

# VSF PROJECTS LIMITED

24<sup>th</sup>  
Annual Report

2015-16

## CORPORATE INFORMATION

### **Board of Directors**

Sri B. Narayana Murthy	:	Managing Director
Sri Gen. C. R. Sen Gupta	:	Chairman (Ceased w.e.f:12th February, 2016)
Sri. G. S. Rama Chandra Rao	:	Director (Ceased w.e.f: 18th January, 2016)
Smt. B. Vijaya Lakshmi	:	Executive Director
Sri L. Raja Rao	:	Director
Sri Gopalan Manoharan	:	Independent Director (Appointed w.e.f:12th February, 2016)
Sri B Lakshmi Narasimha Chowdary	:	Director (Appointed w.e.f:12th February, 2016)
Sri Subbiah Kamban	:	Independent Director (Appointed w.e.f:12th February, 2016)

**CIN NO** L05005AP1992PLC014326

**REGISTERED OFFICE** Sy.No.782 to 1235  
Ankulapatur Village  
Chillakur Mandal, SPSR Nellore District, AP,  
524 412

**CORPORATE OFFICE** Plot No.89/A, Aiswarya, 3<sup>rd</sup> Floor,  
Aiswarya, St.No.8, Sagar Society  
Rd.No.2, Banjara Hills  
Hyderabad – 500 034, Telangana  
www.vsfprojects.com  
Email: vsfprojectsLtd91@gmail.com

### **AUDITORS**

RAMANAREDDY & ASSOCIATES  
Chartered Accountants  
Unit No.406, 4<sup>th</sup> Floor, Ashoka Capital  
Rd.No.2, Banjara Hills  
Hyderabad – 500 034  
Telangana State

### **REGISTRAR AND SHARE TRANSFER AGENT:**

Aarthi Consultants Private Limited  
1-2-285, Near Gaganmahal Hospital  
Domalaguda, Himayatnagar  
Hyderabad – 500 029  
Ph.No.040-27638111

### **BANKERS/FINANCIAL INSTITUTIONS**

UCO BANK  
HDFC Bank  
Indusind Bank  
Shriram Finance Ltd

**BSE Script Code** : 519331  
**Script** : VSFPROJ  
**ISIN No** : INE923K01014

## Overview

### The Company

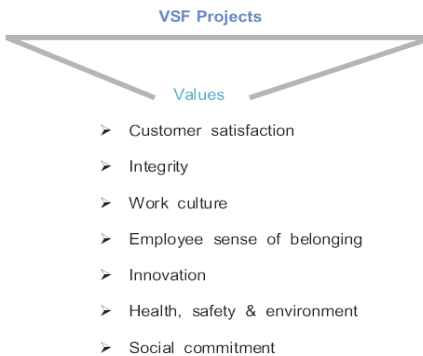
VSF Projects Limited is an integrated construction and infrastructure development and execution company with two principal business segments:

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.



## NOTICE

Notice is hereby given that the **Twenty Fourth Annual General Meeting** of the members of the Company will be held on Friday, 30<sup>th</sup> September, 2016 at 11:30 A.M. at the registered office of the Company at Sy.No.782 to 1235, Ankulapatur Village, Chillakur Mandal, SPSR Nellore District, AP, 524 412, to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the standalone and consolidated Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2016 and the Statement of Profit and Loss Account and 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 Sri L Raja Rao, who retires by rotation and being eligible offers himself for re-appointment.
3. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**

“**RESOLVED THAT** Pursuant to the provisions of Sections 139, 141 and 142 of the Companies Act, 2013, the appointment of M/s Ramana Reddy & Associates, Chartered Accountants, Hyderabad (ICAI Firm Registration No 003246S ), who were appointed as the Statutory Auditors of the Company till the conclusion of 25th Annual General Meeting, be and is hereby ratified and confirmed, on such remuneration as may be agreed upon by the Board of Directors and the Auditors, in addition to reimbursement of all out of pocket expenses in connection with the audit of the accounts of the Company for the financial year ending 31st March, 2017

### Special Business:

4. Appointment of Mr. Lakshmi Narasimha Chowdary Bobba as Director

To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 160 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Lakshmi Narasimha Chowdary Bobba (holding DIN 02381545), who was appointed as an Additional Director of the Company by the Board of Directors as per Section 161(1) of the Companies Act, 2013, who holds office upto the date of this Annual General Meeting and in respect of whom the Company has along with a deposit of Rs.1,00,000/- proposing his candidature for the office of Director of the Company, be and is hereby appointed as an Director of the Company, whose term of office is liable to retirement by rotation”

5. Appointment of Mr. Mr.Subbiah Kamban as an Independent Director

To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 160 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr.Subbiah Kamban (holding DIN 01023097), who was appointed as an Additional Director of the Company by the Board of Directors as per Section 161(1) of the Companies Act, 2013, who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a request along with a deposit of Rs.1,00,000/- proposing his candidature for the office of

Director of the Company, be and is hereby appointed as an Independent Director of the Company, for a period of five consecutive years from this Annual General Meeting up to 29<sup>th</sup> September, 2021.”

**6. Appointment of Mr. Gopalan Manoharan as an Independent Director**

To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 160 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Gopalan Manoharan (holding DIN 00040217), who was appointed as an Additional Director of the Company by the Board of Directors as per Section 161(1) of the Companies Act, 2013, who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a request along with a deposit of Rs.1,00,000/- proposing his candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company, for a period of five consecutive years from this Annual General Meeting up to 29<sup>th</sup> September, 2021

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

Place: Hyderabad  
Date: 12.08.2016

**BN MURTHY  
Chairman & Managing Director  
(DIN: 00073068)**

**NOTES:**

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.

The Register of Members and the Share Transfer Books will remain closed from 23<sup>rd</sup> September, 2016 to 30<sup>th</sup> September, 2016 (both days inclusive).

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.

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.

Members are requested to send all communication relating to shares to the Company's RTA, M/s Aarthi Consultants (P) Limited, 1-2-285, Near Gaganmahal Hospital, Domalaguda, Hyderabad – 500 029

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 RTA - Aarthi Consultants (P) Limited, 1-2-285, Near Gaganmahal Hospital, Domalaguda, Hyderabad – 500 029

The information pursuant to Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 ("Listing Regulations, 2015) with respect to the details of the Directors seeking appointment / re-appointment in this Annual General Meeting is annexed.

All the documents referred to in the Notice and explanatory statement will be available to the members at the registered office 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.

**9. Voting through Electronic means**

(a)The Company is pleased to provide members the facility to exercise their right to vote on the resolutions as set out in the Notice calling for the Annual General Meeting (AGM) by 'electronic means' and all the businesses may be transacted through e- Voting services provided by Central Depository Services (India) Limited (CDSL), in compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules 2014.

(b)Voting rights are reckoned on the basis of the shares registered in the names of the members / beneficial owners as on the record date fixed for this purpose viz., 23<sup>rd</sup> September 2016.

(c)Ms N Vanitha, Practicing Company Secretary has been appointed as scrutinizer for conducting the e-Voting process in a fair and transparent manner.

(d) Members are requested to read the instructions given below:

**In case of members receiving e-mail:**

Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)

Click on "Shareholders" tab to cast your votes.

Now, select the "EVSN" along with "VSF PROJECTS LIMITED" from the drop down menu and click on "SUBMIT"

Now Enter your User ID

For CDSL: 16 digits beneficiary ID,  
For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

Members holding shares in Physical Form should enter Folio Number registered with the Company.

Next enter the Image Verification as displayed and Click on Login.

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.

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*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)  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 last 8 digits of the demat account/folio number in the PAN field.  In case the folio 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 folio number 100 then enter RA00000100 in the PAN field.
DOB#	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.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.  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 <b>the number of shares held by you as on the cut off date</b> in the <b>Dividend Bank details field</b> .

After entering these details appropriately, click on "SUBMIT" tab.

Members holding shares in physical form will then reach directly 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.

For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

Click on the relevant EVSN on which you choose to vote.

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.

Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

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.

Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to and register themselves as Corporates.

They should email a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

After receiving the login details, they have to create a compliance user using the admin login and password. The compliance user would be able to link the account(s) 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.

They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

**In case of members receiving the physical copy:**

Please follow all steps from sl. no. (i) to sl. no. (xvii) of notes 10e above to cast vote.

The voting period begins on Tuesday, 27<sup>th</sup> September, 2016 (9:00 am) and ends on Thursday, 29<sup>th</sup> September, 2016 (5:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (Holding date) i.e, Friday, 23<sup>rd</sup> September, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

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 Scrutinizer shall within a period not exceeding three working days from the conclusion of the e-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.

The Results declared along with the Scrutinizer's Report will be placed on the Company's website [www.vsfprojects.com](http://www.vsfprojects.com) and on the website of CDSL within two days of passing of the resolutions at the AGM and communicated to the Stock Exchanges.

All documents referred to in the accompanying Notice and the Explanatory Statement will be open for inspection at the Registered Office of the Company during 10.30 am to 12.30 noon on all working days upto and including the date of the AGM.

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

Place: Hyderabad  
Date: 12.08.2016

**BN MURTHY  
Chairman & Managing Director  
(DIN: 00073068)**



**EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

In accordance with the provisions of Section 149 read with schedule IV to the Companies Act, 2013, appointment of Directors requires approval of members. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors have proposed that Shri. Subbiah Kamban and Shri Gopalan Manoharan be appointed as Independent Directors on the Board, whose office is not liable to retire by rotation and Shri Shri. Lakshmi Narasimha Chowdary Bobba be appointed as promoter director

The appointment of Shri. Lakshmi Narasimha, Shri. Chowdary Bobba, Shri. Subbiah Kamban and Shri Gopalan Manoharan shall be effective upon approval by the members in the Meeting.

The Company has received notices in writing from members along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Shri. Lakshmi Narasimha Chowdary Bobba and Shri. Subbiah Kamban and Shri Gopalan Manoharan for the office of Director of the Company. The Company has received individual declarations from Shri. Subbiah Kamban and Shri Gopalan Manoharan stating that they meet the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act.

Shri. Lakshmi Narasimha Chowdary Bobba and Shri. Subbiah Kamban and Shri Gopalan Manoharan are not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given individual consents to act as Director.

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

Place: Hyderabad  
Date: 12.08.2016

**BN MURTHY  
Chairman & Managing Director  
(DIN: 00073068)**

## ADDITIONAL INFORMATION

**(Pursuant to Regulation 36(3) of SEBI (Listing Obligation and Disclosure requirements) Regulation, 2015)**

<b>Name of the Director</b>	Gopalan Manoharan	S. Kamban	L. Raja Rao	B. Lakshmi Narasimha Chowdary
Din No	00040217	01023097	03307037	02381545
Date of Birth	27/12/1951	14/05/1956	20/07/1952	28/02/1987
Date of Appointment on the Board	12/02/2016	12/02/2016		12/02/2016
Qualification, Experience & Expertise	<ul style="list-style-type: none"> <li>➤ B.Sc (Chemistry) from Madurai Kamaraj University</li> <li>➤ FCA (Fellow of Chartered Accountant)</li> <li>➤ FCS (Fellow of Company Secretary)</li> </ul> <p>40 years experience in the field of Project finance, Equity, Custom and Human Relations at SPV Levels and other Government approval formalities etc.</p>	<ul style="list-style-type: none"> <li>➤ Bachelor of Engineering (Mechanical)</li> </ul> <p>Detailed engineering processing plants, Non conventional energy sources, Project consultant for Thermal Power , specialized in Super Critical Technology units.</p>	<ul style="list-style-type: none"> <li>➤ Bachelor of Engineering (Electrical)</li> <li>➤ Master of Engineering (Power systems)</li> </ul> <p>Rtd Chief Engineer, Experience in the field of Erection, testing, commissioning of Operations and Maintenance of various electrical systems. He successfully commissioned the Kakatiya Thermal Power Projects Phase 1 &amp; 2.</p>	<ul style="list-style-type: none"> <li>➤ Bachelor of Commerce</li> <li>➤ Master of Business Administration</li> </ul> <p>Vast experience in the field of Infrastructure and Power generation segments.</p> <p>Key person to enterwith the MoA and financial proposals.</p>
Directorship in other public companies (Excluding foreign companies and section 25 Companies)	Nil	Managing Director of Aquatherm Engg. Consultants Pvt. Ltd., Chennai  VSF Energy Projects Pvt. Ltd.,	VSF Energy Projects Private Limited	Vijayasneha Infrastructure Ltd
Shareholding	Nil	Nil	Nil	9.42%
Disclosures of relationships between Directors interest				B. Lakshmi Narasimha Chowdary is son of B N Murthy, Managing Director of the Company

## DIRECTORS' REPORT

Your Directors hereby present the **Twenty Fourth Annual Report** together with the Audited Accounts of the company for the financial year ended 31st March, 2016.

### **Financial summary or Highlights /Performance of the Company:**

The financial highlights for the current year in comparison to the previous year are as under:

	Rs. In Lakhs	
PARTICULARS	2015-16	2014-15
Total Income from Operations	913.84	446.78
Total Expenses	836.45	397.51
Profit Before Tax (PBT)	55.53	6.66
Less: Tax	31.51	--
Profit After Tax (PAT)	24.02	-10.17
Loss from Previous Year	-10.77	--
Net Profits/Loss carried to Balance Sheet	24.02	-10.17

### **COMPANY PERFORMANCE:**

The Financial Year 2015 -16 has been another successful year for the Company. In line with previous year's performance, the Company continued to grow.

The revenue from operations stood at Rs. 913.84Lacs against Rs. 446.78 Lacs in the previous year, resulting in PAT of Rs. **-10.17** Lacs as against PAT of Rs. 24.02 Lacs in the current year. The company achieved 104% increases in turnover compared to last year.

There is no change in the nature of business during the FY 2015-16.

### **TRANSFER TO RESERVES**

Your Company did not transfer any amount to reserves.

### **THE NAMES OF COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR:**

M/s VSF Energy Projects Private Limited is the existing Subsidiary of the company and there are no other subsidiaries, joint ventures or associate companies which have become or ceased during the year. The Statement containing the salient features of the subsidiaries as per sub –sections (3) of section 129 of the Companies Act 2013 in Form AOC -1 is herewith annexed as **Annexure I** to this report.

### **DIVIDEND:**

With a view to conserve resources for long term needs of the company, your Directors do not recommend any dividend for the financial year 2015-16.

### **STATUTORY AUDITORS:**

The shareholders in their meeting held on 31st December, 2015 approved the appointment of **M/s Ramana Reddy & Associates**, Chartered Accountants, Hyderabad, as the Statutory Auditors of the Company to hold office till the conclusion of 25th Annual General Meeting subject to ratification of shareholders in every Annual General Meeting. Accordingly, a resolution seeking Members' ratification on appointment of M/s Ramana Reddy & Associates, Chartered Accountants Hyderabad, as the Statutory Auditors of the Company for the financial year 2015-16 is included at Item No.3 of the Notice convening the Annual General Meeting.

**AUDITORS REPORT:**

The auditors have given their report on the Annual Accounts of the Company and there is no reservation or qualification made by them. The notes given in the Auditors Report are self-explanatory and needs no further clarification.

**SECRETARIAL AUDIT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has received Secretarial Audit report from M/s. P S Rao & Associates, Company Secretaries.

The Secretarial Audit Report is annexed herewith as “**Annexure V**” to this report.

**REPLY TO QUALIFICATIONS IN SECRETARIAL AUDIT REPORT:**

**1. Company has not appointed Company Secretary and CFO for the position of Key Managerial Person as required under section 203 of Companies Act, 2013 and Regulation 6 of SEBI (Listing Obligation and Disclosure Requirements), Regulations, 2015.**

As the Company is situated in remote place, we could not get an eligible Company Secretary or CFO. We are trying to find a right candidate and shall appoint a right candidate as and when available.

**2. Company has Appointment of minimum number of Independent Directors w.e.f 12<sup>th</sup> February, 2016**

In spite of all the efforts made by the Company, Company could not get the right persons who are eligible to be appointed on to the Board, who can provide value addition to the Board in the field in which your Company is operating and finally could get the right candidatures and appointed them on the Board of the Company w.e.f 12<sup>th</sup> February, 2016 as Independent Directors

**3. Company did not file Annual filing forms for FY 2014-15**

Company is in the process of filing the forms.

**DIRECTORS:**

In accordance with the provisions of Section 152 of the Companies Act, 2013, Shri L. Raja Rao, Director of the Company retires by rotation and being eligible, has offered himself for re-appointment.

The Board of Directors of the Company met 5 (five times) during the Financial Year. The details of Committees of the Board and the attendance of members of the Committee is mentioned in the **Annexure- VII**

**DETAILS OF DIRECTORS OR KEY MANAGERIAL PERSONNEL WHO WERE APPOINTED OR HAVE RESIGNED DURING THE YEAR:**

The Board of Directors has appointed Shri. Lakshmi Narasimha Chowdary Bobba, Shri. Subbiah Kamban and Shri.Gopalan Manoharan, as Additional directors of the Company who holds office until the ensuing Annual General Meeting. The Board, based on the recommendation of Nomination and Remuneration Committee considered the appointment of Shri. Subbiah Kamban and , Shri Gopalan Manoharan, as the Independent Directors of the Company and Shri. Lakshmi Narasimha. Chowdary Bobba, as Director of the Company under promoter category and a resolution proposing their appointed is placed before the members for their approval

During the period under report Sri Gen. C. R. Sen Gupta, Chairman of the company resigned w.e.f 12.02.2016 and Sri. G. S. Rama Chandra Rao Director of the company ceased to be Director of the Company w.e.f 19.01.2016 due to sudden demise.

***DECLARATION GIVEN BY INDEPENDENT DIRECTORS:***

Every Independent Director, at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he meets the criteria of independence as provided under the Companies Act, 2013.

***FIXED DEPOSITS:***

Your Company has not accepted any fixed deposits and as such no principal or interest was outstanding as on the date of the Balance sheet.

***PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS SECTION 186 OF COMPANIES ACT 2013:***

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the note No.11 to the Financial Statements.

***CONSOLIDATED FINANCIAL STATEMENTS***

In pursuance to the Sub Section (3) of Section 129 of the Companies Act, 2013, company is required to prepare consolidated financial statements for the financial year ended 31st March 2016.

The Consolidated Financial Statement of your company with that of its subsidiary M/s VSF Energy Projects Private Limited is provided in the Annual Report.

The annual accounts of the Subsidiary Companies and the related detailed information shall be made available to members seeking such information at any point of time. The annual accounts of the M/s VSF Energy Projects Private Limited shall also be kept for inspection by any of the members at the registered office of the company.

The Statement containing the salient features of the subsidiaries as per sub –sections (3) of section 129 of the Companies Act 2013 in Form AOC -1 is herewith annexed as Annexure I to this report.

***MATERIAL CHANGES AND COMMITMENTS:***

There are no material changes and commitments affecting the financial position of the company occurred between the end of the financial year of the company to which the financial statements relate and the date of the report

***DIRECTORS' RESPONSIBILITY STATEMENT:***

Pursuant to Section 134 (5) of the Companies Act, 2013, your Directors confirm that to the best of their knowledge and belief and according to the information and explanation obtained by them,

- a) that in the preparation of Annual Accounts for the financial year ended 31<sup>st</sup> March, 2015, the applicable accounting standards have been followed along with the proper explanation relating to material departures, if any, there from;
- b) 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 of the company for that period:

- c) 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
- d) that the directors have prepared the annual accounts on a going concern basis.
- e) The Directors had laid down Internal Financial controls to be followed by the Company and that such internal financial Controls are adequate and were operating efficiently.
- f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

***VIGIL MECHANISM/ WHISTLE BLOWER POLICY:***

The Company has a Whistle Blower Policy framed to deal with instance of fraud and mismanagement, if any in the Group. The details of the Policy are explained in the Corporate Governance Report and also posted on the website of the Company [www.vsfprojects.com](http://www.vsfprojects.com).

***RISK MANAGEMENT***

The Company has risk management mechanism in place which mitigates the risk at appropriate situations and there are no elements of risk, which in the opinion of Board of Directors may threaten the existence of the Company. A detailed description of the risks & threats has been disclosed in the Management Discussion Analysis Report forming part of the Annual Report

***CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES PURSUANT TO PROVISIONS OF SECTION 188(1) OF COMPANIES ACT, 2013:***

There were no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements. All Related Party Transactions were placed before the Audit Committee and to the Board for their approval, whenever required.

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

The details regarding Energy Conservation, Technology Absorption, Foreign Exchange Earnings and Outgo as required by section 134(3) (m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 are given as **Annexure - II** and forms part of this report.

***EXTRACT OF ANNUAL RETURN:***

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as "**Annexure - IV**" to this report.

***MANAGEMENT DISCUSSION AND ANALYSIS REPORT:***

Pursuant to the provisions of Regulation 34(2) (e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a report on Management Discussion & Analysis is herewith annexed as '**Annexure VI**' to this report.

***CORPORATE GOVERNANCE:***

Since the paid up capital of the Company is less than Rs. 10 Crores and the net worth of the Company is less than Rs.25 Crores, the provisions of Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation 2 of Regulation 46 and para C, D & E of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, are not applicable to the Company.

**LISTING:**

Your Company's shares are presently listed on The BSE Limited, Mumbai and the listing fees for FY 2016-2017 is paid.

**PERFORMANCE EVALUATION:**

Pursuant to the provisions of the Companies Act, 2013 and Securities And Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and Compliance Committees.

A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgments, safeguarding the interest of the Company and its minority shareholders etc.

The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department. The Directors expressed their satisfaction with the evaluation process.

**DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS**

The Company has in place proper and adequate internal control systems commensurate with the nature of its business, and size and complexity of its operations. Internal control systems comprising of policies and procedures designed to ensure reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with policies, procedure, applicable laws and regulations, and that all assets and resources are acquired are used economically.

**PARTICULARS OF EMPLOYEES**

The information required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is herewith annexed as '**Annexure III**' to this report.

**DETAILS ABOUT THE CORPORATE SOCIAL RESPONSIBILITY POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY**

The Company Does not meet the Criteria as specified in Section 135 of the Companies Act, 2013 regarding Corporate Social Responsibility.

**SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

**DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal

Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed off during the Financial year 2015-16:

- No. of complaints received: Nil
- No. of complaints disposed off: Nil

**ACKNOWLEDGEMENTS:**

Your directors acknowledge the continued support from regulatory, government authorities, staff and all the stake holders for their support and cooperation.

**Place: Hyderabad**  
**Date: 12.08.2016**

**BY THE ORDER OF THE BOARD**  
**For VSF Projects Limited**

**B.N. MURTHY**  
**Chairman & Managing Director**  
**(DIN: 00073068)**



**Annexure – I**  
**Form AOC-1**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries / associate companies/joint ventures

**Part “A”: Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sl. No.	Particulars	2015-16 Rs. in lakhs	2014-15 Rs in lakhs
1.	Name of the subsidiary	VSF Energy Projects Private Limited	VSF Energy Projects Private Limited
2	The date since when subsidiary was acquired		
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1st April 2015 to 31st March 2016	01 <sup>st</sup> April, 2014 to 31 <sup>st</sup> March, 2015
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA	NA
5	Share capital	6344.00	6344.00
6	Reserves & surplus	-14.36	-5.32
7	Total assets	7718.42	6745.99
8	Total Liabilities	7718.42	6745.99
9	Investments	NIL	NIL
10	Turnover	0	0
11	Profit before taxation	-8.22	-5.32
12	Provision for taxation	0	0
13	Profit after taxation	-8.22	-5.32
14	Proposed Dividend	Nil	Nil
15	% of shareholding	84.70%	84.70%

- Notes:** 1. There are no Subsidiary Companies which are yet to commence its operations  
2. There are no subsidiaries which have been liquidated or sold during the year.

**For Ramanareddy & Associates**  
**Chartered Accountants**  
**Firm Regn No.003246S**

**FOR AND ON BEHALF OF THE BOARD**

**(CA RAJASEKHAR REDDY.A)**  
**PARTNER**  
**Membership No 0227799**

**B.N. MURTHY**  
**Managing Director**  
**Din 00073068**

**B. VIJAYA LAKSHMI**  
**Director**  
**Din 01496696**

**Place: Hyderabad**  
**Date : 30.05.2016**

**Annexure – II**

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

The details regarding Energy Conservation, Technology Absorption, Foreign Exchange Earnings and Outgo as required by section 134(3) (m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 are given as below.

**A. CONSERVATION OF ENERGY:**

**The steps taken or impact on conservation of energy:**

The operations of the Company are not power intensive. However it is very careful in using the power to reduce the cost of maintenance and conserve the resources.

**Steps taken by the Company for utilizing alternate sources of energy:**

As the Company is not a power intensive Company, there are no requirements for utilizing of alternate sources of energy.

**The capital investment on energy conservation equipments:**

The Company has not made any additional investments and has not proposed any amount for reduction of consumption of energy.

**B. TECHNOLOGY ABSORPTION:**

- (i) the efforts made towards technology absorption :NIL
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution :NI
- (iii) In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year), following information may be furnished:
  - (a) the details of technology imported : No technology imported during the last 3 years
  - (b) the year of import :NA
  - (c) whether the technology been fully absorbed :NA
  - (d) if not fully absorbed, areas where absorption has not aken place, and the reasons thereof :NA
- (iv) the expenditure incurred on Research and Development :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)

Particulars	2015-16	2014-15
Foreign Exchange Earnings	NIL	NIL
Foreign Exchange Outgo	-----	----

**BY THE ORDER OF THE BOARD  
For VSF PROJECTS LTD.,**

**BN MURTHY  
Chairman & Managing Director  
(DIN: 00073068)**

**Place: Hyderabad**

**Date : 12.08.2016**

## Annexure-III

**Details pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2015-16- NA

ii) ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year 2015-16

S No	Name of Director/KMP and Designation	Remuneration of Director KMP for the financial year 2015-16 (Rs .in Lakhs)	% increase in Remuneration in the Financial year 2015-16	Ratio of remuneration of each Director/to median remuneration of employees
1	B Narayana Murthy	24,00,000	NA	28.57
2	B Vijaya Lakshmi	6,00,000	NA	7.14

ii) **The median remuneration of employees' of the Company during the financial year:**

The median remuneration of employees' of the Company during the financial year is Rs. 7000

iii) **The percentage increase in the median remuneration of employees in the financial year:**

There is no increase in the median remuneration of employees in the financial year ending March 31, 2016

iv) **The number of permanent employees on the rolls of Company as at March 31, 2016:**

There were 12 permanent employees on the rolls of Company as on 31<sup>st</sup> March, 2016.

v) **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: NIL**

The Company affirms that remuneration to the Directors and Key Managerial Personnel is as per the remuneration policy of the Company.

**Statement of Particulars of Employees Pursuant to Provisions of Rule 5(2) of Section 197(12) of the Companies Act 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014**

Sl .No.	Name of the employee	Designation	Remuneration Per anum	Nature of employment (wether contractual or otherwise)	Qualification & experience	Date of commencement of employment	Age	Last employment of such employee	% of equity shares held of the employee	Wether the employee is a relative of any director/manager, if yes name of such director and manager
1	KV Srinivasa Rao	Manager - Accounts	3,00,000	Salaried	B.Com, MBA and 18 Years	01.04.09	44	NA	Nil	Nil
2	M. Rajasekhar	Manager - Site	2,40,000	Salaried	B. Tech 6 Years	01.04.09	28	NA	Nil	Nil
3	A. Purnachandra Rao	Sr. Engineer	3,00,000	Salaried	B. Tech and 16 Years	01.04.09	43	NA	Nil	Nil

**Annexure – IV**

**Form No. MGT-9**

**EXTRACT OF ANNUAL RETURN**

**As on the financial year ended on 31/03/2016** [Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

CIN	L05005AP1992PLC014326
Registration Date	04/06/1992
Name of the company	VSF Projects Limited
Category/Sub-category of the company	Public Company / Limited by shares
Address of the Registered Office & Contact details	Sy.No.782 to 1235 Ankulapatur Village, Chillakur Mandal, SPSR Nellore Dist. AP <a href="http://www.vsfprojects.com">www.vsfprojects.com</a>
Whether listed company	Yes
Name, Address and contact details of Registrar and Share Transfer Agent, if any	Aarathi Consultants Pvt. Ltd, 1-2-285, Near Gagan Mahal Hospital, Somajiguda, Hyderabad – 500 029, Telangana State <a href="mailto:info@aarathiconsultants.com">info@aarathiconsultants.com</a>

**REGISTRATION AND OTHER DETAILS:**

**PRINCIPAL BUSINESS OF THE COMPANY:**

All the Business activities contributing 10% or more of the total turnover of the company shall be stated

Sl.No.	Name of the Description of Main Products & Services	NIC code of the Product/Service	% to total turnover of the company
1	Construction and Infrastruc-ture , Power Generation	45 – Constructions & Engg. 4207	100%

**PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

VSF Energy Projects Private Limited is the existing owned Subsidiary of the company

Sl.No.	Name and address of the company	CIN	Holding / Subsidiary / Associate	% of Share Holding as on 31.03.2016	Applicable Section
1	VSF Energy Projects Pvt. Ltd	U40106TG2011PTC73070	Subsidiary	84.70%	2(87)

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### ( i ) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the Year [As on 31 <sup>st</sup> March, 2015]				No. of Shares held at the end of the Year [As on 31 <sup>st</sup> March, 2016]				% Change during the Year
	Demat	Physical	Total	% of shares	Demat	Physical	Total	% of shares	
<b>A. Promoters</b>									
1. Indian									
a. Individual/ HUF	2496443	0	2496443	42.54	2496443	0	2496443	42.54	0
b. Central Govt	-	-	-	-	-	-	-	-	-
c. State Govt(s)	-	-	-	-	-	-	-	-	-
d. Bodies Corp.	-	-	-	-	-	-	-	-	-
e. Banks / FI	-	-	-	-	-	-	-	-	-
f. Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):	2496443	0	2496443	42.54	2496443	0	2496443	42.54	0
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) other Individuals	-	-	-	-	-	-	-	-	-
c) Body Corp	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other.	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
<b>Total Share holding of promoter (A) = (A)(1)+(A)( 2)</b>	<b>2496443</b>	<b>0</b>	<b>2496443</b>	<b>42.54</b>	<b>2496443</b>	<b>0</b>	<b>2496443</b>	<b>42.54</b>	<b>0</b>
<b>B. Public Share Holding</b>									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
C) Central Govt	93991	125000	218991	3.73	93991	125000	218991	3.73	0
D) State Govt(s)									
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital funds	-	-	-	-	-	-	-	-	-
i) Others (Specify)	-	-	-	-	-	-	-	-	-
Sub Total (B) (1)	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>									
A) Bodies Corp.	88941	1750	90691	1.55	90545	1750	88795	1.56	0
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas									
B) Individuals									
i)Individual Shareholders holding nominal	175983	891703	1067686	18.19	351622	906705	1258325	21.44	0

share capital upto Rs. 1 Lakh									
ii) Individual share holders holding nominal share capital in excess of Rs 1 Lakh	1692500	300750	1993250	33.96	1517957	284750	1802707	30.72	0
Others (specify) Clearing Members	1889	0	1889	0.03	1839	0	1839	0.03	0
Sub-total (B)(2):-	1959313	1194203	3153516	53.73	1960313	1193203	3153516	53.73	0
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>2053304</b>	<b>1319203</b>	<b>3372507</b>	<b>57.46</b>	<b>2054304</b>	<b>1318203</b>	<b>3372507</b>	<b>57.46</b>	<b>0</b>
c) Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>4549747</b>	<b>1319203</b>	<b>5868950</b>	<b>100</b>	<b>4550747</b>	<b>1318203</b>	<b>5868950</b>	<b>100</b>	<b>0</b>

**( ii ) Shareholding of Promoters**

SNO	Promoter Name(s)	Shareholding at the beginning of the Year			Shareholding at the end of the Year			% Change in Share holding during the year.
		No. of Shares	% to Total Shares of the Company	% of Shares pledged / Encumbered to total shares	No. of Shares	% to Total Shares of the Company	% of Shares pledged / Encumbered to total shares	
1	B. N. MURTHY	890023	15.16	-	890023	15.16	-	-
2	BOBBA LAKSHMI NARASIMHA	552766	9.42	-	552766	9.42	-	-
3	BOBBA VIJAYA LAKSHMI	287500	4.9	-	287500	4.9	-	-
4	BOBBA LAKSHMI DIVYA	258700	4.41	-	258700	4.41	-	-
5	BOBBA PRABHAKAR RAO	115200	1.96	-	115200	1.96	-	-
6	BOBBA SWARAJYA LAKSHMI	83500	1.42	-	83500	1.42	-	-
7	KOGANTI VARALAKSHMI	71500	1.22	-	71500	1.22	-	-
8	BOBBA SUVARCHALA DEVI	40000	0.68	-	40000	0.68	-	-
9	SREE RAMA CHANDRA RAO GUTTIKONDA	35004	0.6	-	35004	0.6	-	-
10	PRASAD KANTAMANENI ROJA	35000	0.6	-	35000	0.6	-	-
11	BOBBA RANGA RAO	34000	0.58	-	34000	0.58	-	-
12	K V SRINIVAS	32000	0.55	-	32000	0.55	-	-
13	NAGENDRA PRASAD BOBBA	20000	0.34	-	20000	0.34	-	-
14	PRASAD DANDAMUDI	19000	0.32	-	19000	0.32	-	-
15	MURALI KRISHNA MANDAVA	17250	0.29	-	17250	0.29	-	-
16	RAVI KIRAN GUTTA .	2500	0.04	-	2500	0.04	-	-
17	NAMRATHA GUTTA .	2500	0.04	-	2500	0.04	-	-
	<b>Total</b>	<b>2496443</b>	<b>100</b>	<b>-</b>	<b>2496443</b>	<b>100</b>	<b>-</b>	<b>-</b>

**( iii ) Change in Promoters' Shareholding (please specify, if there is no change) - No change**

S.No	Name	Share Holding		Date	Increase Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of Shares at the Beginning (01.04.2014)/ end of the year 31.03.2015)	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
NIL								

**( iv ) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

S.No	Name	Share Holding as on 31.03.2015		Date	Increase Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of Shares at the Beginning (01.04.2014)/ end of the year 31.03.2015)	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1	Laxmi Mula	800000	13.63		0	Nil Movement	800000	13.63
		800000	13.63				800000	13.63
2	Maganti Rajasekhar	140708	2.40		0	Nil Movement	140708	2.40
		140708	2.40				140708	2.40
3	MPEDA	125000	2.13		0	Nil Movement	125000	2.13
		125000	2.13				125000	2.13
4	Musunur Sirisha	116000	1.98		0	Nil Movement	116000	1.98
		116000	1.98				116000	1.98
5	Musthaque Ahmed Vakilahmed Khan	0	0		0		0	0
		0	0		103999		103999	1.77
6	C Madhavi	100000	1.70		0	Nil Movement	100000	1.70
		100000	1.70				100000	1.70
7	Manjula Anagani	96000	1.64		0	Nil Movement	96000	1.64
		96000	1.64		0		96000	1.64
8	APIDC Ltd	93991	1.60		0	Nil Movement	93991	1.60
		93991	1.60				93991	1.60
9	Paladugu Saroj Babu	80750	1.38		0	Nil Movement	80750	1.38
		80750	1.38				80750	1.38
10	IK Projects Pvt Ltd	56000	0.95		0	NIL Movement	56000	0.95
		56000	0.95		0		56000	0.95

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	Name	Share Holding		Date	Increase Decrease in Share holding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of Shares at the Beginning (01.04.2014)/ end of the year (31.03.2015)	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1	B N Murthy	8,90,023	15.16			Nil Movement	890023	15.16
		8,90,023	15.16				890023	15.16
2	Bobba Vijaya Lakshmi	2,87,500	4.90		0	Nil Movement	2,87,500	4.90
		2,87,500	4.90				2,87,500	4.90
3	BLN Chowdary	552766	9.42		0	Nil Movement	552766	9.42
		552766	9.42		0		552766	9.42

**V. INDEBTEDNESS****Indebtedness of the Company including interest outstanding/accrued but not due for payment**

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	18592537	132947378	NIL	151539915
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total ( i + ii + iii )</b>	18592537	132947378		151539915
Change in Indebtedness during the financial year				
Addition	3773544	1074000	NIL	4847544
Reduction	(471096)	(562105)		-1033201
<b>Net Change</b>	3302448	511895		3814343
Indebtedness at the end of the financial year				
i) Principal Amount			NIL	
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total ( i + ii + iii )</b>	21894985	133459273		155354258



**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

(i). Remuneration to Managing Director, Whole-time Directors and/or Manager:

SNO	Particulars of Remuneration	Names of Directors		Total
		Amount		
		B N Murthy, Managing Director	B Vijaya Lakshmi, WholeTime Director	
1.	Gross Salary ( a ) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961  ( b ) Value of perquisites u/s 17(2) Income Tax Act, 1961  ( c ) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	24,00,000	6,00,000	30,00,000
2.	Stock Option	NIL	Nil	NIL
3.	Sweat Equity	NIL	Nil	Nil
4.	Commission As a % of profit Others, specify	NIL	Nil	Nil
5.	Others please specify (Performance Pay)	NIL	Nil	NIL
	Total A	24,00,000	6,00,000	30,00,000
	Ceiling as per the Act (Section 197 of the Companies Act 2013 is not applicable.)	NIL (Remuneration paid as per SCH V of the Companies Act, 2013)	NIL ( Remuneration paid as per SCH V of the Companies Act, 2013)	NIL ( Remuneration paid as

(ii). Remuneration to other directors: Nil

SNO	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
1	3. Independent Directors Fee for attending Board Committee Meetings Commission Others please specify	NIL	NIL	NIL	NIL	NIL
	Total ( 1 )	NIL	NIL	NIL	NIL	NIL
2	4. others Non Executive Directors Fee for attending Board Committee Meetings Commission Others please specify	NIL	NIL	NIL	NIL	NIL
	Total ( 2 )	NIL	NIL	NIL	NIL	NIL
	Total B= (1) + (2)	NIL	NIL	NIL	NIL	NIL
	Total Managerial Remuneration	NIL	NIL	NIL	NIL	NIL
	Overall Ceiling as per the Act	One Lakh per meeting per director				

(iii). REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

SNO	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	Company Secretary	CFO	
1.	Gross Salary ( a ) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 ( b ) Value of perquisites u/s 17(2) Income Tax Act, 1961 ( c ) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	NIL	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL
4.	Commission As a % of profit Others, specify	NIL	NIL	NIL	NIL
5.	Others please specify	NIL	NIL	NIL	NIL
	Total A	NIL	NIL	NIL	NIL

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL**

Type	Section of the Companies Act.	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/ Court)	Appeal made if any (give details)
<b>A. Company</b>					
Penalty					
Punishment					
Compounding					
<b>B. Directors</b>					
Penalty			Nil		
Punishment					
Compounding					
<b>C. others officers in default.</b>					
Penalty					
Punishment					
Compounding					

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

Place: Hyderabad  
Date: 12.08.2016

**BN MURTHY  
Chairman & Managing Director  
(DIN: 00073068)**

**Annexure- V**

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2016

To,  
The Members,  
VSF Projects Limited,  
Nellore.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by VSF Projects Limited, (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2016 has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:
  - (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
  - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
    - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
2. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company under the financial year under report:-

(a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(b) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

(f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

3. Other industry specific major law that is applicable to the company as per the information provided by the management the industry specific are:

i) Building and other construction workers (Regulation of Employment and conditions of service) Act, 1996

ii) Inter-state Migrant workmen (Regulation of Employment and conditions of service) Act, 1979

4. We have also examined compliance with the applicable clauses of the following:

a) Securities Exchange Board of India (Listing Obligation and Disclosure Requirements), Regulation 2015 (Effective from 01.12.2015) and the Listing Agreement entered into by Company with BSE Limited (Since repealed)

b) Secretarial Standards SS -1 and SS-2 issued by the Institute of Company Secretaries of India

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.,

#### **We further report that**

Subject to the qualifications noted below, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the year under report, the Company has not undertaken any event / action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above viz.

**The following are the observations :**

**1. Company has not appointed Company Secretary and CFO for the position of Key Managerial Person as required under section 203 of Companies Act, 2013 and Regulation 6 of SEBI(Listing Obligation and Disclosure Requirement) Regulations, 2015.**

**2. Company has Appointment of minimum number of Independent Directors w.e.f 12<sup>th</sup> February, 2016**

**3. Company did not file Annual filing forms for FY 2014-15**

**P S Rao & Associates  
Company Secretaries**

**N Vanitha  
Company Secretary  
C.P No: 10573  
ACS.No: 26859**

**Place: Hyderabad  
Date: 12.08.2016**

## **MANAGEMENT DISCUSSION & ANALYSIS**

### **INDUSTRY OVERVIEW**

The financial statements have been prepared in compliance with the requirements of the Companies Act, 2013, 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 :**

VSF Projects (VSFPROJ.) is one of India's leading companies with a history of 24 years. Over this span, the company built strong capabilities and established widespread credentials for success of project delivery across wide spectrum of sectors within the infrastructure industry. It is this pedigree that has helped the Company reinvent itself to meet the challenges of different times and deliver value to all stake-holders.

The Company's core business is providing Engineering & Construction services for large projects across sectors like Power (Thermal, Solar), Transportation (Roads, Bridges etc.) Water (Irrigation and water supply) and Industrial Projects.

The Financial Year 2015 -16 has been another successful year for the Company. In line with previous year's performance, the Company continued to grow.

The revenue from operations stood at Rs. 913.84 Lacs against Rs. 446.78 Lacs in the previous year, resulting in PAT of Rs. -10.17 Lacs as against PAT of Rs. 24.02 Lacs in the present year.

### **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

#### **SEGMENT WISE OR PRODUCT WISE PERFORMANCE:**

The Company's core business is providing Engineering & Construction services for large projects across sectors like Power (Thermal, Solar), Transportation (Roads, Bridges etc.) Water (Irrigation and water supply) and Industrial Projects.

The revenue from operations stood at Rs. 913.84 Lacs against Rs. 446.78 Lacs in the previous year, resulting in PAT of Rs. -10.17 Lacs as against PAT of Rs. 24.02 Lacs in the present year.

#### **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.

#### **HR:**

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.

**FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:**

<b>PARTICULARS</b>	<b>2015-16</b>	<b>2014-15</b>
Total Income	913.84	446.78
Total Expenses	836.45	397.51
Profit Before Tax	55.53	6.66
Profit After Tax	24.02	-10.17
Earning per share	0.41	-0.17

**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.



**COMMITTEES OF THE BOARD****1. AUDIT COMMITTEE**

The Audit Committee consists of 2 Independent Directors and one Non-Executive Director. It provides assistance to the Board of Directors in fulfilling its oversight responsibilities. The Audit committee has been entrusted with the responsibilities as laid down under Section 177 of the Companies Act, 2013 and Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 to the extent applicable and required.

Details on composition of the Audit Committee and the attendance by each Member of the Audit Committee are as under:

<b>Name of the Director</b>	<b>Category</b>
Shri C R Sengupta	Chairman
Shri G S Ramchandra Rao	Member
Shri L Raja Rao	Member

\* Cessation of Shri C R Sengupta as Chairman of the Company w.e.f. January 18, 2016.

\* Sri Gopalan Manoharan and Sri Subbiah Kamban were appointed as the Independent Director w.e.f 12.02.2016

***The Audit Committee was reconstituted w.e.f 12.02.2016 with the following members:***

Sri Gopalan Manoharan	-	Chairman
Sri Subbiah Kamban	-	Member
Sri L. Raja Rao	-	Non Executive Director

**Meetings during the year:**

During the Financial year ended 31st March, 2016, the Audit Committee met Four (4) times as follows, and all the members were present in each of such meetings.

<b>14.05.2015</b>	<b>14.08.2015</b>	<b>14.11.2015</b>	<b>12.02.2016</b>
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**All the recommendations made by Audit Committee were accepted by the Board**

**Terms of Reference:**

The terms of reference of the Audit Committee are as per the guidelines set out in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into with Stock Exchanges read with Section 177 of the Companies Act, 2013 and includes such other functions as may be assigned to it by the Board from time to time.

**(i) 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.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

**(ii) Role of the Audit Committee includes:**

1. Oversight of Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of auditors and fixation of audit fee.
3. Approval of payment to statutory auditors for any other services rendered by them.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - a. matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013
  - b. changes, if any, in accounting policies and practices and reasons for the same
  - c. major accounting entries involving estimates based on the exercise of judgment by management
  - d. significant adjustments made in the financial statements arising out of audit findings
  - e. compliance with listing and other legal requirements relating to financial statements
  - f. disclosure of any related party transactions
  - g. review of draft Auditors Report, in particular qualifications / remarks / observations made by the Auditors on the financial statements
    - i. Management Discussion and Analysis of financial conditions and results of operations
5. Review of Statement of significant related party transactions submitted by the management.
6. Review of management letters/letters of internal control weaknesses issued by the statutory auditors.
7. Review of internal audit reports relating to internal control weaknesses.
8. Review of appointment, removal and terms of remuneration of the Chief Internal Auditor.
9. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval
10. Review of the financial statements of subsidiary Companies
11. Review and monitor the auditor's independence and performance and effectiveness of audit process
12. Approval or any subsequent modification of transactions of the Company with related parties
13. Scrutiny of inter-corporate loans and investments
14. Valuation of undertakings or assets of the Company, wherever it is necessary
15. Evaluation of internal financial controls and risk management systems
16. To look into the reasons for substantial defaults in the payment to the shareholders (in case of non-payment of declared dividends) and creditors
17. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
18. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems
19. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
20. Discussion with internal auditors of any significant findings and follow up there on
21. Reviewing the risk management policies, practices and the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board
22. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
23. To review the functioning of the Whistle Blower Mechanism
24. Approval of appointment / reappointment / remuneration of CFO (or any other person heading
25. the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate

26. Carrying out any other function as may be mentioned in the terms of reference of the Audit Committee
27. The Audit Committee discharges its functions and obligations on regular basis and on the occurrence of the events.

## 2. NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee has been formed in compliance of Regulation 19 on SEBI (LODR) of the Listing Regulation 2015 and pursuant to Section 178 of the Companies Act, 2013 comprising of 2 Independent Directors and one Non executive Director.

Details of composition of the Nomination and Remuneration Committee and the attendance by each Member of the Nomination and Remuneration Committee are as under:

The committee comprises of the following members:

Name of the Director	Category
Shri C R Sengupta	Chairman
Shri G S Ramchandra Rao	Member
Shri L Raja Rao	Member

\* Cessation of Shri C R Sengupta as Chairman of the Company w.e.f. January 18, 2016.

\* Sri Gopalan Manoharan and Sri Subbiah Kamban were appointed as the Independent Director w.e.f 12.02.2016

***The Nomination And Remuneration Committee was reconstituted w.e.f 12.02.2016 with the following members :***

<b>Sri Subbiah Kamban</b>	-	<b>Chairman</b>
<b>Sri Gopalan Manoharan</b>	-	<b>member</b>
<b>Sri L. Raja Rao</b>	-	<b>member</b>

### Meetings during the year:

During the Financial year ended 31st March, 2015, the Nomination and Remuneration Committee met One time (i,e) on 12.02.2016 and all the members were present in the meeting

### Terms of Reference:

- 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;

### **3. SHAREHOLDERS/ INVESTORS GRIEVANCE REDRESSAL COMMITTEE:**

The Shareholder's /Investor Redressal committee has been formed in compliance of Regulation 20 of the SEBI (LODR) 2015 and pursuant to Section 178(5) of the Companies Act 2013. The Stakeholders Relationship Committee consists of 2 Independent Director and one Non Executive Director.

#### **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 SEBI (LODR) 2015 as and when amended from time to time

#### **Composition**

##### **The committee comprises of the following members:**

- Shri Shri C R Sengupta – Chairman
- Shri G S Ramchandra Rao -- Member
- Shri L Raja Rao – Member

*The Shareholders/ Investors Grievance Redressal Committee was reconstituted w.e.f 12.02.2016 with the following members :*

Sri L. Raja Rao	-	Chairman
Sri Gopalan Manoharan	-	Member
Sri Subbiah Kamban	-	Member

\* Cessation of Shri C R Sengupta as Chairman of the Company w.e.f. January 18, 2016.

\* Sri Gopalan Manoharan and Sri Subbiah Kamban were appointed as the Independent Director s w.e.f 12.02.2016

The company has registered itself under SEBI Compliant Redressal System (SCORES) for faster and transparent processing of Investor Grievance. 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	2
3	DISPOSED OF DURING THE YEAR	2
4	REMAINING UNRESOLVED AT THE END OF THE YEAR	0

There are no outstanding complaints as on 31st March, 2016

## **POLICIES OF THE COMPANY :**

### **Vigil Mechanism / Whistle Blower Policy**

The Whistle Blower (Vigil) mechanism provides a channel to the employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Codes of Conduct or policy and also provides for adequate safeguards against victimization of employees by giving them direct access to the Chairman of the Audit Committee in exceptional cases.

The Policy covers malpractices and events which have taken place / suspected to have taken place, misuse or abuse of authority, fraud or suspected fraud, violation of Company rules, manipulations, negligence causing danger to public health and safety, misappropriation of monies, and other matters or activity on account of which the interest of the Company is affected and formally reported by whistle blowers concerning its employees.

The Whistle Blower Policy of the Company is also posted on the website of the Company.

### **Related Party Transaction Policy.**

VSF Projects Ltd(the Company) recognizes that Related Party Transactions can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company's and its stockholders' best interests.

Hence, keeping in view the frequency of transactions entered by the Company with the related parties, the Board has in accordance with the Companies Act, 2013 and Regulation 23 of SEBI (listing obligations and disclosure requirement) regulations, 2015 adopted a policy on related party transactions to ensure high level of transparency in all its business dealings, thereby promoting good corporate governance.

The Company has been entering into the transactions in the ordinary course of business and on arms length basis.

The Company also have a Code of Conduct for all employees, officers and directors of the Company, which emphasizes that all possible conflicts of interest should be avoided.

Therefore, it is found appropriate to adopt a policy regarding the review and approval of Related Party Transactions in order to set forth the procedures under which certain transactions must be reviewed, approved or ratified.

### **Nomination and Remuneration Policy**

#### **Introduction**

VSF Projects Ltd(VSF), believes that an enlightened Board consciously creates a culture of leadership to provide a long-term vision and policy approach to improve the quality of governance. Towards this, VSF ensures constitution of a Board of Directors with an appropriate composition, size, diversified expertise and experience and commitment to discharge their responsibilities and duties effectively. VSF recognizes the importance of Independent Directors in achieving the effectiveness of the Board. VSF aims to have an optimum combination of Executive, Non-Executive and Independent Directors.

VSF also recognizes the importance of aligning the business objectives with specific and measurable individual objectives and targets. The Company has therefore formulated the remuneration policy for its Directors, Key Managerial Personnel and other employees keeping in view the following objectives:

Ensuring that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate, to run the Company successfully.

Ensuring that relationship of remuneration to performance is clear and meets the performance benchmarks.

Ensuring that remuneration involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

**Scope :**

This Policy sets out the guiding principles for the Nomination and Remuneration Committee for identifying persons who are qualified to become Directors and to determine the independence of Directors, in case of their appointment as independent directors of the Company and also for recommending to the Board the remuneration of the Directors, Key Managerial Personnel and other employees of the Company.

**Terms and References:**

In this Policy, the following terms shall have the following meanings:

“Director” means a Director appointed to the Board of a Company.

"Nomination and Remuneration Committee" means the committee constituted by GOLECHHA's Board in accordance with the provisions of Section 178 of the Companies Act, 2013 and regulation 19 of SEBI (listing obligations and discloser requirement) regulations, 2015.

Independent Director" means a Director referred to in sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16 (1) (b) of SEBI (listing obligations and discloser requirement) regulations, 2015.

“Key Managerial Personnel” means

- (i) the Chief Executive Officer or the Managing Director or the Manager;
- (ii) the Company Secretary;
- (iii) the Whole-time Director;
- (iv) the Chief Financial Officer; and
- (v) such other officer as may be prescribed under the Companies Act, 2013

**Selection of Directors and determining Directors' independence**

**4.1 Qualifications and criteria**

4.1.1 The Nomination and Remuneration (NR) Committee, and the Board, shall review on an annual basis, appropriate skills, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a Board with diverse background and experience that is relevant for the Company's global operations.

4.1.2 In evaluating the suitability of individual Board members, the NR Committee may take into account factors, such as:

General understanding of the Company's business dynamics, global business and social perspective;  
Educational and professional background Standing in the profession;  
Personal and professional ethics, integrity and values;

Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.

4.1.3 The proposed appointee shall also fulfill the following requirements:

Shall possess a Director Identification Number;

Shall not be disqualified under the Companies Act, 2013;

Shall give his written consent to act as a Director;

Shall Endeavour to attend all Board Meetings and wherever he is appointed as a Committee Member, the Committee Meetings;

Shall abide by the Code of Conduct established by the Company for Directors and Senior Management Personnel;

Shall disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made;

Such other requirements as may be prescribed, from time to time, under the Companies Act, 2013, SEBI (LODR) 2015 and other relevant laws.

4.1.4 The NR Committee shall evaluate each individual with the objective of having a group that best enables the success of the Company's business.

#### 4.2 **Criteria of Independence**

4.2.1 The NR Committee shall assess the independence of Directors at the time of appointment / reappointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interests or relationships are disclosed by a Director.

4.2.2 The criteria of independence, as laid down in Companies Act, 2013 and Regulation 25 of SEBI (listing obligations and discloser requirement) regulations, 2015 is as below:

An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director—

- a. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- b. (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;  
(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- c. who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- d. none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- e. who, neither himself nor any of his relatives—
  - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;



ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or

(B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;

(iii) holds together with his relatives two per cent or more of the total voting power of the company; or

(iv) is a Chief Executive or director, by whatever name called, of any non profit organisation that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company; or

(v) is a material supplier, service provider or customer or a lessor or lessee of the company.

f. shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations, corporate social responsibility or other disciplines related to the Company's business.

g. shall possess such other qualifications as may be prescribed, from time to time, under the Companies Act, 2013.

h. who is not less than 21 years of age.

4.2.3 The Independent Directors shall abide by the "Code for Independent Directors" as specified in Schedule IV to the Companies Act, 2013.

#### **4.3 Other directorships / committee memberships**

4.3.1 The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance. Accordingly, members should voluntarily limit their directorships in other listed public limited companies in such a way that it does not interfere with their role as directors of the Company. The NR Committee shall take into account the nature of, and the time involved in a Director's service on other Boards, in evaluating the suitability of the individual Director and making its recommendations to the Board.

4.3.2 A Director shall not serve as Director in more than 20 companies of which not more than 10 shall be Public Limited Companies.

4.3.3 A Director shall not serve as an Independent Director in more than 7 Listed Companies and not more than 3 Listed Companies in case he is serving as a Whole-time Director in any Listed Company.

4.3.4 A Director shall not be a member in more than 10 Committees or act as Chairman of more than 5 Committees across all companies in which he holds directorships. For the purpose of considering the limit of the Committees, Audit Committee and Stakeholders' Relationship Committee of all Public Limited Companies, whether listed or not, shall be included and all other companies including Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013 shall be excluded.

#### **5. Remuneration to Executive Directors, Key Managerial Personnel, Non-Executive Directors and other employees**

5.1.1 The Board, on the recommendation of the Nomination and Remuneration (NR) Committee, shall review and approve the remuneration payable to the Executive Directors of the Company within the over all limits approved by the shareholders.

5.1.2 The Board, on the recommendation of the NR Committee, shall also review and approve the remuneration payable to the Key Managerial Personnel of the Company.

5.1.3 The remuneration structure to the Executive Directors and Key Managerial Personnel shall include the following components:

- Basic Pay
- Perquisites and Allowances
- Commission  
(Applicable in case of Executive Directors)
- Retiral benefits
- Annual Performance Bonus

5.1.4 The Annual Plan and Objectives for Executive Directors and Senior Executives shall be reviewed by the NR Committee and Annual Performance Bonus will be approved by the Committee based on the achievements against the Annual Plan and Objectives.

5.2 Remuneration to Non-Executive Directors

5.2.1 The Board, on the recommendation of the NR Committee, shall review and approve the remuneration payable to the Non- Executive Directors of the Company within the overall limits approved by the shareholders.

5.2.2 Non-Executive Directors shall be entitled to sitting fees for attending the meetings of the Board and the Committees thereof. The Non- Executive Directors shall also be entitled to profit related commission in addition to the sitting fees.

5.3 Remuneration to other employees

5.3.1 Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

### **Meeting of Independent Directors**

During the year under review, the Independent Directors met on 12<sup>th</sup> February, 2016, inter alia, to discuss:

Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole;

Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors.

Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting.

It is the general practice of the Company to notify the changes in all the applicable laws from time to time in every Board Meeting conducted.

### **Familiarization Programme**

It is the general practice of the Company to notify the changes in all the applicable laws from time to time in every Board Meeting conducted and inform the Board members about the provisions and rules as applicable to the company from time to time.

## INDEPENDENT AUDITOR'S REPORT

To  
The Members of  
M/s. VSF PROJECTS LIMITED

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **M/s. VSF PROJECTS LIMITED**, ("the Company"), which comprise the Balance sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss for the year then ended, 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 standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that gives 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 the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, 2016; and

(b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and

(c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

(a) We have sought and 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, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in the "Annexure B" ; and

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company does not have any pending litigations which would impact its financial positions in its financial statements.

(ii) The Company has not entered into any long-term contracts including derivatives contracts requiring provision under applicable laws or accounting standards, for material foreseeable losses and

(iii) There have been no amounts, required to be transferred, to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 2013.

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

**(CA RAJASEKHAR REDDY.A)  
PARTNER  
Membership No 227799**

**Place : Hyderabad  
Date : 30.05.2016**

**ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT**  
(Referred to in paragraph 1 of Report on Other Legal and Regulatory Requirements, of our report of even date)

- (i) (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) According to the information and explanations given to us and on the basis of our examination of the records of the Company, immovable properties are held in the name of the company.
- (ii) Physical verification of construction material, stores and consumables has been conducted at reasonable intervals by the management and no material discrepancies were noticed.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. Accordingly, the provisions of paragraph 3 Clause (iii) of the Order are not applicable to this company.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any loans, investments, guarantees, and security during the year as referred to in sections 185 and 186 of the Companies Act, 2013.
- (v) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits in terms of directives issued by Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable.
- (vi) The maintenance of cost records has not been prescribed by the Central Government under subsection (1) of section 148 of the Companies Act.
- (vii) (a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, custom duty, excise duty, cess and other material statutory dues as applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, service tax, sales tax, customs duty, excise duty and cess were in arrears, wherever applicable, as at 31<sup>st</sup> March, 2016 for a period of more than six months from the date they became payable except in case of TDS amounting to Rs.25,75,456/-

- (b) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, service tax, excise duty and cess which have not been deposited on account of any dispute.

The company has not defaulted in repayment of loans or borrowings to financial institutions or banks.

- (viii) The company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (ix) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the company or on the company by its officers or employees has been noticed or reported during the course of our audit.
- (x) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xi) In our opinion and according to the information and explanations given to us, the company is not a nidhi company. Accordingly, paragraph 3 (xii) is not applicable.
- (xii) According to the information and explanations given to us and based on our examination of the records of the company, transactions with related parties are in compliance with section 177 and 188 of the Companies Act and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3 (xv) is not applicable.
- (xv) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**PLACE : HYDERABAD**  
**DATE : 30.05.2016**

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

**(CA.RAJASEKHAR REDDY A.)**

**PARTNER**

**Membership No.227799**

## **ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **M/s. VSF PROJECTS LIMITED** ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**for RAMANA REDDY & ASSOCIATES**

**CHARTERED ACCOUNTANTS**

**Firm Regn. No. 003246S**

**(CA.RAJASEKHAR REDDY A.)**

**PARTNER**

**Membership No.227799**

**Place: Hyderabad**

**Date : 30.05.2016**



**BALANCE SHEET AS AT 31ST MARCH, 2016**

Particulars	Note	As at	As at
1	2	31.03.16	31.03.15
		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	24,05,52,302	23,81,49,937
<b>(2) Non-Current Liabilities</b>			
(a) Long Term Borrowings	4	13,72,18,351	13,37,64,602
(b) Other Long term Liabilities	5	25,50,00,000	25,50,00,000
(c) Deferred Tax Liability		8,42,505	6,10,347
<b>(3) Current Liabilities</b>			
(a) Short Term Borrowings	6	1,81,35,907	1,77,75,313
(b) Trade Payables	7	2,23,54,527	1,73,42,327
(c) Other Current Liabilities	8	21,63,13,821	15,92,74,491
(d) Short Term Provisions	9	23,08,768	1,75,601
TOTAL		<u>95,14,15,681</u>	<u>88,07,82,118</u>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	10	27,07,14,426	27,72,91,822
(b) Non Current Investments	11	53,71,99,990	53,71,99,990
<b>(2) Current Assets</b>			
(a) Trade Receivables	12	12,02,45,497	4,34,73,540
(b) Cash and Cash Equivalents	13	15,58,223	3,44,897
(c) Short Term Loans and Advances	14	2,16,97,545	2,24,71,868
TOTAL		<u>95,14,15,681</u>	<u>88,07,82,118</u>
Notes forming part of the financial statements	1 - 33		

**VIDE OUR REPORT EVEN DATE****FOR AND ON BEHALF OF THE BOARD****For Ramanareddy & Associates  
Chartered Accountants  
Firm Regn No.003246S****(CA RAJASEKHAR REDDY.A)  
PARTNER  
Membership No 0227799****B.N. MURTHY  
Managing Director  
Din 00073068****B. VIJAYA LAKSHMI  
Director  
Din 01496696****Place: Hyderabad  
Date : 30.05.2016**

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2016**

Particulars	Note Nos	Current Year	Previous Year
1	2	3	4
		Rs.	Rs.
I. Revenue from operations	15	9,13,84,979	4,46,78,235
II. Other Income	16	16,83,134	0
III. <b>Total Revenue (I +II)</b>		<b>9,30,68,113</b>	<b>4,46,78,235</b>
IV. <u>Expenses:</u>			
Operation & Maintenance Expenses	17	7,04,99,662	2,55,82,289
Employee Benefit Expenses	18	56,23,674	65,64,807
Finance Costs	19	52,09,146	47,25,016
Other Expenses	20	23,13,042	28,79,007
Depreciation and amortization expenses	10	33,75,267	42,60,662
<b>Total</b>		<b>8,70,20,791</b>	<b>4,40,11,781</b>
V. Profit before exceptional and extraordinary items and tax (III - IV)		60,47,322	6,66,454
VI. Exceptional Items	21	4,93,433	0
VII. Profit before extraordinary items and tax (V - VI)		55,53,889	6,66,454
VIII. Extraordinary Items		0	0
IX. Profit before tax (VII - VIII)		55,53,889	6,66,454
X. Tax expenses:			
- Income Tax		23,08,768	1,75,601
- Previous year		6,10,598	0
- Deferred Tax		2,32,158	15,08,602
XI. Profit for the year from continuing operations (IX - X)		<b>24,02,365</b>	<b>(10,17,749)</b>
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)		<b>24,02,365</b>	<b>(10,17,749)</b>
XVI. Earning per equity share:			
(1) Basic		0.41	-0.17
(2) Diluted		0.41	-0.17
Notes forming part of the financial statements	1 - 33		

**VIDE OUR REPORT EVEN DATE**

**FOR AND ON BEHALF OF THE BOARD**

**For Ramanareddy & Associates**  
**Chartered Accountants**  
**Firm Regn No 003246S**

**(CA RAJASEKHAR REDDY.A)**  
**PARTNER**  
**Membership No 0227799**

**B.N. MURTHY**  
**Managing Director**  
**Din 00073068**

**B. VIJAYA LAKSHMI**  
**Director**  
**Din 01496696**

**Place: Hyderabad**  
**Date : 30.05.2016**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016**

Particulars	As at 31.03.16	As at 31.03.15
	Rs.	Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit	55,53,888	6,66,454
Adjusted for:		
Depreciation	33,75,267	42,60,662
Loss on Sale of Fixed Assets	4,93,433	0
Operating Profit before Working Capital Charges	<u>94,22,588</u>	<u>49,27,116</u>
<b>Adjustment for:</b>		
Decrease / (Increase) in Trade Receivables	(7,67,71,957)	(2,82,86,569)
Decrease / (Increase) in Loans & Advances	7,74,323	84,76,105
Increase / (Decrease) in Current Liabilities & Provisions	6,20,51,531	1,94,50,399
Income Tax Paid	<u>(7,86,199)</u>	<u>(25,89,650)</u>
Net Cash Flow from operating Activities	<u><b>(53,09,713)</b></u>	<u><b>19,77,401</b></u>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES:</b>		
Fixed Assets additions	(46,304)	0
Sale of Fixed Assets	27,55,000	0
Proceeds from Noncurrent Investments	0	(21,97,335)
Net Cash Flow from Investment Activities	<u><b>27,08,696</b></u>	<u><b>(21,97,335)</b></u>
<b>C. CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
Proceeds from Long Term Borrowings	34,53,749	(16,830)
Proceeds from Short Term Borrowings	3,60,594	60,588
Net Cash Flow from Financing Activities	<u><b>38,14,343</b></u>	<u><b>43,758</b></u>
Net increase in Cash & Cash Equivalents	12,13,326	(1,76,176)
Cash and Cash Equipvalents at the beninning of the year	3,44,897	5,21,073
Cash and Cash Equipvalents at the end of the year	15,58,223	3,44,897

**VIDE OUR REPORT EVEN DATE**

**FOR AND ON BEHALF OF THE BOARD**

**For Ramanareddy & Associates**  
**Chartered Accountants**  
**Firm Regn No 003246S**

**(CA RAJASEKHAR REDDY.A)**  
**PARTNER**  
**Membership No 0227799**

**B.N. MURTHY**  
**Managing Director**  
**Din 00073068**

**B. VIJAYA LAKSHMI**  
**Director**  
**Din 01496696**

**Place: Hyderabad**  
**Date : 30.05.2016**

## **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, 2013 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:**

Pursuant to the enactment of the Companies Act, 2013 ('the act'), effective from 1st April, 2014, the company has complied with Part C of the Schedule II of the Companies Act, 2013. Depreciation on fixed assets is provided under Straight Line Method as per the above said provisions of the act.

**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****SHARE CAPITAL****Equity Share Capital****Authorised Share Capital**

- 80,00,000 Equity shares Rs.10/- each

As at  
31.03.16  
Rs

As at  
31.03.15  
Rs

8,00,00,000

8,00,00,000

**Issued, Subscribed and Fully Paid Share Capital**

- 58,68,950 equity shares Rs.10/- each fully paid up

5,86,89,500

5,86,89,500

TOTAL

5,86,89,500

5,86,89,500

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

**List of Shareholders holding more than 5% Name of the Shareholder**

**No. of Shares**

**% of holding**

**No. of Shares**

**% of holding**

M.Lakshmi

800000

13.63%

800000

13.63%

B.N. Murthy

890023

15.16%

890023

15.16%

B.L.N. Chowdary

552766

9.42%

552766

9.42%

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

- 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

3,41,06,23

Opening Balance

3,30,88,487

6

Add: Surplus for the year

24,02,365

(10,17,749)

3,54,90,852

3,30,88,487

TOTAL

24,05,52,302

23,81,49,937

**NOTE NO. 4**

As at  
31.03.16  
Rs

As at  
31.03.15  
Rs

**LONG TERM BORROWINGS****A) SECURED LOANS**

- Hire Purchase Finance from:

Damiler Finance Ltd

0

4,71,096

- Business Loan from:

Shriram City Union Finance Ltd

37,59,078

3,46,128

**B) UNSECURED LOANS**

- From Inter Corporate Deposit	11,11,52,349	11,17,14,454
- From Directors	1,75,63,000	1,64,89,000
- From Promoters	47,43,924	47,43,924
<b>TOTAL</b>	<b><u>13,72,18,351</u></b>	<b><u>13,37,64,602</u></b>

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

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

**NOTE NO. 6****SHORT TERM BORROWINGS**

- Cash Credit from Uco Bank	1,81,35,907	1,77,75,313
<b>TOTAL</b>	<b><u>1,81,35,907</u></b>	<b><u>1,77,75,313</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	2,23,54,527	1,73,42,327
<b>TOTAL</b>	<b><u>2,23,54,527</u></b>	<b><u>1,73,42,327</u></b>

**NOTE NO. 8****OTHER CURRENT LIABILITIES**

- Current Maturities of Finance Lease Obligation	7,73,269	48,86,862
- Current Maturities of Long term Debt	12,40,922	31,06,968
- Advance against Equipment sale	45,15,000	0
- Creditors for Expenses	20,97,84,630	15,12,80,661
<b>TOTAL</b>	<b><u>21,63,13,821</u></b>	<b><u>15,92,74,491</u></b>

**NOTE NO. 9****SHORT TERM PROVISIONS**

- For Taxation	23,08,768	1,75,601
<b>TOTAL</b>	<b><u>23,08,768</u></b>	<b><u>1,75,601</u></b>

**NOTE NO. 10  
TANGIBLE ASSETS**

Description of the Asset	Gross Carrying Amount		Depreciation Block				Net Carrying Amount	
	As at 01.04.15	Additions during the year	As at 31.03.16	Upto 01.04.15	For the year	As at 31.03.16	As at 31.03.16	As at 31.03.15
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Land & Site Development	25,44,00,000	0	25,44,00,000	0	0	25,44,00,000	25,44,00,000	25,44,00,000
Buildings	76,97,050	0	76,97,050	52,05,451	2,43,956	54,49,407	22,47,643	24,91,599
Plant & Machinery	90,51,029	0	90,51,029	24,76,087	6,59,326	31,35,413	59,15,616	65,74,942
Office Equipments	6,72,604	0	6,72,604	5,86,963	69,994	6,56,957	15,647	85,641
Furniture & Fixtures	9,30,828	0	9,30,828	4,61,252	92,081	5,53,333	3,77,495	4,69,576
Computers	1,78,730	0	1,78,730	1,77,796	0	1,77,796	934	934
Vehicles - Tippers	97,36,002	0	0	60,97,317	6,47,488	0	0	36,38,685
		(97,36,002)		(60,97,317)	(6,47,488)			
Vehicles - Others	1,34,98,684	0	1,25,70,900	38,68,239	16,16,118	48,13,810	77,57,090	96,30,445
		(9,27,784)		(5,93,665)	(76,882)			
Temporary sheds	0	46,304	46,304	0	46,304	46,304	0	0
<b>Total</b>	<b>29,61,64,927</b>	<b>46,304</b>	<b>28,55,47,445</b>	<b>1,88,73,105</b>	<b>33,75,267</b>	<b>1,48,33,020</b>	<b>27,07,14,425</b>	<b>27,72,91,822</b>
		<b>(1,06,63,786)</b>		<b>(66,90,982)</b>	<b>(7,24,370)</b>			

**NOTE NO. 11**

**NON CURRENT INVESTMENTS**

In Equity shares of Subsidiary company  
VSF Energy Projects Pvt. Ltd

TOTAL

As at  
31.03.16  
Rs

53,71,99,990

53,71,99,990

As at  
31.03.15  
Rs

53,71,99,990

53,71,99,990

**NOTE NO. 12**

**TRADE RECEIVABLES**

(Unsecured, Considered Good)

- Debts outstanding for a period  
exceeding six months

- Other Debts

TOTAL

3,56,65,118

8,45,80,379

12,02,45,497

1,50,95,631

2,83,77,909

4,34,73,540

	As at 31.03.2016	As at 31.03.2015
<b>NOTE NO. 13</b>		
<b>CASH AND CASH EQUIVALENTS</b>		
- Balance with Scheduled Banks in Current Accounts	12,57,204	1,74,627
- Cash in hand	<u>3,01,019</u>	<u>1,70,271</u>
<b>TOTAL</b>	<b><u>15,58,223</u></b>	<b><u>3,44,898</u></b>
<b>NOTE NO. 14</b>		
<b>SHORT TERM LOANS AND ADVANCES</b>		
- Deposits	81,44,802	81,44,802
- Other advances	64,74,060	22,62,060
- IT Refund Receivable	51,56,339	1,10,22,131
- Prepaid expenses	94,644	1,49,311
- TDS receivable	18,27,700	8,93,564
<b>TOTAL</b>	<b><u>1,52,23,485</u></b>	<b><u>2,02,09,808</u></b>
<b>NOTE NO. 15</b>		
<b>REVENUE FROM OPERATIONS</b>		
- Gross Contract Receipts	9,13,84,979	4,46,78,235
<b>TOTAL</b>	<b><u>9,13,84,979</u></b>	<b><u>4,46,78,235</u></b>
<b>NOTE NO. 16</b>		
<b>OTHER INCOME</b>		
- Interest on Income Tax Refund	16,83,134	0
<b>TOTAL</b>	<b><u>16,83,134</u></b>	<b><u>0</u></b>
<b>NOTE NO. 17</b>		
<b>OPERATING &amp; CONTRACT EXPENSES</b>		
- Materials, Consumables & Other Site exps.	1,31,71,386	1,38,39,000
- Operating expenses	5,73,28,276	1,17,43,289
<b>TOTAL</b>	<b><u>7,04,99,662</u></b>	<b><u>2,55,82,289</u></b>
<b>NOTE NO. 18</b>		
<b>EMPLOYEE BENEFIT EXPENSES</b>		
- Salaries & Wages	56,07,400	65,49,700
- Staff Welfare	16,274	15,107
<b>TOTAL</b>	<b><u>56,23,674</u></b>	<b><u>65,64,807</u></b>
<b>NOTE NO. 19</b>		
<b>FINANCE COSTS</b>		
- Interest on Cash Credit	30,90,845	29,30,594
- HP Financial Charges	20,52,300	16,47,202
- Loan Processing charges	66,001	1,47,220
<b>TOTAL</b>	<b><u>52,09,146</u></b>	<b><u>47,25,016</u></b>



**NOTE NO. 20****OTHER EXPENSES**

	Current Year Rs.	Previous Year Rs.
- Rent	7,31,400	7,20,000
- Rates & Taxes	82,325	1,62,157
- Electricity charges	48,349	19,567

Particulars	Current Year Rs.	Previous Year Rs.
-------------	------------------------	-------------------------

- Office Maintenance	92,649	86,677
- Postage & Telegrams	2,585	7,607
- Printing & Stationary	17,238	15,098
- Telephone charges	1,00,135	1,12,998
- Travelling expenses	1,22,313	29,702
- Computer Maintenance	5,900	6,950
- Internet charges	22,609	22,150
- Insurance charges	3,41,415	3,15,750
- Interest on TDS	16,790	2,55,090
- Audit fee	1,50,000	1,50,000
- Professional charges	92,998	56,180
- AGM Expenses	1,25,000	1,71,400
- Board Meeting Expenses	15,400	8,320
- Listing fee	2,24,720	1,12,360
- Advertisement	8,050	20,655
- Books & Periodicals	6,220	4,498
- Conveyance	36,200	4,900
- Bank charges	41,488	2,64,637
- Depository charges	25,763	75,245
- Vat Input written off	0	2,57,066
<b>TOTAL</b>	<b><u>23,13,042</u></b>	<b><u>28,79,007</u></b>

**NOTE NO. 21****EXCEPTIONAL ITEMS**

- Loss on Sale of Vehicle	4,93,433	0
<b>TOTAL</b>	<b><u>4,93,433</u></b>	<b><u>0</u></b>

**NOTE NO. 22**

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. 23**

Auditors Remuneration:

As Auditors	90000	90000
Tax Audit fee	40000	40000
Other services	20000	20000
Total	150000	150000

**NOTE NO. 24**

Managerial Remuneration:

Particulars	Current Year Rs.	Previous Year Rs
Managing Director	2400000	2400000
Directors	600000	600000
Total	3000000	3000000

**NOTE NO. 25**

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 30 years in the books of account of the company. As per the lease deed, the lease commences with effect from 01-04-2016.

**NOTE NO. 26**

Pursuant to the provisions of companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company does not have any employee or director, who was in receipt of remuneration for the year under consideration exceeding sixty lakh rupees the information of which could form part of the Director's Report for the year ended 31<sup>st</sup> March 2016.

**NOTE NO. 27**

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. 28**

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, 2016. 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. 29**

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

**NOTE NO. 30**

Earnings per Share:

The numerators and denominators used for calculation of EPS

Particulars	Year ended 31-03-16 Rs	Year ended 31-03-15 Rs
a) Profit available to the Equity shareholders	24,02,364	-10,17,750
b) No. of Equity shares	5868950	5868950
c) Nominal value of share	10	10
d) Basic Earnings per Share	1.06	-0.17

**NOTE NO. 31**

Transactions with the Related Parties pursuant to Accounting Standard 18:

i. List of Related Parties

Subsidiary Company / Associate Companies / Firms : VSF Energy Projects Pvt. Ltd.,  
(including Companies / firms Controlled by key management  
Personnel / relatives who are substantially interested) : Nil

Key Management Personnel : Sri. B.N.Murthy,  
Managing Director  
B. Vijaya Lakshmi  
Whole-Time Director

i. Transactions with Related Parties

Transaction Particulars	2015-16		2014-15	
	Subsidiary Company	Key management Personnel / Relatives	Subsidiary Company	Key management Personnel / Relatives
Contract Receipts	Rs.9,12,72,379	-	Rs.2,91,74,000	-
Remuneration to Managing Director	-	Rs. 24,00,000	-	Rs. 24,00,000
Remuneration to Whole-Time Director	-	Rs. 6,00,000	-	Rs. 6,00,000

iii. Balance as on 31<sup>st</sup> March, 2016

Transaction Particulars	2015-16		2014-15	
	Subsidiary Company	Key management Personnel / Relatives	Subsidiary Company	Key management Personnel / Relatives
Investment Made by the Company	Rs.53,71,99,990	-	Rs.53,71,99,990	-
Contract Receipts Receivable	Rs.10,58,61,218	-	Rs.2,83,77,909	-
Remuneration Outstanding	-	Rs. 10,14,079	-	Rs. 12,16,625

**NOTE NO. 32**

Taxes on Income:

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

In compliance with the Accounting Standard AS 22 Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India, the company has provided Rs.2,32,158/- towards deferred tax liability for the year 2015-16. The major components of deferred tax asset / liability are on account of timing differences in depreciation and Minimum alternate tax.

**NOTE NO. 33**

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 33**

**VIDE OUR REPORT OF EVEN DA4TE  
For RAMANA REDDY & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Regn. No.003246S**

**FOR AND ON BEHALF OF THE BOARD**

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

**(CA. RAJASEKHAR REDDY A.)  
PARTNER  
Membership No.227799**

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

**PLACE : HYDERABAD  
DATE : 30.05.2016**

CONSOLIDATED ACCOUNTS

VSF PROJECs LIMITED

&

VSF ENERGY PROJECTS PVT. LTD.,

## INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **M/s. VSF PROJECTS LIMITED** ("the Holding Company") and its subsidiary **VSF ENERGY PROJECTS PRIVATE LIMITED**, comprising of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2016, 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 (hereinafter referred to as "the consolidated financial statements").

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

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

While conducting the audit, we have taken into account the provision of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. 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 financial controls relevant to the Holding Company's preparation of the consolidated financial statements that gives 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 Consolidated Balance Sheet, of the state of affairs of the Group as at 31<sup>st</sup> March, 2016;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the Profit for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014
- (e) On the basis of the written representations received from the directors of the holding company and its subsidiary company as on 31<sup>st</sup> March, 2016 and taken on record by the Board of Directors of the holding company, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company of the Group and the operating effectiveness of such controls, refer to our separate report in the "Annexure A" ; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The consolidated financial statement does not have any pending litigations which would impact its financial positions in its consolidated financial statements.
  - (ii) The Group has not entered into any long-term contracts including derivatives contracts requiring provision under applicable laws or accounting standards, for material foreseeable losses and
  - (iii) There were no amounts, required to be transferred, to the Investor Education and Protection Fund by the Group in accordance with the relevant provisions of the Companies Act, 2013.

**For RAMANAREDDY & ASSOCIATES  
CHARTERED ACCOUNTANTS  
FRN 003246S**

**(CA RAJASEKHAR REDDY.A)  
PARTNER**

**PLACE: Hyderabad  
DATE : 30.05.2016**

## **ANNEXURE – A TO THE CONSOLIDATED AUDITOR’S REPORT**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

In conjunction with our audit of the consolidated financial statements of the group as of and for the year ended 31<sup>st</sup> March, 2016, we have audited the internal financial controls over financial reporting of **M/s. VSF PROJECTS LIMITED** (“the Holding Company”) and its subsidiary companies which are incorporated in India, as of that date.

#### **Management’s Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the group internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the group’s internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A group’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The group internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the group; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the group are being made only in accordance with authorisations of management and directors of the group; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected.

Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Holding Company and its Subsidiary companies, which are incorporated in India, have in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2016, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For RAMANAREDDY & ASSOCIATES  
CHARTERED ACCOUNTANTS  
FRN 003246S**

**(CA RAJASEKHAR REDDY.A)  
PARTNER  
Membership No 227799**

**PLACE : HYDERABAD  
DATE : 30.05.2016**



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2016

Particulars	Note No	As at 31.03.16	As at 31.03.15
1	2	3	4
		Rs.	Rs.
<b>I. EQUITY AND LIABILITIES</b>			
(1) Shareholder's Funds			
(a) Share Capital	2	58689500	58689500
(b) Reserves & Surplus	3	239337132	237699081
(c) Minority Interest		96978760	97118334
(2) Non-Current Liabilities			
(a) Long Term Borrowings	4	157180726	138678977
(b) Deffered Tax Liability		62606	0
(3) Current Liabilities			
(a) Short Term Borrowings	5	18135907	17775313
(b) Trade Payables	6	22354527	17342327
(c) Other Current Liabilities	7	222894832	164452102
(d) Short Term Provisions	8	2308768	175601
TOTAL		<u>817942758</u>	<u>731931235</u>
<b>II. ASSETS</b>			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	9	272040634	279454234
(ii) Civil Works in Progress		448882747	355655058
(iii) Pre-operative Expenses		63004025	57087870
(b) Deferred Tax Asset		0	250726
(2) Current Assets			
(a) Trade Receivables	10	14384279	15095631
(b) Cash and Cash Equivalents	11	2000649	1775463
(c) Short Term Loans and Advances	12	17630424	22612253
TOTAL		<u>817942758</u>	<u>731931235</u>
Notes forming part of the financial statements	1 - 31		

**VIDE OUR REPORT EVEN DATE**

**FOR AND ON BEHALF OF THE BOARD**

**For Ramanareddy & Associates  
Chartered Accountants**

**(CA RAJASEKHAR REDDY.A)  
PARTNER  
Membership No 0227799**

**B.N. MURTHY  
Managing Director  
Din 00073068**

**B. VIJAYA LAKSHMI  
Director  
Din 01496696**

**Place: Hyderabad  
Date : 30.05.2016**

**CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2016**

Particulars	Note Nos	Current Year	Previous Year
1	2	3	4
		Rs.	Rs.
I. Revenue from operations	13	91384979	44678235
II. Other Income	14	1683134	0
III. <b>Total Revenue (I +II)</b>		<b>93068113</b>	<b>44678235</b>
IV. <u>Expenses:</u>			
Operation & Maintenance Expenses	15	70499662	25582289
Employee Benefit Expenses	16	5623674	6564807
Finance Costs	17	5209146	4725016
Other Expenses	18	2674553	3006058
Depreciation and amortization expenses	9	3845190	4862214
<b>Total</b>		<b>87852225</b>	<b>44740384</b>
V. Profit before exceptional and extraordinary items and tax (III - IV)		5215888	-62149
VI. Exceptional Items	19	484713	0
VII. Profit before extraordinary items and tax (V - VI)		4731175	-62149
VIII. Extraordinary Items		0	0
IX. Profit before tax (VII - VIII)		4731175	-62149
X. Tax expenses:			
- Income Tax		2308768	175601
- Previous year		610598	0
- Deferred Tax		313332	964808
XI. Profit for the year from continuing operations (IX - X)		<b>1498477</b>	<b>-1202558</b>
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)		<b>1498477</b>	<b>-1202558</b>
XVI. Earning per equity share:			
(1) Basic		0.26	-0.20
(2) Diluted		0.26	-0.20
Notes forming part of the financial statements	1 - 31		

**VIDE OUR REPORT EVEN DATE**

**FOR AND ON BEHALF OF THE BOARD**

**For Ramanareddy & Associates  
Chartered Accountants**

**(CA RAJASEKHAR REDDY.A)  
PARTNER  
Membership No 0227799**

**B.N. MURTHY  
Managing Director  
Din 00073068**

**B. VIJAYA LAKSHMI  
Director  
Din 01496696**

**Place: Hyderabad  
Date : 30.05.2016**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016**

Particulars	As at 31.03.16	As at 31.03.15
	Rs.	Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit	4731175	-62149
Adjusted for:		
Depreciation	3845190	4862214
Profit / Loss on Sale of Fixed Assets	484713	0
Operating Profit before Working Capital Charges	9061078	4800065
Adjustment for:		
Decrease / (Increase) in Trade Receivables	711352	-28286569
Decrease / (Increase) in Loans & Advances	4981829	8867852
Increase / (Decrease) in Current Liabilities & Provisions	63454931	49977728
Income Tax Paid	-786199	-2589650
Net Cash Flow from operating Activities	<u>77422991</u>	<u>32769426</u>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES:</b>		
Fixed Assets additions	-46304	0
Sale of Fixed Assets	3130000	0
Proceeds from Noncurrent Investments	0	-2197335
Civil works in progress	-93227689	-29955787
Preoperative Expenses	-5916155	-4979929
Net Cash Flow from Investment Activities	<u>-96060148</u>	<u>-37133051</u>
<b>C. CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
Proceeds from Long Term Borrowings	18501749	0
Proceeds from Short Term Borrowings	360594	4494880
Increase / (Decrease) in Revaluation Reserve	0	0
Proceeds from Short Term Borrowings	0	60588
Net Cash Flow from Financing Activities	<u>18862343</u>	<u>4555468</u>
Net increase in Cash & Cash Equivalents	225186	191843
Cash and Cash Equivalents at the beginning of the year	1775463	1583620
Cash and Cash Equivalents at the end of the year	2000649	1775463

**VIDE OUR REPORT EVEN DATE**

**FOR AND ON BEHALF OF THE BOARD**

**For Ramanareddy & Associates  
Chartered Accountants**

**(CA RAJASEKHAR REDDY.A)  
PARTNER  
Membership No 0227799**

**B.N. MURTHY  
Managing Director  
Din 00073068**

**B. VIJAYA LAKSHMI  
Director  
Din 01496696**

**Place: Hyderabad  
Date : 30.05.2016**

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE NO. 1

#### A. GROUP INFORMATION

The Company has invested 9999 shares in the subsidiary @ 10/- per share during the financial year 2010-11. Consequently the VSF Energy Projects Private Limited has become a subsidiary in the financial year 2010-11. The Company has also invested 5,37,10,000 shares in the financial year 2013-14. The company as on 31.03.2016 is holding 84.66% interest in the subsidiary share capital. The consolidated financial statements of the company have been prepared for the financial year 2015-16 as required by section 129(3) of the Companies Act, 2013, the relevant rules notified there under and Accounting Standard 21, duly including the financial statements of the above referred subsidiary of the company.

#### B. Significant Accounting Policies:

##### (a) Basis of Preparation of Financial Statements:

The consolidated financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards notified by Companies (Accounts) Rules, 2014, (as amended) and the relevant provisions of the Companies Act, 2013. The consolidated financial statements have been prepared under the historical cost convention on an accrual basis in accordance with the accounting principles generally accepted in India. The accounting policy has been consistently applied by the Group.

##### (b) Principles of Consolidation

The consolidated financial statements are prepared using the financial statements of the company and its subsidiary. The consolidated financial statements have been prepared in accordance with Accounting Standard (AS) – 21 “Consolidated Financial Statements” and other applicable accounting standards, as applicable, notified by the Companies (Accounts) Rules, 2014 (as amended). The consolidated financial statements have been prepared using uniform accounting policies for like transactions.

##### (c) Other significant accounting policies

These are set out under “Significant Accounting Policies” as given in the Company’s standalone financial statements.

### NOTE NO. 20

These accounts comprise a consolidation of balance sheet and profit and loss statement VSF Projects Limited and its 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. 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 holding company.

### NOTE NO. 22

Managerial Remuneration (Holding Company):

Particulars	Current Year Rs.	Previous Year Rs.
Managing Director	2400000	2400000
Directors	600000	900000
Total	3000000	3300000

### NOTE NO. 23

Note on Increase in authorized Share Capital and Allotment of Shares in Subsidiary Company:

The Company during the year 2013-14 has increased the authorized share capital from 4 lakhs to 75 crores by passing a resolution in the EGM conducted on 27.03.2014. Subsequently the company has also allotted shares of 6,34,30,000 shares on 29.03.2014. However the company has not yet filed the relevant forms to the ROC.

**NOTE NO. 24**

Pursuant to the provisions of companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the group do not have any employee or director, who was in receipt of remuneration for the year under consideration exceeding sixty lakh rupees the information of which could form part of the Director's Report for the year ended 31<sup>st</sup> March 2016.

**NOTE NO. 25**

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. 26**

**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, 2016. 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. 27**

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

**NOTE NO. 28**

**Earnings per Share:**

The numerators and denominators used for calculation of EPS

**NOTE NO. 29**

Transactions with the Related Parties pursuant to Accounting Standard 18:

- i. List of Related Parties subsidiary Company Nil
- Associate Companies / Firms
- (including Companies / firms
- Controlled by key management
- Personnel / relatives who are sub-
- stantially interested) : Nil
- Key Management Personnel :
- Sri B.N.Murthy,
- Managing Director
- Smt. B. Vijaya Lakshmi
- Whole-Time Director
- ii. Transactions with Related Parties

Sl. No	Particulars	2015-16 (Rs)	2014-15 (Rs)
1	Remuneration to Managing Director	2400000	2400000
2	Remuneration to Whole-Time Directors	600000	900000
	<b>TOTAL</b>	<b>3000000</b>	<b>3300000</b>

iii. Balance as on 31<sup>st</sup> March, 2016

Sl.No	Particulars	2015-16 (Rs)	2014-15 (Rs)
1	Remuneration Payable	1014079	1216625
	<b>TOTAL</b>	<b>1014079</b>	<b>1216625</b>

**NOTE NO. 30**

**Taxes on Income:**

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

In compliance with the Accounting Standard AS 22 Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India, the group has created Rs.3,13,332/- towards deferred tax liability for the year 2015-16. The major components of deferred tax asset / liability are on account of timing differences in depreciation; carried forward of losses and Minimum alternate tax.

Particulars	Year ended 31-03-16 Rs	Year ended 31-03-15 Rs
a) Profit available to the Equity shareholders	1498477	-1202558
b) No. of Equity shares	5868950	5868950
c) Weighted Average No. of Shares	5868950	5868950
c) Nominal value of share	10	10
d) Basic Earnings per Share	-0.26	-0.20

**NOTE NO. 31**

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 31**

**VIDE OUR REPORT OF EVEN DATE**

**FOR AND ON BEHALF OF THE BOARD**

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

**B.N. MURTHY  
Managing Director  
DIN: 00073068**

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

**(CA. RAJASEKHAR REDDY A.)  
PARTNER  
Membership No.227799  
PLACE : HYDERABAD  
DATE : 30.05.2016**

**VSF PROJECTS LIMITED**

CIN No L05005AP1992PLC014326

Reg Off: Sy.No.782 to 1235, Ankulapatur Village, Chillakur Mandal, SPSR Nellore Dist, A.P. 524 412

**ATTENDANCE SLIP**

(To be presented at the entrance)

**24<sup>th</sup> Annual General Meeting on Friday, 30<sup>th</sup> September, 2016 at 11:30 AM.at the Reg Office of the Company**

Folio No \_\_\_\_\_ DP No \_\_\_\_\_ Client ID \_\_\_\_\_ No.of shares \_\_\_\_\_

Name of the Member \_\_\_\_\_ Signature \_\_\_\_\_

Name of the Proxy Holder \_\_\_\_\_ Signature \_\_\_\_\_

1. Only Member/Proxy holder can attend the meeting
2. Member / Proxy holder should bring his/her copy of the Annual Report for reference at the meeting.

**VSF PROJECTS LIMITED**

CIN No L05005AP1992PLC014326

Reg Off: Sy.No.782 to 1235, Ankulapatur Village, Chillakur Mandal, SPSR Nellore Dist, A.P. 524 412

**Form MGT-11  
PROXY FORM**

[Pursuance of Sec.105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration Rules, 2014)

Name of the Member: \_\_\_\_\_

Registered Address : \_\_\_\_\_

E-Mail Id : \_\_\_\_\_

I / We, being the member(s) of \_\_\_\_\_ shares of VSF Projects Ltd., hereby appoint

1. Name \_\_\_\_\_ Email ID \_\_\_\_\_

2. Address \_\_\_\_\_ signature \_\_\_\_\_ of falling him

1. Name \_\_\_\_\_ Email ID \_\_\_\_\_

2. Address \_\_\_\_\_ signature \_\_\_\_\_ of falling him

1. Name \_\_\_\_\_ Email ID \_\_\_\_\_

2. Address \_\_\_\_\_ signature \_\_\_\_\_ of falling him

As my / our proxy to attend and vote (on a poll) for me/us and on my / our behalf at the **24<sup>th</sup> Annual General Meeting of the Company, to be held on Friday, 30<sup>th</sup> September, 2016 at 11:30 AM at the Registered Office.**

Ordinary Business

Special Business

1. Adoption of Standalone and ConsFinancial Statements for the year ended March 31, 2016, together with the reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of L Raja Rao Who retires by rotation and being eligible offers himself for re-appointment.
3. To ratfy the appointment of Ramana Reddy & Associates, Chartered Accountants as Statutory Auditors

4. Appointment of Mr. Lakshmi Narasimha Chowdary Bobba as a Director
5. Appointment of Mr. Subbaiah Kamban as a Independent Director of the company
6. Appointment of Gopalan Manoharan as a Independent Director of the Company.

Signed this \_\_\_\_\_ day of September, 2016

Signature of the Shareholder \_\_\_\_\_ Signature of Proxy Holder(s)

Affix Rs.1/-  
Revenue  
Stamp

- Notes: 1. This Proxy form 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 meeting.
2. Please complete all details, including details of member(s) in above box before submission.

**ROUTE MAP TO THE VENUE OF  
AGM**

