

VSF PROJECTS LIMITED

17th ANNUAL REPORT

2008-2009



BOARD OF DIRECTORS:

Sri C.R. Sen Gupta	-	Chairman
Sri B.Narayana Murthy	-	Managing Director
Sri G.S. Ramachandra Rao	-	Director
Smt. B. Vijaya Lakshmi	-	Director
Sri J. Srikanth Babu	-	Director
Sri A. Satya Prasad	-	Director

Registered Office:

Ankulpatur Village,
Chillakur Mandal,
Nellore District,
Andhra Pradesh

Corporate Office:

Plot No.1107,
Ayyappa Society Colony,
Madhapur,
Hyderabad – 500 081,
Andhra Pradesh.
Email : vsfprojectsLtd@rediffmail.com

Bankers

Vijaya Bank,
Jubilee Hills
Hyderabad

Bank of Baroda
Masab Tank
Hyderabad

Auditors:

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

Registrars & Share Transfer Agents:

Aarthi Consultants (P) Ltd.,
1-2-285, Near Gaganmahal Hospital,
Domalaguda, Hyderabad - 500 029.
Andhra Pradesh.



NOTICE

NOTICE is hereby given that the 17th 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 31st December, 2009, Thursday at 11.00 A.M. to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2009 and Profit & Loss A/c for the year ended 31st March, 2009 along with Auditor's Report and Directors Report thereon.
2. To appoint a Director in place of Smt. B. Vijaya Lakshmi, who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint M/s AM Reddy & Co., Chartered Accountants, Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT Shri J Srikanth Babu, who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and who holds office as such upto the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing under Section 257 read with Section 190 of the said Act, along with a deposit of

Rs.500/- proposing his candidature for the office of Director of the Company be and is hereby appointed as a Director of the Company whose period of office shall be determinable by retirement of Directors by rotation."

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

"RESOLVED THAT Shri A Satya Prasad, who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and who holds office as such upto the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing under Section 257 read with Section 190 of the said Act, along with a deposit of Rs.500/- proposing his candidature for the office of Director of the Company be and is hereby appointed as a Director of the Company whose period of office shall be determinable by retirement of Directors by rotation."

By order of the Board

Sd/-

Place: Hyderabad
Date : 09.12.2009

(B.N. MURTHY)
Managing Director

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 28th December, 2009 to 31st December, 2009.
3. Member Identification:
Members are requested to bring the attendance slips duly filled in along with their copies of Annual Reports to the meeting.
4. The information pursuant to Clause 49 of the Listing Agreement with respect to the details of the Directors seeking appointment / re-appointment in this Annual General Meeting is annexed.
5. Explanatory Statement pursuant to the provisions of Section 173 (2) of the Companies Act, 1956 is annexed herewith

**EXPLANATORY STATEMENT
(Pursuant to section 173(2) of the
Companies Act 1956)**

Item No. 4

The Board of Directors co opted Shri J Srikanth Babu, as Additional Director w.e.f 15th November, 2008. As per the provisions of Section 260 of the Companies Act, 1956, he holds office of director upto the date of the ensuing Annual General Meeting.

The Company has received notice in writing from a Member of the Company along with a deposit of Rs.500/- under Section 257 read with Section 190 of the Companies Act, 1956 proposing the candidature of Shri J Srikanth Babu for the Office of Director whose period of office is determinable by retirement of Directors by rotation. As per the provisions of Section 257 of the Act, any such

proposal ought to be approved by the members in their General Meeting.

Hence, the resolution is commended for your approval.

The profile of the said Director is annexed hereto under the head "Additional Information"

None of the Directors except Shri J Srikanth Babu is interested in the above said resolution.

Item No. 5

The Board of Directors co opted Shri A Satya Prasad, as Additional Director w.e.f 31st May, 2009. As per the provisions of Section 260 of the Companies Act, 1956, he holds office of director upto the date of the ensuing Annual General Meeting.

The Company has received notice in writing from a Member of the Company along with a deposit of Rs.500/- under Section 257 read with Section 190 of the Companies Act, 1956 proposing the candidature of Shri A Satya Prasad for the Office of Director whose period of office is determinable by retirement of Directors by rotation. As per the provisions of Section 257 of the Act, any such proposal ought to be approved by the members in their General Meeting.

Hence, the resolution is commended for your approval.

The profile of the said director is annexed hereto under the head "Additional Information"

None of the Directors except Shri A Satya Prasad is interested in the above said resolution.



ADDITIONAL INFORMATION

(pursuant to Clause 49 VI (A) of the Listing Agreement)

Sri J Srikanth Babu

Sri J Srikanth Babu, M.Com has 10 years of experience in Real Estate. The Board considers the experience of Shri J Srikanth Babu, as invaluable use for the Company.

He neither holds any Directorship nor membership of any committee, other than that of the Company.

Shareholding in the Company: NIL Equity shares

Sri A Satya Prasad

Sri A Satya Prasad is a M.Com, and has 18 years of experience in land development and Infrastructure works. Considering his knowledge and experience, the Board co opted him as Addtional Director,

The Board is of the view that the knowledge and experience of Shri A Satya Prasad will be of immense value and benefit to the Company

He neither holds any directorship nor membership of any committee, other than that of the Company.

Shareholding in the Company: Nil Equity shares

DIRECTOR'S REPORT

Dear Members,

The Directors have pleasure in presenting before you the 17th Annual Report of the company for the year ended 31st March, 2009.

1. FINANCIAL RESULTS

Particulars	Rs. In Lakhs	
	31.03.09	31.03.08
Gross Income	954.46	854.78
Total Expenditure before	881.62	773.43
Profit before Interest & Depreciation	72.84	81.35
Interest	1.70	0.62
Depreciation	4.02	4.02
Profit before tax	67.12	76.70
Current tax	6.34	0.00
Deferred tax	-15.78	31.27
Fringe Benefit tax	0.25	0.12
Profit/(Loss) after tax	76.30	45.32
Capital Reduction Adjustment	215.35	0
Balance carried forward from previous years	-149.42	-410.09
Balance carried forward to Balance sheet	-73.11	-364.77

OPERATIONS:

The overall implementation progress of all the road projects during the period under review was satisfactory. In this year the company has taken new work contracts from NCC Limited.

The company has given Farm lease to M/s CP Aquaculture India Pvt. Ltd., Chennai for the period of 5 years. The company appointed a legal advisor to argue the MPEDA Arbitration case.

DIVIDEND:

In view, of the accumulated losses, your Directors do not recommend any dividend for the financial year 2008-09.



DIRECTORS:

In accordance with the provisions of the Companies Act, 1956, Smt. B. Vijaya Lakshmi, retires by rotation and being eligible, offer herself for reappointment.

Further Shri J Srikanth Babu & Shri A Satya Prasad were appointed as Additional Directors w.e.f 15th November, 2008. Subsequently A Satya Prasad resigned from the Board w.e.f 28.03.2009 and again reappointed as Additional Director w.e.f 31st May, 2009.. As per the provisions of Section 260 of the Companies Act, 1956, they hold office of director upto the date of the ensuing Annual General Meeting. The Company has received notice proposing their caniature for the appointment as Directors of the Company, liable to retire by rotation. The relevant resolutions for appointing them as Director is included in the Notice of the AGM.

AUDITORS:

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

The Board recommends their appointment as the Statutory Auditor of the Company for the FY 2009 -10

PUBLIC DEPOSITS:

The Company has neither accepted nor renewed any deposits failing within the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 from the public during the financial year.



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

Pursuant to the requirement under Section 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, 2009, 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, 2009 on a going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

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



CORPORATE GOVERNANCE:

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

LIFTING OF SUSPENSION IN BSE:

The Bombay Stock Exchange Limited, Mumbai has considered the application of the Company for lifting suspension in trading of the shares of the Company and accordingly, the shares of the Company are tradable on the exchange w.e.f 2nd April, 2009.

RESTRUCTURING

The members of the Company may note that, Hon'ble High Court of Andhra Pradesh, has approved the Scheme of Arrangement between the Company, the shareholders and its Unsecured Creditors vide its certified order copy dated 8th December, 2009.

The Highlights of the scheme are as follows:

- a. Reducing the subscribed and paid up capital of the Company by 50 % from Rs.4,30,71,000/- (Rupees Four Crores Thirty Lakhs and Seventy One Thousand Only) consisting of 43,07,100 shares, to Rs. 2,15,35,500/- (Rupees Two Crores Fifteen Lakhs Thirty Five Thousand Five Hundred Only) divided into 43,07,100 equity shares of Rs.5/- each.
- b. Thereafter 2 equity shares of Rs 5/- each shall be consolidated into 1 equity shares of Rs 10/-each. Accordingly the Paid up

share capital of the Company shall be Rs.2,15,35,500/- (Rupees Two Crores Fifteen Lakhs Thirty Five Thousand Five Hundred Only) divided into 21,53,550/-equity shares of Rs.10/- each.

- c. Rs. 2,15,35,500/- (Rupees Two Crores Fifteen Lakhs Thirty Five Thousand Five Hundred Only) representing the reduced paid up capital, shall be used to set off the accumulated losses.
- d. Issue of 32,00,000 Equity shares of Rs.10/- each at a Premium of Rs. 2.50 /- per share by converting the unsecured loans.
- e. Increase of authorized capital from Rs.5 crores to Rs. 6 Crores

PARTICULARS OF EMPLOYEES:

There are no employees whose particulars are required to be furnished under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, and as amended from time to time as remuneration of none of the employees is in excess of Rs.2,00,000/- per month, if employed for the part of year or Rs.24,00,000/- per annum during the financial year 2008-09.

CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE:

Information on conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo required to be disclosed U/s 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosures of particulars in report of the Board of Directors) Rules, 1988 are provided in the **Annexure** forming part of this report.

**COMPLIANCE CERTIFICATE:**

A copy of Compliance Certificate pursuant to the provisions of Section 383A of the Companies Act, 1956, obtained from M/s P.A.P. Murthy & Associates, Company Secretaries, Hyderabad is attached to this Report.

ACKNOWLEDGEMENTS:

The Board of Directors 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, Government of Karnataka, Andhra Pradesh Industrial Development Corporation Limited, The Marine Products Export Development Authority for their co-operation and continued support to the Company.

Your Directors also place on record their sincere appreciation to the contributions made by the employees of the Company at all levels through their hard work, dedication, solidarity and support.

For and on behalf of the Board

Sd/-
(B. VIJAYA LAKSHMI)
Director

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

Place: Hyderabad
Date : 09.12.2009

Annexure

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS / OUTGO

A) CONSERVATION OF ENERGY

1) Energy conservation measures taken :

The Company is very careful in using the power to reduce the cost of maintenance and conserve the resources and constantly evaluates new technologies and invests to make its infrastructure more energy-efficient.

2) Additional investments and proposals, if any, being implemented for reduction of conservation of energy : NIL

3) Impact of the clause (1) and (2) above the reduction of energy consumption and consequent impact on the production of goods : N.A

**B) TECHNOLOGY ABSORPTION
Research and Development (R&D)**

1.	Specific areas in which R&D carried out by the Company	NIL
2.	Benefits derived as a result of the above R&D	NIL
3.	Future plans of action	
4.	Expenditure on R&D	
	Capital	NIL
	Recurring	NIL
	Total	NIL
	Total R&D Expenditure as % of total turnover	NIL

Technology Absorption, Adaptation and Innovation

1. Efforts made towards technology absorption adaptation and innovation
NIL



2. Benefits deried as a result of above efforts
NIL
3. Information about imported technology
 - a. Technology imported: NIL
 - b. Year of Import : N.A.
 - c. Whether Technology fully absorbed : N.A.
 - d. If not fully absorbed, areas and reasons for future plans actions : N.A.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

1. Activities relating to exports, initiatives taken to increase exports, development of new export market for products and services and exports plans.- NIL
2. **Foreign exchange earnings and outgo:**

	2008-09	2007-08
A. Earnings	Nil	Nil
B. Outgo	Nil	Nil

For and on behalf of the Board

Sd/-
(B. VIJAYA LAKSHMI)
Director

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

Place: Hyderabad
Date : 09.12.2009

COMPLIANCE CERTIFICATE

CIN of the Company -
L05005AP1992PLC014326

Authorised Capital - Rs. 5,00,00,000
Paid-up Capital - Rs. 2,15,35,500

To
The Members
VSF PROJECTS LIMITED
Ankulpatur Village,
Chillakur Mandal,
Nellore District,
PIN - 524101
Andhra Pradesh

I have examined the registers, records, books and papers of **VSF PROJECTS LIMITED** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended **31st March, 2009**. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained registers as stated in **Annexure 'A'** to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate with the Registrar of Companies within the time prescribed under the Act and the rules made there under.
3. The Company being a Public Limited Company, no comments are required in respect of number of members.



4. The Board of Directors duly met 6 (Six) times on 30th April, 2008, 24th May, 2008, 31st July, 2008, 25th August, 2008, 31st October, 2008 and 31st January, 2009, in respect of which meetings, notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members from 20th September, 2008 to 25th September 2008, during the financial year.
6. The Annual General Meeting for the financial year ended on 31st March, 2008 was held on 25th September, 2008 after giving due notice to the members of the Company and the resolutions passed thereat were recorded in Minutes Book maintained for the purpose.
7. No Extraordinary General Meeting was held during the financial year under review. However, there was a General meeting of the Shareholders convened by the Hon'ble High Court of Andhra Pradesh on 22.08.2009 for approving the Composite Scheme of Arrangement vide CA No. 808 of 2009 and order dated 20.07.2009
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under section 295.
9. The Company has duly complied with the provisions of Section 297 of the Act in respect of the contracts specified in that section.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained necessary approvals from the Board of Directors, members or of Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company :
 - i. has transferred 60,700 equity shares during the financial year. However, the Company has not allotted / transmitted securities during the financial year.
 - ii. has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - iii. was not required to post warrants to any member of the Company as no dividend was declared during the financial year.
 - iv. transferred the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to investor education and protection fund. – Not Applicable.
 - v. has duly complied with the requirements of Section 217 of the Act
14. The Board of Directors of the Company is duly constituted. There was an appointment of additional director; however there were no appointments of alternate director and director to fill casual vacancy during the financial year.
15. There was an appointment of Managing Director during the financial year.
16. The Company has not appointed any sole-selling agents during the financial year.