section 149(10) of the Act provides that an Independent Director shall hold office for a term up to five consecutive years on the Board of a company and is not liable to retire by rotation pursuant to Section 149(13) read with Section 152 of the Act.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement which would be effective from October 1, 2014 inter alia stipulates the conditions for the appointment of Independent Directors by a listed company.

The Nomination & Remuneration Committee has recommended the appointments of these Directors as Independent Directors to hold office for five consecutive years for a term with effect 31<sup>st</sup> December 2014 upto 30<sup>th</sup> December 2019.

The above Independent Director have given a declaration to the Board that he meets the criteria of independence as provided under Section 149 (6) of the Act. In the opinion of the Board, the above Independent Director fulfill the conditions specified in the Act and the Rules made there under for appointment as Independent Director and is independent of the management.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of the above Directors as Independent Directors is now being placed before the Members in General Meeting for their approval.

The terms and conditions of appointment of Independent Directors shall be open for inspection by the Members at the Registered Office of the Company on all working days except Saturdays, during business hours upto the date of the Meeting.

The Board commends the Ordinary Resolutions set out in Items Nos. 4 of the Notice for approval by the Members.

The above Independent Director is interested in this Resolutions with regard to his appointment. Other than the above Independent Director, no other Director, Key Managerial Personnel or their relatives are concerned or interested in the Resolutions mentioned in Items No.4 of the Notice.

##### **Item No. 5 & 6**

The members of the Company in their AGM held on 28<sup>th</sup> September, 2012 approved by way of an Ordinary Resolution under Section 293(1)(d) & 293 (1) (a) of the Companies Act, 1956 borrowings power to the Board, over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of Rs. 500 Crores (Rupees Five Hundred Crores) and power to the board to create charges / mortgage assets of the Company in favor of lenders respectively.

Section 180(1) ( c ) & ( a ) of the Companies Act, 2013 effective from 12th September, 2013 requires that the Board of Directors shall not borrow money in excess of the company's paid up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business and create charges / mortgage assets of the Company in favor of lenders respectively, except with the consent of the company accorded by way of a special resolution.

Further the Ministry of Corporate Affairs (“MCA”) has vide its General Circular No 4/2014 dated March 25,2014 clarified that Ordinary Resolutions passed under Sections 293(1)(a) and 293 (1)(d) of the Companies Act, 1956 would be sufficient compliance of Section 180 of the Act till September 11,2014 only. It is, therefore, necessary to obtain the consent of the members by passing Special Resolution under Section 180(1)(c) and 180 (1) (a) to enable to the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company upto the amounts and as proposed in the resolution and to create charges / mortgage assets of the Company in favor of lenders respectively.

The Directors commend the Resolutions at Item Nos. 5 and 6 of the accompanying Notice for the approval of the Members of the Company.

None of the Directors and Key managerial Personnel of the Company or their respective relatives is concerned or interested in the passing of the Resolutions at Item Nos.5 and 6, except to the extent of their shareholding in the Company.

#### **Item No 7**

Mr. B. Narayana Murthy, Managing Director of the company is instrumental and key management person in the success and smooth running of the Company. As per the terms of the shareholders resolution dated 30.09.2011, the term of remuneration payable to Mr B Narayana Murthy expires on 30<sup>th</sup> September, 2014. Accordingly on the recommendation of the Nomination and Remuneration committee, the Board of Directors of the company has approved the existing remuneration of Rs.2.00 Lac per month payable to him for another term of 3 years.

Pursuant to the provisions of Section 197 read with Schedule V of the Companies, Act, 2013 any such remuneration needs to be ratified by the members in their General Meeting.

Hence the Directors commend the Resolutions at Item Nos. 7 of the accompanying Notice for the approval of the Members of the Company.

None of the Directors except B. Narayana Murthy and B Vijaya Lakshmi and Key managerial Personnel of the Company or their respective relatives is concerned or interested in the passing of the Resolution.

### **STATEMENT PURSUANT TO CLAUSE (A) (IV) OF SECTION II OF PART II OF SCHEDULE V, OF THE COMPANIES ACT, 2013**

#### **I GENERAL INFORMATION**

##### **(1) Nature of Industry: Infrastructure & Power Generation**

The company's business activities primarily consist of infrastructure, civil and engineering works.

**(2) Expected date of commencement of commercial production:** The company has already commenced commercial operations. The Company has got major approval for setting up Power Plant for a capacity of 350 MW. The said project is being executed through it WOS.

**(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:** Not applicable.

##### **(4) Financial performance during last three years: (Rs. in lakhs)**

<b>Financial Parameters</b>	<b>2012-13</b>	<b>2011-12</b>	<b>2010-11</b>
<b>Total Income</b>	1944.38	1822.58	1735.42
<b>Profit After Tax</b>	53.84	93.36	92.33
<b>Book Value in Rs</b>	16.35	14.91	13.32
<b>EPS in Rs</b>	1.53	1.59	1.57

**(5) Foreign investments or collaborations, if any: NIL**

**II. INFORMATION ABOUT THE APPOINTEE:**

**1. Background of the Appointee:**

Sri B. Narayana Murthy, a diploma holder in Mechanical Engineering has vast experience in the fields of Logistics, Granite Manufacturing, Mining, Aquaculture and Infrastructure Sectors.

He has 25 years rich experience in the field of management and execution of construction of Industrial structures, Cultivation of shrimps, development of lands and buildings. He is the chief promoter of the company. He had successfully executed many civil works in the last 10 years. He has actively participated many business excellence meets in Malaysia, South Africa, Hongkong, etc., He looks after operations, Business development, Purchase, Corporate affairs & finance for all industrial and contracting business and new project ventures.

**2. Past remuneration (including contribution to PF, Superannuation fund and Gratuity fund) for last 3 years:**

(Amt in Rs./ pm)		
20012-13	2011-12	2010-11
2,00,000	1,50,000	1,00,000

**3. Recognition and award: NIL**

**4. Job profile and his suitability:**

**(a) Job Profile**

He will exercise the management control over the whole of the affairs of the Company.  
Providing leadership and strategic guidance to the Company  
Profitable operations of the Company through efficient and optimum utilization of Company's resource viz., man, material and money.  
Entering into strategic tie-ups and alliances for advancement of the business of the Company.  
Development of new businesses.  
Employee satisfaction.  
Customer satisfaction.

**(b) Suitability**

Sri B. Narayana Murthy is the chief promoter of the Company. He has been at the helm of the affairs since inception. Under his able leadership and guidance the Company has reached unprecedented heights and sailed through the lean phase successfully. He has vast experience in the fields of Logistics, Granite Manufacturing, Mining, Aquaculture and Infrastructure Sectors. Given the profile of Sri B. Narayana Murthy, it is imperative that he be shouldered with responsibility of Managing Director and draws the remuneration as proposed.

**5. Remuneration proposed:** As detailed in the resolution.

**6. Comparative remuneration profile with respect to industry, size of the Company, Profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)**

The proposed remuneration to the appointee is in line with the remuneration comparable to the size of the Company and also that of the industry and of the position and person.

**7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:**

Sri B. Narayana Murthy has no pecuniary relationship directly or indirectly with the Company except to the extent of his remuneration and shareholding in the Company. Sri B. Narayana Murthy is the Husband of Smt. B Vijaya Lakshmi, Director of the Company.

### III. OTHER INFORMATION:

#### (1) Inadequate profits:

The Company has achieved profits from its operations during the year and it is expected to earn profits in the future years also. The Company is seeking the permission of the shareholders for paying remuneration to Sri B. Narayana Murthy, Managing Director, in any of the three years of his appointment, in accordance with the provisions as laid down in Schedule V of the Companies Act, 2013, in the event the Company has no profit or inadequate profits in any such financial year.

#### (2) Steps taken or proposed to be taken for improvement: The Company has got major approvals for running of 350MW power generation plant to expand its scale of operations.

(3) Expected increase in productivity and profits in measurable terms: The Company has got all major approvals for running of 350 MW super critical power project in its WOS, however, the actual revenues and commencement of generation of power may take some time.

### IV. DISCLOSURES :

The details of the remuneration package, benefits and details are provided in Corporate Governance Report.

#### ADDITIONAL INFORMATION

(Pursuant to Clause 49 IV (G) of the Listing Agreement)

Name of the Director	Sri Gen C R Sengupta	B Vijaya Lakshmi
Date of Birth	12.08.1925	01.07.1961
Date of Appointment on the Board	16.04.1993	30.04.2007
Qualification, Experience & Expertise	He is Bachelor of Commerce and PG Diploma in Banking, having 30 years rich experience in the field of banking and capital markets including as a former Chairman and Managing Director United Bank of India (1982-85), one of the largest public sector commercial banks in India and also Executive Director of IDBI Bank in (1969 - 1982).	She is Bachelor of Arts, and having 12 years rich experience in the field of cultivation of aqua culture. And also she looks after entire administrative and human resource developments.
Directorship in other public companies (Excluding foreign companies and section 25 Companies)	He is not a Director in any other Company	She is also Director in M/s. VSF Energy Projects Private Limited
Shareholding	NIL	287500 (4.90%)

BY THE ORDER OF THE BOARD  
For VSF PROJECTS LIMITED

Place: Hyderabad  
Date : 03.12.2014

**B N MURTHY**  
Managing Director  
(DIN: 00073068)

## DIRECTORS' REPORT

Your Directors hereby present the **TWENTY SECOND ANNUAL REPORT** together with the Audited Accounts of the company for the financial year ended 31<sup>ST</sup> March, 2014.

### FINANCIAL HIGHLIGHTS:

*Rs. in lakhs*

PARTICULARS	2013-14	2012-13
Gross Income	2229.70	1944.38
Total expenditure	2016.03	1779.85
<b>Profit before Interest &amp; Depreciation</b>	<b>213.57</b>	<b>190.98</b>
Interest	54.56	39.90
Depreciation	29.90	26.45
<b>Profit before Exceptional items</b>	<b>129.11</b>	<b>124.63</b>
Less: Exceptional items	11.68	0
Profit before Tax	117.43	124.63
Current Tax	25.89	24.93
Deferred tax	1.12	15.50
<b>Profit/(Loss) after tax</b>	<b>90.42</b>	<b>84.20</b>
<b>Balance carried forward from previous years</b>	<b>250.63</b>	<b>166.43</b>
<b>Balance carried forward to Balance sheet</b>	<b>341.06</b>	<b>250.63</b>

### OPERATIONS AND PERFORMANCE:

During the year under review, your company has seen a growth in revenue. The Company has generated income of Rs.2229.70 Lakhs during the current year as compared to Rs. 1944.38 Lakhs during the previous year an increase of 14.67 % and net profit stood at Rs. 90.42 Lakhs. There is a marginal improvement in the Net Profit during the period under review.

### DIVIDEND:

In view of the inadequate profits, your Directors do not recommend any dividend for the financial year 2013-14.

### 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 07<sup>th</sup> 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:***

During the period under review, Mr J Srikanth Babu and Mr A Satya Prasad have resigned as Directors of the company due to their personal reasons.

In accordance with the Provisions of Section 152 of the Companies Act, 2013 Smt Vijaya Lakshmi, retire at the ensuing Annual General Meeting and being eligible, offered herself for re-appointment

The Company had, pursuant to the provisions of Clause 49 of the Listing Agreement entered with the Stock Exchanges, appointed Sri Gen C R Sen Gupta as Independent Director in compliance with the requirements of the said clause.

As per the provisions of Section 149(4) which has come into force with effect from 1st April, 2014, every listed company is required to have at least one-third of the total number of Directors as Independent Directors. Further, Section 149(10) of the Act provides that an Independent Director shall hold office for a term up to five consecutive years on the Board of a company and is not liable to retire by rotation pursuant to Section 149(13) read with Section 152 of the Act.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement which would be effective from October 1, 2014 inter alia stipulates the conditions for the appointment of Independent Directors by a listed company.

The Nomination & Remuneration Committee has recommended the appointments of these Directors as Independent Directors to hold office for five consecutive years for a term with effect 31<sup>st</sup> December 2014 upto 30<sup>th</sup> December 2019.

The above Independent Director have given a declaration to the Board that he meets the criteria of independence as provided under Section 149 (6) of the Act. In the opinion of the Board, the above Independent Director fulfill the conditions specified in the Act and the Rules made there under for appointment as Independent Director and is independent of the management.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of the above Directors as Independent Directors is now being placed before the Members in General Meeting for their approval.

The terms and conditions of appointment of Independent Directors shall be open for inspection by the Members at the Registered Office of the Company on all working days except Saturdays, during business hours upto the date of the Meeting.

The Board commends the Ordinary Resolutions set out in Items Nos. 4 of the Notice for approval by the Members.

The above Independent Director is interested in this Resolutions with regard to his appointment. Other than the above Independent Director, no other Director, Key Managerial Personnel or their relatives are concerned or interested in the Resolutions mentioned in Items No.4 of the Notice.

***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 141 of the Companies Act, 2013.

The Board recommends their appointment as the Statutory Auditor of the Company for a period of 3 years that is from the conclusion of 22<sup>nd</sup> AGM to the conclusion of 25<sup>th</sup> AGM of the Company subject to approval of members at every AGM

***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 2013-14.



***DIRECTORS' RESPONSIBILITY STATEMENT:***

The Directors of your Company hereby report:

- (i) That in the preparation of Annual Accounts for the financial year ended 31<sup>st</sup> March, 2014, 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 31<sup>st</sup> March 2014 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**

**B N MURTHY  
Managing Director  
(DIN: 00073068)**

**B. VIJAYA LAKSHMI  
Director  
(DIN: 01496696)**

Place: Hyderabad  
Date: 03.12.2014

**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 additional investments and has not proposed any amount for reduction of consumption of energy.
- 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.
- iv. Disclosure under Form A is not applicable to the Company.

**B. TECHNOLOGY ABSORPTION:**

**FORM B**

(Disclosure of particulars with respect to technology Absorption)

**i) Research and Development (R & D) :**

Specific areas in which R & D carried out by the Company	:	NIL
Benefits derived as a result of the above	:	NIL
Future plan of action	:	NIL
Expenditure on R & D	:	NIL

**ii) Technology absorption, adaptation and innovation** : NIL

**C) FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Activities relating to exports and initiatives taken to increase export products, services and export plans :

Foreign Exchange earnings and outgo:  
(on receipts and payments basis)

<b>Particulars</b>	<b>2013-14</b>	<b>2012-13</b>
Foreign Exchange Earnings	Nil	Nil
<b>Foreign Exchange Outgo</b>	<b>Nil</b>	<b>Nil</b>

**BY THE ORDER OF THE BOARD  
For VSF PROJECTS LIMITED**

**B N MURTHY**  
Managing Director  
(DIN: 00073068)

**B. VIJAYA LAKSHMI**  
Director  
(DIN: 01496696)

Place: Hyderabad  
Date: 03.12.2014

## MANAGEMENT DISCUSSION & ANALYSIS

### OVERVIEW:

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.

### 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.

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.2229.70 Lakhs during the current year as compared to Rs. 1944.38 Lakhs during the previous year an increase of 14.67 % and net profit stood at Rs. 90.42Lakhs. There is a marginal improvement in the Net Profit during the period under review.

### 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 independent director.

During the Financial year ended 31<sup>st</sup> March, 2014, Board of Directors met 5 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.

31.05.2013	14.08.2013	14.11.2013	20.12.2013	14.02.2014
------------	------------	------------	------------	------------

The attendance at the Board Meetings conducted during the 12 months period ended 31<sup>st</sup> March, 2014 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 Director	Category of the Directorship	No. of Board Meetings Attended	Attendance at previous AGM	No. of Memberships in other companies (excluding private limited Companies)	
				Boards	Committees
C.R. Sengupta	Chairman - Independent & Non Executive	5	No	Nil	Nil
B.N. Murthy	Managing Director - Executive	5	Yes	1	Nil
G S Ramachandra Rao	Director - Non Executive	5	Yes	Nil	Nil
B.Vijaya Lakshmi	Director - Non Executive	5	Yes	Nil	Nil
L. Raja Rao	Director – Executive	5	Yes	Nil	Nil
J. Srikanth Babu (resigned wef 20.12.2013)	Non Executive Independent Director	3	Yes	Nil	Nil
A Satya Prasad (resigned wef 08.04.2014)	Non Executive Independent Director	5	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:
  1. To provide direction and to oversee the operations of the audit functions of the Company.
  2. To review the internal control and audit systems with special emphasis on their quality and effectiveness.
  3. To review Quarterly, Half yearly and annual financial results before submission to the Board.
  4. To investigate into any matter in relation to the items specified in Section 292A of the Companies Act, 1956 or referred by the Board.
  5. To have full access to information contained in the records of the Company and external advice, if necessary.
  6. To review matters required to be included in the Directors' responsibility statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.

### Powers of Audit Committee:

- To investigate any activity within its terms of reference.
- To seek information from any employee
- To obtain outside legal or other professional advice from external sources
- To have full access to information contained in the records of the company

**Composition of Audit Committee:**

The Audit Committee provides assistance to the Board of Directors in fulfilling its oversight responsibilities. The Audit committee has been constituted, however it is not in compliance with the Act and Clause 49 of Listing Agreement and is entrusted with the responsibilities as laid down under Clause 49 of the Listing Agreement, to the extent applicable and required. The Committee was reconstituted on 08<sup>th</sup> April 2014 with the following members :

Shri Gen CR Sengupta – Chairman  
 Shri G S Ramachandra Rao – Member  
 Shri L Raja Rao - Member

**Meetings during the year:**

During the Financial year ended 31st March, 2014, the Audit Committee met 4 times as follows, and all the members were present in each of such meetings.

31.05.2013	14.08.2013	14.11.2013	14.02.2014
------------	------------	------------	------------

For the FY 2013-14, the Company derived immense benefit from the deliberations of the Audit Committee. Shri A Satya Prasad, who was heading the Audit Committee as Chairman has rich experience in finance and accounts. The members always added value for the Company.

**4. NOMINATION AND REMUNERATION COMMITTEE:****Terms of Reference:**

The Remuneration Committee was renamed as Nomination and Remuneration Committee in compliance with requirement of the Companies, Act 2013 and Listing Agreement.

**Composition**

Subsequent to resignation of Directors J Srikanth Babu and A Satya Prasad, The committee is reconstituted with the following directors :

Shri Gen CR Sengupta – Chairman  
 Shri G S Ramachandra Rao – Member  
 Shri L Raja Rao - Member

**The terms of reference of the Committee interalia include:**

- Attraction and Retention strategies for employees.
- Determine the compensation (including salaries and salary adjustments, incentives / benefits, bonuses) and Performance targets of the Chairman, Managing Director, COO, CFO, CEO & other senior management personnel
- Review employee development strategies.
- Formulate a criteria for determining qualifications, positive attributes and independence of a director;
- Recommend to the Board a policy for the remuneration of directors, key managerial personnel and other employees;
- Identify and nominate for the approval of the Board, candidates to fill Board vacancies as and when they arise.
- Recommend the appointment of any director to executive or other employment/place of profit in the Company;
- Recommend the sitting fees to be paid to Non Executive Directors;

**Remuneration paid to Directors during the Financial Year 2013-14**

Executive Directors:	Sri B N Murthy , Managing Director	Rs.	24,00,000/- P.A
	Sri L Rajarao, Director (Technical )	Rs.	3,00,000/-
	Sri B. Vijaya Lakshmi, Director	Rs.	6,00,000/- P.A

**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	3,00,000	3,00,000

**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. STAKEHOLDERS RELATIONSHIP COMMITTEE**

Pursuant to Section 178(5) of the Act the Board renamed the erstwhile Stakeholder/Investors Redressal Committee as the Stakeholder Relationship Committee.

**Brief description of terms of reference:**

1. Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;
2. monitors expeditious redressal of investor grievance matters received from the stock exchanges, SEBI, registrar of companies, monitoring redressal of queries / complaints received from members relating to transfers, non-receipt of annual report, non receipt of dividend, redressal of grievances of shareholders, debenture holders and other security holders To approve, register, refuse to register transfer / transmission of shares and other securities ;
3. To sub-divide, consolidate and / or replace any share or other securities certificate(s) of the Company;
4. To authorise affixation of common seal of the Company;
5. To issue duplicate share other security(ies) certificate(s) in lieu of the original share/security(ies) certificate(s) of the Company;
6. To approve the transmission of shares or other securities arising as a result of death of the sole/any joint shareholder;
7. To review of dematerialization or rematerialization of the issued shares and other related matters;
8. To further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s), or agent(s); and
9. Carrying out any other function contained in the equity listing agreements as and when amended from time to time

**Composition :** Subsequent to resignation of Directors J Srikanth Babu and A Satya Prasad, The committee is reconstituted with the following directors :

Shri G S Ramachandra Rao	Member
Shri B N Murthy	Member
Shri L Raja Rao	Member

The Committee looks into the shareholder's and investor's complaints. The details of Complaints receive and resolved during the year is as follows:

1	Pending at the beginning of the year	0
2	Received during the year	7
3	Disposed of during the year	7
4	Remaining unresolved at the end of the year	0

Number of complaints pending as on 31st March, 2014 is Nil.

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.

#### 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
2011	19 <sup>th</sup>	Ankulpatur Village Chillakur Mandal, SPSR Nellore District, A.P.	Friday, 30th September, 2011	11:00 A.M.
2012	20 <sup>th</sup>	Ankulpatur Village Chillakur Mandal, SPSR Nellore District, A.P.	Friday, 28th September, 2012	11:00 A.M.
2013	21 <sup>th</sup>	Ankulpatur Village Chillakur Mandal, SPSR Nellore District, A.P.	Wednesday, 25th September, 2013	11:00 A.M.

#### Special Resolutions:

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

AGM Date	Description of item
25 <sup>th</sup> September, 2013	NIL
28 <sup>th</sup> September, 2012	NIL
30 <sup>th</sup> September, 2011	Increase in Remuneration of Managing Director

#### Postal ballot:

There were no items of business transacted by way of Postal Ballot during the financial year 2013-2014.

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

#### 9. DISCLOSURES:

##### b) 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. 30

##### c) 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

##### d) 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.

##### 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 03.12.2014.



#### 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:

<b>Annual General Meeting</b>	:
<b>Day, Date and time</b>	: <b>Wednesday, 31<sup>st</sup> December, 2014</b> at 11:00 A.M.
<b>Venue</b>	: Ankulapatur Village Chillakur Mandal, SPSR Nellore District, Andhra Pradesh
<b>Book Closure Date</b>	: 29 <sup>th</sup> December, 2014 to 31 <sup>st</sup> December, 2014 (both days inclusive)
<b>Dividend</b>	: 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 2014-15 to the stock exchange

**Scrip Code Number** : 519331

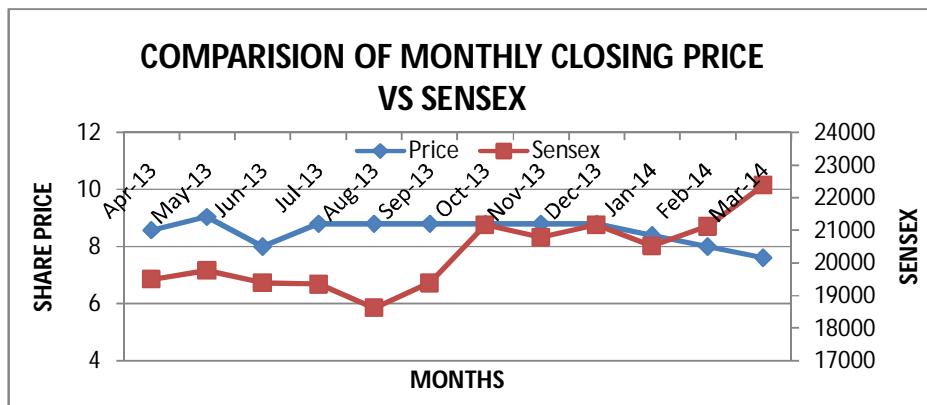
**ISIN Number for NSDL & CDSL** : INE923K01014

**Market Price Data** :

The closing market price of the equity shares as on 31<sup>st</sup> March, 2014 was Rs. 12.30 /- on BSE.

The monthly movement of the equity share price during the year on BSE are summarized here in below:

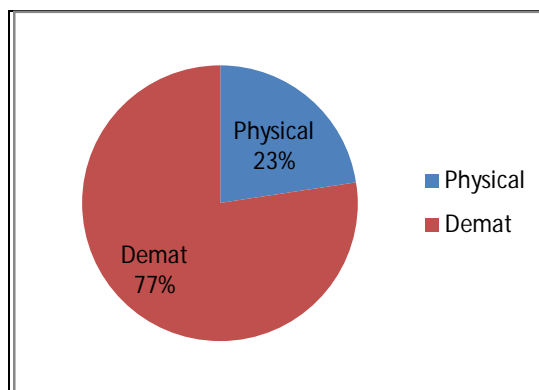
Month	High	Low	No. of Shares Traded
Apr-13	12.61	7.78	41,113
May-13	45.95	31.05	14,955
Jun-13	36.00	29.35	6,545
Jul-13	41.60	30.00	147
Jan-14	8.80	8.40	85
Feb-14	8.00	8.00	300
Mar-14	7.61	7.51	50



**DEMATERIALIZATION OF SHARES AND LIQUIDITY:**

45,44,297 Equity shares equivalent to 77% of the total equity share capital have been dematerialized and 13,24,653 equity shares are in physical form equivalent to 23% as on 31<sup>st</sup> March, 2014.

Trading of equity shares in Demat form is made compulsory with effect from 1<sup>st</sup> January, 2002 as per Notification issued by Securities and Exchange Board of India (SEBI). Therefore the shareholders are advised to use The Demat facilities for trading in shares.



**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,  
Telangana

**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 Shareholding as on 31.03.2014:**

Equity shares holding of Nominal Value (Rs)	Equity shareholders		Equity shares Amount	
	Numbers	%	In Rs.	%
Upto 5000	8029	97.26	79,26,180	13.51
5001 to 10000	88	1.07	6,33,480	1.08
10001 to 20000	56	0.68	7,48,430	1.28
20001 to 30000	16	0.19	3,97,960	0.68
30001 to 40,000	4	0.05	1,48,500	0.25
40001 to 50000	7	0.08	3,26,480	0.56
50001 to 100000	10	0.12	7,34,350	1.25
100001 & above	45	0.55	4,77,74,120	81.40
<b>Total</b>	<b>8255</b>	<b>100</b>	<b>5,86,89,500</b>	<b>100.00</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,  
Andhra Pradesh Pin: 524 412

**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 72 of the Companies Act, 2013 are requested to submit to the Company the prescribed Form 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 2013-14.

Place: Hyderabad  
Date : 03.12.2014

**B N Murthy**  
**Managing Director**  
**(DIN: 00073068)**

Annexure -1

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

S.No.	Particulars	2013-14 Rs. in lakhs
1	Shareholding	100%
2	Share Capital	1.00
3	Reserves	0.00
4	Total Assets	6398.33
5	Total Liabilities	6398.33
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 under Section 212(E) of Companies Act, 1956:

VSF Projects Limited		
1	Name of the Subsidiary :	<b>VSF Energy Projects Pvt Ltd</b>
	Date from which it became Subsidiary Company	07.03.2011
2	<i>The Financial Year of the subsidiary company ended on :</i>	<i>31.03.2014</i>
3	Number of shares in the subsidiary company held by Holding Company at the above date :	
	- Equity shares	63,440,000
	- Equity holding (%)	100.00%
4	The net aggregate 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	-260310
5	The net aggregate of profits(losses) of the subsidiary company for its previous financial years 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	-260310
6	Changes in the interest of Holding Company between the end of the last financial year and 31.03.2014	Nil
7	Material Changes between the end of the last financial year and	

31.03.2014	Nil
<b>For and on behalf of the Board of Directors</b>	
<b>VSF Energy Projects Limited</b>	
<b>Sd/- B N Murthy Managing Director (DIN: 00073068)</b>	<b>Sd/- B Vijaya Lakshmi Director (DIN:01496696)</b>

**CERTIFICATE FROM AUDITORS 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 31<sup>st</sup> March, 2014, 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 excepting that regard to composition of Independent directors where the company is having only one Independent Director

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 RAMANA REDDY & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Regn. No.003246S**

**PLACE: HYDERABAD  
DATE: 25.09.2014**

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

## INDEPENDENT AUDITOR'S REPORT

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 31<sup>st</sup> March , 2014, 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 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"), read with the General circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of Sec.133 of the Companies Act, 2013. 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 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 31<sup>st</sup> March, 2014,
- (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, read with the General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2014 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 Regn. No.003246S**

**PLACE: HYDERABAD  
DATE: 25.09.2014**

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

### **ANNEXURE TO THE AUDITORS' REPORT** (Referred to in paragraph (3) of our report of even date)

1.
  - (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (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.
  - (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.
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.
  - (b) In our opinion and according to 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.
  - (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.
3.
  - (a) The company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained u/s.301 of the Act.

- (b) 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	82,52,924	61,20,000	--	1,43,,72,924
2.	A. Satya Prasad	60,00,000	0	14,00,000	46,00,000

- (c) 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.
- (d) 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 there under 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 31<sup>st</sup> March, 2014 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:
10. The company has neither accumulated losses as on 31.03.2014 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 Regn. No.003246S**

**PLACE: HYDERABAD.  
DATE: 25.09.2014**

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

## VSF PROJECTS LIMITED

**BALANCE SHEET AS AT 31ST MARCH, 2014**

Particulars	Note No	As at 31.03.14	As at 31.03.13
1	2	3	4
		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	23,91,67,686	23,01,24,892
<b>(2) Non-Current Liabilities</b>			
(a) Long Term Borrowings	4	13,37,81,432	12,69,47,256
(b) Other Long term Liabilities	5	25,50,00,000	0
<b>(3) Current Liabilities</b>			
(a) Short Term Borrowings	6	1,77,14,725	1,76,93,361
(b) Trade Payables	7	34,23,623	12,11,623
(b) Other Current Liabilities	8	15,37,42,796	12,60,39,167
(c) Short Term Provisions	9	25,89,650	24,93,775
TOTAL		<b>86,41,09,412</b>	<b>56,31,99,574</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	10	28,15,52,484	27,77,55,980
(b) Non Current Investments	11	53,71,99,990	99,990
(c) Deferred Tax Asset		8,98,255	10,09,462
<b>(2) Current Assets</b>			
(a) Trade Receivables	12	1,51,86,971	14,85,31,686
(b) Cash and Cash Equivalents	13	5,21,074	5,30,366
(c) Short Term Loans and Advances	14	2,87,50,638	13,52,72,090
TOTAL		<b>86,41,09,412</b>	<b>56,31,99,574</b>

Notes forming part of the financial statements

1 – 32

VIDE OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

for RAMANA REDDY & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Regn. No. 003246S

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

PLACE: HYDERABAD

(B. VIJAYA LAKSHMI)  
DIRECTOR  
DIN: 01496696

(B.N. MURTHY)  
MANAGING DIRECTOR  
DIN: 00073068

DATE : 25.09.2014

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2014**

Particulars		Note Nos	Current Year	Previous Year
1		2	3	4
			Rs.	Rs.
I.	Revenue from operations	15	22,29,70,864	19,42,21,784
II.	Other Income		0	2,17,609
III.	<b>Total Revenue (I +II)</b>		<b>22,29,70,864</b>	<b>19,44,39,393</b>
IV.	<u>Expenses:</u>			
	Operation & Maintenance Expenses	16	19,31,60,658	16,52,97,948
	Employee Benefit Expenses	17	58,12,376	77,36,036
	Finance Costs	18	54,56,682	39,90,865
	Other Expenses	19	26,38,521	23,05,463
	Depreciation and amortization expenses	10	29,90,803	26,45,031
	<b>Total</b>		<b>21,00,59,040</b>	<b>18,19,75,343</b>
V.	Profit before exceptional and extraordinary items and tax (III - IV)		1,29,11,824	1,24,64,050
VI.	Exceptional Items	20	11,68,173	0
VII.	Profit before extraordinary items and tax (V - VI)		1,17,43,651	1,24,64,050
VIII.	Extraordinary Items		0	0
IX.	Profit before tax (VII - VIII)		1,17,43,651	1,24,64,050
X.	Tax expenses:			
	- Income Tax		25,89,650	24,93,775
	- Deferred Tax		1,11,207	15,50,188
XI.	Profit for the year from continuing operations (IX - X)		90,42,794	84,20,087
XII.	Profit / Loss from discontinuing operations		0	0
XIII.	Tax expense of discontinuing operations		0	0
XIV.	Profit / Loss from discontinuing operations (XII - XIII)		0	0
XV.	Profit for the year (XI + XIV)		90,42,794	84,20,087
XVI.	Earning per equity share:			
	(1) Basic		1.54	1.43
	(2) Diluted		1.54	1.43

Notes forming part of the financial statements 1 – 32

**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  
DATE: 25.09.2014**

**FOR AND ON BEHALF OF THE BOARD**

**B. VIJAYA LAKSHMI  
DIRECTOR  
DIN: 1496696**

**(B.N. MURTHY)  
MANAGING DIRECTOR  
DIN: 00073068**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**  
(As required under clause 32 of the Listing Agreement with Stock Exchange)

Particulars	As at 31.03.14 Rs.	As at 31.03.13 Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit	1,29,11,824	1,24,64,050
Adjusted for:		
Depreciation	29,90,803	26,45,031
Operating Profit before Working Capital	<u>1,59,02,627</u>	<u>1,51,09,081</u>
Charges	1,59,02,627	1,51,09,081
<b>Adjustment for:</b>		
Decrease / (Increase) in Trade Receivables	13,33,44,715	(7,29,01,081)
Decrease / (Increase) in Loans & Advances	10,65,21,452	(1,09,00,046)
Increase / (Decrease) in Current Liabilities & Provisions	28,49,15,629	3,39,47,675
Income Tax Paid	(24,93,775)	(27,28,266)
Net Cash Flow from operating Activities	<u><b>53,81,90,648</b></u>	<u><b>(3,74,72,637)</b></u>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES:</b>		
Fixed Assets additions	(1,01,55,481)	(17,33,11,447)
Sale of fixed assets	22,00,000	0
Increase/(Decrease) in Non current investments	(53,71,00,000)	0
Net Cash Flow from Investment Activities	<u><b>(54,50,55,481)</b></u>	<u><b>(17,33,11,447)</b></u>
<b>C. CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
Increase / (Decrease) in Revaluation Reserve	0	17,19,96,075
Proceeds from Long Term Borrowings	68,34,176	2,59,99,986
Proceeds from Short Term Borrowings	21,364	77,09,502
Net Cash Flow from Financing Activities	<u><b>68,55,540</b></u>	<u><b>20,57,05,563</b></u>
Net increase in Cash & Cash Equivalents	(9293)	(50,78,521)
Cash and Cash Equipvalents at the benginning of the year	5,30,366	56,08,887
Cash and Cash Equipvalents at the end of the year	5,21,073	5,30,366

**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 : 25.09.2014**

**FOR AND ON BEHALF OF THE BOARD**

**(B. VIJAYA LAKSHMI)**  
**DIRECTOR**  
**DIN: 01496696**

**(B.N. MURTHY)**  
**MANAGING DIRECTOR**  
**DIN: 00073068**

**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.

**NOTE NO. 2**

	As at 31.03.14 Rs	As at 31.03.13 Rs
<b>SHARE CAPITAL</b>		
<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	5,86,89,500	5,86,89,500
<b>TOTAL</b>	<u><b>5,86,89,500</b></u>	<u><b>5,86,89,500</b></u>

**Terms attached to equity shares:**

The company has one class of equity shares having a par value of Rs.10/- per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholdings,

<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	8,90,023	15.16%	8,25,077	14.06%
B.L.N. Chowdary	5,52,766	9.42%	4,32,766	7.37%

**NOTE NO. 3****RESERVES & SURPLUS**

	<b>Ast 31.03.2014</b>	<b>As at 31.03.2013</b>
- Forfeited shares reserve	29,33,000	29,33,000
- Revaluation reserve	19,28,39,950	19,28,39,950
- Securities Premium	92,88,500	92,88,500
- Surplus in the Statement of Profit & Loss		
Opening balance	2,50,63,442	1,66,43,355
Add: Surplus for the year	<u>90,42,794</u>	<u>84,20,087</u>
<b>TOTAL</b>	<u><b>3,41,06,236</b></u>	<u><b>2,50,63,442</b></u>
	<u><b>23,91,67,686</b></u>	<u><b>23,01,24,892</b></u>

**NOTE NO. 4**

	As at 31.03.14 Rs	As at 31.03.13 Rs.
<b>LONG TERM BORROWINGS</b>		
<b>A) SECURED LOANS</b>		
- Hire Purchase Finance from:		
ICICI Bank Ltd	0	28,040
Kotak Mahindra Bank Ltd	7,73,212	0
Damiler Finance Ltd	19,63,896	0
- Business Loan from:		
Shriram City Union Finance Ltd.	0	42,54,892
<b>B) UNSECURED LOANS</b>		
- From Inter Corporate Deposit	10,90,11,400	10,71,11,400
- From Directors	1,87,89,000	1,40,69,000
- From Shareholders	<u>32,43,924</u>	<u>14,83,924</u>
<b>TOTAL</b>	<b><u>13,37,81,432</u></b>	<b><u>12,69,47,256</u></b>

(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 is charged against Ac.6.21 guntas of land at Srinivasa satram Village, Kota Mandal, SPSR Nellore District, Andhra Pradesh)

**NOTE NO.5****OTHER LONG TERM LIABILITIES**

- Lease Advance	<u>25,50,00,000</u>	<u>0</u>
<b>TOTAL</b>	<b><u>25,50,00,000</u></b>	<b><u>0</u></b>

**NOTE NO. 6  
SHORT TERM  
BORROWINGS**

Cash Credit from Uco Bank	<u>1,77,14,725</u>	<u>1,76,93,361</u>
<b>TOTAL</b>	<b><u>1,77,14,725</u></b>	<b><u>1,76,93,361</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.)

**NOTE NO. 7****TRADE PAYABLES**

- Creditors for Suppliers	<u>34,23,623</u>	<u>12,11,623</u>
<b>TOTAL</b>	<b><u>34,23,623</u></b>	<b><u>12,11,623</u></b>

<b>NOTE NO.8</b>	<b>As at 31.03.2014</b>	<b>As at 31.03.2013</b>
<b>OTHER CURRENT LIABILITIES</b>		
- Current Maturities of Finance Lease Obligation	87,13,074	1,03,02,380
- Creditors for Expenses	<u>14,50,29,722</u>	<u>11,57,36,787</u>
TOTAL	<u><b>15,37,42,796</b></u>	<u><b>12,60,39,167</b></u>

<b>NOTE NO. 9</b>	<b>As at 31.03.2014</b>	<b>As at 31.03.2013</b>
<b>SHORT TERM PROVISIONS</b>		
- For Taxation	<u>25,89,650</u>	<u>24,93,775</u>
TOTAL	<u><b>25,89,650</b></u>	<u><b>24,93,775</b></u>

**NOTE NO. 10  
TANGIBLE ASSETS**

Description of the Asset	Gross Carrying Amount			Depreciation Block			Net Carrying Amount	
	As at 01.04.13	Additions during the year	As at 31.03.14	Upto 01.04.13	for the year	As at 31.03.14	As at 31.03.14	As at 31.03.13
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Land & Site Development	25,44,00,000	0	25,44,00,000	0	0	0	25,44,00,000	25,44,00,000
Buildings	76,97,050	0	76,97,050	47,04,414	2,57,081	49,61,495	27,35,555	29,92,636
Plant & Machinery	90,51,029	0	90,51,029	13,86,836	4,29,925	18,16,761	72,34,268	76,64,193
Office Equipments	6,72,604	0	6,72,604	3,29,896	31,995	3,61,891	3,10,713	3,42,708
Furniture & Fixtures	9,30,828	0	9,30,828	3,09,583	56,864	3,66,447	5,64,381	6,21,245
Computers	1,78,730	0	1,78,730	1,26,036	28,972	1,55,008	23,722	52,694
Vehicles – Tippers	97,36,002	0	97,36,002	36,68,462	11,01,142	47,69,604	49,66,398	60,67,540
Vehicles - Others	80,18,009	1,01,55,481 (46,74,806)	1,34,98,684	24,03,045	10,84,824 (13,06,632)	21,81,237	1,13,17,447	56,14,964
Total	<b>29,06,84,252</b>	<b>1,01,55,481</b> <b>-46,74,806</b>	<b>29,61,64,927</b>	<b>1,29,28,272</b>	<b>29,90,803</b> <b>-13,06,632</b>	<b>1,46,12,443</b>	<b>28,15,52,484</b>	<b>27,77,55,980</b>

**NOTE NO. 11**

**NON CURRENT INVESTMENTS**

In Equity shares of Subsidiary company VSF Energy Projects Pvt. Ltd (5,37,19,999 equity shares of Rs.10/- each) (Previous year 9999 equity shares Rs.10/- each)	53,71,99,990	99,990
TOTAL	<u><b>53,71,99,990</b></u>	<u><b>99,990</b></u>



**NOTE NO.12  
TRADE RECEIVABLES**

(Unsecured, Considered Good)

- Debts outstanding for a period exceeding six months	74,28,050	4,33,90,428
- Other Debts	<u>77,58,921</u>	<u>10,51,41,258</u>
<b>TOTAL</b>	<b><u>1,51,86,971</u></b>	<b><u>14,85,31,686</u></b>

**NOTE NO. 13  
CASH AND CASH EQUIVALENTS**

- Balance with Scheduled Banks in Current Accounts	2,28,688	2,65,257
- Cash in hand	<u>2,92,386</u>	<u>2,65,109</u>
<b>TOTAL</b>	<b><u>5,21,074</u></b>	<b><u>5,30,366</u></b>

**NOTE NO. 14**

**SHORT TERM LOANS AND  
ADVANCES**

- Deposits	83,69,861	78,13,247
- Advance for Materials	65,75,655	20,000
- Investments in Power Division (Loan to Subsidiary Company)	64,725	11,56,39,545
- IT Refund Receivable	91,52,365	77,53,627
- Prepaid expenses	1,28,616	1,53,158
- TDS receivable	<u>44,59,416</u>	<u>38,92,513</u>
<b>TOTAL</b>	<b><u>2,87,50,638</u></b>	<b><u>13,52,72,090</u></b>

**NOTE NO. 15**

**REVENUE FROM OPERATIONS**

- Gross Contract Receipts	<u>22,29,70,864</u>	<u>19,42,21,784</u>
<b>Total</b>	<b><u>22,29,70,864</u></b>	<b><u>19,42,21,784</u></b>

**NOTE NO. 16  
OPERATING & CONTRACT EXPENSES**

- Materials, Consumables & Other Site exps.	33,68,100	59,08,490
- Machinery & Vehicles Hire charges	5,35,357	17,19,498
- Earthwork & contract expenses	<u>18,92,57,201</u>	<u>15,76,69,960</u>
<b>TOTAL</b>	<b><u>19,31,60,658</u></b>	<b><u>16,52,97,948</u></b>

<b>NOTE NO. 17</b>	<b>Current Year</b>	<b>Previous year</b>
<b>EMPLOYEE BENEFIT EXPENSES</b>		
- Salaries & Wages	57,88,450	76,76,408
- Staff Welfare	23,926	59,628
<b>TOTAL</b>	<b><u>58,12,376</u></b>	<b><u>77,36,036</u></b>

<b>NOTE NO. 18</b>		
<b>FINANCE COSTS</b>		
- Interest on Cash Credit	27,30,325	22,10,619
- HP Financial Charges	27,26,357	13,97,154
- Loan Processing charges	0	3,83,092
<b>TOTAL</b>	<b><u>54,56,682</u></b>	<b><u>39,90,865</u></b>

<b>NOTE NO. 19</b>		
<b>OTHER EXPENSES</b>		
- Rent	7,20,000	2,64,000
- Rates & Taxes	3,09,924	3,03,036
- Electricity charges	61,098	54,752
- Office Maintenance	1,00,590	78,352
- Postage & Telegrams	10,996	18,949
- Printing & Stationary	2,03,935	90,566
- Telephone charges	1,13,940	1,26,020
- Travelling expenses	29,885	13,944
- Computer Maintenance	10,800	23,440
- Internet charges	27,793	15,305
- Insurance charges	3,31,476	3,35,358
- Directors sitting fee	15,000	0
- Audit fee	1,50,000	1,50,000
- Professional charges	2,18,364	3,37,095
- Registration & Licence fee	4,556	7,381
- AGM Expenses	91,000	40,000
- Board Meeting Expenses	18,400	13,400
- Listing fee	28,090	28,090
- Advertisement	10,000	1,548
- Books & Periodicals	4,842	3,630
- Conveyance	17,500	5,345
- Lab testing charges	0	3,172
- Bank charges	1,00,863	1,52,476
- Depository charges	59,469	33,708
- Bad Debts written off	0	2,05,896
<b>TOTAL</b>	<b><u>26,38,521</u></b>	<b><u>23,05,463</u></b>

**NOTE NO. 20****EXCEPTIONAL ITEMS**

- Loss on Sale of Vehicle	11,68,173	0
TOTAL	<u>11,68,173</u>	<u>0</u>

**NOTE NO. 21**

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. 22**

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	1,50,000	1,50,000

**NOTE NO. 23**

Managerial Remuneration:

Particulars	Current Year Rs.	Previous Year Rs.
Managing Director	24,00,000	24,00,000
Directors	9,00,000	24,00,000
Total	33,00,000	48,00,000

**NOTE NO.24**

The company has given land on lease an extent of 175 Acres situated at Ankulapatur Village, Chillakur Mandal, SPSR Nellore District, Andhra Pradesh for 30 years to its subsidiary company viz., VSF Energy Projects Private Limited. The land lease amount is fixed at Rs.25.50 Crores for 30 years. The company got allotted shares in its subsidiary for the said lease amount. The Land lease will be apportioned over a period of 30 years in the books of account of the company.

**NOTE NO. 25**

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. 26**

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. 27****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, 2014. 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. 28**

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

**NOTE NO. 29****Earnings per Share:**

The numerators and denominators used for calculation of EPS

Particulars	Year ended 31-03-14 Rs	Year ended 31-03-13 Rs
a) Profit available to the Equity shareholders	90,42,794	84,20,087
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	10.00	10.00
d) Basic Earnings per Share	1.54	1.43

**NOTE NO. 30**

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<br>(including Companies / firms<br>Controlled by key management<br>Personnel / relatives who are sub-<br>stantially interested) | : | Nil  |
| Key Management Personnel  | : | Sri. B.N.Murthy,<br>Managing Director<br><br>Sri.L.Raja Rao<br>Whole-Time Director<br><br>B. Vijaya Lakshmi<br>Whole-Time Director |

- ii. Transactions with Related Parties

Transaction Particulars	Associate Companies	Key management Personnel / Relatives
Contract Receipts	Rs.12,21,91,244/-	-
Remuneration to Managing Director	-	Rs. 24,00,000
Remuneration to Whole-Time Director	-	Rs. 9,00,000/-

- iii. Balance as on 31<sup>st</sup> March, 2014

Transaction Particulars	Associate Companies	Key management Personnel / Relatives
Investment Made by the Company	Rs.53,71,99,990/-	
Contract Receipts Receivable	Rs.92,623/-	-
Remuneration Outstanding	-	Rs. 50,000/-
Loan Outstanding Receivable	Rs.64,725	-

**NOTE NO. 31**

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 recognized Rs.57,617/- towards deferred tax asset in the year 2013-14. 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. 32**

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 NOTES - 1 TO 32**

**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**  
**DIN: 01496696**

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

**(BN MURTHY)**  
**MANAGING DIRECTOR**  
**DIN: 00073068**

**PLACE : HYDERABAD**  
**DATE : 25.09.2014**

**CONSOLIDATED FINANCIAL STATEMENTS**

**OF**

**VSF PROJECTS LIMITED**

**&**

**VSF ENERGY PROJECTS PVT. LTD.,**

**2013-2014**

## **INDEPENDENT AUDITOR'S REPORT**

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 31<sup>st</sup> March, 2014, 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", read with the General circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of Sec.133 of the Companies Act, 2013. 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 31<sup>st</sup> March, 2014;
- (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**  
**FRN: 003246S**

**Place : Hyderabad**  
**Date : 25/09/2014**

**(CA.RAMANA REDDY A.V.)**  
**PARTNER**  
**MEMBERSHIP NO.024329**

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2014**

Particulars	Note No	As at 31.03.14	As at 31.03.13
1	2	3	4
		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	33,60,19,973	23,01,24,902
<b>(2) Non-Current Liabilities</b>			
(a) Long Term Borrowings	4	13,63,81,432	12,69,47,256
<b>(3) Current Liabilities</b>			
(a) Short Term Borrowings	5	1,77,14,725	1,76,93,361
(b) Trade Payables	6	34,23,623	12,11,623
(c) Other Current Liabilities	7	15,66,78,365	12,86,33,782
(d) Short Term Provisions	8	25,89,650	24,93,775
<b>TOTAL</b>		<b>71,14,97,268</b>	<b>56,57,94,199</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	9	28,43,16,448	28,08,48,556
(ii) Civil Works in Progress		32,56,99,271	20,20,99,084
(iii) Preoperative Expenses		5,21,07,941	4,41,95,461
(b) Deferred Tax Asset		12,15,534	10,09,462
<b>(2) Current Assets</b>			
(a) Trade Receivables	10	1,50,94,348	1,50,02,092
(b) Cash and Cash Equivalents	11	15,83,621	8,41,099
(c) Short Term Loans and Advances	12	3,14,80,105	2,17,98,445
<b>TOTAL</b>		<b>71,14,97,268</b>	<b>56,57,94,199</b>

Notes forming part of the financial statements 1 - 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 : 25.09.2014**

**FOR AND ON BEHALF OF THE BOARD**

**(B. VIJAYA LAKSHMI)  
DIRECTOR**

**(B.N. MURTHY)  
MANAGING DIRECTOR**



**CONSOLIDATED PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

Particulars	Note Nos	Current Year	Previous Year
1	2	3	4
		<b>Rs.</b>	<b>Rs.</b>
I. Revenue from operations	-	22,29,70,864	19,42,21,784
II. Other Income		0	2,17,609
III. <b>Total Revenue (I +II)</b>		<b>22,29,70,864</b>	<b>19,44,39,393</b>
IV. <u>Expenses:</u>			
Operation & Maintenance Expenses	14	19,31,60,658	16,52,97,948
Employee Benefit Expenses	15	58,12,376	29,36,036
Finance Costs	16	54,56,682	39,90,865
Other Expenses	17	29,50,911	71,05,463
Depreciation and amortization expenses	10	33,43,415	26,45,031
<b>Total</b>		<b>21,07,24,042</b>	<b>18,19,75,343</b>
V. Profit before exceptional and extraordinary items and tax (III - IV)		1,22,46,822	1,24,64,050
VI. Exceptional Items	18	11,68,173	0
VII. Profit before extraordinary items and tax (V - VI)		1,10,78,649	1,24,64,050
VIII. Extraordinary Items		0	0
IX. Profit before tax (VII - VIII)		1,10,78,649	1,24,64,050
X. Tax expenses:			
- Income Tax		25,89,650	24,93,775
- Deferred Tax		(2,06,072)	15,50,188
XI. Profit for the year from continuing operations (IX - X)		86,95,071	84,20,087
XII Profit / Loss from discontinuing operations		0	0
XIII Tax expense of discontinuing operations		0	0
XIV Profit / Loss from discontinuing operations (XII - XIII)		0	0
XV Profit for the year (XI + XIV)		86,95,071	84,20,087
XVI Earning per equity share:			
(1) Basic		1.48	1.43
(2) Diluted		1.48	1.43
Notes forming part of the financial statements	1-28		

**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 : 25.09.2014

**FOR AND ON BEHALF OF THE BOARD**

**(B. VIJAYA LAKSHMI)**  
**DIRECTOR**

**(B.N. MURTHY)**  
**MANAGING DIRECTOR**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**  
(As required under clause 32 of the Listing Agreement with Stock Exchange)

Particulars	As at 31.03.14 Rs.	As at 31.03.13 Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit	1,22,46,822	1,24,64,050
Adjusted for:		
Depreciation	33,43,415	26,45,031
Operating Profit before Working Capital Charges	<u>1,55,90,237</u>	<u>1,51,09,081</u>
<b>Adjustment for:</b>		
Decrease / (Increase) in Trade Receivables	13,33,44,715	6,06,28,513
Decrease / (Increase) in Loans & Advances	(14,91,06,840)	1,02,99,175
Increase / (Decrease) in Current Liabilities & Provisions	15,18,19,612	2,03,94,378
Income Tax Paid	(24,93,775)	(27,28,266)
<b>Net Cash Flow from operating Activities</b>	<b><u>14,91,53,949</u></b>	<b><u>10,37,02,881</u></b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES:</b>		
Fixed Assets additions	(1,01,79,481)	(17,33,56,362)
Sale of Fixed Assets	22,00,000	0
Increase/Decrease in Non current Investment activities	(53,71,00,000)	0
Civil works in progress	(12,36,00,187)	(13,06,89,754)
Preoperative Expenses	(79,12,480)	(2,00,78,739)
<b>Net Cash Flow from Investment Activities</b>	<b><u>(67,65,92,148)</u></b>	<b><u>(32,41,24,855)</u></b>
<b>C. CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
Increase / (Decrease) in Share Capital	63,43,00,000	0
Proceeds from Long Term Borrowings	(10,61,40,644)	2,59,99,986
Increase / (Decrease) in Revaluation Reserve	0	17,19,96,075
Proceeds from Short Term Borrowings	21,364	77,09,502
<b>Net Cash Flow from Financing Activities</b>	<b><u>52,81,80,720</u></b>	<b><u>20,57,05,563</u></b>
Net increase in Cash & Cash Equivalents	7,42,521	-1,47,16,411
Cash and Cash Equipvalents at the benginning of the year	8,41,099	1,55,57,510
Cash and Cash Equipvalents at the end of the year	15,83,620	8,41,099

**VIDE OUR REPORT OF EVEN DATE**

**FOR AND ON BEHALF OF THE BOARD**

**for RAMANA REDDY & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**  
Firm Regn. No. 003246S

**(B. VIJAYA LAKSHMI)**  
**DIRECTOR**

**(B.N. MURTHY)**  
**MANAGING DIRECTOR**

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

**PLACE: HYDERABAD**  
**DATE : 25.09.2014**

**NOTE NO. 1****NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

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.

**NOTE NO. 2**

	As at 31.03.14	As at 31.03.13
<b>SHARE CAPITAL</b>	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	5,86,89,500	5,86,89,500
<b>TOTAL</b>	<u><b>5,86,89,500</b></u>	<u><b>5,86,89,500</b></u>

**Terms attached to equity shares:**

The company has one class of equity shares having a par value of Rs.10/- per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholdings,

<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	8,90,023	15.16%	8,25,077	14.06%
B.L.N. Chowdary	5,52,766	9.42%	4,32,766	7.37%

**NOTE NO. 3****RESERVES & SURPLUS**

	<b>As at</b>	<b>As at</b>
	<b>31.03.2014</b>	<b>31.03.2013</b>
- Forfeited shares reserve	29,33,000	29,33,000
- Revaluation reserve	19,28,39,950	19,28,39,950
- Securities Premium	92,88,500	92,88,500
- Minority Interest	9,72,00,010	10
- Surplus in the Profit & Loss Statement		
Opening Balance	2,50,63,442	1,66,43,355
Add: Surplus for the year	<u>86,95,071</u>	<u>84,20,087</u>
	<u>3,37,58,513</u>	<u>2,50,63,442</u>
<b>TOTAL</b>	<b><u>33,60,19,973</u></b>	<b><u>23,01,24,902</u></b>

**NOTE NO. 4****LONG TERM BORROWINGS****A) SECURED LOANS**

- Hire Purchase Finance from:		
Magma Finance Corpn. Ltd	0	0
ICICI Bank Ltd	0	28,040
Kotak Mahindra Bank Ltd	7,73,212	0
Damiler Finance Ltd	19,63,896	0

Business Loan from:

Shriram City Union Finance Ltd.	0	42,54,892
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**B) UNSECURED LOANS**

- From Inter Corporate Deposit	11,16,11,400	10,71,11,400
- From Directors	1,87,89,000	1,40,69,000
- From Shareholders	<u>32,43,924</u>	<u>14,83,924</u>
<b>TOTAL</b>	<b><u>13,63,81,432</u></b>	<b><u>12,69,47,256</u></b>

1. (Hire Purchase Loan from Financial Institutions are charged with relevant assets of the company for which loan has taken )

2. (Unsecured Loan from Shriram City union finance ltd is charged against Ac.6.21 guntas of land at Srinivasa satram village, Khota Mandal, SPSR Nellore Dist. of the company.)

**NOTE NO. 5****SHORT TERM BORROWINGS**

Cash Credit from Uco Bank	<u>1,77,14,725</u>	<u>1,76,93,361</u>
TOTAL	<u><b>1,77,14,725</b></u>	<u><b>1,76,93,361</b></u>

(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.)

**NOTE NO. 6****TRADE PAYABLES**

- Creditors for Suppliers	<u>34,23,623</u>	<u>12,11,623</u>
TOTAL	<u><b>34,23,623</b></u>	<u><b>12,11,623</b></u>

**NOTE NO. 7****OTHER CURRENT LIABILITIES**

- Current Maturities of Finance Lease Obligation	87,13,074	1,03,02,380
- Creditors for Expenses	14,50,29,722	11,83,31,402
- Creditors for Capital Expenses	<u>29,35,569</u>	<u>0</u>
TOTAL	<u><b>15,66,78,365</b></u>	<u><b>12,86,33,782</b></u>

**NOTE NO. 8****SHORT TERM PROVISIONS**

- For Taxation	<u>25,89,650</u>	<u>24,93,775</u>
TOTAL	<u><b>25,89,650</b></u>	<u><b>24,93,775</b></u>

**NOTE NO. 9****TANGIBLE ASSETS**

Description of the Asset	Gross Carrying Amount			Depreciation Block			Net Carrying Amount	
	As at 01.04.13	Additions During the year	As at 31.03.14	Upto 01.04.13	for the year	As at 31.03.14	As at 31.03.14	As at 31.03.13
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Land & Site Development	25,44,00,000	0	25,44,00,000	0	0	0	25,44,00,000	25,44,00,000
Buildings	76,97,050	0	76,97,050	47,04,414	2,57,081	49,61,495	27,35,555	29,92,636
Plant & Machinery	90,51,029	0	90,51,029	13,86,836	4,29,925	18,16,761	72,34,268	76,64,193
Office Equipments	8,07,179	24,000	8,31,179	3,40,169	39,067	3,79,236	4,51,943	4,67,010
Furniture & Fixtures	10,42,703	0	10,42,703	3,22,341	63,944	3,86,285	6,56,418	7,20,362
Computers	3,31,374	0	3,31,374	1,63,967	53,716	2,17,683	1,13,691	1,67,407
Vehicles – Tipppers	97,36,002	0	97,36,002	36,68,462	11,01,142	47,69,604	49,66,398	60,67,540
Vehicles – Others	1,13,20,278	1,01,55,481	1,68,00,953	29,50,870	13,98,540	30,42,778	1,37,58,175	83,69,408
		-4674806			-13,06,632			
<b>Total</b>	<b>29,43,85,615</b>	<b>1,01,79,481</b>	<b>29,98,90,290</b>	<b>1,35,37,059</b>	<b>33,43,415</b>	<b>1,55,73,842</b>	<b>28,43,16,448</b>	<b>28,08,48,556</b>

<b>NOTE NO. 10</b>	As at 31.03.14 Rs	As at 31.03.13 Rs
<b>TRADE RECEIVABLES</b>		
(Unsecured, Considered Good)		
- Debts outstanding for a period exceeding six months	74,28,050	0
- Other Debts	<u>76,66,298</u>	<u>1,50,02,092</u>
TOTAL	<u><u>1,50,94,348</u></u>	<u><u>1,50,02,092</u></u>
<b>NOTE NO. 11</b>		
<b>CASH AND CASH EQUIVALENTS</b>		
- Balance with Scheduled Banks in Current Accounts	10,65,464	3,06,793
- Cash in hand	<u>5,18,157</u>	<u>5,34,306</u>
TOTAL	<u><u>15,83,621</u></u>	<u><u>8,41,099</u></u>
<b>NOTE NO. 12</b>		
<b>SHORT TERM LOANS AND ADVANCES</b>		
- Deposits	86,09,861	79,33,247
- Advance for Materials	65,75,655	20,000
- IT Refund Receivable	91,52,365	77,53,627
- Prepaid expenses	1,42,808	1,53,158
- TDS receivable	44,59,416	38,92,513
- Other Advances	25,40,000	20,00,000
- Preliminary expenses	<u>0</u>	<u>45,900</u>
TOTAL	<u><u>3,14,80,105</u></u>	<u><u>2,17,98,445</u></u>
<b>NOTE NO. 13</b>		
<b>OPERATING &amp; CONTRACT EXPENSES</b>		
- Materials, Consumables & Other Site exps.	33,68,100	59,08,490
- Machinery & Vehicles Hire charges	5,35,357	17,19,498
- Earthwork & contract expenses	<u>18,92,57,201</u>	<u>15,76,69,960</u>
TOTAL	<u><u>19,31,60,658</u></u>	<u><u>16,52,97,948</u></u>
<b>NOTE NO. 14</b>		
<b>EMPLOYEE BENEFIT EXPENSES</b>		
- Salaries & Wages	57,88,450	76,76,408
- Staff Welfare	<u>23,926</u>	<u>59,628</u>
TOTAL	<u><u>58,12,376</u></u>	<u><u>77,36,036</u></u>
<b>NOTE NO. 15</b>		
<b>FINANCE COSTS</b>		
- Interest on Cash Credit	27,30,325	22,10,619
- HP Financial Charges	27,26,357	13,97,154
- Loan Processing charges	<u>0</u>	<u>3,83,092</u>
TOTAL	<u><u>54,56,682</u></u>	<u><u>39,90,865</u></u>

**NOTE NO. 16****OTHER EXPENSES**

	Rs.	Rs.
- Rent	7,20,000	2,64,000
- Rates & Taxes	3,16,104	3,03,036
- Electricity charges	61,098	54,752
- Office Maintenance	1,00,590	78,352
- Postage & Telegrams	12,206	18,949
- Printing & Stationary	2,03,935	90,566
- Telephone charges	1,13,940	1,26,020
- Travelling expenses	29,885	13,944
- Computer Maintenance	10,800	23,440
- Internet charges	27,793	15,305
- Insurance charges	3,31,476	3,35,358
- Directors Sitting Fee	15,000	0
- Audit fee	2,00,000	1,50,000
- Professional charges	2,18,364	3,37,095
- Registration & Licence fee	7,156	7,381
- AGM Expenses	91,000	40,000
- Board Meeting Expenses	18,400	13,400
- Listing fee	28,090	28,090
- Advertisement	10,000	1,548
- Books & Periodicals	11,342	3,630
- Conveyance	17,500	5,345
- Lab testing charges	0	3,172
- Bank charges	1,00,863	1,52,476
- Depository charges	59,469	33,708
- Preliminary Expenses Written off	45,900	0
- Donation	2,00,000	0
- Bad debts written off	0	2,05,896
TOTAL	<u><u>29,50,911</u></u>	<u><u>23,05,463</u></u>

**NOTE NO. 17****EXCEPTIONAL ITEMS**

- Loss on Sale of Vehicle	<u>11,68,173</u>	<u>0</u>
TOTAL	<u><u>11,68,173</u></u>	<u><u>0</u></u>

**NOTE NO. 18**

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. 19**

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. 20**

Managerial Remuneration:

Particulars	Current Year Rs.	Previous Year Rs.
Managing Director	24,00,000	24,00,000
Directors	9,00,000	24,00,000
Total	33,00,000	48,00,000

**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, 2014. 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 31-03-14 Rs	Year ended 31-03-13 Rs
a) Profit available to the Equity shareholders	86,95,071	84,20,087
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 Earnings per Share	1.48	1.43

**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<br>(including Companies / firms<br>Controlled by key management<br>Personnel / relatives who are sub-<br>stantially interested) | : | Nil  |
| Key Management Personnel  | : | Sri. B.N.Murthy,<br>Managing Director<br>Sri.L.Raja Rao<br>Whole-Time Director<br>B. Vijaya Lakshmi<br>Whole-Time Director |



ii. Transactions with Related Parties	
Remuneration to Managing Director	Rs. 24,00,000/-
Remuneration to Whole-Time Director	Rs. 9,00,000/-
Contract Receipts	Rs. 12,21,91,244/-
iii. Balance as on 31 <sup>st</sup> March, 2014	Rs. 1,57,348/-

**NOTE NO. 27**

Taxes on Income:

(c) Provision has been made for tax as per the normal provisions of the Income Tax Act, 1961.

(d) 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 recognized Rs.2,06,072/- towards deferred tax asset in the year 2013-14. 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 AND ON BEHALF OF THE BOARD**

**For RAMANA REDDY & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Regn. No.003246S**

**(B. VIJAYA LAKSHMI)  
DIRECTOR  
DIN: 01496696**

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

**(BN MURTHY)  
MANAGING DIRECTOR  
DIN: 00073068**

**PLACE : HYDERABAD  
DATE : 25.09.2014**

## VSF PROJECTS LIMITED

Registered Office: Ankulapatur Village, Chillakur Mandal, SPSR Nerllore District, Andhra Pradesh  
CIN No: L05005AP1992PLC014326

### ATTENDANCE SLIP

22<sup>nd</sup> ANNUAL GENERAL MEETING – 31<sup>st</sup> DECEMBER, 2014 AT 10:30 AM

<b>DP ID</b>		<b>Name &amp; Address of the registered shareholder</b>
<b>Client ID/Regd Folio No</b>		
<b>No. of shares held</b>		

I Certify that I am a registered shareholder/proxy for the registered shareholder of the Company.  
I hereby record my presence at the 22<sup>nd</sup> Annual General Meeting of the Company held on 31<sup>st</sup> December, 2014 at 10:30 AM at Ankulapatur Village, Chillakur Mandal, SPSR Nellore District, A.P.

.....  
**Member's/Proxy's Signature**

**Note: Please complete this and hand it over at the entrance of the Hall.**

### FORM NO.MGT-11 PROXY FORM

[Pursuant to sec.105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management & Administration) Rules, 2014

CIN	L05005AP1992PLC014326		
Name of the company	<b>VSF Projects Limited</b>		
Registered Office	Ankulapatur Village, Chillakur Mandal, SPSR Nellore Dist, AP, Pin: 524 412		
Name of the Member(s)			
Registered Address			
Email ID			
Folio No / Client ID		DP ID	

I/We, being the member(s) of .....shares of the above named company, hereby appoint

1. Name		
Address		
Email id or falling him	Signature	

2. Name		
Address		
Email id or falling him	Signature	

3. Name		
Address		
Email id or falling him	Signature	

As/my our proxy to attend and vote (on a poll) for me/us and on my /our behalf of the 22<sup>nd</sup> Annual General Meeting of the Company, to be held on Wednesday, 31<sup>st</sup> December, 2014 at Ankulapatur Village, Chillakur Mandal, SPSR Nellore District, AP and at any adjournment thereof in respect of such resolutions as are indicated below:

**Resolutions (Please tick ( ) against the box**

<b>1</b>	<input type="checkbox"/>	<b>2</b>	<input type="checkbox"/>	<b>3</b>	<input type="checkbox"/>	<b>4</b>	<input type="checkbox"/>	<b>5</b>	<input type="checkbox"/>	<b>6</b>	<input type="checkbox"/>	<b>7</b>	<input type="checkbox"/>
----------	--------------------------	----------	--------------------------	----------	--------------------------	----------	--------------------------	----------	--------------------------	----------	--------------------------	----------	--------------------------

Signed this ..... day of ..... 2014.

Signature of shareholder : \_\_\_\_\_

Signature of Proxy holder(s) : \_\_\_\_\_

Affix  
Revenue  
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



**BOOK- POST**

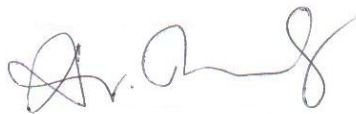
To

If undelivered please return to:  
VSF Projects Limited  
Corp.Off: Plot No.89/A, Aiswarya,  
St.No.8, Sagar Society, Rd.No.2, Banjara Hills  
Hyderabad – 500 034  
Telangana (State)

**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	31.03.2014
3	Type of Audit observation	Unqualified/Matter of emphasis
4	Frequency Observation	NA
5	To be signed by	
	Managing Director	B. NARAYANA MURTHY
	Heading Finance Department	B. NARAYANA MURTHY
	Auditors of the Company	C.A. Ramana Reddy A.V. Partner Ramanareddy & Associates Chartered Accountants
	Audit Committee Chairman	CR Sengupta


For VSF PROJECTS LTD

*B. Narayana Murthy*  
Managing Director

