

VSF PROJECTS LIMITED

(formerly known as Vijaya Shrimp Farms & Exports Limited)

14th ANNUAL REPORT

2005-2006



BOARD OF DIRECTORS:

Sri C.R. Sen Gupta	-	Chairman
Sri B.Narayana Murthy	-	Managing Director
Sri G.S. Ramachandra Rao	-	Director
Sri G. Venkateswara Rao	-	Director
Sri M. Ravindra	-	Director

Registered Office:

Ankulpatur Village,
Chillakur Mandal,
Nellore District,
Andhra Pradesh

Corporate Office:

H.No.11-4-646/C-206,
Vijaya Hills,
A.C. Guards, Lakdikapool,
Hyderabad – 4. (A.P.)

Registrars & Share Transfer Agents:

Aarthi Consultants (P) Ltd.,
1-2-285, Near Gaganmahal Hospital,
Domalaguda,
Hyderabad - 29. (A.P.)

Auditors:

M/s. A.M. REDDY & CO.,
Chartered Accountants,
Masab Tank,
Hyderabad.



NOTICE

Notice is hereby given that the 14th Annual General Meeting of the Members of the company will be held at the Registered Office of the company situated at Ankulpatur Village, Chillakur Mandal, Nellore District of Andhra Pradesh on 30th September, 2006 at 11.00 A.M. to transact the following business.

ORDINARY BUSINESS:

1. Adoption of Accounts etc.,:

To consider and adopt the audited Balance Sheet as at 31st March, 2006, the Profit & Loss A/c for the year ended on that date and the Reports of Board of Directors and Auditors thereon.

2. Appointment of Auditors:

To consider and if thought fit it to pass with or without modification(s) the following resolution as an ordinary resolution.

“RESOLVED THAT M/s A.M. Reddy & Co., Chartered Accountants, 10-5-6/B, My Home Plaza, 103, 2nd floor, Masab Tank, Hyderabad, be and are hereby reappointed as Auditors of the Company to hold office from the

conclusion of this Meeting till the conclusion of the next Annual General Meeting of the Company and that the Board of Directors be and is hereby authorised to fix their remuneration for the period.”

By order of the Board

(B.N. MURTHY)
Managing Director

Place: Hyderabad

Date : 31.08.2006

NOTES:

1. Proxy: A Member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on a poll instead of himself and such Proxy need not be a member of the company. In order to be effective, must be received at the Registered Office of the company not less than forty-eight hours before the meeting.
2. Book Closure: The Register of Members and Share Transfer Register will remain closed from 25th September, 2006 to 30th September, 2006.
3. Member Identification:

Members are requested to bring the attendance slips duly filled in a lot with their copies of Annual Reports to the meeting.



DIRECTOR'S REPORT

To
The Members of
M/s VSF Projects Limited,

Your Directors are pleased to present the 14th Annual Report of your company with Audited Balance sheet and Statement of accounts for the year ended 31st March, 2006.

1. FINANCIAL RESULTS

	Amount 2005-06	Rs. In Lacs 2004-05
Gross Income	440.96	6.60
Total Expenditure before		
Interest & Depreciation	360.54	5.64
Interest Debited	1.26	268.11
Depreciation provided		
Preliminary & Pre-operative		
Expenses written off	3.26	23.34
Loss Carried Balance Sheet	537.86	1985.18

2. OPERATIONS:

During the year 2005-2006 the company has given Farm lands and ponds lease to M/s CP Aquaculture India Pvt. Ltd., Chennai for the period of 5 years.

As you know that we have approached the financial institutions for One Time Settlement of loans. They have approved our One Time Settlement proposal. In this year our company fully paid One time settlement amount Rs.120.00 Lakhs to the both Bankers. In this year our company new business is very hopeful. In 2006-07 our

company planning to take many road works and infrastructure works.

The company appointed a legal advisor to argue the MPEDA Arbitration case.

3. AUDITORS:

The Auditors M/s A.M. Reddy & Co., Chartered Accountants, retires as Auditors in this Annual General Meeting and is eligible for reappointment.

4. PUBLIC DEPOSITS:

Your company has not accepted public deposits and hence the provisions of Sec.58A of the Companies Act, 1956 are not applicable to the company.

5. PERSONNEL:

Particulars of employees in terms of Sec. 217(2A) of the Companies Act, 1956 are not furnished as there are no employees drawing the stipulated remuneration.

6. CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE:

- The Company's operations do not involve a high level of energy consumption and there are no major areas where energy conservation measures could be undertaken. However efforts have been made to peg the energy costs through improved operational methods.
- Technology absorption:
The Company operated with complete indigenous technology and the same shall be updated to improve the quality of the



products and production efficiency.

c) Foreign Exchange out go and inflow:

Value of Imports on C I F Basis	Amount Rs.
• Feed	—
• Plant & Machinery	—
• Expenditure in Foreign Currency	—
• Travelling Expenditure	—
• Foreign Exchange earnings	—

STATUTORY DISCLOSURES:

8. DIRECTORS RESPONSIBILITY STATEMENT AS PER SECTION 217 (2AA) OF THE COMPANIES ACT, 1956:

Pursuant to the requirement U/S 217 (2AA) of the Companies Act, 1956 with respect to Director's Responsibility Statement, it is hereby confirmed.

- (i) That in the preparation of the accounts for the financial year 31st March, 2003, the applicable accounting standards have been followed along with proper explanation relating to material departures:
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were 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 or Loss of the company for the year under review.
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the

company and for preventing and detecting fraud and other irregularities.

- (iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2006 on a going concern basis.

9. CORPORATE GOVERNANCE:

As a listed company, necessary measures have been taken to comply with the listing agreements of Stock Exchanges. A report on Corporate Governance, along with a certificate of compliance from the Auditors, forms part of this Report.

10. ACKNOWLEDGEMENTS:

Your Directors place on record their appreciation for the dedicated services rendered by the employees at all levels in realizing the objectives of the company. The Board of Directors also place on record their appreciation for whole hearted and sincere support and co-operation extended to the company by different agencies in particular the Government of India, Government of Andhra Pradesh Industrial Development Corporation Limited, The Marine Products Export Development Authority, State Bank of Hyderabad and The South Indian Bank Ltd.

By order of the Board

(B.N. MURTHY)
Managing Director

Place: Hyderabad
Date : 31.08.2006



CORPORATE GOVERNANCE REPORT

Company's Philosophy on Code of Governance:

The company's philosophy of Corporate Governance is aimed at assisting the top management of the company in the efficient conduct of its business and in meeting its obligations to its shareholders.

Board of Directors:

Composition: The present strength of the Board is 5 Directors. The Board comprises of Executive and Non-executive Directors. The Non-executive Directors bring independent judgement in the Board deliberations and decisions. The Managing Director is whole time Director. The remaining four are Non-Executive Directors.

Name of the Director	Category of the Directorship	No. of Board meetings attended	% of total meetings	Attendance at the last AGM
C.R. Sen Gupta	Chairman	4	80%	Yes
B.N. Murthy	Managing Director	5	100%	Yes
G.S. Ramachandra Rao	Director	3	60%	Yes
G. Venkateswara Rao	Director	4	80%	Yes
M. Ravindra	Director	3	60%	No

Number of Board Meetings held and dates of the Board Meetings:

Five Board Meetings were held during the year 2005-06 on the dates mentioned below:

- ❖ 30.04.2005
- ❖ 31.07.2005
- ❖ 31.08.2005
- ❖ 31.10.2005
- ❖ 31.01.2006

Committees of the Board:

The Board of Directors has constituted 2 committees of the Board

- > Audit Committee
- > Investors Grievance Committee

Audit Committee:

Terms of reference and composition, Chairman and the Name of the Members.

The Audit Committee comprise of Mr. B.N. Murthy, Managing Director of the Committee. Mr. G.S. Ramachandra Rao, Director. The Managing Director along with the statutory auditors the invites to the meeting. The terms of reference of this Committee are wide enough covering matters specified for Audit Committee under the Listing Agreements.



investor's Grievance Committee:

The company has formed an Investors/ Shareholders Grievances Committee under the Managing Director of Mr. B.N. Murthy. The other two members of the Committee are G.Venkateswara Rao and M. Ravindra. All the three members of the Committee are Non-Executive and Independent Directors. The Committee shall look into the shareholder's and investor's complaints. Most of the complaints received from the shareholders have been resolved. The number of shares pending for 31st March, 2005 is Nil.

GENERAL BODY MEETINGS:

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

Date	Venue	Time
30.09.2003	Ankulpatur Village	11.00 A.M.
30.09.2004	Ankulpatur Village	11.00 A.M.
18.08.2005	Ankulpatur Village	11.00 A.M.

6. Disclosures:

Disclosures on materially significant related transactions i.e., transactions of the company of a material nature, with its promoters, the Directors of the

Management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the company at large.

None during the last year.

Details of non-compliance of the by Company, penalties structure imposed on the Company by Stock Exchanges or SEBI or any statutory or any matter related to capital markets during the last three years.

None in last three years.

Means of Communications:

In compliance with the requirements of Listing Agreement, the company regularly intimates unaudited as well all Audited financial results to the Stock Exchange immediately after they are taken on record by the Board.

8. General Shareholders Information:

a. Annual General Meeting (AGM):

Date	30.09.2006
Venue	Ankulpatur Village Chillakur Mandal, Nellore District.

b. **Financial Calendar:** The financial year of the company for a period of



12 months from 1st April to 31st March

First quarterly results : By end of July, 2006
 Second Quarterly results : By end of October, 2006
 Third quarterly results : By end of January, 2007
 Fourth quarter results/ : By end of April, 2007

c. Book Closure: 25th September, 2006 to 30th September, 2006 (both days inclusive)

d. Dividend Payment: Nil

e. Listing on Stock Exchanges:

The equity shares of the company are listed on the following stock exchanges:

- (i) Bombay Stock Exchange, Mumbai, PJ Towers, Dalal Street, Mumbai
- (ii) The Hyderabad Stock Exchange Ltd., Somajiguda, Hyderabad

f. The listing fee for the HSE Ltd. is outstanding since the financial year 1996-97 and for BSE Fee is 2006-07 payable.

g. Stock Code: 519331, ISIN Number for NSDL & CDSL – Nil

h. Market price data: High & Low during each month in the last financial year – Nil

i. REGISTRARS AND TRANSFER AGENTS:

The company has appointed Registrar and Share transfer agent in April, 2005. The Board of Directors deals with the shareholders complaints, the power to approve transfer of securities in physical form has been delegated by the Board of Share Transfer Committee. Share Transfer Committee requests are processed within an average of 15 days from the date of receipt.

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

j. Distribution of Shareholdings as on 31.03.2006:

The Distribution of shareholding as on 31st March, 2006 as follows: