

VSF PROJECTS LIMITED



18th ANNUAL REPORT

2009-2010



INDEX

	Page Nos.
Company Information	3
Notice & Directors Report	4 - 8
Management Discussion and Analysis Report	8
Report on Corporate Governance	9 - 15
Auditors Report	16 - 19
Balance Sheet	20
Profit & Loss Account	21
Schedules forming part of accounts	22 - 28
Cash Flow Statement	29
Balance Sheet Abstract	30
Proxy Form & Attendance Slip	31



COMPANY INFORMATION

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

AUDITORS	:	<i>M/s Ramana Reddy & Associates</i> (Formerly known as AM Reddy & Co.) Chartered Accountants, 10-5-6/B, My Home Plaza Masab Tank, Hyderabad. Andhra Pradesh
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REGISTERED OFFICE	:	Ankulpatur Village Chillakur Mandal, Nellore District, Andhra Pradesh
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CORPORATE OFFICE	:	Plot No.89/A, Aishwarya, Sagar Society, Road No. 2, Banjara Hills, Hyderabad – 500 034. Andhra Pradesh
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LISTED AT	:	The Bombay Stock Exchange Limited, Mumbai
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BANKERS	:	UCO Bank, Madhapur, Hyderabad
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REGISTRARS & SHARETRANSFER AGENTS	:	Aarthi Consultants (P) Ltd., 1-2-285, Near Gaganmahal Hospital Domalaguda, Hyderabad – 500 029 Andhra Pradesh
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NOTICE

Notice is hereby given that the **Eighteenth Annual General Meeting** of the members of the Company will be held as scheduled below:

Day & Date : **Thursday, 30th September, 2010**

Time : **11.00 A.M.**

Venue : Ankulpatur Village, Chillakur Mandal,
Nellore District, Andhra Pradesh

to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2010 and the Profit and Loss Account 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 J. Srikanth Babu, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Director in the place of Sri A. Satya Prasad who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s Ramana Reddy & Associates, Chartered Accountants, as Statutory Auditors of the Company to hold the office as such from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix the remuneration.

BY THE ORDER OF THE BOARD
For VSF PROJECTS LIMITED

Sd/-

(B.N. MURTHY)
Managing Director

Place: Hyderabad
Date : 04.09.2010

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND TO VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF 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.
2. The Register of Members and the Share Transfer Books will remain closed from 26th September, 2010 to 29th September, 2010 (both days inclusive).
3. 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.
4. Members are requested to quote their Registered Folio No or Demat Account No and Depository Participant Identification Number (DPID No) on all correspondence with the Company.
5. Members are requested to send all communication relating to shares to the Company's RTA M/s Aarthi Consultants Pvt. Ltd, 1-2-285, Near Gaganmahal Hospital, Domalaguda, Hyderabad – 500 029, Andhra Pradesh
6. 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:



Shri J Srikanth Babu

Shri J Srikanth Babu, M.Com has 11 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
Shri A Satya Prasad

Shri A Satya Prasad, M.Com and has 19 years of experience in land development and infrastructure works. The Board is of the view that the knowledge and experience of Shri A Satya Prasad will be of immense value and benefit to the Company

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

Shareholding in the Company: NIL Equity shares

DIRECTORS' REPORT

Your Directors hereby present the **EIGHTEENTH ANNUAL REPORT** together with the Audited Accounts of the company for the financial year ended 31ST March, 2010.

FINANCIAL HIGHLIGHTS:

The performance of the company for the financial year ended 31st March, 2010 is summarized below.

PARTICULARS	(Rupees In Lakhs)	
	2009-10	2008-09
Gross Income	1121.33	954.46
Total expenditure	1026.42	881.62
Profit before Interest & Depreciation	99.58	72.84
Interest	5.46	1.70
Depreciation	9.35	4.02
Profit before tax	80.08	67.12
Current Tax	11.51	6.34
Deferred tax	14.72	-15.78
Fringe Benefit tax	0.00	0.25
Profit/(Loss) after tax	53.84	76.30
Capital Reduction Adjustment	0.00	215.35
Balance Carried forward from previous years	-73.11	-149.42
Balance Carried forward to Balance Sheet	-19.26	-73.11

PERFORMANCE:

During the year under review, your company has seen all round growth in revenues and profitability. The Company has generated income of Rs.1121.33 Lakhs during the current year as compared to Rs. 954.46 Lakhs during the previous year and net profit stood at Rs. 53.84 Lakhs as compared to Rs. 76.30 Lakhs during the previous year. There is a margin dip in the net profit due to higher depreciation charges into Profit & Loss A/c.

**FUTURE OUTLOOK:**

In this year the company propose to venture into the solar and Thermal Power Plants. The company has started in ground level works bidding the projects. The company is hopeful to bagging contracts in the year 2010-2011.

DIVIDEND:

In view of the inadequate profits, your Directors do not recommend any dividend for the financial year 2009-10.

FIXED DEPOSITS:

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

DIRECTORS:

Sri J. Srikanth Babu , and Sri A. Satya Prasad retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS:

M/s. Ramana Reddy & Associates (Formerly known as AM Reddy & Co.), Chartered Accountants, Hyderabad, the Statutory Auditors of the Company retire at the conclusion of ensuing Annual General Meeting & being eligible, offer themselves for re-appointment. They have furnished a certificate stating that their re-appointment, if made, will be within the limits laid down under Section 224(1B) of the Companies Act, 1956. The Board recommends their re-appointment for the FY 2010 -11.

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 2009-10.

DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors of your Company hereby report:

- (i) That in the preparation of Annual Accounts for the financial year ended 31st March, 2010, the applicable accounting standards have been followed along with the proper explanation relating to material departures, if any, there from;
- (ii) That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period:
- (iii) That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities
- (iv) That the directors have prepared the annual accounts for the financial year ended 31st March 2010 on a going concern basis.



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

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

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

CORPORATE GOVERNANCE:

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

LISTING:

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

ACKNOWLEDGEMENTS:

Your directors acknowledge the continued support from its management and staff. Your Directors also wish to thank its customers, vendors, banks,

service providers as well as regulatory and government authorities for their support and cooperation.

BY THE ORDER OF THE BOARD
For VSF PROJECTS LIMITED

Sd/-
(B. VIJAYA LAKSHMI)

Director
Place: Hyderabad
Date : 04.09.2010

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

Annexure – A

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

A. CONSERVATION OF ENERGY:

- i. The Company is very careful in using the power to reduce the cost of maintenance and conserve the resources and constantly evaluates new technologies and invests to make its infrastructure more energy-efficient
- ii. The Company has not made any additional investments and has not proposed any amount for reduction of consumption of energy.
- iii. There is no impact of the measures at (i) and (ii) above for reduction of energy consumption and consequent impact on the cost of production of goods.
- iv. Disclosure under Form A is not applicable to the Company.



B. TECHNOLOGY ABSORPTION: FORM B

(Disclosure of particulars with respect to technology Absorption)

i) Research and Development (R & D) :

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

ii) Technology absorption, adaptation and innovation : NIL

C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

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

Particulars	2009-10	2008-09
Foreign Exchange Earnings	Nil	Nil
Foreign Exchange Outgo	Nil	Nil

BY THE ORDER OF THE BOARD
For VSF PROJECTS LIMITED

Sd/-
(B. VIJAYA LAKSHMI)
Director

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

Place: Hyderabad
Date : 04.09.2010

MANAGEMENT DISCUSSION & ANALYSIS

The company hereby presents its performance for the year 2009-10 and the outlook for the future based on current business environment, which may vary due to future economic, political and other development in India as well as overseas.

Over the past five years, construction sector has grown faster than overall GDP. While the GDP growth rate was in the range of about 7 - 8 %, the construction industry has been growing at a rate between 12 to 15% annually.

However, there are certain constraints that affect the smooth functioning of this industry. Contracting issues, financing issues, stiff competition leading to price-cuts and low operating margins, high volatility in prices of major inputs such as steel, cement, building materials and petroleum products, stringent adherence to safety, quality consciousness, adapting to technological changes, developing and using new construction materials and disparities and ambiguities in indirect tax structures in respect of VAT / Service tax / WCT etc. are the key issues / concerns to pose major threats in the growth of Construction Industry.

The major bottleneck facing the industry today is widespread manpower shortages in both skilled and unskilled categories. High attrition rate of employees is another major concern. The gap between demand and supply of required manpower is likely to have severe impact at least in the near future considering exponential growth opportunities in this sector. Roads / highways and bridges are prone to major time cost overruns. Land acquisition and removal of encroachments and utilities continue to be major constraints in project completion.

In these circumstances also, your Company is able to sustain the growth rate and further improve



its performance. During this year, the Company has generated a profit of Rs 53.84 Lakhs.

The Directors are putting their best efforts to increase revenues and profitability. To this end the Board is looking at new avenues in Infra sector besides consolidating its position as niche infra player.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE

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

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

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

2. BOARD OF DIRECTORS

The Company upholds the policy of having an optimum combination of Executive, Non-Executive and Independent Directors to ensure independent, transparent and professional conduct of Board Procedures in all aspects related thereto. The Chairman is non - executive director and the number of Independent Non-

executive directors is 50% of the Board strength at any point of time.

During the Financial year ended 31st March, 2010, Board of Directors met 8 times and gap between two Board meetings did not exceed four months. None of the Directors on the Board is a member in more than 10 committees and none of them act as Chairman of more than five committees across all companies in which he is a Director.

- ❖ 30.04.2009
- ❖ 15.06.2009
- ❖ 31.07.2009
- ❖ 01.09.2009
- ❖ 31.10.2009
- ❖ 09.12.2009
- ❖ 14.12.2009
- ❖ 31.01.2010

The attendance at the Board Meetings conducted during the 12 months period ended 31st March, 2010 and at the Annual General Meeting as also the number of Directorships and committee memberships (other than VSF Projects Limited) are given below:

Name of the Director	Category of the Directorship	No. of Board meetings attended	Attendance at the last AGM	No. of Memberships in other companies (excluding private limited Companies) Boards Committees	
C.R.Sengupta	Chairman Independent & Non Executive	3	NO	Nil	Nil
B.N. Murthy	Managing Director - Executive	8	Yes	Nil	Nil
GSRamachandra Rao	Director - Non Executive	8	Yes	Nil	Nil



B.Vijaya Lakshmi Director -

Non Executive 8 Yes Nil Nil

J Srikanth Babu Director -

Independent &
Non Executive 6 No Nil Nil

A. Satya Prasad Director -

Independent &
Non Executive 6 Yes Nil Nil

3. AUDIT COMMITTEE

Terms of Reference:

- a. To review the results and announcement, and the report and accounts at the end of a quarter, half year and the full year before submission to the Board, focusing particularly on:
 - (i) Any changes in accounting policies and practices.
 - (ii) Compliance with accepted accounting standards.
 - (iii) Compliance with the Listing and other Legal requirements
 - (iv) Major Judgmental Decisions; etc.
- b. To consider appointment of Statutory Auditors, the Audit Fee, and any matter of resignation and dismissal.
- c. To discuss with the Statutory Auditor, before the audit commences, the nature and scope of the Audit.
- d. To discuss problems and reservations arising from the statutory audit, and any matters the statutory auditor may wish to discuss.
- e. To consider other matters as may be delegated by the Board from time to time.

Composition of Audit Committee:

The Audit Committee provides assistance to the Board of Directors in fulfilling its oversight responsibilities. The Audit committee has been entrusted with the responsibilities as laid down under Clause 49 of the Listing Agreement, to the extent applicable and required. The Committee is constituted by:

Shri A Satya Prasad - Chairman
Shri G S Ramachandra Rao - Member
Shri J Srikanth Babu - Member

Meetings during the year:

During the Financial year ended 31st March, 2010, the Audit Committee met 8 times as follows, and all the members were present in each of such meetings.

❖ 30.04.2009
❖ 15.06.2009
❖ 31.07.2009
❖ 01.09.2009
❖ 31.10.2009
❖ 09.12.2009
❖ 14.12.2009
❖ 31.01.2010

The Company continued to derive immense benefit from the deliberations of the Audit Committee. Shri A Satya Prasad, who is heading the Audit Committee as Chairman has rich experience and professional knowledge in Finance and Accounts. The members always added value for the Company.

4. REMUNERATION COMMITTEE:

Terms of Reference:

The terms of reference as per Clause 49 of the Listing Agreement is to determine and review the



remuneration, performance, and related bonuses of Executive Director(s), if any.

Composition

The remuneration committee consist of the following directors :

Shri J Srikanth Babu - Chairman
Shri G S Ramachandra Rao - Member
Shri A Satya Prasad - Member

Remuneration paid to Directors during the Financial year 2009 -2010:

Executive Directors : Sri B N Murthy, Managing Director Rs.4,80,000/- p.a.

Non - Executive Directors : NIL

Shareholding of Non-Executive Director:

None of the Non-Executive Directors of the Company holds any share in the Company.

5. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

Composition

The committee consist of the following directors:

Shri J. Srikanth Babu - Chairman
Smt.B. Vijaya Lakshmi - Member
Shri A .Satya Prasad - Member

The Committee looks into the shareholder's and investor's complaints. Most of the complaints received from the shareholders have been resolved. The number of complaints pending as on 31st March, 2010 is Nil.

6. SHARE TRANSFER COMMITTEE

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

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

Composition

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

7. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

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

8. GENERAL BODY MEETINGS:

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

Year	AGM	Venue	Day & Date	Time
2007	15 th	Ankulpatur Village Chillakur Mandal, Nellore District, Andhra Pradesh	Saturday, 29 th September, 2007	11:00 A.M.
2008	16 th	Ankulpatur Village Chillakur Mandal, Nellore District, Andhra Pradesh	Thursday, 25 th September, 2008	11:00 A.M.



2009 17th Ankulpatur Village Thursday, 11:00 A.M.
Chillakur Mandal, 31st December,
Nellore District, 2009
Andhra Pradesh

Special Resolutions:

No Special Resolutions have been passed in the previous 3 AGM's.

Postal ballot:

- * There were no items of business transacted by way of Postal Ballot during the financial year 2009-10.
- * No special resolution is proposed to be conducted through postal ballot.

9. DISCLOSURES:

- a) Related Party Transaction (Shown in Notes to Accounts)

There are no materially significant related party transactions i.e., transactions material in nature, with its promoters, the Directors or the Management, their subsidiaries or relatives, etc., having potential Conflict with the interests of Company at large.

- b) Details on non-compliance by the company, penalties and strictures imposed on the company by stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years: None

- c) Details of compliance with mandatory requirements and adoption of non-mandatory requirements of the clause

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

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

- d) C.E.O. Certification

Sri B N Murthy (Managing Director) and Smt B Vijaya Lakshmi Director certified to the Board on the prescribed matters as required under Clause 49 of the Listing Agreement and the said Certificate was considered by the Board at its meeting held on 04.09.2010.

10. MEANS OF COMMUNICATION:

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

11. GENERAL SHAREHOLDER INFORMATION:

Annual General Meeting :

Day, Date and time : Thursday, 30th September, 2010 at 11:00 A.M.

Venue : Ankulpatur Village, Chillakur Mandal, Nellore District, Andhra Pradesh



Book Closure Date : 26th September, 2010 to 29th September, 2010 (both days inclusive)

Dividend : No dividend is recommended for the year.

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

The Company has paid the annual listing fees for the year 2010-2011 to the stock exchange.

Scrip Code Number : 519331

ISIN Number for NSDL & CDSL : INE923K01014

Market Price Data : No Shares were traded on the exchange during the Year 2009-10

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

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

Share Transfer System :

The R & T Agent process the Physical Share Transfers and the Share Certificates are returned to the shareholder within a maximum period of 30 days from the date of receipt, subject to the documents being valid and complete in all respects. All share transfers are approved by the Share Transfer Committee, which meets every fortnight.

The company obtains half yearly Certificate of Compliance with the Share Transfer formalities

as required under clause 47 (C) of the Listing Agreement with Stock exchanges from a Company Secretary in practice and the same is submitted to the Stock Exchanges within the period prescribed.

All requests for Dematerialization of shares are processed and the confirmation is given to the respective Depositories, i.e, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), within 15 days of receipt.

Issue of Equity Shares : 32,00,000 Equity shares Rs. 10/- each issued at a premium of Rs. 2.50/- per share pursuant to the scheme of arrangements approved by Hon'ble High Court of Andhra Pradesh.

Distribution of Shareholdings as on 31.03.2010:

No. of Equity shares held	No. of Share holders	%	No. of shares	%
Upto 5000	8720	97.55	848773	15.85
5001 to 10000	68	0.76	48000	0.90
10001 to 20000	43	0.48	53700	1.00
20001 to 30000	38	0.43	94600	1.77
30001 to 40,000	5	0.06	177500	0.33
40001 to 50,000	13	0.15	64300	1.20
50,001 to 1,00,000	7	0.08	55200	1.03
1,00,001 & above	45	0.50	4171227	77.92
Total	8939	100	5353550	100

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

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

**Plant Location:**

Ankulpatur Village,
Chillakur Mandal, Nellore District

Secretarial Audit:

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

Address for correspondence:

Corporate Office : Plot No.89/A,
Aishwarya, Sagar Society,
Road No. 2, Banjara Hills,
Hyderabad – 500 034
Andhra Pradesh

Nomination Facility:

Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company as permitted under Section 109A of the Companies Act, 1956 are requested to submit to the Company the prescribed Form 2B for this purpose.

Code of Conduct for the Board & Senior Management Personnel:

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

DECLARATION OF COMPLIANCE OF CODE OF CONDUCT

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

I hereby certify that the Board of Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the year 2009-10.

Date : 04.09.2010
Place : Hyderabad.

Sd/-
(BN Murthy)
Managing Director



CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To
The Members,
VSF Projects Limited
Hyderabad

We have examined the compliance of conditions of corporate governance by **VSF Projects Limited** for the year ended 31st March, 2010, as stipulated in clause 49 of the Listing Agreement of the Company with Stock Exchanges.

The compliance of the conditions of the corporate governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor expression of the opinion on the financial statements of the Company. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

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

**Sd/-
(P. S. RAO)
Partner
CP No. 3829**

**Place: Hyderabad
Date: 04.09.2010**



AUDITORS' REPORT

The Members of
VSF PROJECTS LIMITED,
HYDERABAD.

1. We have audited the attached Balance Sheet of M/s.VSF PROJECTS LIMITED as at 31st March, 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 of India (the Act) and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors, as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) In our opinion to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon and attached thereto give in the prescribed manner the information required by the Companies Act, 1956 and give a true and fair view in conformity with



the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
- (b) In the case of the Profit and Loss account, 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.

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

**PLACE: HYDERABAD.
DATE: 04.09.2010**

**(CA Kishore Kumar K.)
PARTNER
Membership No. 215459**

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

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) The fixed assets of the company have been physically verified by the management during the year as per a programme of verification, which in our opinion is reasonable having regard to the size of the company and the nature of its fixed assets. No material discrepancies were noticed on such verification.
 - (c) In our opinion and according to the information and explanations given to us, during the year, the company has not disposed off any substantial part of its fixed assets so as to affect its going concern.
2. (a) The stocks of construction materials, stores and consumables have been physically verified by the management during the year, in our opinion, the frequency of verification is reasonable.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) On the basis of our examination of records of stocks, in our opinion, the company has maintained proper records of stocks. The discrepancies noticed on



physical verification between the physical stocks and the book records were not material.

3. (a) The company has not granted any loans secured or unsecured to companies, firms or other parties listed in the register maintained u/s.301 of the Act.

(b) The company has not taken any loans secured or unsecured from companies, firms or other parties listed in the register maintained u/s.301 of the Act.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business. Further, on the basis of our examination and information and according to the explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements that need to be entered into the Register maintained under section 301 of Act, have been so entered.

(b) In our opinion, and according to the information and explanations given to us, the company has not made any contracts or arrangements that need to be entered in the register maintained under section 301 of the Act, and exceeding the value of five lakh rupees in respect of any party during the year.
6. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public to which the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder are applicable.
7. The company has no internal audit system.
8. The maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
9. (a) We were informed that the provisions of Provident Fund Act and Employees State Insurance Act are not applicable to this company during the year under report. However, the company is regular in depositing with appropriate authorities undisputed statutory dues including income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues as applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2010 for a period of more than six months from the date they became payable.

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



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

10. The company has accumulated losses as on 31.03.2010 of Rs.19.26 lakhs and it has not incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.
11. The company has not defaulted in repayment of dues to banks, financial institutions etc., during the year.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to this company.
14. In our opinion, the company is not dealing in or trading in shares, securities, debentures, and other investments. Accordingly, the provisions of clause 4(xiv) of the companies (Auditor's Report) Order, 2003 are not applicable to this company.
15. The company has not given any guarantees for loans taken by others, from banks or financial institutions, the terms and conditions, whereof, in our opinion, are prima facie prejudicial to the interest of the company. .
16. During the year under report, the company has not availed any term loan from banks or financial institutions.
17. Accordingly to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
18. According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act, 1956.
19. According to the information and explanations given to us, during the period covered by our audit report, the company has not issued any debentures.
20. The company has not raised any money by public issue, during the year.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

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

**PLACE: HYDERABAD.
DATE: 04.09.2010**

**(CA Kishore Kumar K.)
PARTNER
Membership No. 215459**



Balancesheet as at 31.03.2010

Particulars	Schedule No	As at 31.03.10		As at 31.03.09
		Rs	Rs	Rs
SOURCES OF FUNDS:				
SHAREHOLDERS FUNDS:				
- Share Capital	A		56468500	24468500
RESERVES & SURPLUS				
- Reserves & Surplus	B		28843875	20843875
LOAN FUNDS				
- Secured loans	C		15550843	429475
- Unsecured loans	D		183924	40183924
TOTAL			<u>101047142</u>	<u>85925774</u>
APPLICATION OF FUNDS				
Fixed Assets				
- Gross Block	E	58365638		38156506
- Less Depreciation		<u>5612491</u>		<u>4677076</u>
			52753147	33479430
Current Net Block				
Assets, Loans & Advances				
- Sundry Debtors	F	19445909		53625137
- Cash & Bank Balances		1813527		438942
- Inventories		8449736		0
- Loans & Advances		<u>24882964</u>		<u>15322878</u>
		<u>54592136</u>		<u>69386957</u>
Less Current Liabilities & Provisions				
- Current Liabilities	G	12629422		30621781
- Provisions		<u>1237363</u>		<u>658930</u>
		<u>13866785</u>		<u>31280711</u>
Net current Assets			40725351	38106246
Deferred Tax asset			5642134	7028715
Profit & Loss A/c			<u>1926510</u>	<u>7311383</u>
TOTAL			<u>101047142</u>	<u>85925774</u>
Notes on accounts	K			

Notes, Schedules, Cash Flow Statement & Significant Accounting Policies form an integral part of Balancesheet.

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

Chartered Accountants

Firm Regn. No. 003246S

Sd/-

(CA. Kishore Kumar K.)

Partner

Place: Hyderabad

Date : 04.09.2010

For and on behalf of the Board

Sd/-

(B. VIJAYA LAKSHMI)

Director

Sd/-

(BN MURTHY)

Managing Director



Profit and Loss Account for the year ended 31st March, 2010

Particulars	Schedule No	As at 31.03.10		As at 31.03.09
		Rs	Rs	Rs
INCOME:				
Gross Receipts (Sub contract & Farm Receipts)			112133824	95445732
	TOTAL		<u>112133824</u>	<u>95445732</u>
EXPENDITURE:				
Operating & Contract expenses	H		96170237	83820331
Administrative expenses	I		6005223	4341521
Financial charges	J		1014132	169809
Depreciation			935415	402255
			<u>104125007</u>	<u>88733916</u>
Net Profit for the year before Tax			8008817	6711816
Less: Provision for Taxation				
- Current Tax		1237363		634348
- Deferred Tax		1386581		-1577599
- Fringe Benefit Tax		<u>0</u>		<u>24582</u>
			<u>2623944</u>	<u>-918669</u>
Net profit after tax			<u>5384873</u>	<u>7630485</u>
Add: Balances brought forward from previous years			-7311383	-36477368
Less: Adjustment against share capital			0	21535500
	Total		<u>-1926510</u>	<u>-7311383</u>
Notes on accounts	K			

Notes, Schedules, Cash Flow Statement & Significant Accounting Policies form an integral part of Balancesheet.

Vide our report of even date

for Ramana Reddy & Associates

Chartered Accountants

Firm Regn. No. 003246S

Sd/-

(CA. Kishore Kumar K.)

Partner

Member ship No. 215459

Place: Hyderabad

Date : 04.09.2010

For and on behalf of the Board

Sd/-

(B. VIJAYA LAKSHMI)

Director

Sd/-

(BN MURTHY)

Managing Director



SCHEDULES TO ACCOUNTS	As at 31.03.10 Rs.	As at 31.03.09 Rs.
SCHEDULE-A:		
SHARE CAPITAL:		
Authorised		
- 60,00,000 Equity shares Rs.10/- each (in the previous year 50,00,000 equity shares of Rs.10/- each.)	<u>60000000</u>	<u>50000000</u>
Issued, Subscribed and Paidup		
- 53,53,550 equity shares Rs.10/- each fully paidup (in the previous year 21,53,550 equity shares of Rs.10/- each)	53535500	21535500
Add : Shares Forfeited	2933000	2933000
TOTAL	<u>56468500</u>	<u>24468500</u>
SCHEDULE - B RESERVES & SURPLUS		
- Fixed Assets Revaluation reserves	20843875	20843875
- Securities Premium	8000000	0
TOTAL	<u>28843875</u>	<u>20843875</u>
SCHEDULE - C SECURED LOANS		
Hire Purchase Finance From:		
- Reliance Finance Ltd	1154859	429475
- SREI Equipment Finance Pvt. Ltd	14395984	0
TOTAL	<u>15550843</u>	<u>429475</u>
SCHEDULE - D UNSECURED LOANS		
- From Directors	0	9000000
- From Shareholders & Others	183924	31183924
TOTAL	<u>183924</u>	<u>40183924</u>



**SCHEDULE - E:
FIXED ASSETS:**

Description of the Asset	Gross Block			Depcn. Block			Net block	
	As at 31.03.09	Add/Del during the year	As at 31.03.10	Upto 01.04.09	for the year	Total as at 31.03.10	As at 31.03.10	As at 31.03.09
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Land & Site Development	28092000	0	28092000	0	0	0	28092000	28092000
Buildings	7697050	0	7697050	3676090	257081	3933171	3763879	4020960
Plant & Machinery	165550	8885479	9051029	26427	70635	97062	8953967	139123
Office Equipments	392159	16750	408909	229589	18941	248530	160379	162570
Furniture & Fixtures	198466	42425	240891	146929	13554	160483	80408	51537
Computers	68090	34540	102630	38335	13184	51519	51111	29755
Vehicles - Tippers	0	9736002	9736002	0	365036	365036	9370966	0
Vehicles - Others	1543191	1493936	3037127	559706	196984	756690	2280437	983485
Total	38156506	20209132	58365638	4677076	935415	5612491	52753147	33479430



		As at 31.03.10		As at 31.03.09
	Rs.	Rs.	Rs.	Rs.
SCHEDULE-F:				
CURRENT ASSETS, LOANS & ADVANCES :				
Sundry Debtors				
(Unsecured, Considered Good)				
- Debts exceeding more than six months	964772		41021925	
- Other Debts	<u>18481137</u>		<u>12603212</u>	
		19445909		53625137
Cash & Bank Balances				
- Cash in hand	790636		369723	
- Balances with Banks in Current Accounts	<u>1022891</u>		<u>69219</u>	
		1813527		438942
- Inventories (Fire wood & Timber)		8449736		0
Loans & Advances				
- Deposits	8352545		6292847	
- Advance for Raw Materials	9370000		4000000	
- IT Refund Receivable	4342690		3377869	
- Prepaid expenses	112948		11229	
- TDS receivable	2477424		1599169	
- TCS Receivable	227357		0	
- Interest receivable from SPDCL	<u>0</u>		<u>41764</u>	
		24882964		15322878
		<u>54592136</u>		<u>69386957</u>
TOTAL				
SCHEDULE - G				
CURRENT LIABILITIES & PROVISIONS				
CURRENT LIABILITIES				
- Creditors for suppliers	6226623		15739888	
- Creditors for expenses	1834013		14015226	
- Advance from Customers	3702119		0	
- Advance lease	<u>866667</u>		<u>866667</u>	
		12629422		30621781
PROVISIONS				
- For Taxation	1237363		634348	
- For FBT	<u>0</u>		<u>24582</u>	
		1237363		658930
TOTAL		<u>13866785</u>		<u>31280711</u>



SCHEDULE - H:

	Current Year Rs	Previous Year Rs
--	-----------------------	------------------------

OPERATING &

CONTRACT EXPENDITUE:

Materials, Consumables & other Site Expenses	26507096	22215431
- Machinery & Vehicles Hire charges	2735941	1000000
- Earthwork & construction expenses	66927200	60604900
TOTAL	<u>96170237</u>	<u>83820331</u>

SCHEDULE - I:

	Current Year Rs	Previous Year Rs
--	-----------------------	------------------------

ADMINISTRATIVE EXPENSES

- Salaries & Wages	2490000	2070000
- Staff Welfare	11951	6000
- Rent	640400	528000
- Electricity charges	53410	2687
- Office Maintenance	86461	50350
- Postage & Telegrams	58023	1060
- Printing & Stationary	71360	5860
- Computer Maintenance	6340	1750
- Internet charges	8836	4800
- Insurance charges	157258	36225
- MD Remuneration	480000	480000
- Audit fee	75000	75000
- Professional charges	258804	106682
- Registration & Licence fee	232744	587267
- Legal charges	64500	0
- Listing fee	16545	12114
- AGM Expenses	74000	20100
- Board Meeting Expenses	52252	4200
- Telephone charges	108347	58533
- Travelling expenses		
Directors	804706	282779
Others	86826	8114
- Tender exp.	206000	0
- Advertisement	25960	0
TOTAL	<u>6005223</u>	<u>4341521</u>

SCHEDULE - J

FINANCIAL CHARGES

- Bank charges	467197	106101
- HP Financial Charges	546935	63708
TOTAL	<u>1014132</u>	<u>169809</u>



SCHEDULE – K

NOTES ON ACCOUNTS

1. Disclosure of Significant Accounting Policies:

a) Basis of Preparation:

The financial statements are prepared under the historical cost convention and comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956 and the same is prepared on a going concern basis.

b) Fixed Assets:

All fixed assets are stated at cost of acquisition inclusive of freight, duties, taxes and other incidental charges related to acquisition.

c) Revenue Recognition:

All revenue income and expenditure are recognized on accrual concept of accounting.

d) Depreciation:

Depreciation on fixed assets has been provided on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 on pro-rata basis.

e) Inventories:

Inventories are stated at the lower of cost and net realizable value.

f) Earning per Share:

The Company reports its Earnings per Share (EPS) in accordance with Accounting Standard 20 issued by the Institute of Chartered Accountants of India.

g) Taxes on Income:

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the company. Deferred tax asset and liability is recognized for future tax consequences attributable to the timing differences that result between the profit offered for income tax and the profit as per the financial statements. Deferred tax asset & liability are measure 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.

2. Contingent Liabilities not provided for in respect:

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

3. Auditors Remuneration:

Particulars	2009-10 Rs	2008-09 Rs
As Auditors	40000	40000
Tax Audit fee	20000	20000
Other services	15000	15000
Total	<u>75000</u>	<u>75000</u>



5. Managerial Remuneration:

	2009-10 Rs	2008-09 Rs
Managing Director		
- Remuneration	480000	480000
- Perquisites	—	—
Total	480000	480000

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

3. 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, 2009. 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.

9. Earning Per Share

The numerators and denominators used for calculation of EPS

Particulars	Year ended	Year ended
	31-03-10 Rs	31-03-09 Rs
a) Profit available to the Equity shareholders	5384873	7630485
b) No. of Equity shares	5353550	4307100
c) Weighted Average No. of Shares	3091632	4307100
c) Nominal value of share	10	10
d) Basic Earning per Share	1.74	1.77

9. Transactions with the Related Parties pursuant to Accounting Standard 18:

i. List of Related Parties

Key Management Personnel : Sri. B.N.Murthy,
Managing Director

ii. Transactions with Related Parties
Remuneration to Managing Director Rs. 4,80,000/-

iii. Balance as on 31st March, 2010 Rs.Nil



10. Taxes on Income:

- (a) Provision has been made for tax as per sec. 115JB.
- (b) In compliance with the Accounting Standard AS 22 Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India, the company has provided Rs.13,86,581/- towards deferred tax liability in the year 2009-10. The major components of deferred tax asset / liability are on account of timing differences in depreciation, carried forward of losses and Minimum alternate tax.

11. Paise have been rounded off to the nearest rupee.

12. Previous year figures have been regrouped wherever necessary.

13. Additional information pursuant to Provisions of Part II of Schedule – VI of the Companies Act, 1956 is not applicable to this company since the company is involved in contract work activities and farm is on lease.

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

SIGNATURES TO SCHEDULE A TO K

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

**(CA. KISHORE KUMAR K.)
PARTNER
Membership No.215459**

**PLACE : HYDERABAD
DATE : 04.09.2010**

FOR AND ON BEHALF OF THE BOARD

**(B. VIJAYA LAKSHMI)
DIRECTOR**

**(BN MURTHY)
MANAGING DIRECTOR**



CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2010
(As required under Clause 32 of the Listing Agreement with Stock Exchange)

Particulars	As at 31.03.10 Rs	As at 31.03.09 Rs
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit / Loss	8008817	6711816
Adjusted for:		
Depreciation	935415	402255
Operating Profit before Working Capital Charges	8944232	7114071
Adjustment for:		
Decrease / (Increase) in Sundry Debtors	34179228	21027477
Decrease / (Increase) in Loans & Advances	(9560086)	(2422935)
Decrease / (Increase) in Inventories	(8449736)	0
Increase / (Decrease) in Current Liabilities & Provisions	(17992359)	(27646174)
Income Tax Paid	(658930)	(12079)
Net Cash Flow from operating Activities	<u>6462349</u>	<u>(1939640)</u>
B. CASH FLOW FROM INVESTMENT ACTIVITIES:		
Fixed Assets additions	(20209132)	0
Net Cash Flow from Investment Activities	<u>(20209132)</u>	<u>0</u>
C. CASH FLOW FROM FINANCIAL ACTIVITIES		
Increase / (Decrease) in Share Capital	32000000	0
Increase / (Decrease) in Securities Premium	8000000	0
Proceeds from Secured Loans	15121368	(248772)
Proceeds / (Repayment) from Unsecured Loans	(40000000)	(600000)
Net Cash Flow from Financing Activities	<u>15121368</u>	<u>(848772)</u>
Net increase in Cash & Cash Equivalents	1374585	2788412
Cash and Cash Equipvalents at the benginning of the year	438942	3227354
Cash and Cash Equipvalents at the end of the year	1813527	438942

VIDE OUR REPORT OF EVEN DATE

Place: Hyderabad
Date: 04.09.2010

FOR AND ON BEHALF OF THE BOARD

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

AUDITORS' CERTIFICATE

We have examined the attached Cash Flow Statement of M/s. VSF Projects Limited for the year ended 31st March, 2010. The statement has been prepared by the company in accordance with requirements of Clause 32 of Listing Agreement with the Stock Exchange and is based on and in agreement with the corresponding Profit & Loss A/c and Balance Sheet of the Company covered by our report of 4th September, 2010 to the Members of the Company.

for **RAMANA REDDY & ASSOCIATES**
CHARTERED ACCOUNTANTS
Firm Regn. No. 003246S
Sd/-
(CA. KISHORE KUMAR K.)
PARTNER
Membership No.215459

Place: Hyderabad
Date: 04.09.2010



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
(As per Part IV of Schedule VI of the Companies Act, 1956)

I. Registration Details:

Date of incorporation :	Registration No:	State Code	Balance sheet Date
04.06.1992	14326	01	31.03.2010

II. Capital raised during the year (Amount in Rs.thousands)

Public Issue	Right Issue	Bonus Issue	Pvt. Placement
Nil	Nil	Nil	40,000

III. Position of Mobilisation and Deployment of funds (Amount in Rs.thousands)

Total Liabilities	101047	Total Assets	101047
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Sources of Funds:

Paidup Capital	Secured Loans	Unsecured loans
53536	15551	184

Application of Funds:

Net Fixed Assets	Net Current Assets	Misc. Expenditure	Profit & Loss A/c
52573	40811	0.00	1927

IV. Performance of the Company (Amt.Rs. in thousands)

Turnover	Total expenditure	Profit/Loss before tax	Profit/loss after tax
112134	104125	8009	5385
Earning per share	Dividend Rate		
1.74	Nil		

V. Generic Names of three principle products / services company (as per monetary norms)

Item code No. (ITC Code)	Product Description
	Civil Construction & Infra Works

Vide our report of even date

For and on behalf of the Board of Directors

Sd/-
(B. VIJAYA LAKSHMI)
Director

Sd/-
(BN MURTHY)
Managing Director

Place: Hyderabad
Date : 04.09.2010



ATTENDANCE SLIP

VSF PROJECTS LIMITED

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

PROXY FORM

Regd. Folio No. :

No. of Shares Held:

Client ID No. :

I/We
of in the
District of being a
member/members of the above named company hereby appoint of
..... in the District of
..... as my/our Proxy to attend and to vote
for me/us on my/our behalf at the 18th Annual General Meeting of the Company to be held on Thursday,
30th September, 2010 at 11.00 A.M. at Ankupatur Village, Chillakur Mandal, Nellore District, Andhra
Pradesh and at any adjournment thereof.

Signed this day of Two Thousand Ten.

Affix
Rs.1/-
Stamp

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

VSF PROJECTS LIMITED

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

ATTENDANCE SLIP

(Please present this slip at the Meeting Venue)

18th ANNUAL GENERAL MEETING – 30th September, 2010

Regd. Folio No. :

No. of Shares Held:

Client ID No. :

I hereby record my presence at the 18th ANNUAL GENERAL MEETING of the members of the Company held on Thursday, 30th September, 2010 at 11.00 A.M. at Ankupatur Village, Chillakur Mandal, Nellore District, Andhra Pradesh.

Name of the Shareholder:

Name of the Proxy:

Signature of Member / Proxy:

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