



VIJAY SHANTHI

Annual Report 2010-2011

Together, our possibilities are infinite





VIJAY SHANTHI BUILDERS LIMITED

Registered office : No: 20/43, Kasthuri Rangan Road, Alwarpet , Chennai – 600 018.

Board of Directors : Chandan Parmar - Chairman
Suresh Kumar - Managing Director
Chandan Kumar - Joint Managing Director
Bajranglal Eriwal - Director
Nitin Kumar - Director
Siva Subramaniam - Director

Company Secretary : Kamakshi Krishnan

Bankers : ICICI Bank , South Indian Bank, Chennai

Statutory Auditors : M/s. Ramaratnam & Co., Chartered Accountants,
New No:26, Old No:115, 4th Street, Abiramapuram,
Chennai – 600 018

Internal Auditors : M/s. J Sathyaraman & Co. Chartered Accountants,
1/16, North Mada Street, Srinagar Colony, Saidapet,
Chennai – 600 015

Legal Advisors : Mr.Sathish Parasaran, Advocate, 13, 18th Street,
Dr. Radhakrishnan Road, Mylapore, Chennai- 600 004

Mr. Aravind Pandian, Advocate, 115, Luz Church Road
Mylapore, Chennai- 600 004



NAME AND ADDRESS OF STOCK EXCHANGES

| | | |
|---------------------------------|---|---|
| National Stock Exchange Limited | : | Exchange Plaza, Plot No.C/1, G Block, Bandra Kurla Complex, Bandra (E) Mumbai – 400 051 |
| Scrip Code | : | VIJSHAN |
| Bombay Stock Exchange Limited | : | Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400 001 |
| Scrip Code | : | 523724 |
| Madras Stock Exchange Limited | : | Exchange Building Post Box No.183, 11 Second Line Beach, Chennai – 600 001 |
| Registrar and Transfer Agent | : | M/s. Cameo Corporate Services Limited No:2, Subramaniam Building, Club House Road, Chennai – 600 002 |
| Depositories | : | National Securities Depository Limited Central Depository Services (India) Limited ISIN:INE806F01011 |



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NOTICE TO SHAREHOLDERS

Notice is hereby given that the Twentieth Annual General Meeting of the Company will be held at “Vani Mahal” No.103 G. N. Chetty Road, T. Nagar, Chennai – 600 017 on Wednesday, 28th September 2011 at 10.30 am to transact the following business:

ORDINARY BUSINESS:

1. To receive consider and adopt the Audited Balance Sheet as on 31st March 2011 and Profit and Loss Account for the year ended on that date together with the report of the Auditors' thereon and the report of the Board of Directors.
2. To declare a Dividend.
3. To elect Directors:
 - a) To appoint a Director in the place of Shri Chandan Kumar, who retires by rotation and being eligible, offers himself for re-appointment.
 - b) To appoint a Director in the place of Shri Siva Subramaniam, who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION.

"RESOLVED THAT M/S. V. RAMARATNAM & CO., Chartered Accountants, Chennai, firm's registration number 002956S, the retiring Statutory Auditors, be and are hereby re-appointed as Statutory Auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the company on a remuneration to be fixed by the Board of Directors of the company.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification, the following resolution as a SPECIAL RESOLUTION

“RESOLVED THAT subject to the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the Act consent of the Company be and is hereby given for the re-appointment of Mr. Suresh Kumar as Managing Director for a period of 3 years commencing from 9th March 2011 and payment of remuneration as mentioned below:

Salary – Rs.300,000/- per month (effective from 09.03.2011)

Perquisites:

- a. Contribution to Provident Fund as per company rules up to a percentage of 12% of salary may be amended by Central Government from time to time in this regard
- b. Contribution towards Gratuity Fund as per Company Rules.

FURTHER RESOLVED THAT in the event of the company having no profits or inadequate profits, the company will pay remuneration subject to the compliance of Schedule XIII of Companies Act 1956.

Place: Chennai

Dated: 30.05.2011

By order of the Board Chennai

CHANDAN PARMAR
Chairman



NOTES:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the registered office of the company, not later than 48 hours before the meeting.
2. Profile of Directors seeking re-appointment, under Item No. 3 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 17th September 2011 to 28th September 2011 (inclusive of both the days), as already intimated.
4. Members are requested to notify immediately any change in their address to the Company.
5. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting, members are, therefore, requested to bring their copies of the "Annual Report" to the meeting.
6. Members/Proxies are requested to affix their signature on the Attendance / Admission slip provided in the 'Annual Report' and hand over the same at the venue of the meeting. Only members / proxies (whose proxy forms have already reached the company) with the 'Attendance slip' will be admitted.
7. A dividend upon declaration will be paid to those share holders whose name stand in the Register of Members as on 28th September 2011 in case of physical shares. In respect shares held in electronic mode the dividend will be paid on the basis of the beneficial ownership as per details to be received from NSDL / CDSL at the end of business hours on 17th September 2011
8. Your Company has always been at the forefront in adopting new technology & initiatives which result into greener planet for the generations to come. In this regard, as a support of measure initiated by Ministry of Corporate Affairs in this towards allowing Companies to send notices / documents to the members in electronic form. Your Company proposes to send notices/documents for the year 2010-11 onwards to you in electronic mode at e-mail ID provided by you and made available to us by the Depository/R&TA in order to help the government and the Company in the "Green Initiative"

Shareholders who have not yet registered/updated their e-mail ID are requested to notify the same to the following:

- (a) if shares are held in electronic mode, to their Depository Participant (DP).
- (b) if shares are held in physical mode, to the Company and/or R&TA.

However if any member wishes to have a physical copy of the Annual Report, he/she may write to the registered office of the Company and the same will be supplied free of cost.



EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

PROFILE OF DIRECTORS SEEKING RE- APPOINTMENT:

ITEM NO 3 OF THE AGENDA

As per Clause 49 of the listing agreement with stock exchanges, a brief resume of directors who are proposed to be re-appointed at this meeting is given below.

Born on 14th December 1964, Shri. Chandan Kumar, is a graduate with about two decades of exposure to construction industry. He is fully acquainted with the operations of the company and would be in charge of day to day financial operations of the company including construction, negotiation with the agencies, quality control etc.

He is a First Director of the Company and one of the Promoters of the Company. He holds 4,950,390 shares of the Company as on 31.03.11 and is also related to Mr. Suresh Kumar, Managing Director, as both are Brothers. He is also a Joint Managing Director of Darshan Housing and Infrastructure Limited

Born on 7th June 1976, Shri. Siva Subramaniam, is a computer engineer, and has 10 years experience in construction business. Hence, the resolution has been proposed seeking members consent for his re- appointment as a Director of the Company. Mr. Siva Subramaniam is not a director in any other company

ITEM NO 5 OF AGENDA

Born on 1st June 1963, Shri. Suresh Kumar is a visionary and the strongest pillar of the Company. He is a graduate and has more than 25 years of experience in property development. Due to his foresightedness, prudence and dedication and the Company is placed among the top building promoters in southern India. He is in overall in charge of the entire gamut of operations of the company, including conceptualizing the flat promotion, negotiation with various agencies involved, quality control, marketing and final product delivery up to the stage of customer satisfaction.

Shri. Suresh Kumar was re-appointed as the Managing Director in the AGM held on 29th September 2008 for a period of three years commencing from 10.03.2008 and the term of appointment expired on 09.03.2011. Upon the completion of term of appointment, the Board in their meeting held on 01.02.2011 re – appointed him at the existing salary of Rs.3,00,000 per month along with other perquisites, more detailed in the resolution, for a period of 3 years commencing from 09.03.2011 above remuneration payable has already been approved by remuneration committee in its meeting held on 1st February 2011. Mr. Suresh Kumar is also a Managing Director of Darshan Housing and Infrastructure Limited and he is a Director of Vijay Shanthi Milestone Developers Private Limited. However he does not receive remuneration from both these companies.

Now the re- appointment made under section 269 of the Companies Act 1956, requires approval of share holders. Hence a resolution has been proposed as item no.5 of the agenda seeking members approval of re-appointment in the terms mentioned in the said resolution. The terms as set out in the resolution may be treated as an abstract of terms under section 302 of the Companies Act 1956.

Shri. Suresh Kumar is interested in the resolution of item No. 5 of the Agenda, as the proposed appointee and Shri. Chandan Kumar, Joint Managing Director is also interested in the same resolution being his relative. No other director is concerned or interested in the resolution. The Board of Directors recommends the above as a special resolution for approval.

Place: Chennai

By order of the Board Chennai

Dated: 30.05.2011

CHANDAN PARMAR
Chairman



STATEMENT REGARDING THE RE-APPOINTMENT OF MANAGERIAL PERSONNEL PROPOSED TO BE APPOINTED AS PER THE SPECIAL BUSINESS CONTAINED IN THE NOTICE

GENERAL INFORMATION

| | | | |
|--|---|-----------------|----------|
| Nature of Industry | Major exposure into Residential Construction with minor exposure in mineral water. | | |
| Date of Commencement of Commercial | Not applicable being a construction company Production: Commercial production of mineral water - Since 1995 | | |
| Financial Performance (in Rs.) | Year | PAT (Rs. Lakhs) | EPS(Rs.) |
| | 2008-09 | 265.38 | 2.09 |
| | 2009-10 | 265.78 | 2.09 |
| | 2010-11 | 950.16 | 3.63 |
| Export Performance and net Foreign Exchange Collaborations | Nil | | |
| Foreign Investments Collaborators | Nil | | |
| Information on the Appointee and background details | Shri. Suresh Kumar, Managing Director (since 6.3.2003) | | |
| Past Remuneration | Shri. Suresh Kumar was drawing Rs.3,00,000 per month. | | |
| Recognition or Awards | During his tenure as Managing Director the Company bagged DALAL STREET performance based award and it has ranked among the Top 400 Small Cap Corporates of India | | |
| Job Profile and Suitability | Born on 1st June 1963, Shri. Suresh Kumar is a visionary and the strongest pillar of the Company. He is a graduate and has more than 25 years of experience in property development. Due to his foresightedness, prudence and dedication and the Company is placed among the top building promoters in southern India. He is in overall in charge of the entire gamut of operations of the company, including conceptualizing the flat promotion, negotiation with various agencies involved, quality control, marketing and final product delivery up to the stage of customer satisfaction. | | |



| | |
|---|---|
| Remuneration Proposed | Rs.3,00,000 per month and perquisites. |
| Comparative Remuneration Profile | Compared with the remuneration payable in the similar industry and ongoing projects on hand and to ensure just and proper discharge of the duties, obligations and responsibilities by the appointee, the remuneration proposed is not high as compared with the industry remuneration. |
| Pecuniary Relationships Directly or indirectly with the company or managerial personnel | Shri. Suresh Kumar is a promoter and is related to Shri. Chandan Kumar, Joint Managing Director as brother. |
| OTHER INFORMATION | |
| Reasons for inadequate Profits | As most of the residential projects of the company were in nascent stage of completion during the financial year the Company was not in a position to recognize substantial profits from these projects. With the projects getting completed in the next financial year the Company expects to realize substantial improvements in its profits. |
| Steps taken or proposed to be taken for improvement | The Company which has positioned itself as a premium residential project developer has now repositioned itself by entering into affordable housing segment. The Company strongly believes that this segment shall provide robust volume growth for the Company, thereby contributing for its top line and bottom line. |
| Expected increase in productivity and profits in measurable terms | The directors' report details the ongoing projects. The Board expects the company to post increased profits in future years. |

By Order of the Board

Date: 30.05.2011
Place: Chennai

CHANDAN PARMAR
Chairman



DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 20th Annual Report together with the audited accounts of your Company for the year ended March 31, 2011.

Financial Results

| FINANCIAL RESULTS | Year ended 31.03.2011 (Rs. In Lakhs) | Year ended 31.03.2010 (Rs. In Lakhs) |
|--|--|--|
| Income from sales /other operation | | |
| Sales | 13571.81 | 6766.86 |
| Other Income | 68.51 | 50.71 |
| Total Expenditure | 12304.27 | 6410.34 |
| Gross Profit (Before Int. Depn. & Tax) | 1336.05 | 407.23 |
| Financial Overheads | 75.71 | 34.68 |
| Depreciation | 51.73 | 47.51 |
| Profit Before Tax | 1208.61 | 325.04 |
| Provision for Tax | 250.08 | 57.51 |
| Profit After Current Tax | 958.53 | 267.52 |
| Less: Deferred Tax | 8.37 | 1.75 |
| Net Profit | 950.16 | 265.78 |
| Add: Surplus From Previous Year | 2575.41 | 2428.84 |
| Profit available for Appropriation | 3525.57 | 2694.61 |
| Less: General Reserve | 60.00 | 60.00 |
| Proposed Dividend | 209.51 | 50.77 |
| Dividend tax | 34.82 | 8.43 |
| Balance Carried Forward | 3221.24 | 2575.41 |
| Earning Per Share Basic (Rs.) | 3.63 | 2.09 |



DIVIDEND:

To strengthen the long – term prospects and ensuring sustainable growth in assets and revenue, it is important for your Company to evaluate various opportunities in which your Company operates. Your Company currently has several projects under implementation and continues to explore newer opportunities. Your Board of Directors considers this to be strategic interest of the Company and believe that this will greatly enhance the long term Shareholders' value. In order to fund these projects of development, expansion and implementation stages, conservation of funds is of vital importance. In order to balance the criteria of growth considering the future financial needs of the Company for its proposed housing projects and at the same time to provide for returns to the share holders in form of dividend, the director after careful consideration have proposed a dividend of Re. 0.80 per equity for the financial year 2010-2011.

By this the board has doubled the dividend compared to dividend declared during the year 2009-2010

MERGER:

Pursuant to resolution of Share holders of the Company approving the merger of High End Homes Private Limited with your Company, the Hon'ble High Court of Madras vide its order dated 1st November 2010 sanctioned the scheme of Amalgamation.

Pursuant to this, the Company issued one equity share of Rs. 10 each fully paid up for every three equity shares held by the Shareholders in High End Homes Private Limited and hence 13,495,070 equity shares were issued to the share holders of High End Homes Private Limited and paid up equity of Company increased to that extent.

MINERAL WATER PLANT:

As the members are aware, the Company runs a mineral water plant in the name of Vijay Shanthi. However as the members could observe from the Company's financial result, the share of income from the mineral water segment is 0.83% of the total income. Considering this miniscule contribution of this segment to Company's top line, the Board of Directors propose to exit the Company from mineral water business from the financial year 2011-12, as the compliance and regulatory requirement of this segment is disproportionate to the contribution of this segment to the overall income of the Company.

As the assets deployed by the Company to this segment are very less, this decision would not involve any substantial sale / dilution in the value of assets of the Company

CHANGE OF REGISTERED OFFICE:

Your Company has shifted its registered office from Vijay Complex, No.3 Blackers Road, Mount Road, Chennai – 600 002 to No.20/43, Kasthuri Rangan Road, Alwarpet, Chennai – 600 018 for operational convenience. The new office is more spacious and easily accessible by customers and other stakeholders.

BUSINESS GROWTH AND OUTLOOK

While the demand for Housing continued to increase as ever, the increase in lending rates by the Bank affected home loan to a large extent. The increased cost of our home loans came as a dampener for the home buyers at large.

However the Brand Image and Reputation built by our Company over the last two decades help the Company to manage this effectively and the Company continued in its style for launching projects to cater to both middle income and higher income groups.

The sales of the Company have improved from Rs. 6,766.63 lakhs to Rs. 13571.81 lakhs, show an increase of 101% while the Net Profits before Tax increase from Rs. 325.04 lakhs to 1,208.61 lakhs, show an increase of 272%

The Board is very confident that with completion of various residential projects by the Company in the next coming years both the top line and the bottom line of the Company are set to witness substantial increase.



ONGOING AND FUTURE PROJECTS

ONGOING PROJECTS

| Sr. No | Project Name | Location | Total Saleable Area | Completion Time |
|--------|---------------------------------------|---------------------------------|---------------------|-----------------|
| 1 | Lotus Pond | Thaiyur | 1154824 sq. ft. | Jan – 2012 |
| 2 | Infiniti | NH - 4 Mevalurkuppam Village | 433910 sq. ft. | Jan – 2012 |
| 3 | Park Avenue (Phase I) | Kanigai | 420510 sq. ft. | Dec – 2012 |
| 4 | Bonlevord (Park Avenue) (Phase II) | Kandigai | 413400 sq. ft. | Dec – 2013 |
| 5 | Silent Valley | Tambaram | 100916 sq. ft. | Dec – 2012 |
| 6 | Mystiq | Purasawalkam | 27440 sq. ft. | Sep – 2012 |
| 7 | The Art | Nungambakkam | 123795 sq. ft. | Dec – 2012 |

FUTURE PROJECTS

| Sr. No | Project Name | Location | Total Saleable Area |
|--------|-----------------|--------------------------------------|---------------------|
| 1 | Serene | Perungudi | 48000 sq. ft. |
| 2 | Aurum | Besant Nagar | 85000 sq. ft. |
| 3 | Whistling Woods | NH4 – Bangalore Highway | 700000 sq. ft. |
| 4 | Calm Springs | Ratnamangalam Vandalur – Kelambakkam | 1500000 sq. ft. |
| 5 | Eternal Springs | Ambattur | 500000 sq. ft. |



DIRECTORS

Shri Bajranglal Eriwal and Shri Nitin Kumar are liable to retire by rotation at the end of ensuing annual general meeting. However as this two directors have expressed their desire not to seek re-appointment due to personal reasons, resolutions have been proposed for re-appointment of Shri. Chandan Kumar and Shri. Siva Subramaniam, directors.

The profiles of these two directors are given as part of notice.

The Board wishes to place on record the services rendered by Shri Bajranglal Eriwal and Shri Nitin Kumar during their tenure on the Board.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' responsibility statement, it is hereby confirmed:

1. That in preparation of the annual accounts for the year ended March 31, 2011, the applicable Accounting Standards have been followed and proper explanations were provided for material departures, if any.
2. 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 as at the end of the financial year and of the profit of the Company for the year.
3. That the Directors have taken proper and sufficient care for maintenance of adequate accounting 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.
4. That the Directors have prepared the accounts for the financial year ended March 31, 2011, on a going concern basis.

CORPORATE GOVERNANCE

Your company is committed to transparency in all its dealings and places emphasis on adherence to business ethics. Your company has been following good corporate governance procedures and is in constant effort of upgrading its Corporate Governance regime. A report on Corporate Governance along with a certificate from the Auditors of the Company regarding the compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

AWARDS AND RECOGNITIONS

Today the economy is robust and the stock markets are on an upward climb and while the existing blue chips are stable their growth is stagnant. In this scenario it is the small cap companies that are expected to chalk the highest growth and big returns. No wonder the Small Caps are considered the best value-for-money stocks for a small investment promises big returns.

The Directors have pleasure in informing you that due to your Company's superb performance it has been ranked among the **TOP 400 SMALL CAP CORPORATES OF INDIA** in Dalal Street Journal's widely circulated and read "**SMALLCAP 400, 2011**"



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report, forming part of this report, as required under clause 49(IV) (F) of the Listing Agreement with the stock exchanges is attached separately in this Annual Report.

AUDITORS AND AUDITORS' REPORT

M/s. Ramaratnam & Co, Chartered Accountants, statutory auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting of the Company and have expressed their willingness for appointment as statutory auditors and confirmed that their appointment if made, will be within the prescribed limits under section 224(1B) of the Companies Act, 1956.

There are no qualifications or adverse remarks in the Auditors' Report which require any clarification or explanation.

Conservation of energy, technology absorption and foreign exchange earnings and outgo

The particulars as required under section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, are set out in Annexure "A" included in this report

The statement of particulars of employees as required under Sec 21 (2A) of Companies Act, 1956.

None of the employees of the Company come under the above category

Fixed Deposits

During the year under review, the Company has not accepted any deposits from the public.

Acknowledgments

Your Directors wish to place on record their appreciation and immense gratitude for the timely assistance received from the Bankers and Financial Institutions, more particularly, ICICI, South Indian Bank Limited, State Bank of India, Kotak Mahindra Prime Limited, HDFC Bank, Life Insurance Corporation (LIC) and Axis Bank.

We are deeply obliged with the Government Agencies for the help and guidance received time and again from them, we are grateful to them for their constant support.

Your Directors also wish to place on record their appreciation for the excellent contribution made by the employees of your company at all levels during the year under review. The team effort is really commendable. The same level of dedication, zeal and enthusiasm by the employees of your company is expected during the coming years, to achieve new horizons.

Date: 30.05.2011

Place: Chennai

By order of the Board
CHANDAN PARMAR
Chairman



ANNEXURE “A” TO THE DIRECTOR'S REPORT

Information pursuant to section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, and forming part of Director's Report for the year ended March 21, 2011.

Conservation of energy and technology absorption:

The company is continuously taking measures to conserve energy in its mineral water plant. The company has been engaging itself in power savings techniques.

Foreign exchange earnings and outgo in foreign exchange during the period:

The foreign exchange outgo during the year is as follows:

| Particulars | Amount (Rs.) |
|--------------------|---------------------|
| Travel | 936,835 |
| Towards Purchase | 25,969,122 |

The foreign exchange earnings during the year is as follows:

| Particulars | Amount (Rs.) |
|--------------------|---------------------|
| Towards Sale | 1,659,566 |

The provisions of Section 217 (1) (e) of the Companies Act, 1956 relating to the technology absorption is not applicable to the Company.

Date: 30.05.2011
Place: Chennai

By order of the Board
CHANDAN PARMAR
Chairman



MANAGEMENT ANALYSIS AND DISCUSSION REPORT

INDUSTRY STRUCTURE AND DEVELOPEMENT

The company is in the property development industry, wherein large sets of organized and unorganized players co exist. This sector has been constantly maintaining healthy growth rate, thanks to the needs of a common man to own a home for himself. The concept of quality and healthier buildings have moved a common buyer closer to organized and reputed builder instead of not so proven ones.

OPPORTUNITIES AND THREATS

The growing demand for housing on willingness of people to move out of the heart of the city to the fringes of the city have added to the opportunities for the developers of residential properties.

At the same time the continuing inflation in the economy and the efforts of Reserve Bank of India for rein in inflation by increasing the lending rates have resulted in increase in cost of home loans. This along with the new direct taxes code which has not given big tax bricks in the repayments of home loans/ interest of home loans, have dampened the buyers interest.

SEGMENTWISE PERFORMANCE

The company has two segments of activities namely construction and mineral water manufacture. During the year 2010- 2011, the gross income break ups from these 2 activities are as follows.

| | Rs. In Lakhs |
|---------------|--------------|
| Construction | 13458.89 |
| Mineral Water | 112.93 |

OUTLOOK

With the signs of global economy improving and the proposed effort of both central and state government to streamline the land records in the country using electronic methods could possibly reduce the hassles in property buying, prompting more people to buy residential properties.

RISKS AND CONCERNS

The unorganized sector in construction coupled with increase in prices of construction materials resulting in increased cost to the ultimate buyer is the main area of concern. The company hopes that the government both at Centre and State would take necessary measures in the regard including review of duties and statutory levies applicable to this industry.

DISCUSSION OF FINANCIAL PERFORMANCE

A detailed report about financial performance forms part of Directors Report to the shareholders.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The company has a proper system of internal control and system to safeguard its asset against misuse / disposition.

HUMAN RESOURCE DEVELOPMENT

The company has assembled an able Human Resource Development suitable to the needs of the company.

Date: 30.05.2011

Place: Chennai

For and on behalf of Board of Directors

CHANDAN PARMAR
Chairman



CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

Corporate governance is the set of processes, customs, policies, laws, and institutions affecting the way a company is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the corporation is governed. The principal stakeholders are the shareholders, the board of directors, employees, customers, creditors, suppliers, and the community at large.

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Your company firmly believes in transparency in its dealings and lays emphasis on the integrity and regulatory compliance's. Your company considers good corporate governance a prerequisite for meeting the needs and aspirations of its shareholders and other stakeholders in the company. With this end in view this year's annual report has made substantial disclosures on the Board, the Board Committees and also on the financial and the stock performance.

The company is in compliance with the requirements of the revised guidelines stipulated under clause 49 of the listing agreement with the stock exchanges.

BOARD OF DIRECTORS

Composition

As on 31st march 2011, the Board consists of six directors including one non executive chairman, one Managing Director and one Joint Managing Director and three independent Directors. The Independent Directors are professionals with high credentials, who actively contribute in the deliberations of the Board, covering all strategic policy matters and strategic decisions. In terms of Articles of Association the Board shall consist of not less than three Directors and not more than twelve Directors.

The composition of your Company's Board and the number of Directorship and Committee membership are as follows:

| Name of the Director | Designation | Number of other Directorships held in other Public Limited Companies as on 31.03.2011 | | Number of committee Chairmanships/ memberships held in other Public Limited Companies as on 31.03.2011 | |
|-------------------------|--|---|----------|--|--------|
| | | Chairman | Director | Chairman | Member |
| Shri. Chandan Parmar | Non Executive Chairman | 1 | 2 | Nil | Nil |
| Shri. Suresh Kumar | Managing Director Promoter Executive | Nil | 1 | Nil | Nil |
| Shri. Chandan Kumar | Joint Managing Director Promoter Executive | Nil | 1 | Nil | Nil |
| Shri. Bajranglal Eriwal | Non Executive Independent Director | Nil | 1 | Nil | Nil |
| Shri. Nitin Kumar | Non Executive Independent Director | Nil | Nil | Nil | Nil |
| Shri. Siva Subramaniam | Non Executive Independent Director | Nil | Nil | Nil | Nil |



Relationship between Directors inter-se.

| Name | Relationship |
|--|---------------------------------------|
| Shri. Suresh Kumar, Managing Director | Elder brother of Shri. Chandan Kumar |
| Shri. Chandan Kumar, Joint Managing Director | Younger brother of Shri. Suresh Kumar |

Board Meetings:

The Vijay Shanthi Board met seven (7) times during the financial year ended 31st March 2011 and the details regarding the Board meetings are as follows:

| Quarter | Date of the Board Meetings | Total no. of Board Meetings |
|--------------------|----------------------------|-----------------------------|
| April – June | 1) 29.05.2010 | 2 |
| | 2) 29.06.2010 | |
| July – September | 1) 05.08.2010 | 1 |
| October – December | 1) 30.10.2010 | 2 |
| | 2) 27.12.2010 | |
| January – March | 1) 13.01.2011 | 2 |
| | 2) 01.02.2011 | |
| | Total | 7 |

The gap between two Board meetings has not exceeded four months.

Director's Attendance Record

| Name of the Director | Board Meeting during the period April 01,2010 to March 31,2011 | | Whether present at the previous AGM held on September 27, 2010 |
|-------------------------|---|----------|--|
| | Held | Attended | |
| Shri. Chandan Parmar | 7 | 7 | Yes |
| Shri. Suresh Kumar | 7 | 7 | Yes |
| Shri. Chandan Kumar | 7 | 7 | No |
| Shri. Bajranglal Eriwal | 7 | 7 | Yes |
| Shri. Nitin Kumar | 7 | 7 | Yes |
| Shri. Siva Subramaniam | 7 | 7 | Yes |



CODE OF CONDUCT

As per requirement of clause 49 of the Listing Agreement with the stock exchanges, the Board has laid down a code of conduct for all the Board members, senior management personnel of the Company. All the Board members and senior management personnel affirm compliance with the code on an annual basis and a declaration to this effect by all the directors of the Company is attached to this report.

AUDIT COMMITTEE

Constitution of Audit Committee

The audit committee comprises of the following Directors as members.

1. Shri. Chandan Parmar - Chairman
2. Shri. Bajranglal Eriwal - Member
3. Shri. Nitin Kumar - Member

Previous Annual General Meeting of the Company was held on September 27, 2010.

Shri. Chandan Parmar, Chairman of the Audit Committee has attended the meeting. The composition of the Audit Committee consisting of three Independent Directors', meets the requirement of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the stock exchanges.

Meetings and attendance during the year.

During the financial year ended 31st March, 2011, four (4) Audit Committee meetings were held on 29th May 2010, 5th August 2010, 30th October 2010 and 1st February 2011. The attendance of the Audit Committee members was as under:

| Names | No. of meetings held | No. of meetings attended |
|-------------------------|----------------------|--------------------------|
| Shri. Chandan Parmar | 4 | 4 |
| Shri. Bajranglal Eriwal | 4 | 4 |
| Shri. Nitin Kumar | 4 | 4 |
| Total | 4 | 4 |



The terms of reference of Audit Committee are as under:

- To review the Statutory Auditor's report on the financial statements
- To generally interact with Statutory Auditors
- To review weaknesses in the internal control procedures
- To select and establish accounting policies and review the same
- To review and approve related party transactions

REMUNERATION COMMITTEE

Constitution of Remuneration Committee

The remuneration committee comprises of the following Directors as members:

1. Shri. Bhajranglal Eriwal - Chairman
2. Shri. Siva Subramaniam -Member
3. Shri. Nitin Kumar- Member

Meetings and Attendance during the year

During the financial year ended March 31, 2011 one meeting of the Remuneration committee was held on February 1, 2011 to consider and approve the reappointment of Shri. Suresh Kumar as Managing Director. The attendance of the Remuneration Committee members was as under:

| Names | No. of meetings held | No. of meetings attended |
|-------------------------|----------------------|--------------------------|
| Shri. Siva Subramaniam | 1 | 1 |
| Shri. Bajranglal Eriwal | 1 | 1 |
| Shri. Nitin Kumar | 1 | 1 |
| Total | 1 | 1 |



The terms of reference of the Remuneration Committee are as under:

- Meetings of the committee shall be held whenever matters pertaining to the remuneration payable, including any revision in remuneration payable to Executive / Non Executive Directors are to be made.
- Payment of remuneration shall be approved by a resolution passed by the remuneration committee.
- All information about the Directors / Managing Directors / Whole time Directors i.e. background details, past remuneration, recognition or awards, job profile shall be considered and disclosed to shareholders.
- The committee shall take into consideration and ensure the compliance of provisions under Schedule XIII of the Companies Act, 1956 for appointing and fixing remuneration of Managing Directors / Wholetime Directors.
- While approving the remuneration, the committee shall take into account financial position of the Company, trend in the industry, qualification, experience and past performance of the appointee.

Following disclosures on the remuneration of Directors shall be made in the section on the Corporate Governance of the Annual Report:

- v All elements of remuneration package of all the Directors i.e. Salary, benefits, bonus, stock options, pension etc.

Remuneration Policy

Remuneration of the Executive Chairman, Managing Director or Executive Director is determined periodically by the Remuneration Committee within the permissible limits under the applicable provisions of law and as approved by the shareholders.

Details of remuneration paid during the financial year ended 31st March, 2011 to the Directors are furnished here under:

| Name of the Director | Salary & Commission (Rs.) | Perquisites (Rs.) | Total (Rs.) | No. of shares held |
|----------------------|---------------------------|-------------------|-------------|--------------------|
| Shri. Suresh Kumar | 3,00,000 per month | Nil | 3,600,000 | 4,999,740 |
| Shri. Chandan Kumar | 3,00,000 per month | Nil | 3,600,000 | 4,950,390 |
| Total | | | 7,200,000 | |



SHAREHOLDER / INVESTOR GRIEVANCE COMMITTEE.

Constitution of the Committee

Shareholder/Investor grievance committee comprises of following Directors as members:

1. Shri. Chandan Parmar Chairman
2. Shri Chandan Kumar Member

The constitution of the committee meets the requirement of Clause 49 of the Listing agreement with the stock exchanges.

Meetings and attendance during the year.

During the financial year ended 31st March, 2010 four (4) Shareholder and Investor Grievance Committee meetings were held on 29th May 2010, 5th August 2010, 30th October 2010 and 1st February 2011. The attendance of the Shareholder and Investor Grievance Committee members were as under:

| Names | No. of meetings held | No. of meetings attended |
|----------------------|----------------------|--------------------------|
| Shri. Chandan Parmar | 4 | 4 |
| Shri. Chandan Kumar | 4 | 4 |
| Total | 4 | 4 |

The details of the complaints received during the financial year 2010-11 and the status of the same are as below:

The Company received 11 complaints during the year 2010-2011 and there were no outstanding complaints as on 31st March 2011. All requests for dematerialisation of shares were carried out within the stipulated time period and no share certificates were pending for dematerialisation as on 31st March 2011 beyond the stipulated period.

SHARE TRANSFER COMMITTEE

Constitution of the Committee

Share Transfer committee comprises of following Directors as members:

1. Shri. Suresh Kumar Managing Director
2. Shri. Chandan Kumar Joint Managing Director

Meetings and attendance during the year:

During the financial year ended March 31, 2011 seven (7) meetings of the Share Transfer Grievance Committee was held on 20th May 2010, 20th September 2010, 20th October 2010, 29th October 2010, 25th November 2010, 30th December 2010 and 11th February 2011. The attendance of the Shareholder / Investors Grievance Committee members was as under:



| Names | No. of meetings held | No. of meetings attended |
|---------------------|----------------------|--------------------------|
| Shri. Suresh Kumar | 7 | 7 |
| Shri. Chandan Kumar | 7 | 7 |
| Total | 7 | 7 |

The terms of reference of share transfer grievance committee are as under:

- Allotment of all types of securities to be issued by the Company (if any).
- Transfer, transposition and transmission of securities.
- Issuance of duplicate shares.
- Dealing with complaints about non receipt of declared dividend, non receipt of annual reports, etc.
- Investigate into other investor's complaints and take necessary steps for redressal thereof.
- To perform all functions relating to the interests of shareholders / investors of the Company as may be required by the provisions of the Companies Act, 1956, Listing Agreements with stock exchanges and guidelines issued by SEBI or any other regulatory authority.
- Appointment and fixation of remuneration of the Registrar and Share Transfer Agent and Depositories and to review their performance.

GENERAL BODY MEETINGS

Annual General Meetings

Venue, date and time of the Annual General Meetings held during the preceding three years and the special resolutions passed there at are as under:

| Year | Venue | Date & Time | Special Resolutions passed |
|-----------|--|---------------------------------|---|
| 2009 – 10 | “Vani Mahal” No. 103, G. N. Chetty Road, T. Nagar, Chennai - 600017 | 27th September 2010 | Re-appointment of Joint Managing Director |
| 2008 – 09 | Padmavathy Hall, No.93, Arcot Road, Virugambakkam, Chennai - 600092. | 30th September 2009, 11.45 a.m. | No special resolution passed |
| 2007 – 08 | Padmavathy Hall, No.93, Arcot Road, Virugambakkam, Chennai - 600092. | 29th September 2008, 1.00 p.m. | Re-appointment of Managing Director |



EXTRAORDINARY GENERAL MEETINGS

Venue, date and time of the Extra Ordinary General Meetings held during the preceding three years and the special resolutions passed there at are as under:

| Year | Venue | Date & Time | Special Resolutions passed |
|-----------|--|----------------------------|---|
| 2009 – 10 | NA | NA | NA |
| 2008 – 09 | NA | NA | NA |
| 2007 – 08 | No.27, Pycrofts Garden Road, Nungambakkam, Chennai – 600 034 | 07.05.2007 at 1.00.p.m. | Resolution under section 81 (1A) of the Companies Act, 1956 for issue of warrants convertible into equity shares. Resolution under section 293(1)(d) of the Companies Act, 1956 for increase in borrowing powers. |
| | No.27, Pycrofts Garden Road, Nungambakkam, Chennai – 600 034 | 30.08.2007 at 1.00.p.m. | Resolution under section 81 (1A) of the Companies Act, 1956 for issue of equity shares to Qualified Institutional Buyers and announcement of the results of Postal Ballot. Resolution under section 17 of the Companies Act, 1956 for altering the object clause of Memorandum of Association. |

Special resolutions passed through postal ballot:

No special resolution was passed during the year through postal ballot.

PENALTY IMPOSED AND OTHER ACTIONS TAKEN

There has been no instance of any non compliance, penalties, strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority, on any matter relate to capital markets, during the last three years.

COMPLIANCE WITH NON MANDATORY CLAUSE

The Company has complied with all applicable mandatory requirements in terms of Clause 49 of Listing agreement. The non mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed else where in this report.



DISCLOSURES

Disclosures on materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, Directors or their relatives, management etc. that may have potential conflict with the interests of the Company at large.

The transactions with related parties are mentioned elsewhere may be verified in the Annual Report. None of the transactions with related parties were in conflict with the interests of the company at large.

MEANS OF COMMUNICATION

▪ Quarterly Results

| | |
|---|--|
| i. Which news paper normally published | <ul style="list-style-type: none">• Economic Times (English Newspaper)• Makkal Kural (Vernacular Newspaper) |
| ii. Any website displayed | NIL |
| iii. Whether website also displays official news releases | NO |
| iv. Whether presentations were made to the institutional investors or to the analysts | NO |
| v. Whether Management Discussion and Analysis is part of annual report or not | YES |

GENERAL SHAREHOLDER INFORMATION

Date, time and venue of the Twentieth Annual General Meeting

Wednesday, September 28, 2010 at 10.30 A.M. at “Vani Mahal” No.103, G.N.Chetty Road, T.Nagar, Chennai – 600 017



Financial Calendar

The Financial year is 1st April to 31st March and financial results are proposed to be declared as per the following tentative schedule.

| Particulars | Tentative Schedule |
|--|--|
| Financial reporting for the quarter ending June 30, 2011 | Within 45 days from June 30, 2011 |
| Financial reporting for the quarter / half year ending September 30, 2011 | Within 45 days from September 30, 2011 |
| Financial reporting for the quarter / nine months ending December 31, 2011 | Within 45 days from December 30, 2011 |
| Financial reporting for the quarter / Year ending March 31, 2012 | Within 60 days from March 31, 2012 |
| Annual General Meeting for the year ending March 31, 2012 | August / September 2012 |

Book Closure Date:

The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 17th September 2011 to Wednesday, the 28th September (inclusive of both the days) for the purpose of the Twentieth Annual General Meeting.

Dividend Payment Date:

Within thirty days of declaration of Dividend.

LISTING OF STOCK EXCHANGES

Equity Shares

The Company's Shares are listed on the following stock exchanges

| Name of the Stock Exchange | Address | Stock Code |
|--|--|------------|
| National Stock Exchange of India Limited | Exchange Plaza, Plot no. C/1, G Block, Bandra –Kurla Complex, Bandra (E) Mumbai - 400051 | VIJSHAN |
| Bombay Stock Exchange Limited | Phiroze Jeejeebhoy Towers, Dalal Street Mumbai- 400 001 | 523724 |
| Madras Stock Exchange Limited | Exchange Building Post Box No. 183 11 Second Line Beach, Chennai – 600 001 | |



Annual listing fees for the year 2011 – 12 has been paid by the Company for all the three Stock Exchanges.

STOCK MARKET DATA

| Month | (Amount in Rs.) | | | |
|----------------|-----------------|-------|-------|-------|
| | NSE | | BSE | |
| | HIGH | LOW | HIGH | LOW |
| April 2010 | 49.85 | 39.55 | 50.40 | 39.30 |
| May 2010 | 47.50 | 30.00 | 47.95 | 29.60 |
| June 2010 | 34.25 | 29.75 | 33.95 | 29.80 |
| July 2010 | 39.40 | 29.00 | 39.35 | 30.30 |
| August 2010 | 45.00 | 33.10 | 42.40 | 35.00 |
| September 2010 | 46.40 | 34.40 | 46.40 | 35.00 |
| October 2010 | 39.50 | 35.00 | 41.00 | 35.50 |
| November 2010 | 39.40 | 24.00 | 40.45 | 25.05 |
| December 2010 | 34.00 | 25.10 | 34.15 | 25.15 |
| January 2011 | 33.80 | 24.25 | 32.80 | 25.00 |
| February 2011 | 27.35 | 19.20 | 27.05 | 21.50 |
| March 2011 | 24.00 | 19.00 | 23.00 | 18.70 |

REGISTRAR & SHARE TRANSFER AGENT (RTA)

M/s. Cameo Corporate Services Limited

Subramaniam Building,

No 1, Club House Road, Chennai – 600 002.

Telephone No.: 044-28460390

Fax No.: 044- 2846 0129

E-mail: kandhimathi@cameoindia.com



Share transfer procedure:

The share transfers which are received in physical form are processed and the share certificates are returned within a maximum period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects. The Board of Directors of the Company has delegated powers of approving transfers and transmissions of securities to the shareholder / investors grievance committee. The committee has authorized the Vice President Finance and Corporate Affairs to approve transfer of shares. A summary of the transfer, transmissions / dematerialisation request / rematerialisation requests approved by the committee is placed before the Board. The Company obtains half – yearly certificates from a Company Secretary in Practice on compliance regarding share transfer formalities and submits a copy thereof to the Stock Exchanges in terms of clause 47 (C) of the listing agreement.

DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2011.

Distribution by category

| Description | No. of Shareholders | Total Shares | % Equity |
|----------------------------|---------------------|--------------|----------|
| Promoters Individuals | 17 | 17443425 | 66.61 |
| Promoters Bodies Corporate | 1 | 66500 | 0.25 |
| Bodies Corporate | 285 | 1527578 | 5.83 |
| Mutual Funds | 2 | 2200 | 0.01 |
| Resident Individuals | 17259 | 6508356 | 24.85 |
| Non Residential Indians | 91 | 227678 | 0.87 |
| Hindu Undivided Family | 183 | 109297 | 0.42 |
| Clearing Members | 31 | 303636 | 1.16 |
| Total | 17869 | 26188670 | 100 |



Distribution by size

| March 31, 2011 | | | | |
|-----------------------------|----------------------|-------|---------------|-------|
| Range of equity shares held | No. of share holders | % | No. of shares | % |
| 1-100 | 10175 | 56.94 | 8827770 | 3.37 |
| 101-500 | 5997 | 33.56 | 16317940 | 6.23 |
| 501-1000 | 897 | 5.02 | 7380910 | 2.82 |
| 1001-2000 | 403 | 2.26 | 6246890 | 2.39 |
| 2001-3000 | 137 | 0.77 | 3455710 | 1.32 |
| 3001-4000 | 54 | 0.30 | 1949610 | 0.74 |
| 4001-5000 | 55 | 0.31 | 2621140 | 1.0 |
| 5001-10000 | 81 | 0.45 | 5886140 | 2.25 |
| 10001- and above | 70 | 0.39 | 209200590 | 79.88 |
| Total | 17869 | 100 | 26188670 | 100 |

DEMATERIALISATION OF SHARES AND LIQUIDITY

The Company's shares are available for dematerialisation in both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Total 41.02% of shares have been dematerialised as on March 31, 2011.

ISIN: INE806F01011

| Description | No. of Shareholders | No. of shares | % Equity |
|-------------|---------------------|---------------|----------|
| PHYSICAL | 8532 | 15445382 | 58.98 |
| NSDL | 6445 | 5665602 | 21.63 |
| CDSL | 2892 | 5077686 | 19.39 |
| TOTAL | 17869 | 26188670 | 100.00 |



OUTSTANDING WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY:

There are no outstanding warrants or any other instruments pending conversion into equity shares.

INVESTOR CORRESPONDENCE

Registered office address

Vijay Shanthi Builders Limited
20/43, Kasthuri Rangan Road
Alwarpet, Chennai - 600018
Telephone No.: 044- 40004600, 40004620
Fax No.044- 40004666
Website: www.vijayshanthibuilders.com

Compliance officer

D. Kaliamoorthy
Vice President – Finance & Corporate Affairs
Vijay Shanthi Builders Limited.
20/43, Kasthuri Rangan Road
Alwarpet, Chennai - 600018
Telephone No.: 044- 40004600, 40004620
Fax No.044- 40004666
E-mail: sect.vsbl@gmail.com

PREVENTION OF INSIDER TRADING

In accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, the company has instituted comprehensive code of conduct for prohibition of insider trading in the Company's shares.

SECRETARIAL AUDIT FOR RECONCILIATION OF CAPITAL:

As stipulated by SEBI, a qualified Chartered Accountant carries out the secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and paid – up capital. This audit is carried out every quarter and the report there on is submitted to the stock exchanges. The audit inter alia, confirms that the total listed and paid up capital of the company is in agreement of the total number of shares in dematerialized form held with NSDL and CDSL and total number of shares in physical form.



CORPORATE IDENTITY NUMBER (CIN)

Corporate Identity Number (CIN) of the Company, allotted by the Ministry of Corporate Affairs, Government of India is L45201TN1992PLC021960

COMPLIANCE CERTIFICATE OF THE AUDITORS

Certificate from the Auditors of the Company, M/s. Ramaratnam & Co., Chartered Accountants, confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, is annexed hereinafter.

Declaration pursuant to Clause 49 of the Listing Agreement regarding adherence to the code of Business Conduct and Ethics

The shareholders of the company

Vijay Shanthi Builders Limited

20/43, Kasthuri Rangan Road,

Alwarpet, Chennai - 600018

On the basis of the written representations received from members of the Board and Senior Management Personnel as on 31st March 2011 in terms of Clause 49 of the Listing Agreement, we hereby certify that both the members of the board and the senior management personnel have affirmed compliance with the respective provisions of the Code of Business Conduct and Ethics of the company as laid down by the board of directors.

Chandan Parmar - Chairman

Suresh Kumar - Managing Director

Chandan Kumar - Joint Managing Director

Bajranglal Eriwal - Director

Nitin Kumar - Director

Siva Subramaniam - Director

Kamakshi Krishnan - Company Secretary

Place: Chennai

Date: 30.05.2011



Auditors' Certificate regarding Compliance of conditions of Corporate Governance

To

The Members
Vijay Shanthi Builders Limited
Chennai

We have explained the Compliance of conditions of Corporate Governance by Vijay Shanthi Builders Limited, for the period ended on 31st March 2011, as stipulated in Clause 49 of the listing Agreement of the said Company with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to review of procedures and implementation there of adopted by the company for ensuring the compliances of the conditions of the Corporate Governance as stipulated in the said clause. It is neither an Audit nor expressions of 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 and representations made to us by the directors and the Management, We certify that the company has complied with the conditions of Corporate Governance stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that no investors' grievances are pending for the period exceeding 30 days against the company as per the records maintained by the Registrar and Share Transfer Agents of the company and presented to the Share Holders/Investors Grievances Committee.

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

For Ramaratnam & Co.
Chartered Accountants.

R.Sundar
Partner

Firm Registration No. 002956S
PRN 005295

Place : Chennai
Date: 30.05.2011



AUDITORS' REPORT TO SHAREHOLDERS

We have audited the attached Balance Sheet of VIJAY SHANTHI BUILDERS LIMITED Chennai as at 31st March 2011 and the Profit and Loss account and the Cash Flow Statement of the Company 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.

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 whether the financial statements are free of material misstatements. 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 statements. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the manufacturing and other Companies (Auditor's report) order 2003 and (Amendment) Order 2004 issued by the Company Law Board in terms of section 227 (4A) of the Companies Act 1956, and on the basis of such checks as we considered appropriate, we enclose in the annexure a statement on the matter specified in paragraph 4 and 5 of the said order.
2. Further to our comments in the annexure referred to in paragraph 1 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, the Company, as required by law, has kept proper books of accounts so far as appears from our examination of those books.
 - c) The Balance Sheet and Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
 - d) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement comply with the Accounting Standards as referred to in sec 211(3C) of the Companies Act, 1956.
 - e) Based on the written representation received from Directors as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2011 from being appointed as Director under section 274(1)(g) of Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act 1956, in the manner so required and give a true and fair view:-

In so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31st March 2011.

In so far as it relates to the Profit and Loss Account, of the profit for the year ended on that date.

And In so far as it relates to cash flow statement, the cash flow of the Company for the year ended on that date.

Place: Chennai
Date: 30.05.2011

For V.Ramaratnam & Co
Chartered Accountants
R. Sundar
Partner
Firm Registration No: 002956S
PRN 005295



ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE REPORT OF EVEN DATE OF THE AUDITORS TO THE MEMBERS OF VIJAY SHANTHI BUILDERS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

- a) The Company has maintained proper records showing particulars, including quantitative details and situation of Fixed Assets.
 - b) All the assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noted on such verification.
 - c) During the year, the Company has disposed off the fixed assets, which are not substantial. According to the information and explanations given to us, we are of the opinion that the sale of fixed assets has not affected the going concern status of the Company.
- II
- a) The Inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and its nature of business.
 - c) The Company is maintaining proper records of inventory. No discrepancies noticed on verification between the physical stocks and the book records.
- III
- a) The Company has taken loan from Companies, firms covered in the register maintained under section 301 of the Companies Act, 1956. The unsecured loan is taken from ten persons and the maximum amount outstanding during the year is Rs 49270376/-
 - b) In our opinion, the terms and conditions on which loans was taken from the parties listed in the register maintained under section 301 of the Companies act, 1956 are not, prima facie, prejudicial to the interest of the Company.
 - c) There is no stipulation regarding payment of principal amounts and interest.
- IV
- a) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchase of inventory and assets and with regard to sale of goods. During the course of audit, we have not observed any continuing failure to correct major weakness in internal controls.
- V
- a) According to the information and explanations given to us, we are of the opinion, that the transactions need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transactions made exceeding the value of Rs 5,00,000/- with parties maintained under section 301 of the Companies at., 1956 are not made under any contracts of arrangements but at the price at which it is made are reasonable to prevailing market price.
- VI
- a) The company has not accepted any fixed deposits during the year in respect of which Section 58A of the Companies Act, 1956 is applicable. However the company has taken short term loan which is repayable within a period of 11 months.
- VII
- a) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business. Outside audit firm is doing internal audit and they are giving periodical report to the management and it is quiet adequate.
- VIII
- a) The maintenance of cost records has not been prescribed by the Central Government under section 209(1) of the Companies Act, 1956
- IX
- a) The Company is regular in depositing with appropriate authorities statutory dues including provident fund, investor education and protection fund, employee's state insurance, income tax, sales tax, custom duty, excise duty, cess and other material statutory dues applicable to it.



- b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty, exercise duty and cess were in arrears as at 31st March 2011 for a period of more than six months from the date they became payable. However the company has not remitted the FBT Tax for the financial year 2008-09 of Rs 253895 on the date of signing this report,
- c) According to the information and explanations given to us, there is no undisputed tax pending for payment. However the company has disputed tax pending for payment is Rs 151 lacs pertaining the financial year 2003-04 & 2004-05
- X a) In our opinion, there is no accumulated loss. The Company has not incurred any cash loss during the financial year covered under the audit and also immediately preceding financial year.
- XI a) According to the information and explanations given to us, the Company has not defaulted in repayment of its dues to Banks and Financial institutions. The Company has not issued any debentures.
- XII a) Based on our examination of the records and of the information and explanations given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures or other securities.
- XIII a) In our opinion the company is not a chit fund or Nidhi/Mutual benefit fund/ Society. Therefore the provisions of clause 4(Xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- XIV a) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(XVI) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- XV a) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from Banks and Financial Institutions.
- XVI a) In our opinion, the Company has availed term loan for 55 Crores and vehicle loans from ICICI Bank Ltd for Rs 3910385/- during the year in addition to previously sanctioned Loans carried over to this year and these loans were utilized only for the purpose for which it is sanctioned.
- XVII a) According to information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- XVIII a) Allotment of shares to the parties was made and it is covered in the register maintained under section 301 of the companies Act, 1956. According to the information and explanations given to us, the company has made preferential allotment of 13465070 equity shares of Rs 10 each at premium of Rs20/- per share. These allotments were made as per the High Court Order approving scheme of amalgamation.
- XIX a) According to the information and explanations given to us, the company has not issued any debentures during the year and hence the provisions of clause no 4(XIX) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- XX a) According to the information and explanations given to us, the company has not raised the money by way of public issues during the year.
- XXI a) 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 V. Ramaratnam & Co
Chartered
Accountants

R Sundar
Partner
Firm Registration No. 002956S
PRN 005295

Place: Chennai
Date: 30.05.2011



BALANCE SHEET AS AT 31st MARCH 2011

| | SCH.NO. | 31.3.2011 | 31.3.2010 |
|----------------------------------|---------|------------|------------|
| I. SOURCES OF FUNDS: | | | |
| Share Capital | A | 261886700 | 126936000 |
| Reserves & Surplus | B | 761374260 | 431208235 |
| | | 1023260960 | 558144235 |
| LOAN FUNDS: | | | |
| Secured Loan | C | 538665076 | 556964666 |
| Unsecured Loan | D | 73270377 | 40856437 |
| | | 611935453 | 597821103 |
| | | 1635196413 | 1155965338 |
| II. APPLICATION OF FUNDS: | | | |
| FIXED ASSETS | | | |
| Gross block | E | 91497480 | 70566420 |
| Less: Depreciation | | 33337061 | 28504511 |
| Net block | | 58160419 | 42061909 |
| INVESTMENTS | F | 788994 | 788994 |



| | SCH.NO. | 31.3.2011 | 31.3.2010 |
|--|---------|------------|------------|
| CURRENT ASSETS, LOANS & ADVANCES | | | |
| Work-in-progress | G | 3884488584 | |
| Less: Advance from Customers | | 2060873957 | 1823614627 |
| Sundry Debtors | H | 38171258 | 29078848 |
| Cash and Bank balances | I | 12852014 | 7286560 |
| Loans and Advances | J | 86180620 | 28246914 |
| Prepaid Expense | | 795414 | |
| | | 1961613933 | 1649181172 |
| LESS: CURRENT LIABILITIES AND PROVISIONS: | | | |
| Liabilities | K | 366047706 | 547768271 |
| Provisions | L | 55600029 | 33591227 |
| | | 421647735 | 581359498 |
| Net Current Assets | | 1539966198 | 1067821674 |
| Miscellaneous expenditure | | | |
| Prepaid interest | | 36280802 | 45292760 |
| Total | | 1635196413 | 1155965338 |



The schedules referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

For V.RAMARATNAM & CO- Chartered Accountants

R.Sundar - Partner

Chandan Parmar - Chairman

Suresh Kumar - Managing Director

Chandan Kumar - Joint Managing Director

Bajranglal Eriwal - Director

Nitin Kumar - Director

Siva Subramaniam - Director

Kamakshi Krishnan - Company Secretary

Place: Chennai

Date: 30.05.2011



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011

| | SCH.NO. | 31.3.2011 | 31.3.2010 |
|-----------------------------|---------|------------|-----------|
| I. INCOME | | | |
| Sales/Income from operation | M | 1357181444 | 676686320 |
| Other Income | N | 6851597 | 5070625 |
| | | 1364033041 | 681756945 |
| II. Expenditure | | | |
| Construction Expenses | O | 1138076350 | 563907638 |
| Managerial Remuneration | P | 7200000 | 7200000 |
| Employees Cost | Q | 28807942 | 20701374 |
| Financial Overheads | R | 7570650 | 3467586 |
| Selling Expenses | S | 28145246 | 9152364 |
| Administrative Expenses | T | 13243542 | 22319536 |
| Mineral Water Expenses | | 13415366 | 16637307 |
| Loss on Sale of Assets | | 544460 | 1116191 |
| Depreciation | E | 5172888 | 4751414 |
| Bad debts | | 36515 | |
| Impairment loss | | 959008 | |
| | | 1243171966 | 649253409 |



| | SCH.NO. | 31.3.2011 | 31.3.2010 |
|--|---------|-----------|-----------|
| Profit before taxation for the year | | 120861075 | 32503536 |
| Provision for Income Tax | | 25008262 | 5751226 |
| Deferred Tax Liabilities | | 836591 | 174810 |
| Profit after tax | | 95016222 | 26577500 |
| Add: Profit of previous year | | 257540513 | 242883753 |
| Profit available for Appropriation | | 352556735 | 269461253 |
| Transfer to general reserve | | 6000000 | 6000000 |
| Proposed Dividend | | 20950936 | 5077440 |
| Dividend Distribution tax | | 3482046 | 843300 |
| Available Surplus carried to Balance Sheet | | 322123753 | 257540513 |
| Earnings Per Share | | 3.63 | 2.09 |
| Notes on Accounts | U | | |



The schedules referred to above form an integral part of the Profit and Loss Account.

This is the Profit and Loss Account referred to in our report of even date.

For V.RAMARATNAM & CO - Chartered Accountants

R.Sundar - Partner

Chandan Parmar - Chairman

Suresh Kumar - Managing Director

Chandan Kumar - Joint Managing Director

Bajranglal Eriwal - Director

Nitin Kumar - Director

Siva Subramaniam - Director

Kamakshi Krishnan - Company Secretary

Place: Chennai

Date: 30.05.2011



SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

(Amount in Rs.)

| Schedule A | Year 2011 | Year 2010 |
|--|-----------|-----------|
| Authorised | | |
| 61000000 Equity Shares of Rs.10/- each (Previous year 20,000,000 equity shares of Rs. 10/-) | 610000000 | 200000000 |
| Issued | | |
| 26573670 Equity Shares of Rs.10/- each (Includes 13495070 Equity Shares of Rs 10/- each been issued to High End Homes Share Holders in terms of scheme of amalgamation allotted for consideration other than cash) (Previous year – 13078600 Equity shares of Rs. 10/- each) | 265736700 | 130786000 |
| Subscribed and Paid up | | |
| 26188670 Equity Shares of Rs.10/- each (Includes 13495070 Equity Shares of Rs 10/- each been issued to High End Homes Share Holders in terms of scheme of amalgamation allotted for consideration other than cash) (Previous year – 12693600 Equity shares of Rs. 10/- each) | 261886700 | 126936000 |
| | 261886700 | 126936000 |

(Amount in Rs.)

| Schedule B | Year 2011 | Year 2010 |
|--|-----------|-----------|
| Reserves & Surplus | | |
| General Reserve | 60979562 | 54979562 |
| Add I: During the Year | 6000000 | 6000000 |
| Add II: As per Note E of significant accounting policies | 268213852 | 0 |
| Less: Impairment | 8631068 | 0 |
| | 326562346 | 60979562 |
| Forfeited Share Warrants | 56006960 | 56006960 |
| Share Premium | 56681200 | 56681200 |
| Profit & Loss Account | 322123753 | 257540513 |
| | 761374260 | 431208235 |



(Amount in Rs.)

| Schedule C | Year 2011 | Year 2010 |
|------------------------------------|-----------|-----------|
| Secured Loan | | |
| Secured by hypothecation of assets | 538665076 | 556964666 |
| | 538665076 | 556964666 |

(Amount in Rs.)

| Schedule D | Year 2011 | Year 2010 |
|------------------|-----------|-----------|
| Unsecured Loan | | |
| Short Term Loans | 73270377 | 40856437 |
| | 73270377 | 54756390 |



Schedule E
 FIXED ASSET SCHEDULE FOR 2010-2011
 DEPRECIATION STATEMENT AS PER THE COMPANIES ACT, 1956

| PARTICULARS | Balance as on 1.4.2010 | GROSS BLOCK | | | Balance as on 31.03.2011 |
|--|---------------------------|-------------|-------------------------|-----------|-----------------------------|
| | | Additions | Impairment Deletions | Deletions | |
| Land | 1800000 | 0 | 0 | 0 | 1800000 |
| Factory Buildings | 8980563 | 0 | 4259112 | 0 | 4721451 |
| Factory Shed | 621827 | 0 | 514659 | 0 | 107168 |
| Plant & Machinery (Mineral water division) | 13335450 | 927629 | 4356008 | 0 | 9907071 |
| Furniture & Fittings | 10648373 | 21233351 | 0 | 0 | 31881724 |
| Office Equipments | 5401090 | 5246304 | 60000 | 0 | 10587394 |
| Vehicles | 29779117 | 4678648 | 400296 | 1564797 | 32492672 |
| | 70566420 | 32085932 | 9590075 | 1564797 | 91497480 |



| DEPRECIATION | | | | NET BLOCK | | |
|---------------------------|--------------|---------------------------|-----------------------------|------------------|------------------|-----------------------|
| Balance as on 1.4.2010 | For the year | Deletions for the year | Balance as on 31.03.2011 | As at 31.03.2010 | As at 31.03.2011 | Depreciation rates |
| 0 | 0 | 0 | 0 | 1800000 | 1800000 | 0 |
| 2316299 | 76960 | 0 | 2393259 | 6664264 | 2328192 | 1.63% |
| 107168 | 0 | 0 | 107168 | 514659 | 0 | 3.34% |
| 7907071 | 477507 | 0 | 8384578 | 5428379 | 1522493 | 5.28% |
| 2640248 | 729074 | 0 | 3369322 | 8008125 | 28512402 | 6.33% |
| 3012806 | 1086389 | 0 | 4099195 | 2388284 | 6488199 | 16.21% |
| 12520918 | 2802959 | 340337 | 14983540 | 17258199 | 17509132 | 9.50% |
| 28504510 | 5172888 | 340337 | 33337061 | 42061910 | 58160419 | |



(Amount in Rs.)

| Schedule F | Year 2011 | Year 2010 |
|-----------------------------------|-----------|-----------|
| Investments | | |
| The South Indian Bank Ltd. Shares | 788994 | 788994 |
| | 788994 | 788994 |

(Amount in Rs.)

| Schedule G | | | Year 2011 |
|---|-------------------------|-------------|------------|
| Work In Progress – Particulars | Completed & Handed Over | In Progress | Total |
| a) Opening Stock | 292920161 | 2078971947 | 2371892108 |
| Add: Cost of Construction during the year | 53063828 | 1085012522 | 1138076350 |
| Total | 345983989 | 3163984469 | 3509968458 |
| Finished | | | 25000000 |
| Less: Cost of Project Completed | | | 345983989 |
| | | | 3188984469 |
| Add: Subjective addition for the year | | | 226614693 |
| | | | 3415599163 |
| Add: Mineral Water | | | 468889421 |
| Closing Stock | | | 3884488584 |

(Amount in Rs.)

| Schedule H | Year 2011 | Year 2010 |
|--|-----------|-----------|
| Sundry Debtors | | |
| Debts Outstanding for a period exceeding 6months considered good – secured | 11243094 | 8304523 |
| Other debts considered good | 26928164 | 20774325 |
| | 38171258 | 29078848 |



(Amount in Rs.)

| Schedule I | Year 2011 | Year 2010 |
|-----------------------|-----------|-----------|
| Cash and Bank Balance | | |
| Cash on Hand | 7767472 | 1480568 |
| Balance with Bank | 5084542 | 5805992 |
| | 12852014 | 7286560 |

(Amount in Rs.)

| Schedule J | Year 2011 | Year 2010 |
|--------------------|-----------|-----------|
| Loans and Advances | | |
| Loans and Advances | 39771608 | 12709836 |
| Deposits | 46409012 | 15537078 |
| | 12852014 | 28246914 |

(Amount in Rs.)

| Schedule K | Year 2011 | Year 2010 |
|----------------------------|-----------|-----------|
| Current Liabilities | | |
| Sundry Creditors for goods | 87994310 | 78099055 |
| Sundry Creditors Others | 278053396 | 469669216 |
| | 366047706 | 547768271 |



(Amount in Rs.)

| Schedule L | Year 2011 | Year 2010 |
|--------------------------|-----------|-----------|
| Provisions | | |
| Audit Fees | 220087 | 99270 |
| Deferred Tax Liabilities | 11390678 | 10554087 |
| Dividend Tax Payable | 3482046 | 2893509 |
| Proposed Dividend | 20950936 | 5077440 |
| Income Tax Provision | 11009587 | 1603975 |
| Others | 8123056 | 13109051 |
| FBT Provision | 423640 | 253895 |
| | 55600029 | 33591227 |

(Amount in Rs.)

| Schedule M | Year 2011 | Year 2010 |
|-----------------------------|------------|------------|
| Sales/Income from operation | | |
| Sale of Flats | | |
| Income from Operation | 236379901 | 850216697 |
| Opening Work in Progress | 2371892108 | 2565276359 |
| Closing Work in Progress | 3415599163 | 2371892108 |
| | 1345888845 | 656832446 |
| Sale of Mineral Water | | |
| Sales | 11841968 | 19588448 |
| Opening Work in Progress | 549369 | 283943 |
| Closing Work in Progress | 0 | 549369 |
| | 11292599 | 19853874 |
| Total | 1357181444 | 676686320 |



(Amount in Rs.)

| Schedule N | Year 2011 | Year 2010 |
|-------------------------------------|-----------|-----------|
| Other Income | | |
| Extra Work Charges | 634179 | 5147 |
| Interest Received (TDS: Rs. 386720) | 3867179 | 1173735 |
| Rent | 219900 | 371700 |
| Scrap sales | 130220 | 217969 |
| Dividend Received | 60271 | 43556 |
| Weighment Proceeds | 1839234 | 1738778 |
| Miscellaneous Income | 100614 | 1519740 |
| Profit on Sale of Assets | 0 | 0 |
| | 6851597 | 5070625 |

(Amount in Rs.)

| Schedule O | Year 2011 | Year 2010 |
|-------------------------------------|------------|-----------|
| Construction Expenses | | |
| Project in Progress at the Year end | 1085012522 | 498068486 |
| Project Completed and Handed Over | 53063828 | 65839152 |
| | 1138076350 | 563907638 |



(Amount in Rs.)

| Schedule P | Year 2011 | Year 2010 |
|--------------------------------------|-----------|-----------|
| Managerial Remuneration | | |
| Managing Director Remuneration | 3600000 | 3600000 |
| Joint Managing Director Remuneration | 3600000 | 3600000 |
| | 7200000 | 7200000 |

(Amount in Rs.)

| Schedule Q | Year 2011 | Year 2010 |
|--------------------------|-----------|-----------|
| Employees Cost | | |
| Salary | 16604620 | 16213070 |
| Provident Fund | 3373901 | 660727 |
| Bonus | 1860289 | 879138 |
| Gratuity Provision | 1100000 | 1100000 |
| Gratuity (Mineral Water) | 903049 | 122750 |
| Incentive | 438000 | 582000 |
| Staff Welfare | 4528083 | 1143689 |
| | 28807942 | 20701374 |



(Amount in Rs.)

| Schedule R | Year 2011 | Year 2010 |
|-------------------------|-----------|-----------|
| Financial Overheads | | |
| Bank Charges | 831619 | 430356 |
| Interest | 6628631 | 2705300 |
| Loan Processing Charges | 110400 | 331930 |
| | 7570650 | 3467586 |

(Amount in Rs.)

| Schedule S | Year 2011 | Year 2010 |
|---------------------|-----------|-----------|
| Selling Expenses | | |
| Advertisement | 6495445 | 5449408 |
| Business Promotion | 3310157 | 1461662 |
| Exhibition Expenses | 3390940 | 2241294 |
| Sales Promotion | 47000 | |
| | 13243542 | 9152364 |



(Amount in Rs.)

| Schedule T | Year 2011 | Year 2010 |
|----------------------------------|-----------|-----------|
| Administrative Expenses | | |
| Audit Fees | 376995 | 115618 |
| Boarding & Lodging | 33000 | 990 |
| Power & Fuel | 875499 | 643973 |
| Legal & Professional Charges | 1507105 | 1132816 |
| Insurance | 1169431 | 253804 |
| Other Expenses | 3573721 | 2472239 |
| Office Expense | 597632 | 1283179 |
| Postage & Telegraph | 820701 | 489940 |
| Printing & Stationery | 3338592 | 1950776 |
| Rent | 5054138 | 2490432 |
| Rates & Taxes | 3995209 | 1867272 |
| Repairs & Maintenance - Building | 0 | 5262 |
| Repairs & Maintenance - Machine | 91153 | 230818 |
| Repairs & Maintenance - Vehicle | 663225 | 170 |
| Repairs & Maintenance | 0 | 5000 |
| Telephone Charges | 1168534 | 819889 |
| Travelling & Conveyance | 4880311 | 3207356 |
| Business loss | 0 | 5350002 |
| | 28145246 | 22319536 |



The schedules referred to above form an integral part of Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

For V.RAMARATNAM & CO - Chartered Accountants

R.Sundar - Partner

Chandan Parmar - Chairman

Suresh Kumar - Managing Director

Chandan Kumar - Joint Managing Director

Bajranglal Eriwal - Director

Nitin Kumar - Director

Siva Subramaniam - Director

Kamakshi Krishnan - Company Secretary

Place: Chennai

Date: 30.05.2011

Schedule U

NOTES ON ACCOUNTS FOR THE PERIOD ENDING 31ST MARCH 2011

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the company are prepared under the historical cost convention and in accordance with applicable mandatory accounting standards issued by the institute of Chartered Accountants of India and the relevant provision of the Companies Act, 1956. Accounting policies not specifically referred to are consistent with generally accepted accounting practices. The company follows mercantile system of accounting policies which is stated below.

A. REVENUE RECOGNITION

The company follows percentage of completion method for recognition of income as per AS – 7 relating to construction contracts. Income from operation is the value of construction work handed over to customers, less income already recognized during the previous accounting year as per AS – 7.

In respect of sale of mineral water, Sales include Sales Tax and Freight and cartage charges. Revenue is recognized at the point of billing.

Value of Construction work

The value of construction work done during the year is determined as follows;



In respect of project in progress at close of the accounting year, it is difference between the closing and opening work-in-progress duly adjusted for value additions if any, under the percentage completion method.

Interest cost for the project yet to be commenced and as well as selling expenses pertaining to that project has not been recognized as expenditure during the year However it has been considered as expenditure for the purpose of Tax provision under Income tax Act.

B. FIXED ASSETS AND DEPRECIATION

Fixed assets other than land are accounted at cost less Depreciation and impairment loss if any.

Depreciation on fixed assets have been provided on straight line method prescribed under Schedule XIV of the Companies Act 1956 as amended with effect from 16th December 1993 on the original cost of fixed assets.

Expenditure of Capital nature is capitalized at cost that comprise purchase price and any cost directly attributable to bring the asset to its working condition for the intended use.

C. INVESTMENTS

Investments are categorized into Long Term and Current Investments. Long-term investment are stated at cost and unless there is permanent fall in value. And no provision is made for the increase or decrease in the market value as required

AS 13. The investments in equity shares are quoted shares.

D. WORK-IN-PROGRESS

Work in progress in respect of each project is valued at the close of the accounting period as aggregate of land cost, material consumed, labour charges and other direct expenditure including interest on borrowed fund for the project. Building material lying unused at each project site is also added to the project cost. An adjustment for value addition is made on the following basis. Firstly the percentage of work completed is ascertained on project wherever advances are received and its proportion to the total estimated cost of the project is worked out. Next profit is estimated on the total project and profit is recognized as percentage of work completed. In the Balance sheet net off work-in-progress minus sales advance is disclosed.



E. AMALGAMATION

During the year the company has made preferential allotment of 13495070 equity shares to the share holders of High End Homes P Ltd pursuant to the scheme of amalgamation duly by Hon'ble Madras High Court. The appointed date for Merger is 01.04.2009 and the effective date of the merger is 02.12.2010

The shares were allotted on the basis of one equity share of Vijay Shanthi Builders Ltd for every three shares held by the shareholders in High End Homes Private Limited.

F. BALANCE CONFIRMATION

Debtors, Creditors, Loans and Advances are subject to confirmation. In case of debtors it is recoverable in kind or in cash and it is fully secured.

G. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized 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 recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

H FOREIGN CURRENCY TRANSACTION

Foreign Currency Transactions are recognized in the books at the exchange rates prevailing on the date of transaction.

I EMPLOYEE BENEFIT PLAN

The Company's Provident Fund Scheme is defined contribution fund and the Company's contribution paid or payable is recognized as expenses in the Profit and Loss Account during the period in which the employees render the related service.

The Gratuity liabilities are provided on Management Estimated basis and are charged to Profit and Loss account and it is neither invested in any Group Gratuity Scheme of LIC nor Company's own recognize Gratuity Scheme.



J IMPAIRMENT OF ASSETS

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. Impairment Loss is charged to profit and loss account in the year in which an asset is identified as impaired. During the year impairment loss is recognized.

II. NOTES ON ACCOUNTS

1. CONTINGENT LIABILITY

All liabilities have been provided for in the books of accounts and except liabilities of contingent nature. There is a contingent liability of service tax not recognised to the extent of Rs.151 lakhs which is disputed.

2. SUNDRY CREDITORS

No dues to SSI are outstanding for more than 30 days.

3. PROVISION FOR INCOME

Provision for income tax has been made as per Income Tax Act.

4. IMPAIRMENT LOSS

During the year the company has recognized impairment loss of Rs 9590076/-. The Management has adjusted loss pertaining to the year of Rs 959008 against current year profit and the balance of Rs 8631068 adjusted against General Reserve. The Impairment loss was related to Plant & Machinery and Building pertaining to Mineral Water Division as it has become obsolete.



5. RETIREMENT BENEFITS

| | |
|-------------------------|---------------|
| Provident Fund provided | Rs. 33,73,901 |
| Gratuity Provided | Rs. 11,00,000 |

6. MANAGERIAL REMUNERATION

| | |
|--|---------------|
| Managing Director's remuneration | Rs. 36,00,000 |
| Joint Managing Director's remuneration | Rs. 36,00,000 |
| Total | Rs. 72,00,000 |

| | |
|------------------------------------|------------|
| 7 AUDITORS REMUNERATION: For Audit | Rs. 112300 |
| For Tax Audit | Rs. 25575 |
| For Internal Audit Fee | Rs. 120000 |

8. LIST OF RELATED PARTIES AND NATURE OF THEIR RELATIONSHIPS

STANDARD – 18

The details of related parties as identified by the management are as under:

I) Key Management Personnel:

| | | |
|----------------|---|-------------------------|
| Chandan Parmar | - | Chairman |
| Suresh Kumar | - | Managing Director |
| Chandan Kumar | - | Joint Managing Director |



II) Associates:

Darshan Housing and Infrastructure Limited (Formerly known as Vijay Shanthi Finance Limited) - Associate Company

Akash Housing – Proprietor concern (Ratan Bai)

Vijay Shanthi Miles Stone Developer Pvt. Ltd –Associate Company

9 RELATED PARTY TRANSACTIONS

The Company has identified all related parties and details of transactions are given below. No provision for doubtful debts or advances is required to be made and no amounts have been written off or written back during the year in respect of debts due from or to related parties. There are no other parties where control exists that need to be disclosed.

Key Management personnel

| Particulars | | Amount |
|-------------------------|-----|-----------|
| Traveling, Boarding | Rs | 1722784 |
| Managerial Remuneration | Rs. | 72,00,000 |
| Club expense | Rs. | 29120 |
| Entertainment expense | Rs. | 6160 |
| Telephone Expenses | Rs. | 62098 |
| Vehicle Maintenance | Rs. | 471907 |
| Fuel | Rs | 154777 |
| Rent | Rs | 1920000 |



| Associates | Amount Received in Rs | Amount Paid in Rs |
|--|--------------------------|----------------------|
| Darshan Housing and Infrastructure Limited Related Party | 0 | 9211420 |
| I) Expense | | |
| Rent | | 300000 |
| ii) Unsecured Loan | Loan Received | Loan Repaid |
| Balaji Scales | 30000 | 0 |
| Naresh Kumar | 5257454 | 3592173 |
| Premila Jain | 9271091 | 1400000 |
| Suresh Kumar | 6000000 | 3927000 |
| Chandan Kumar | 2910598 | 547619 |
| Pooja Jain | 11378 | 0 |
| Bhakthi Jain | 2011379 | 20300000 |
| Dharshan Jain | 11379 | 0 |
| Rekha Jain | 14077450 | 300000 |
| Varsha Jain | 0 | 1100000 |

10. DEFERED TAX

Opening Deferred Tax Liability – Rs. 45292760

Deferred Tax Liability recognized during the year – Rs 836591

The Company has recognized deferred tax liability due to time difference in depreciation claimed under Income tax Act and Companies Act and differential treatment of project loan interest under income tax Act.



11. SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED UNDER CLAUSE – 41 OF THE LISTING AGREEMENT SEGMENT REVENUE 31.03.2009

Though the company operates different business, the single primary business segments results constitutes more than 90% of total revenue of all segments no separate disclosure is required.

12. GENERAL RESERVE

General reserve includes Share premium for the shares issued during the year and deduction of impairment loss recognized related to earlier years of Rs 8631068/-.

13. SECURED LOANS

The secured loans include the ICICI Loan for Rs 55,00,00,000/- taken to repay the existing term loans in South Indian Bank secured against projects of Lotus Pond and the outstanding amount on 31.3.2011 was Rs 503085149/-. Kotak Mahindra Prime Ltd Project Loan Rs 29449564 has been secured against Besant Nagar project. The secured Loans also include new vehicle loan from ICICI Bank Ltd. for Rs 3910385 in addition to existing loans outstanding Rs 829754 and Rs 1879804 from Kotak Mahindra Prime Ltd secured against the vehicles of the Company.

14. MISCELLANEOUS EXPENDITURE

Miscellaneous expenditure disclosed to the extent not written off and written off is adjusted against related project expenditure.

15. The nature of business carried on by the company is such that furnishing of Quantitative details relating to consumption of stock is not feasible.

16. Previous year's figures have been re-grouped and re-classified wherever necessary.

17. a Expenditure in Foreign currency:

Particulars

Travel Rs 936835

Construction Material Rs. 25969122

b. Earning in foreign currency

Flat advance Rs. 1659566

18. Basic EPS 3.63

Diluted EPS 6.01



For V.RAMARATNAM & CO - Chartered Accountants

R.Sundar - Partner

Chandan Parmar- Chairman

Suresh Kumar - Managing Director

Chandan Kumar - Joint Managing Director

Bajranglal Eriwal - Director

Nitin Kumar - Director

Siva Subramaniam - Director

Kamakshi Krishnan - Company Secretary

Place: Chennai

Date: 30.05.2011



| Cash flow statement for the year ended 31st March 2011 | | |
|--|-----------|-----------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | 2010-2011 | 2009-2010 |
| Net profit before tax and extraordinary items | 120861075 | 32503536 |
| Adjustment for depreciation | 5172888 | 4751414 |
| Loss on sale of assets | 544460 | 1116191 |
| Financial expenses | 7570650 | 3467586 |
| Other written off | 12010530 | 7110906 |
| | | |
| Operating Profit Before Working Capital Changes | 146159602 | 48949633 |
| Trade and other receivables | 9092410 | 10593938 |
| Inventories | 239045777 | 227941566 |
| Loans and advances | 58729120 | 1194559 |
| Trade payables | 189340359 | 13036873 |
| | | |
| Cash Generated From Operations | 350048064 | 254454948 |
| Interest | 7570650 | 3467586 |
| Income tax | 15602650 | 8897796 |
| Net cash before extraordinary items | 373221364 | 242089566 |
| Dividend | 7970949 | 5077440 |
| Net cash flow from operating activities | 381192313 | 237012126 |



| | | |
|---|-----------|------------|
| B.CASH FLOW FROM INVESTMENT ACTIVITIES | | |
| Purchase and sale of fixed assets | 30521135 | -5794986 |
| Purchase and sale of investments | 0 | 0 |
| Net cash flow from investment activities | 30521135 | -5794986 |
| C.CASH FLOW FROM FINANCING ACTIVITY | | |
| Secured loan and unsecured loan | 14114350 | -123653834 |
| Equity Capital | 403164552 | 0 |
| Extraordinary item | 0 | 0 |
| Miscellaneous expenditure | 0 | 0 |
| Net increase in cash A+B+C | 5565454 | 107563306 |
| Cash and cash equivalent at the beginning | 7286560 | 1494358 |
| Cash and cash equivalent at the end | 12852014 | 7286560 |

This is the Cash flow statement referred to in our report of even date.

For V.RAMARATNAM & CO - Chartered Accountants

R.Sundar - Partner

Chandan Parmar - Chairman

Suresh Kumar - Managing Director

Chandan Kumar - Joint Managing Director

Bajrangelal Eriwal - Director

Nitin Kumar - Director

Siva Subramaniam - Director

Kamakshi Krishnan - Company Secretary

Place: Chennai

Date: 30.05.2011



ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART IV OF
SCHEDULE VI OF THE COMPANIES ACT, 1956

| Balance Sheet Abstract and Company's General Profile | (in 000's) |
|---|----------------|
| 1. REGISTRATION DETAILS | |
| a) Registration No. | 21960 |
| b) State Code | 18 |
| c) Balance Sheet date | 31-03-2011 |
| 2. CAPITAL RAISED DURING THE YEAR | |
| a) Public issue | NIL |
| b) Bonus issue | NIL |
| c) Rights issue | NIL |
| d) Private placement* | 134950 |
| 3. POSITION OF MOBILISATION AND DEVELOPMENT OF FUNDS | |
| a) Total assets | 1635195 |
| b) Total liabilities | 1635195 |
| SOURCE OF FUNDS | |
| a) Paid-up capital | 261886 |
| b) Reserves and surplus | 761374 |
| c) Secured Loans | 538665 |
| d) Unsecured loans | 73270 |
| Total | 1635195 |
| APPLICATION OF FUNDS | |
| a) Net Fixed Assets | 58160 |
| b) Investments | 789 |
| c) Net Current Assets | 1539966 |
| d) Misc. Expenditure | 36280 |
| e) Accumulated Losses | |
| Total | 1635195 |
| PERFORMANCE OF THE COMPANY | |
| a) Turnover | 1357181 |
| b) Other Income | 6851 |
| c) Total Expenditure | 1243171 |
| d) Profit before Tax | 120861 |
| e) Profit after Tax | 95016 |
| f) Earnings per Share in Rs. | 3.63 |
| g) Dividend rate% | 8% |
| *Pursuant to amalgamation with High End Homes Pvt. Ltd. | |

ATTENDANCE/ ADMISSION SLIP



TWENTIETH ANNUAL GENERAL MEETING

Held at

Vani Mahal, No.103 G.N.Chetty Road,
T.Nagar, Chennai - 600 017,

ATTENDANCE/ ADMISSION SLIP

Please fill in particulars before lodging

| Folio No. | No. of Shares (As on date) |
|-----------|----------------------------|
| | |

I hereby record my presence at the Twentieth Annual General Meeting of the Company held on Wednesday 28th September 2011 at 10.30 AM.

Member's/ Proxy Signature _____

VIJAY SHANTHI BUILDERS LIMITED

Registered Office: 20/43, Kasthuri Rangan Road, Alwarpet, Chennai – 600018.

PROXY

(Please fill in particulars before sending)

Folio No. _____

I/ We _____ of _____ being a Member(s) of Vijay Shanthi Builders Limited, hereby appoint _____ of failing him/ her _____ as my/ our proxy to attend and vote on my/ our behalf at the Twentieth Annual General Meeting of the Company to be held at Vani Mahal, No.103 G.N.Chetty Road, T.Nagar, Chennai - 600 017 at 10.30 AM on 28th September 2011 and at my adjournment thereof.

Note: The proxy form must be duly completed, stamped and signed must be sent to the Registered Office of the Company so as to reach it not less than, 48 hours before the commencement of the Meeting.

100 ps.
Revenue Stamp





VIJAY SHANTHI BUILDERS LIMITED

20/43 Kasthuri Ranga Road, Near Russian Cultural Centre, Alwarpet, Chennai - 600018

Email: sales@vijayshanthibuilders.com, Phone: 044 - 4000 4600