



Vijay Shanthi Builders Limited


20/43 Kasthuri Rangan Road, Near Russian Cultural Center,
Alwarpet, Chennai - 600018, Phone : 044 - 4000 4600 Fax : 4000 4666,
E.mail - sales@vijayshanthibuilders.com,
Website - www.vijayshanthibuilders.com

CIN: L45201TN1992PLC021960

FORM B

(Clause 31(a) of Listing Agreement)

Format of covering letter of the Annual Audit Report to be filed with the Stock Exchanges

| | | |
|----|--|---|
| 1. | NAME OF THE COMPANY | VIJAY SHANTHI BUILDERS LTD |
| 2. | Annual financial statements for the year Ended | 31.03.2014 |
| 3. | Type of Audit observation | The Company has been providing for gratuity liability on an ad-hoc basis but not as stipulated by the standard. |
| 4. | Frequency of observation | First Time |
| | Management Response | The Board is of an opinion that the audit amount provided for in the books of the Company is adequate based on its past experience. |
| 5. | To be signed by- | |
| | Joint Managing Director |  (Chandan Kumar) DIN: 00275876 |
| | CFO | The Company is in the process of appointing a CFO |
| | Auditor of the Company | For V. Ramaratnam & Co Chartered Accountants FRN: 002956S R. Sundar Partner Membership No. : 012339 |



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| | | |
|--|--------------------------|---|
| | Audit Committee Chairman | <p><i>S. Siva Subramaniam</i></p> <p>Siva Subramaniam DIN: 00763122</p> |
|--|--------------------------|---|





VIJAY
SHANTHI

ANNUAL REPORT: 2013 - 2014

BEAUTIFUL **HOMES**
FOR BEAUTIFUL **RELATIONSHIPS**



www.vijayshanthibuilders.com

VIJAY SHANTHI BUILDERS LIMITED

Registered office

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

Board of Directors

| | |
|--------------------------|-------------------------|
| Mr. Suresh Kumar | Managing Director |
| Mr. Chandan Kumar | Joint Managing Director |
| Mr. D. V. B. Prasad | Whole Time Director |
| Mr. Siva Subramaniam | Director |
| Mr. Tarun Kumar Ramdas | Director |
| Dr. M. Balasubramaniam | Director |
| Ms. Revathi Ramakrishnan | Director |

Company Secretary

Ms. Hiral Patel

Bankers

ICICI Bank , South Indian Bank, HDFC
Chennai

Statutory Auditors

M/s. V. 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



NAME AND ADDRESS OF STOCK EXCHANGES

| | |
|---|---|
| National Stock Exchange Limited Scrip Code | Exchange Plaza Plot No.C/1, G Block, Bandra Kurla Complex, Bandra (E),Mumbai – 400 051 VIJSHAN |
| Bombay Stock Exchange Limited Scrip Code | 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 |
| 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 Twenty Third Annual General Meeting of the Company will be held at **Padmavathy Hall, No.93, Arcot Road, Virugambakkam, Chennai – 600 092** on Monday, 29th September 2014 at 10:30 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive consider and adopt the Audited Balance Sheet as on 31st March 2014 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 elect Director:
 - a) To appoint a Director in the place of D.V.B Prasad (DIN: 02001256), who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and if thought fit, to pass with or without modification, 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:

4. To consider and if thought fit to pass with or without modifications the following resolutions as ORDINARY RESOLUTION:

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable and related provisions of the Companies Act, 2013, read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. Sivasubramaniam (DIN: 00763122), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold office for 3 consecutive years for a term upto 28.09.2017 not liable to retire by rotation.

5. To consider and if thought fit to pass with or without modifications the following resolutions as ORDINARY RESOLUTION:

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable and related provisions of the Companies Act, 2013, read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Ms. Revathi Ramakrishna (DIN: 05128878), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold office for 3 consecutive years for a term upto 28.09.2017 not liable to retire by rotation.

6. To consider and if thought fit to pass with or without modifications the following resolutions as ORDINARY RESOLUTION:

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable and related provisions of the Companies Act, 2013, read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. Mathrubutham Balasubramaniam (DIN: 05151060), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold office for 3 consecutive years for a term upto 28.09.2017 not liable to retire by rotation.

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

RESOLVED that pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 approval of the Company be and is hereby accorded to the re-appointment of Mr. Suresh Kumar Jain (holding DIN 00275876), for a term upto 31st December 2014 with effect from 9th March, 2014 on the terms and conditions of appointment and remuneration as given below:

Salary 400,000/- per month (effective from 09.03.2014)

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 regards.
- b. Contribution towards Gratuity Fund as per Company Rules.

"RESOLVED FURTHER that in the event of the company having no profits or inadequate profits, the company shall pay remuneration subject to the compliance of Schedule V of the Companies Act 2013.

By order of the Board

Date: 29.05.2014
Place: Chennai

SURESH KUMAR
MANAGING DIRECTOR

Notes:

1. A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

Corporate members intending to send their authorised representatives to attend the Meeting are requested to send the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
2. Profile of Directors seeking re-appointment has been provided in the explanatory statement annexed hereto.
3. The Register of Members and Transfer Books of the Company will be closed from Saturday, 20th September, 2014 to Monday, 29th September, 2014 (both days inclusive).
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. 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 ensuing year 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.

8. Voting through electronic means:

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, read with Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote at the 23rd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Securities Limited (CDSL):

The instructions for e-voting are as follows

- A. In case members receive email from CDSL [for members whose email id is registered with the company / Depository Participant(s)]:

Log-in to e-voting website www.evotingindia.com

Click on "Shareholders" tab.

Now, select the Electronic Voting Sequence Number – "EVSN" along with COMPANY NAME" (Vijay Shanthi Builders Limited) from the drop down menu and click on "SUBMIT" (EVSN is 140826046)

Now enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID, Members Holding shares in Physical Form should enter Folio Number registered with Company and then enter the Captcha Code as displayed and Click on Login.

If you are holding shares in Demat and had logged on to www.evotingindia.com and casted your vote earlier for EVSN of any company, then your existing password is to be used. If you are a first user follow the steps given below.

Now, fill up the following details in the appropriate boxes.

Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)

Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.

Enter the dividend bank details as recorded in your demat account or in the company records for the said demat accounts or folio.

Members who not updated their PAN with the Company/ Depository Participant are requested to use the AJPSH1234E in the PAN field.

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

Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach "Password Creation" menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

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

Click on the relevant EVSN on which you choose to vote. (EVSN is 140826046)

On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

Click on the "Resolutions File Link" if you wish to view the entire Resolutions.

After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click "CANCEL" and accordingly modify your vote.

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

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

If Demat account holder has forgotten the changed password then enter the User ID and Captcha Code on Forgot Password & enter the details as prompted by the system.

Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- (A) Please follow all steps from Sl.NO: (i) Sl.NO: (xvii) above to cast vote.
- (B) The voting period begins on 23.09.2014, 9:00A.M and ends on 25.09.2014, 5.30 P.M. (Both days inclusive) During this period shareholders" of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 05.09.2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdest.evoting@cdslindia.com
- (D) Mr. R. Muthukrishnan, Practicing Company Secretary (Membership No: FCS 6775) has been appointed as the Scrutinizer to scrutinize the e-voting process in fair and transparent manner.
- (E) The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forth with to the Chairman of the Company.
- (D) The results of the voting on the Resolutions shall be announced by the Chairman or any other person authorised by him on or after the date of Annual General Meeting. The results declared along with the Scrutinizer's report, will be posted on the Company's website and on CDSL's website within two day of passing of resolution and communication to the Stock Exchanges.

**By Order of the Board of Directors
For Vijay Shanthi Builders Limited**

Date: 29.05.2014
Place: Chennai

**SURESH KUMAR
Managing Director**

PROFILE OF DIRECTORS SEEKING RE- APPOINTMENT:

ITEM NO 2 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.

Mr. D.V.B. PRASAD

Mr. Prasad, is with the Company from inception. Joined the Company as an engineer, he has worked his way upwards in the organization structure of the Company due to his sheer dedication and hard work, rising to the level of Vice President Projects in the year 2010. He is heading the hardcore project team, which includes design and execution of projects. Leading a team of civil engineers, Mr. Prasad monitors the overall brick by brick construction of each project of the Company with a strong emphasis in the quality of construction as well as timely delivery of the projects. Managing various projects at the same time, catering to different segment of people is an art by itself and Mr. Prasad has perfected the art over the years. As on 31.03.2014 he has 3,300 shares of the Company.

ITEM NO: 4 TO 6

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.

Mr. SIVA SUBRAMANIAM

Born on 7th June 1976, Shri. Siva Subramaniam, is a computer engineer, and has 12 years experience in construction business. He is a visionary and the strongest pillar of the Company. He is not a director or committee member in any other company. Under new Companies Act 2013, it is required that Independent Directors not be liable to retire by rotation and be appointed for a fixed term. In terms of Sections 149,150, 152 and its related and applicable provisions of the Companies Act, 2013, read with the Rules made there under, Shri Siva Subramaniam being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director of the Company for a term of 3 consecutive years upto September 28, 2017. A notice has been received from a member proposing Shri. Siva Subramaniam as a candidate for the office of Director of the Company.

Shri Siva Subramaniam has given declaration under Section 149 (7) of the Companies Act, 2013 that he fulfills the conditions specified in Section 149 (6) of the Companies Act, 2013 read with Rules made there under for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter of appointment of Shri Siva Subramaniam as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day. The members are further requested to note that Shri Siva Subramaniam has given declaration that he is not disqualified to become a Director under the Companies Act, 2013 and his consent to hold office as Director.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in this resolution except Shri Siva Subramaniam.

Ms. REVATHI RAMAKRISHNA

Ms. Revathi Ramkrishna is lawyer by profession having more than two decades of experience in litigations, corporate affairs, labour laws, and land related issues. She has worked in various leading law firms in Chennai and presently partner of MGK Associates. The Board deliberated and decided that owing to her rich and varied experience, her association would be of immense benefit to the Company and it is desirable to avail services of Ms. Revathi Ramakrishna as an Independent Director.

She is not a director or committee member in any other company. Under new Companies Act 2013, it is required that Independent Directors not be liable to retire by rotation and be appointed for a fixed term. In terms of Sections 149,150, 152 and its related and applicable provisions of the Companies Act, 2013, read with the Rules made there under, Ms. Revathi Ramkrishna being eligible and offering herself for appointment, is proposed to be appointed as an Independent Director of the Company for a term of 3 consecutive years upto September 28, 2017. A notice has been received from a member proposing Ms. Revathi Ramkrishna as a candidate for the office of Director of the Company.

Ms. Revathi Ramkrishna has given declaration under Section 149 (7) of the Companies Act, 2013 that she fulfills the conditions specified in Section 149 (6) of the Companies Act, 2013 read with Rules made there under for her appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter of appointment of Ms. Revathi Ramkrishna as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day. The members are further requested to note that Ms. Revathi Ramkrishna has given declaration that she is not disqualified to become a Director under the Companies Act, 2013 and his consent to hold office as Director.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in this resolution except Ms. Revathi Ramkrishna.

Dr. M. BALASUBRAMANIAM

Born on 7th January 1936, Dr. Balasubramaniam is a doctor by profession. Being an independent director the Board feels that he would be able to add a lot of value to Corporate Governance Policy of the Company. He is not a director or committee member in any other company. Under new Companies Act 2013, it is required that Independent Directors not be liable to retire by rotation and be appointed for a fixed term. In terms of Sections 149,150, 152 and its related and applicable provisions of the Companies Act, 2013, read with the Rules made there under, Dr. Balasubramaniam being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director of the Company for a term of 3 consecutive years upto September 28, 2017. A notice has been received from a member proposing Dr. Balasubramaniam as a candidate for the office of Director of the Company.

Dr. Balasubramaniam has given declaration under Section 149 (7) of the Companies Act, 2013 that he fulfills the conditions specified in Section 149 (6) of the Companies Act, 2013 read with Rules made there under for his appointment as an Independent Director of the Company and is independent of the

management. Copy of the draft letter of appointment of Dr. Balasubramaniam as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day. The members are further requested to note that Dr. Balasubramaniam has given declaration that he is not disqualified to become a Director under the Companies Act, 2013 and his consent to hold office as Director.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in this resolution except Dr. Balasubramaniam .

Mr .Tarun Kumar Ramdas, Director who is retiring in this Annual General Meeting has expressed his willingness not to seek re-appointment after retirement in this AGM and hence no resolution has been proposed for his reappointment.

PROFILE OF DIRECTOR SEEKING RE-APPOINTMENT AS A MANAGING DIRECTOR ALONG WITH EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO 7

Mr. SURESH KUMAR

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.

He is one of the Promoters of the Company. He holds 49,98,940 shares of the Company as on 31.03.2014 and is also related to Mr. Chandan Kumar, Joint Managing Director, being his younger brother. Mr. Suresh Kumar is also a Managing Director of Darshan Housing and Infrastructure Limited. However he does not receive remuneration from the above mentioned company. The Board has passed the necessary resolutions as required under third proviso to section 203(3) of Companies Act, 2013 in this regard.

None of the Directors, other than the appointee director and Mr. Chandan Kumar, being his relative, are interested or concerned in the resolution.

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

GENERAL INFORMATION

| | | | |
|--|---|--------------------|----------|
| Nature of Industry Date of Commencement of Commercial | Major exposure into Construction of Residential Apartments Projects Not applicable being a construction company | | |
| Financial Performance (in Rs.) | Year | PAT (Rs. Lakhs) | EPS(Rs.) |
| | 2011-12 | 947.25 | 3.62 |
| | 2012-13 | 845.17 | 3.23 |
| | 2013-14 | 407.16 | 1.55 |
| Export Performance and net Foreign Exchange Collaborations | Nil | | |
| Foreign Investments Collaborators | Nil | | |
| Information on the Appointee and background details | As more detailed in the explanatory statement to the item no.4 | | |
| Past Remuneration | Rs 400,000/- per month and perquisites as detailed in the resolution. | | |
| Recognition or Awards | NIL | | |
| 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 400,000/- per month and perquisites as detailed in the resolution. | | |
| 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 | He is the elder brother of Mr. Chandan Kumar, Joint Managing Director of the Company. |
| OTHER INFORMATION | |
| Reasons for inadequate Profits | The current recessionary trends of the economy affecting most of the industry including the construction industry is expected to be a major cause for inadequate profits. |
| Steps taken or proposed to be taken for improvement | The Company is revising plans for identification of projects mainly to cater to middle and budget income household and hopes to achieve greater turnover catering to this segment where housing loans are available and to that extent, largely insulated from recessionary trends |
| | The directors' report details the ongoing projects and future projects. The Board hopes that the recessionary trends would subside over the period of time and with the economy turning around, owning a house being a priority in needs of most of the individuals, the Company with its reputation for quality would be poised to scale greater heights both in terms of turnover and profits. |

**By Order of the Board of Directors
For Vijay Shanthi Builders Limited**

Date: 29.05.2014
Place: Chennai

**SURESH KUMAR
Managing Director**

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 23rd Annual Report together with the audited accounts of your Company for the year ended March 31, 2014.

Financial Results

| FINANCIAL RESULTS | Year ended 31.03.2014 | Year ended 31.03.2013 |
|---|--------------------------|--------------------------|
| | Rs. In Lakhs | Rs. In Lakhs |
| Income from sales /other operation | | |
| Sales | 7617.11 | 13835.19 |
| Other Income | 74.90 | 73.88 |
| Total Expenditure | 6861.70 | 12294.48 |
| Gross Profit (Before Int. Deprn. & Tax) | 830.31 | 1614.59 |
| Financial Overheads | 147.21 | 65.48 |
| Depreciation | 78.13 | 77.74 |
| Profit Before Tax | 604.97 | 1471.37 |
| Exceptional Items | 0.00 | 89.70 |
| Provision for Tax | 199.07 | 537.67 |
| Profit After Current Tax | 405.90 | 843.99 |
| Less: Deferred Tax | -1.26 | -1.18 |
| Net Profit | 407.16 | 845.18 |
| Add: Surplus From Previous Year | 4406.64 | 3864.96 |
| Profit available for Appropriation | 4813.80 | 4710.14 |
| Less: General Reserve | 0.00 | 60.00 |
| Proposed Dividend | 0.00 | 209.51 |
| Dividend tax | 0.00 | 33.99 |
| Balance Carried Forward | 4813.80 | 4406.64 |
| Earnings Per Share Basic (Rs.) | 1.55 | 3.23 |

DIVIDEND:

With a view to conserve the resources for the on-going projects which are capital intensive, your directors are not recommending any dividend for the FY 2013-14.

BUSINESS GROWTH AND OUTLOOK

The real estate sector maintained a negative to stable outlook for FY 2013-14 on the back of continued weak end-user demand and adverse consumer sentiments. Real estate companies have been facing falling unit sales, flat revenue and EBITDA margins and continued deterioration in credit metrics and cash flows. A high residential price has impacted sales, even while rising bank credit to the sector indicates an increase in inventory for the sector.

The sale of fresh residential units (in sq.ft.) by listed real estate companies has seen a downward trend. This is due to weak consumer sentiments, which have been impacted by high inflation and continued economic weakness. High interest rates, coupled with continued high residential prices, have impacted the common man's real estate affordability. Persistence of adverse sentiments and low affordability could hinder any substantial improvement in demand.

The availability of relatively cheaper funds to the residential real estate sector was impacted in 2013, as the Reserve Bank of India (RBI) barred schemes such as 80:20 offered by banks, which enabled builders to access loans at individual buyer's home loan rates. Under such schemes, banks would disburse entire home loans to the builder at once and the interest during construction period would be paid by the builder, rather than the flat buyer.

The introduction of real estate investment trusts (REITs) to be positive for the sector, as it is likely to attract new investors and hence improve funding availability. As these REITs are likely to invest most of their funds in to rent-yielding commercial properties, this could provide further liquidity options to commercial property developers.

The Company as on hand has got the projects involving 22.34 lakh sq. ft. of constructible space mainly in Chennai and outskirts while it had handed over 22.91 lakh sq. ft. during 2013-14 to its much satisfied customers. The Company continues to be one of the top ranking builders in Chennai in terms of quality and reliability and was awarded with following awards:

AWARDS

RR KABEL CNBC AWAAZ REAL ESTATE AWARDS 2013

AFFORDABLE SEGMENT – 100% COMPLETE RESIDENTIAL FOR PARK AVENUE PROJECT

ONGOING AND FUTURE PROJECTS

| ONGOING AND FUTURE PROJECTS | | | |
|-----------------------------|----------------|----------------------|---------------------|
| SR. NO | PROJECT NAME | LOCATION | TOTAL SALEABLE AREA |
| 1 | BOULEVARD | VANDALUR KELAMBAKKAM | 4.1 Lakh SQ. FT. |
| 2 | ELA | THANDALAM | 5.2 Lakh SQ.FT |
| 3 | ARK | ORAGADAM | 3.6 Lakh SQ. FT. |
| 4 | LOVE | MAMBAKKAM | 6.2 Lakh SQ. FT. |
| 5 | i SKY VILLAS | PERUNGUDI | .43 Lakh SQ.FT. |
| 6 | FORTUNE SQUARE | RATNAMANGALAM | 2.7 Lakh SQ.FT. |

| FUTURE PROJECTS | | | |
|-----------------|----------------|---------------|---------------------|
| SR. NO | PROJECT NAME | LOCATION | TOTAL SALEABLE AREA |
| 1 | CUE | BESANT NAGAR | 0.85 Lakh SQ. FT. |
| 2 | CALM SPRING | RATNAMALGALAM | 3.1 Lakh SQ. FT. |
| 3 | ETERNAL SPRING | AMBATTUR | 5. Lakh SQ. FT. |

BOARD OF DIRECTORS

Shri D.V.B. Prasad, retires by rotation at the forthcoming Annual General Meeting, and being eligible offers himself for re-appointment. In terms of Sections 149, 150, 152, other applicable and related provisions of the Companies Act, 2013 read with Rules made there under, retirement by rotation shall not apply to Independent Directors. In order to comply with the statutory requirements, your Independent Directors, Mr. Sivasubramaniam, Ms. Revathi Ramakrishna, and Mr. M. Balasubramaniam, except Mr. Tarun Kumar Ramdas who has expressed his willingness not to seek re-appointment after retirement in this AGM, are being recommended for appointment for a term upto three consecutive years i.e. upto September 28, 2017, on a non-rotational basis. Details of the proposals of appointment or re-appointment as applicable are mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 in the Notice to the 23rd Annual General Meeting. Necessary resolutions are being placed before the shareholders for approval.

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, 2014, 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, 2014, 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.

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 139 of the Companies Act, 2013.

GRATUITY LIABILITY

The Board is of an opinion that the audit amount provided for in the books of the Company is adequate based on its past experience.

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 SECTION 217 (2A) OF COMPANIES ACT, 1956.

The Company does not have any employees drawing remuneration more than the limits specified in the Section 217 (2A) of Companies Act, 1956

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, 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, without which the Company could not have achieved the present level of reliability, reputation and profitability.

By order of the Board

**SURESH KUMAR
MANAGING DIRECTOR**

**CHANDAN KUMAR
JOINT MANAGING DIRECTOR**

**Date: 29.05.2014
Place: Chennai**

Annexure "A" to the Directors' 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 31, 2014.

Conservation of energy and technology absorption:

The company is not engaged in any activity which is power intensive nor requiring technology absorption.

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

The foreign exchange outgo during the year is as follows:

| Particulars | 2013-14 | 2012-13 |
|----------------------------------|---------|-----------|
| Professional & Consultation Fees | Nil | 49,41,732 |
| Advertisement | Nil | 67,533 |
| Travelling & Conveyance | Nil | 7,66,730 |

For the current financial year the Company did not earn any foreign exchange.

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

By order of the Board

Date: 29.05.2014
Place: Chennai

SURESH KUMAR
MANAGING DIRECTOR

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. With increase in standard of living over the last decade in India need for housing has tremendously increased and the same is also fuelled by increased in availability of home loans. The market has enough space for big, medium and small players catering to different segment of home buyers.

OPPORTUNITIES AND THREATS

The slow process of land reforms, the requirement of multiple approvals for construction industry and tardy infrastructure development outside the cities have continued to be a burden on industry. Apart from this non – regulation of unorganized players in the industry continued to be a threat for the organized sector and for the customers at large. Currently, Chennai being the second most preferred destination in the country for the migrants from the other parts of the country; a lot of opportunities are available for the industry.

SEGMENTWISE PERFORMANCE

The Company has only one segment that is developing and promoting of residential apartments. Hence there is no requirement of segment wise reporting

OUTLOOK

With infrastructure on priority for the government and economic boom, with FDI coming big way the demand for housing is bound to have a double growth.

RISKS AND CONCERNS

The inordinate delay while granting approvals is a matter of serious concern as it results in cost escalation. Similarly the slow pace in growth of infrastructure is another serious concern for the industry unless Government both at centre and state both take speedy action towards this issue.

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 considers its human resource as an asset of the Company. The Company prides in having well oiled human resource machinery which has been one of the pillars for the growth of the company over the years. We have also developed an appropriate blend of professionals, constantly thinking and executing innovative and cost effective solutions to every client's requirements. Thanks to its unique professionalism that embodies a code of ethics, a committed and farsighted management team Vijay Shanthy has registered consistent growth over the years, ever since its inception.

By order of the Board

Date: 29.05.2014
Place: Chennai

SURESH KUMAR
MANAGING DIRECTOR

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

The framework of rules and practices by which a board of directors ensures accountability, fairness, and transparency in a company's relationship with its all stakeholders. 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 2014, the Board consists of seven directors including one Managing Director, one Joint Managing Director, one Whole Time Director and four independent Directors. During the year Mr. Tarun Kumar Ramadas has expressed his willingness not to seek re-appointment after retirement in this AGM and hence his re-appointment which is due this AGM is not being taken up. 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 31.03.2014 | | Number of committee Chairmanships/ memberships held in other Public Limited Companies as on 31.03.2014 | |
|---------------------------|--|---|----------|--|--------|
| | | Chairman | Director | Chairman | Member |
| Shri. Suresh Kumar | Managing Director Promoter Executive | - | 1 | - | 1 |
| Shri. Chandan Kumar | Joint Managing Director Promoter Executive | - | 1 | - | 1 |
| Shri D. V. B. Prasad | Whole Time Director Executive | - | 1 | - | 1 |
| Shri. Siva Subramaniam | Non Executive Independent Director | - | - | - | - |
| Shri. Tarunkumar Ramdas | Non Executive Independent Director | - | - | - | - |
| Shri. M. Balasubramaniam | Non Executive Independent Director | - | - | - | - |
| Smt. Revathy Ramakrishnan | Non Executive Independent Director | - | - | - | - |

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 Eleven (11) times during the financial year ended 31st March 2014 and the details regarding the Board meetings are as follows:

| Quarter | Date of the Board Meetings | Total no. of Board Meetings |
|--------------------|---|-----------------------------|
| April – June | 1. 11.04.2013 2. 24.05.2013 3. 28.05.2013 | 3 |
| July – September | 1. 13.08.2013 2. 27.09.2013 | 2 |
| October – December | 1. 15.11.2013 | 1 |
| January – March | 1. 23.01.2014 2. 31.01.2014 3. 13.02.2014 4. 07.03.2014 5. 22.03.2014 | 5 |
| | Total | 11 |

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 01,2012 to March 31,2014 | | Whether present at the previous AGM held on September 30, 2013 |
|--------------------------|--|----------|--|
| | Held | Attended | |
| Shri. Suresh Kumar | 11 | 11 | Yes |
| Shri. Chandan Kumar | 11 | 11 | Yes |
| Shri. D. V. B. Prasad | 11 | 11 | Yes |
| Shri. Siva Subramaniam | 11 | 11 | Yes |
| Shri. Tarun Kumar Ramdas | 11 | 11 | Yes |
| Shri M. Balasubramaniam | 11 | 11 | No |
| Smt. Revathy | 11 | 10 | No |

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. Siva Subramaniam | Chairman |
| 2. | Smt. Revathy Ramakrishnan | Member |
| 3. | Shri Suresh Kumar | Member |

Previous Annual General Meeting of the Company was held on September 30, 2013 and the Chairman of the Audit Committee has attended the meeting. The composition of the Audit Committee consisting of two 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, 2014, four (4) Audit Committee meetings were held on 28.05.2013, 13.08.2013, 15.11.2013 and 13.02.2014. The attendance of the Audit Committee members was as under:

| Names | No. of meetings held | No. of meetings attended |
|---------------------------|----------------------|--------------------------|
| Shri. Siva Subramaniam | 4 | 4 |
| Smt. Revathy Ramakrishnan | 4 | 4 |
| Shri Suresh Kumar | 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. M. Balasubramaniam | Chairman |
| 2. | Shri. Siva Subramaniam | Member |
| 3. | Smt. Revathi Ramakrishnan | Member |

Meetings and Attendance during the year

During the financial year ended March 31, 2014 one meeting of the Remuneration committee was held on 28.05.2013 to consider and approve the re-appointment of Shri. Chandan Kumar as a Joint 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. M. Balasubramaniam | 1 | 1 |
| Smt. Revathy Ramakrishnan | 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 V of the Companies Act, 2013 for appointing and fixing remuneration of Managing Directors / Whole Time 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:

- 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, 2014 to the Directors are furnished here under:

| Name of the Director | Salary (Rs.) | No. of shares held |
|-----------------------|--------------------|--------------------|
| Shri. Suresh Kumar | 4,00,000 per month | 4,998,940 |
| Shri. Chandan Kumar | 4,00,000 per month | 4,983,600 |
| Shri. D. V. B. Prasad | 1,75,000 per month | 3,300 |

SHAREHOLDER / INVESTOR GRIEVANCE COMMITTEE.

Constitution of the Committee

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

- | | | |
|----|-------------------------|----------|
| 1. | Shri. Suresh Kumar | Member |
| 2. | Shri Chandan Kumar | Member |
| 3. | Ms. Revathy Ramakrishna | Chairman |

The constitution of the committee meets the requirement of Clause 49 of the Listing agreement with the stock exchanges. Ms. Hiral Patel Company Secretary has been designated as the Compliance Officer of the Company in compliance with the Listing Agreement with the Stock Exchanges.

Meetings and attendance during the year.

During the financial year ended 31st March, 2014, four (4) Shareholder and Investor Grievance Committee meetings were held on 28.05.2013, 13.08.2013, 15.11.2013 and 13.02.2014. The attendance of the Shareholder and Investor Grievance Committee members were as under:

| Names | No. of meetings held | No. of meetings attended |
|---------------------------|----------------------|--------------------------|
| Smt. Revathy Ramakrishnan | 4 | 4 |
| Shri Suresh Kumar | 4 | 4 |
| Shri. Chandan Kumar | 4 | 4 |

The details of the complaints received during the financial year 2013-2014 and the status of the same are as below:

The Company received 3 complaints during the year 2013-2014 and there were no outstanding complaints as on 31st March 2014. All requests for dematerialization of shares were carried out within the stipulated time period and no share certificates were pending for dematerialization as on 31st March 2014 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, 2014 eleven (11) meetings of the Share Transfer Committee was held on 20th April 2013, 27th June 2013, 11th July 2013, 17th August 2013, 3rd September 2013, 17th December 2013, 27th December 2013, 9th January 2014, 20th January 2014, and 4th March 2014.

The attendance of the Share Transfer Committee members was as under:

| Names | No. of meetings held | No. of meetings attended |
|---------------------|----------------------|--------------------------|
| Shri Suresh Kumar | 11 | 11 |
| Shri. Chandan Kumar | 11 | 11 |

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 are as under:

| Year | Venue | Date & Time | Special Resolutions passed |
|-----------|---|------------------------------------|--|
| 2012 - 13 | "Vani Mahal" No: 103, G.N. Chetty Road, T.Nagar, Chennai – 600 017. | 30th September 2013. 2:30 P.M. | Re-appointment of Mr. Chandan Kumar as Joint Managing Director. |
| 2011-12 | "Russian Centre of Science & Culture", 74, Kasthuri Rangan Road, Alwarpet, Chennai – 600 018. | 28th September 2012. 10:00 A.M. | Appointment of Mr. D. V. B. Prasad Whole Time Director *Increase in remuneration for Mr. Suresh Kumar, Managing Director *Increase in remuneration for Mr. Chandan Kumar, Joint Managing Director. |
| 2010-11 | "Vani Mahal" No. 103, G. N. Chetty Road, T. Nagar, Chennai – 600 017. | 28th September 2011 | Re-appointment of Managing Director. |

EXTRAORDINARY GENERAL MEETINGS

No Extra Ordinary General Meetings of the members was held during the financial year.

SPECIAL RESOLUTIONS PASSED THROUGH POSTAL BALLOT:

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

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 elsewhere 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">Business Standard (English Newspaper)Makkal Kural (Vernacular Newspaper) |
| ii. Any website displayed | YES |
| iii. Whether website also displays official news releases | NO |
| iv. Whether presentations were made to the institutional investors or to the analysts | YES |
| v. Whether Management Discussion and Analysis is part of annual report or not | YES |

GENERAL SHAREHOLDER INFORMATION

Date, time and venue of the Twenty Third Annual General Meeting

Monday, September 29, 2014 at 10:30 A.M. at Padmavathy Hall, No.93, Arcot Road, Virugambakkam, Chennai – 600 092

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, 2014 | Within 45days from June 30, 2014 |
| Financial reporting for the quarter / half year ending September 30, 2014 | Within 45days from September 30, 2014 |
| Financial reporting for the quarter / nine months ending December 31, 2014 | Within 45days from December 30, 2014 |
| Financial reporting for the quarter / Year ending March 31, 2015 | Within 60 days from March 31, 2015 |
| Annual General Meeting for the year ending March 31, 2015 | August / September 2015 |

Book Closure Date:

The Register of Members and Share Transfer Books of the Company will remain closed from Saturday 20th September 2014 to Monday 29th September 2014 (inclusive of both the days), for the purpose of the Twenty Third Annual General Meeting.

Dividend Payment Date:

Directors have not proposed any dividend for the year ended 31st March 2014 as more explained in the accompanying directors' report.

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 2013-2014 has been paid by the Company for all the Stock Exchanges where the shares are traded

STOCK MARKET DATA

Amt in Rs.

| Month | NSE | | BSE | |
|----------------|-------|-------|-------|-------|
| | HIGH | LOW | HIGH | LOW |
| April 2013 | 20.75 | 15.85 | 19.25 | 15.60 |
| May 2013 | 19.80 | 16.95 | 19.30 | 16.95 |
| June 2013 | 20.40 | 16.15 | 19.25 | 16.20 |
| July 2013 | 17.15 | 12.80 | 17.00 | 12.85 |
| August 2013 | 14.75 | 12.25 | 14.25 | 12.35 |
| September 2013 | 17.00 | 12.70 | 17.00 | 12.75 |
| October 2013 | 15.80 | 13.20 | 14.90 | 13.21 |
| November 2013 | 16.10 | 13.35 | 16.00 | 13.50 |
| December 2013 | 15.85 | 13.75 | 15.90 | 13.56 |
| January 2014 | 16.30 | 13.50 | 16.35 | 13.76 |
| February 2014 | 15.20 | 13.20 | 15.00 | 13.30 |
| March 2014 | 15.90 | 11.10 | 15.50 | 11.13 |

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 Company Secretary 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 2014.

Distribution by category

| Description | No. of Shareholders | Total Shares | % Equity |
|----------------------------|---------------------|--------------|----------|
| Promoters Individuals | 14 | 13653694 | 52.14 |
| Promoters Bodies Corporate | 1 | 66500 | 0.25 |
| Bodies Corporate | 238 | 1587181 | 6.06 |
| Mutual Funds | 2 | 2200 | 0.01 |
| Resident Individuals | 16857 | 9409133 | 35.92 |
| Non Residential Indians | 86 | 257546 | 0.98 |
| Hindu Undivided Family | 215 | 1040662 | 3.97 |
| Clearing Members | 32 | 171754 | 0.66 |
| Total | 17445 | 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 94.18% of shares have been dematerialised as on March 31, 2014.

ISIN: INE806F01011

PATTERN OF HOLDINGS AS ON 31.03.2014

| CLIENT TYPE | NSDL | | CDSL | | PHYSICAL | | NSDL, CDSL & PHYSICAL | | |
|-----------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|-----------------------|-----------------|---------------|
| | No. of Holders | Total Positions | No. of Holders | Total Positions | No. of Holders | Total Positions | No. of Holders | Total Positions | % of Holdings |
| Resident | 5912 | 5576624 | 2901 | 3360754 | 8259 | 1512417 | 17072 | 10449795 | 39.90 |
| NRI | 77 | 210156 | 9 | 47390 | 0 | 0 | 86 | 257546 | 0.98 |
| Corporate Body | 130 | 1251077 | 104 | 396904 | 5 | 5700 | 239 | 1653681 | 6.31 |
| Clearing Member | 21 | 143506 | 11 | 28248 | 0 | 0 | 32 | 171754 | 0.66 |
| Mutual Funds | 0 | 0 | 0 | 0 | 2 | 2200 | 2 | 2200 | 0.01 |
| Promoters | 5 | 10005186 | 8 | 3646308 | 1 | 2200 | 14 | 13653694 | 52.14 |
| | | | | | | | | | |
| TOTAL | 6145 | 17186549 | 3033 | 7479604 | 8267 | 1522517 | 17445 | 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, 40004671
Fax No.044- 40004666
Website: www.vijayshanthibuilders.com

Compliance officer

Ms. Hiral Patel
Company Secretary
Vijay Shanthi Builders Limited.
20/43, Kasthuri Rangan Road
Alwarpet, Chennai - 600018
Telephone No.: 044- 40004600, 40004671
Fax No.044- 40004666
E-mail: companysecretary@vijayshanthibuilders.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 Shanthy 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 2014 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.

Suresh Kumar
Chandan Kumar
D.V.B. Prasad
Siva Subramaniam
Hiral Patel

Managing Director
Joint Managing Director
Whole Time Director
Director
Company Secretary

Place: Chennai
Date: 29.05.2014

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 2014, 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.

Place: Chennai
Date: 29-05-2014

**For Ramarathnam & Co
Chartered Accountants**

**R.Sundar
Partner
Firm Reg No: 002956S
PRN 005295**

INDEPENDENT AUDITOR'S REPORT

To the Members of
Vijay Shanthi Builders Limited.

Report on the Financial Statements

We have audited the accompanying financial statements of **Vijay Shanthi Builders Limited** ("the Company"), which comprises the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- In the case of the Statement of Profit and Loss Account, of the profit for the year ended on that date; and
- In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- As required by section 227(3) of the Act, we report that:
 - 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;
 - In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 except the following:
- **Accounting Standard 15 on Employee Benefits, the company has been providing for gratuity liability on an ad-hoc basis but not as stipulated by the standard (Refer Note 29.2.ii) ; and**
- On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

- Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For V. Ramaratnam & Co
Chartered Accountants
FRN: 002956S

Place: Chennai
Date: 29th May 2014

R. Sundar
Partner
Membership No. : 012339

The Annexure referred to in paragraph 1 of the Our Report of even date to the members of Vijay Shanthi Builders Limited on the accounts of the company for the year ended 31st March, 2014.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, the company has disposed its fixed assets during the year but such disposal is not substantial and does not affect the going concern assumption.

- (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.

- (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has granted loan to companies, listed in the register maintained under Section 301 of the Companies Act, 1956.

- (b) The Company has granted loan and advances in nature of Project Advance to 2 parties that are covered in the register maintained under Section 301 of the Act. The amount involved during the year and the year-end balance of such loans aggregates to Rs.3,65,74,749/- & Rs.45,76,963/- respectively.

The Company has taken loan from the party that is covered in the register maintained under Section 301 of the Act. The amount involved during the year and the year-end balance of such loans aggregates to Rs.2,05,48,627/- & Rs.5,92,21,719/- respectively.

- (c) In our opinion the rate of interest and other terms and conditions on which loans have been granted to companies, firms or other parties listed in the registers maintained under Section 301 are not, prima facie, prejudicial to the interest of the company.
- (d) The parties have repaid the principal amounts as stipulated and have been regular in the payment of interest.
- (e) There is no overdue amount of loans granted to companies listed in the registers maintained under section 301 of the Companies Act, 1956.

In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.

- a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- b) As per information & explanations given to us and in our opinion, the transaction entered into by the company with parties covered u/s 301 of the Act exceeds five lacs rupees in a financial year are made under any contracts or arrangements at the price at which it is made are reasonable to prevailing market price.

The Company has not accepted any deposits covered under section 58A of the Companies Act, 1956 during the year under review.

As per information & explanations given by the management, there is no formal internal audit department. In our opinion and according to the information and explanations given to us the company has an internal audit system that needs to be strengthened to make it commensurate with its size and the nature of its business.

As per information & explanation given by the management and in our opinion, the company has maintained the required cost records as prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act.

(a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Sales-tax, Wealth Tax, Income Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2013 for a period of more than six months from the date they became payable except the following:

| Sl.No. | Particulars | Amount Outstanding |
|--------|--|--------------------|
| 1. | Tax Deducted at Source | 30,13,250 |
| 2. | Dividend Tax (Relating to accounting year 2011 – 2012 & 2012-2013) | 67,98,191 |

- (b) According to the information and explanations given to us, there is no amounts payable in respect of wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes except the following:

| Particulars | Amount | Forum in which it is pending |
|--------------------------------------|-----------|------------------------------|
| Income Tax – Assessment Year 2010-11 | 89,52,230 | CIT – Appeals |

- The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution and bank.
- According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
- According to information and explanations given to us, the Company is not trading in Shares, Mutual funds & other Investments. Hence, we are commenting upon the records & timely entries have been maintained in this regard & further investments specified are held in their own name.
- According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
- Based on our audit procedures and on the information given by the management, we report that, the loan has been utilised only for the purpose for which it is sanctioned.
- Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2014, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
- Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
- The Company has no outstanding debentures during the period under audit.
- The Company has not raised any money by public issue during the year.
- Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For V. Ramaratnam & Co
Chartered Accountants
FRN: 002956S

Place: Chennai
Date: 28th May 2014

R. Sundar
Partner
Membership No. : 012339

VIJAY SHANTHI BUILDERS LIMITED

Balance Sheet as at 31 March, 2014

| Particulars | Note No. | As at 31 March, 2014 Rs. | As at 31 March, 2013 Rs. |
|--|---|--|-----------------------------|
| A EQUITY AND LIABILITIES | | | |
| 1 Shareholders' funds | | | |
| (a) Share capital | 3 | 261,886,700 | 261,886,700 |
| (b) Reserves and surplus | 4 | 932,631,672 | 891,915,446 |
| | | 1,194,518,372 | 1,153,802,146 |
| 2 Non-current liabilities | | | |
| (a) Long-term borrowings | 5 | 137,532,984 | 54,688,584 |
| (b) Deferred tax liabilities (net) | 6 | 1,573,805 | 11,819,271 |
| (c) Other long-term liabilities | 7 | 89,597,735 | 65,433,238 |
| (d) Long-term provisions | 8 | 11,972,707 | 11,974,657 |
| | | 240,677,232 | 143,915,750 |
| 3 Current liabilities | | | |
| (a) Short-term borrowings | 9 | 487,811,018 | 443,024,174 |
| (b) Trade payables | 10 | 175,439,149 | 335,088,539 |
| (c) Other current liabilities | 11 | - | - |
| (d) Short-term provisions | 12 | 32,131,379 | 122,067,591 |
| | | 695,381,546 | 900,180,304 |
| TOTAL | | 2,130,577,150 | 2,197,898,200 |
| B ASSETS | | | |
| 1 Non-current assets | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | 13 | 30,313,382 | 39,363,265 |
| | | 30,313,382 | 39,363,265 |
| (b) Non-current investments | 14 | 788,994 | 788,994 |
| (c) Long-term loans and advances | 15 | 72,942,667 | 74,775,767 |
| | | 73,731,661 | 75,564,761 |
| 2 Current assets | | | |
| (a) Inventories | 16 | 1,779,441,665 | 1,743,778,490 |
| (b) Trade receivables | 17 | 155,542,729 | 292,139,585 |
| (c) Cash and cash equivalents | 18 | 58,290,201 | 24,846,810 |
| (d) Short term loans and advances | 19 | 33,257,513 | 22,205,289 |
| | | 2,026,532,107 | 2,082,970,174 |
| TOTAL | | 2,130,577,150 | 2,197,898,200 |
| Significant Accounting Policies | 2 | | |
| See accompanying notes forming part of the financial statements | | | |
| In terms of our report attached. For V. Ramaratnam & Co., Chartered Accountants FRN : 002956S | For and on behalf of the Board of Directors | | |
| R. Sundar Partner M. No. 012339 Place : Chennai Date : 29th May 2014 | Suresh Kumar Jain Managing Director | Chandan Kumar Joint Managing Director | |
| | | Hiral Patel Company Secretary | |

VIJAY SHANTHI BUILDERS LIMITED

Statement of Profit and Loss for the year ended 31 March, 2014

| Particulars | | Note No. | For the year ended 31 March, 2014 Rs. | For the year ended 31 March, 2013 Rs. |
|-------------|--|----------|---|---|
| A | CONTINUING OPERATIONS | | | |
| 1 | Revenue from operations | 20 | 761,711,072 | 1,383,518,616 |
| 2 | Other income | 21 | 7,489,553 | 7,387,990 |
| 3 | Total revenue (1+2) | | 769,200,625 | 1,390,906,606 |
| 4 | Expenses | | | |
| | (a) Construction Costs | 22 | 613,153,157 | 1,118,966,356 |
| | (b) Employee Costs | 23 | 36,365,380 | 43,945,064 |
| | (c) Finance Costs | 24 | 14,720,875 | 6,548,233 |
| | (d) Other Expenses | 25 | 35,552,507 | 65,699,254 |
| | (e) Depreciation and amortisation Costs | 13 | 7,812,629 | 7,774,449 |
| | (f) Impairment Loss | 13 | - | - |
| | (g) Loss on sale of Fixed Assets | | 1,099,030 | 837,539 |
| | Total expenses | | 708,703,578 | 1,243,770,895 |
| 5 | Profit / (Loss) before exceptional items and tax (3 - 4) | | 60,497,046 | 147,135,711 |
| 6 | Exceptional items | 26 | - | 8,969,842 |
| 7 | Profit / (Loss) before tax (5 + 6) | | 60,497,046 | 138,165,869 |
| 8 | Tax expense: | | | |
| | (a) Current tax expense for current year | | 18,835,134 | 46,381,800 |
| | (b) (Less): MAT credit (where applicable) | | - | - |
| | (c) tax expense relating to prior years | | 1,072,350 | 7,384,805 |
| | (d) Net current tax expense | | 19,907,484 | 53,766,605 |
| | (e) Deferred tax | | -126,664 | -118,476 |
| | | | 19,780,820 | 53,648,129 |
| 9 | Profit / (Loss) from continuing operations (7 + 8) | | 40,716,226 | 84,517,740 |
| B | DISCONTINUING OPERATIONS | | | |
| 10i | Loss from discontinuing operations | | - | - |
| 11 | Profit / (Loss) from discontinuing operations (10i) | | - | - |
| 12 | Profit / (Loss) for the year (9 + 11) | | 40,716,226 | 84,517,740 |
| 13 | Earnings per share (of Rs.10/- each): | 28.5.1 | | |
| | (a) Basic | 28.5.2 | | |
| | (i) Continuing operations | | 1.55 | 3.23 |
| | (ii) Total operations | | 1.55 | 3.23 |

See accompanying notes forming part of the financial statements

In terms of our report attached.

For V. Ramaratnam & Co.,
Chartered Accountants
FRN : 002956S

For and on behalf of the Board of Directors

Suresh Kumar Jain
Managing Director

Chandan Kumar
Joint Managing Director

R. Sundar
Partner
M. No. 012339
Place : Chennai
Date : 29th May 2014

Hiral Patel
Company Secretary

VIJAY SHANTHI BUILDERS LIMITED

Cash Flow Statement for the year ended 31 March, 2014

| Particulars | For the year ended 31 March, 2014 | | For the year ended 31 March, 2013 | |
|--|--------------------------------------|--------------------|--------------------------------------|--------------------|
| | Rs. | Rs. | Rs. | Rs. |
| A. Cash flow from operating activities | | | | |
| Net Profit before tax | | 60,897,046 | | 138,165,870 |
| Adjustments for: | | | | |
| Add: | | | | |
| Depreciation and amortisation | 7,812,629 | | 7,774,449 | |
| Provision for impairment of fixed assets | - | | - | |
| Finance costs | 14,720,875 | | 6,548,233 | |
| Loss on sale of Fixed Assets | 1,099,030 | | 837,539 | |
| Provision for Damages for Breach of Contract | - | | 8,969,842 | |
| | | 23,632,534 | | 24,130,063 |
| Less: | | | | |
| Interest income | 793,905 | | 1,478,107 | |
| Dividend income | 149,002 | | 179,796 | |
| Rental income from investment properties | 146,400 | | 144,000 | |
| | | 1,089,307 | | 1,801,903 |
| Operating profit before working capital changes | | 83,440,273 | | 160,494,030 |
| Changes in working capital: | | | | |
| Adjustments for (increase)/decrease in operating assets: | | | | |
| Inventories | -35,663,175 | | 201,619,987 | |
| Trade receivables | 136,596,857 | | -273,460,002 | |
| Short-term loans and advances | -11,052,224 | | -13,539,798 | |
| Long-term loans and advances | 1,833,100 | | -29,729,161 | |
| Other non-current assets | - | | - | |
| Adjustments for increase / (decrease) in operating liabilities: | | | | |
| Trade payables | -159,649,390 | | -158,469,241 | |
| Other current liabilities | - | | - | |
| Other long-term liabilities | 24,164,497 | | 64,825,662 | |
| Short-term provisions | -90,215,012 | | 63,437,818 | |
| Long-term provisions | -1,950 | | 8,698,342 | |
| | | -133,987,297 | | -136,616,393 |
| Less : Changes in Working Capital due to Non - Cash Items | | | | |
| Provision for Damages & Provision for Breach of Contract | | - | | -8,969,842 |
| | | -50,547,023 | | 14,907,794 |
| Cash flow from extraordinary items | | - | | - |
| Cash generated from operations | | -50,547,023 | | 14,907,794 |
| Net income tax (paid) / refunds | | -30,147,486 | | -53,766,605 |
| Net cash flow from / (used in) operating activities (A) | | -80,694,510 | | -38,858,811 |
| B. Cash flow from investing activities | | | | |
| Capital expenditure on fixed assets | -1,086,776 | | -10,632,971 | |
| Proceeds from sale of fixed assets | 1,225,000 | | 2,900,000 | |
| Interest received | | | | |
| - Others | 793,905 | | 1,478,107 | |
| Dividend received | | | | |
| - Others | 149,002 | | 179,796 | |
| Rental income from investment properties | 146,400 | | 144,000 | |
| Loss from Discontinued Operations | - | | - | |
| | | 1,227,531 | | -5,931,068 |
| Investment in Fixed Deposits (Other than Cash Equivalents as per AS-3) | | -7,896,669 | | 10,722,893 |
| Net cash flow from / (used in) investing activities (B) | | -6,669,138 | | 4,791,825 |
| C. Cash flow from financing activities | | | | |
| Proceeds / (Repayment) from long-term borrowings | 82,844,401 | | -126,339,235 | |
| Proceeds / (Repayment) from other short-term borrowings | 44,786,844 | | 159,343,414 | |
| Finance cost | -14,720,875 | | -6,548,233 | |
| Dividends paid | - | | -20,950,936 | |
| Tax on dividend | - | | -3,398,766 | |
| | | 112,910,370 | | 2,106,244 |
| Net cash flow from / (used in) financing activities (C) | | 112,910,370 | | 2,106,244 |

VIJAY SHANTHI BUILDERS LIMITED

Cash Flow Statement for the year ended 31 March, 2014

| Particulars | For the year ended 31 March, 2014 | | For the year ended 31 March, 2013 | |
|--|--------------------------------------|--|--|--|
| | Rs. | Rs. | Rs. | Rs. |
| Net increase / (decrease) in Cash and cash equivalents (A+B+C) | | 25,546,722 | | -31,960,742 |
| Cash and cash equivalents at the beginning of the year | | 7,378,956 | | 39,339,699 |
| Cash and cash equivalents at the end of the year | | 32,925,679 | | 7,378,957 |
| Reconciliation of Cash and cash equivalents with the Balance Sheet: | | | | |
| Cash and cash equivalents as per Balance Sheet (Refer Note 17) | 58,290,201 | | 24,846,810 | |
| Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements (Refer Note 17 (i) & (ii)) | 25,364,523 | | 17,467,854 | |
| Net Cash and cash equivalents (as defined in AS 3) | | 32,925,678 | | 7,378,956 |
| Cash and cash equivalents at the end of the year | | | | |
| * Comprises: | | | | |
| (a) Cash on hand | | 2,676,442 | | 3,875,483 |
| (b) Balances with banks | | | | |
| (i) In current accounts | | 30,249,235 | | 3,503,474 |
| | | 32,925,678 | | 7,378,956 |
| Notes: | | | | |
| (i) The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discounting operations. | | | | |
| (ii) These earmarked account balances with banks can be utilised only for the specific identified purposes. | | | | |
| See accompanying notes forming part of the financial statements | | | | |
| In terms of our report attached. For V. Ramaratnam & Co., Chartered Accountants FRN : 002956S | | For and on behalf of the Board of Directors | | |
| R. Sundar Partner M. No. 012339 Place : Chennai Date : 29th May 2014 | | Suresh Kumar Jain Managing Director | Hiral Patel Company Secretary | Chandan Kumar Joint Managing Director |

VIJAY SHANTHI BUILDERS LIMITED

Notes forming part of the financial statements

| Note | Particulars |
|------|--|
| 1 | <p>Corporate Information The Company was incorporated on 6th January 1992 and having its registered office at No.20/43, Kasturi Rangan Road, Alwarpet, Chennai - 600 018. The company is into the business of construction industry and involves itself in the construction of residential apartments and individual villas.</p> |
| 2 | <p>Significant Accounting Policies</p> |
| 2.1 | <p>Basis of accounting and preparation of financial statements The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. All assets and liabilities have been classified as Current and Non- Current as per operating cycle set out in the Revised Schedule VI of the Companies Act, 1956. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.</p> |
| 2.2 | <p>Use of estimates The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.</p> |
| 2.3 | <p>Inventories Inventories are valued at the lower of cost (on FIFO / weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale.</p> <p>(i) Under Inventories, a portion of inventory that represent WIP is valued as per AS - 7 and others as per AS - 2. The details of such valuation are as follows:</p> <p>(a) Stock of Land : Land purchased for the purpose of construction of flats are valued at cost.</p> <p>(b) Stock of unsold flats : Buildings whose construction has been completed and remains unsold at the end of the year is treated a part of inventory and are valued at cost or net realisable value whichever is lower.</p> <p>(c) Work - in - Progress : Buildings / flats under construction are considered as Work-in-Progress and are valued at cost with appropriate portion of profit as per AS - 7 after deducting amount received from customer."</p> |
| 2.4 | <p>Cash and cash equivalents (for purposes of Cash Flow Statement) Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible (except Fixed Deposit with Kotak Mahindra Bank where lien is marked against the Project Loan) into known amounts of cash and which are subject to insignificant risk of changes in value.</p> |
| 2.5 | <p>Cash flow statement Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.</p> |
| 2.6 | <p>Depreciation and amortisation Depreciation has been provided on the straight-line method (SLM) as per the rates prescribed in Schedule XIV to the Companies Act, 1956 except assets costing less than Rs.5,000 each are fully depreciated in the year of capitalisation.</p> |
| 2.7 | <p>Revenue recognition</p> <p>Sale of finished goods (i) Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include portion of value added tax attributable to the completed flats.</p> <p>Work in Progress (ii) The Company recognises revenue as per AS-7, relating to construction contracts as per the "Percentage of completion method", i.e., profit is recognised to the extent of completed % on total contract value for which sales advance is received.</p> <p>Income from services (iii) "Revenues from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred. Revenues from turnkey contracts, which are generally time bound fixed price contracts, are recognised over the life of the project. Income received from additional work done, if any has been accounted on the basis of receipt."</p> |

VIJAY SHANTHI BUILDERS LIMITED

Notes forming part of the financial statements

| Note | Particulars |
|------|---|
| (iv) | <p>Recognising Income from Maintenance Activity</p> <p>The Company has follows a policy of recognising the Maintenance Income (as Net-off) for the handed over flats on which Maintenance Charges were collected. The Maintenance Charges so collected on the completed projects will be recognised as income over the agreed period of maintenance of Flats.</p> <p>The Income so recognised are shown as net-off of Maintenance Expenses incurred during the year under “Other Non - Operating Income”.</p> |
| 2.8 | <p>Other income</p> <p>“Interest income is accounted on accrual basis.</p> <p>Dividend income and Other Income including Scrap Sale, Rental Income are accounted for when it is received.”</p> |
| 2.9 | <p>Tangible fixed assets</p> <p>Fixed assets, are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intend for its use. Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.</p> |
| 2.10 | <p>Foreign currency transactions and translations</p> <p>Initial recognition</p> <p>Transactions in foreign currencies entered into by the Company and its integral foreign operations are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.</p> <p>Measurement of foreign currency monetary items at the Balance Sheet date</p> <p>“Foreign currency monetary items (other than derivative contracts) of the Company and its net investment in non-integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates.”</p> <p>Treatment of exchange differences</p> <p>Exchange differences arising on settlement / restatement of short-term / long-term foreign currency monetary assets and liabilities of the Company and its integral foreign operations are recognised as income or expense in the Statement of Profit and Loss.</p> |
| 2.11 | <p>Investments</p> <p>Long-term investments are carried individually at cost. Cost of investments include acquisition charges such as brokerage, fees and duties. No provision is recognised for the dimunition or appreciation in the value.</p> |
| 2.12 | <p>Employee benefits</p> <p>Employee benefits include provident fund, superannuation fund, gratuity fund and accidental insurance.</p> <p>Defined contribution plans</p> <p>The Company's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made.</p> <p>Defined Benefit Plan</p> <p>The company is providing for the Gratuity Liability in the Books of Account based on its own estimate & it is charged to Profit & Loss Account. There is no specific investment plan or asset kept aside to meet the Gratuity Liability. The Company is of hope that, it can pay the gratuity as and when it falls due on termination / retirement of eligible employees.</p> |
| 2.13 | <p>Borrowing costs</p> <p>Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.</p> |
| 2.14 | <p>Segment reporting</p> <p>The Company is operating in only one segment, namely Construction Industry. Though it has started maintaining of flats constructed by the company, it is treated as part of main activity. Hence, AS - 17 Segment Reporting is not applicable to the company.</p> |

VIJAY SHANTHI BUILDERS LIMITED

Notes forming part of the financial statements

| Note | Particulars |
|------|--|
| 2.15 | <p>Earnings per share Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.</p> |
| 2.16 | <p>Impairment of assets The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.</p> |
| 2.17 | <p>Taxes on income “Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company. Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.”</p> |
| 2.18 | <p>Provisions and contingencies A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.</p> |
| 2.19 | <p>Provision for warranty The Company has not formulated any policy for provision of warranty for the products and services provided by the Company. However the Company provides two years of free replacement of replaceable plumbing materials and other similar fittings. The actual expenditure incurred on these accounts is considered as expenditure during the year in which it was spent.</p> |

Note 3 Share capital

| Particulars | As at 31 March, 2014 | | As at 31 March, 2013 | |
|--|----------------------|-------------|----------------------|-------------|
| | Number of shares | Rs. | Number of shares | Rs. |
| (a) Authorised Equity shares of Rs.10/- each | 61,000,000 | 610,000,000 | 61,000,000 | 610,000,000 |
| (b) Issued Equity shares of Rs.10/- each | 26,573,670 | 265,736,700 | 26,573,670 | 265,736,700 |
| (c) Subscribed and fully paid up Equity shares of Rs.10/- each | 26,188,670 | 261,886,700 | 26,188,670 | 261,886,700 |
| Total | 26,188,670 | 261,886,700 | 26,188,670 | 261,886,700 |

Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

VIJAY SHANTHI BUILDERS LIMITED

Notes forming part of the financial statements

| Particulars | Opening Balance | Changes during the period | Closing Balance |
|----------------------------------|-----------------|---------------------------|-----------------|
| Equity shares | | | |
| Year ended 31 March, 2014 | | | |
| - Number of shares | 26,188,670 | - | 26,188,670 |
| - Amount Rs. | 261,886,700 | - | 261,886,700 |
| Year ended 31 March, 2013 | | | |
| - Number of shares | 26,188,670 | - | 26,188,670 |
| - Amount Rs. | 261,886,700 | - | 261,886,700 |

(ii) Details of shares held by each shareholder holding more than 5% shares:

| Class of shares / Name of shareholder | As at 31 March, 2014 | | As at 31 March, 2013 | |
|---------------------------------------|-----------------------|-----------|-----------------------|-----------|
| | Number of shares held | % holding | Number of shares held | % holding |
| Chandan Kumar | 4,983,600 | 19.03 | 4,983,600 | 19.03 |
| Suresh Kumar | 4,998,940 | 19.08 | 4,999,540 | 19.09 |
| Naresh Kumar | - | - | 3,622,016 | 13.83 |

(iii) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the Balance Sheet date:

| Particulars | Aggregate number of shares | |
|--|----------------------------|----------------------|
| | As at 31 March, 2014 | As at 31 March, 2013 |
| Equity shares with voting rights | 13,495,070 | 13,495,070 |
| Fully paid up pursuant to contract(s) without payment being received in cash - (Shares allotted on account of Merger with High End Homes P Ltd) by court order | | |

(iv) Details of Forfeited Share Warrants

| Class of shares | As at 31 March, 2014 | | As at 31 March, 2013 | |
|-----------------|--------------------------|-------------------------------|----------------------|-------------------------------|
| | Number of share warrants | Amount originally paid up Rs. | Number of shares | Amount originally paid up Rs. |
| Share Warrants | 5,174,100 | 46,524,960 | 5,174,100 | 46,524,960 |

Note 4 Reserves and surplus

| Particulars | As at 31 March, 2014 Rs. | As at 31 March, 2013 Rs. |
|--|-----------------------------|-----------------------------|
| (a) Securities premium account | | |
| Opening balance | 56,681,200 | 56,681,200 |
| Closing balance | 56,681,200 | 56,681,200 |
| (b) General reserve | | |
| Opening balance | 338,562,346 | 332,562,346 |
| Add: Transferred from surplus in Statement of Profit and Loss | 6,000,000 | 6,000,000 |
| Closing balance | 344,562,346 | 338,562,346 |
| (c) Surplus / (Deficit) in Statement of Profit and Loss | | |
| Opening balance | 440,664,940 | 386,496,902 |
| Add: Profit / (Loss) for the year | 40,716,226 | 84,517,740 |
| | 481,659,966 | 471,014,642 |
| Less: | | |
| Dividends proposed to be distributed to equity shareholders (Rs.0.80/-per share) | - | 20,950,936 |
| Tax on dividend | - | 3,398,766 |
| Transferred to: | | |
| General reserve | 6,000,000 | 6,000,000 |
| Closing balance | 475,381,166 | 440,664,940 |

VIJAY SHANTHI BUILDERS LIMITED

Notes forming part of the financial statements

| Particulars | As at 31 March, 2014 Rs. | As at 31 March, 2013 Rs. |
|---|--------------------------------|--------------------------------|
| (d) Forfeited Share Warrants Opening balance | 56,006,960 | 56,006,960 |
| Closing balance | 56,006,960 | 56,006,960 |
| Total | 932,631,672 | 891,915,446 |

Note 5 Long-term borrowings

| Particulars | As at 31 March, 2014 Rs. | As at 31 March, 2013 Rs. |
|---|--------------------------------|--------------------------------|
| (a) Term loans From banks Secured | 61,164,255 | 4,063,170 |
| From others Unsecured - Others (Refer Note (v) below) Unsecured - Related Parties | - | 24,000,000 |
| | 76,368,729 | 26,625,414 |
| | 76,368,729 | 50,625,414 |
| Total | 137,532,984 | 54,688,584 |

Notes:

(i) Details of terms of repayment for the other long-term borrowings and security provided in respect of the secured other long-term borrowings:

| Particulars | Terms of repayment and security* | As at 31 March, 2014 Secured Rs | As at 31 March, 2013 Secured Rs |
|--------------------------------------|--|------------------------------------|------------------------------------|
| Term loans from banks: | | | |
| ICICI Bank Limited - Boulevard | Terms - Repayable in 18 equitable monthly installments; Security - Equitable Mortgage on land at Patravakkam Village, Charge on receivables of the project - Boulevard, ART & Park Avenue and Unconditional & Irrevocable Personal Guarantee of Directors. | 59,500,000 | - |
| ICICI Vehicle Loans | Repayable in monthly installments; Security - Hypotheciation of vehicle for which loan has been sought for. | 1,664,255 | 4,063,170 |
| Total - Term loans from banks | | 61,164,255 | 4,063,170 |

Term loans from other parties:

| Particulars | Terms of repayment and security | As at 31 March, 2014 Unsecured Rs | As at 31 March, 2013 Unsecured Rs |
|--|---------------------------------|---|---|
| Term loans from other parties | | Rs | Rs |
| Others | Inter - Corporate Loan | | 24,000,000 |
| Total - Term loans from other parties | | - | 24,000,000 |

Loans and advances from related parties:

| | | | |
|--|-------------------------------|-------------------|-------------------|
| Chandan Kumar | No executed agreement exists. | 10,727,398 | 6,651,309 |
| Influence Enterprises India Pvt. Ltd. | | 2,685,080 | 2,685,080 |
| Suresh Kumar | | 62,956,252 | 17,289,025 |
| Total - Loans and advances from related parties | | 76,368,729 | 26,625,414 |

VIJAY SHANTHI BUILDERS LIMITED

Notes forming part of the financial statements

(ii) Details of long-term borrowings guaranteed by some of the directors or others:

| Particulars | As at 31 March, 2014 Rs. | As at 31 March, 2013 Rs. |
|--|--------------------------------|--------------------------------|
| Term loans from banks -- ICICI Bank | 149,528,915 | - |

(iii) During the year, the Company has not defaulted in repayment of loans and interest payments.

(iv) For the current maturities of long-term borrowings, refer Note 11 - Other current Liabilities.

Note 6 Deferred Tax Liabilities / Assets

| Particulars | As at 31 March, 2014 Rs. | As at 31 March, 2013 Rs. |
|--|--------------------------------|--------------------------------|
| Opening Balance under Deferred Tax Liability | 11,819,271 | 11,937,747 |
| Add : Tax effect of item constituting Deferred Tax Liability | - | - |
| Less : Tax effect of item constituting Deferred Tax Assets | 126,664 | 118,476 |
| Less: Prior Year Income Tax adjusted (Refer (i) below) | 10,118,802 | - |
| Net Deferred Tax Liabilities / Assets | 1,573,805 | 11,819,271 |

Note (i) : The Management has reviewed the Deferred Tax Liability & Assets on the date of Balance Sheet. It is decided to adjust the short - provisioning of Income Tax for the FY 2012-13 against that portion of liability which is in the opinion of management are not capable of reversal in subsequent periods.

Note 7 Other long-term liabilities

| Particulars | As at 31 March, 2014 Rs. | As at 31 March, 2013 Rs. |
|--|--------------------------------|--------------------------------|
| (a) Trade Payables | 474,131 | 2,035,505 |
| (b) Security deposit for maintenance (Refer Note (i) below, 2.7 (iv) & 27.1) | 89,123,604 | 63,397,733 |
| | 89,597,735 | 65,433,238 |

Note (i) : Security Deposit for Maintenance represents amount collected from the flat owners for maintenance of flat to the extent of Rs.6,79,78,534/-. Balance of Rs.2,11,45,070/- represents amount collected towards Corpus Fund.

Note 8 Long-term provisions

| Particulars | As at 31 March, 2014 Rs. | As at 31 March, 2013 Rs. |
|---|--------------------------------|--------------------------------|
| (a) Provision for employee benefits: | | |
| (i) Provision for Gratuity (Refer Note (i) below & Note 2.12) | 3,002,865 | 3,004,815 |
| (b) Provision - Others: | | |
| (i) Provision - others (Note (ii) below) | 8,969,842 | 8,969,842 |
| Total | 11,972,707 | 11,974,657 |

Note (i) : Gratuity provided is net of actual gratuity payment made during the year of Rs.3,01,950/-.

Note (ii) : Long term provision - Others represents amount payable for damages decreed by High Court Order and the company has deposited a sum of Rs.44,84,921/- with High Court of Madras which is shown under "Short Term Loans & Advance - Balance with Government Authorities - Others".

Note 9 Short-term borrowings

| Particulars | As at 31 March, 2014 Rs. | As at 31 March, 2013 Rs. |
|----------------------------------|--------------------------------|--------------------------------|
| (a) Loans repayable on demand | | |
| From other parties | | |
| Secured - Financial Institutions | - | 30,000,000 |
| Unsecured - Others | 35,215,000 | 12,000,000 |
| | 35,215,000 | 42,000,000 |

VIJAY SHANTHI BUILDERS LIMITED

Notes forming part of the financial statements

| Particulars | As at 31 March, 2014 Rs. | As at 31 March, 2013 Rs. |
|--|--------------------------------|--------------------------------|
| (b) Loans and advances from related parties Unsecured | 59,221,719 | 57,011,454 |
| (c) Current Maturity of Long Term Debt (Refer Note (ii) below) | | |
| From Banks | 93,374,299 | 144,012,720 |
| From Financial Institutions | 300,000,000 | 200,000,000 |
| | 393,374,299 | 344,012,720 |
| Total | 487,811,018 | 443,024,174 |

Notes:

(i) Details of security for the secured short-term borrowings:

| Particulars | Nature of security | As at 31 March, 2014 Rs. | As at 31 March, 2013 Rs. |
|--|---|--------------------------------|--------------------------------|
| Borrowings from Financial Institution & Other Parties | | Rs. | Rs. |
| Kotak Mahindra - Working Capital Term Loan | Terms : Repayable after 3 months of sanction of facility; Security - Executed Demand Promissory Note and Personal Guarantee given by Directors. | - | 30,000,000 |
| From Other Parties | Inter - Corporate Loan. | 35,215,000 | 12,000,000 |
| Total for Borrowings from Other Parties | | 35,215,000 | 42,000,000 |
| Borrowings from Related Parties | | | |
| Influence Enterprises India Pvt. Ltd. | No executed agreement exists. | - | |
| Chandan Kumar | | 59,221,719 | 57,011,454 |
| | | 59,221,719 | 57,011,454 |

(ii) Details of short-term borrowings guaranteed by the directors or others:

| Particulars | As at 31 March, 2014 Rs. | As at 31 March, 2013 Rs. |
|--|--------------------------------|--------------------------------|
| Guarantee given by Directors | | |
| Kotak Mahindra - Working Capital Term Loan | - | 30,000,000 |

(ii) Current maturities of long-term debt:

| Particulars | As at 31 March, 2014 Rs. | As at 31 March, 2013 Rs. |
|-----------------------------------|--------------------------------|--------------------------------|
| (a) Term loans | | |
| From banks | | |
| ICICI Bank Limited - The ART | - | 140,000,000 |
| ICICI - Vehicles Loan | 3,345,384 | 4,012,720 |
| ICICI - Vehicle Loan - Innova | 372,939 | 373,409 |
| ICICI Vehicle Loan | - | 931,996 |
| ICICI - Vehicle Loan - Benz | 2,196,428 | 2,196,428 |
| ICICI - Vehicle Loan - Honda City | 288,096 | 288,096 |
| ICICI - Vehicle Loan - Terrano | 282,957 | - |
| Etios | 204,964 | 222,791 |
| ICICI Bank Limited - Boulevard | 90,028,915 | - |
| Total | 93,374,299 | 144,012,720 |

VIJAY SHANTHI BUILDERS LIMITED

Notes forming part of the financial statements

| Particulars | | As at 31 March, 2014 Rs. | As at 31 March, 2013 Rs. |
|--|--|--------------------------------|--------------------------------|
| From Financial Institutions | | | |
| Religare Finvest Ltd | "Terms - Repayable in 24 equitable monthly installments; Security - Equitable Mortgage on Land Parcel situated Besant Nagar admeasuring 42,264 sq. ft., & Charge on unsold flats & receivables of Project - Lotus pond and I - Sky villa, Lien marked on Fixed Deposit of Rs.1.98 Crores Collateral Security - Charge on Land situated at Rathnamangalam Village admeasuring 13.9225 acres. The Company proposes to repay the loan." | 300,000,000 | - |
| Kotak Mahindra - Working Capital Term Loan | Terms : Repayable in six monthly installment with a moratorium period of 12 Months and repayment commence from August 2013; Security - (1) Registered Mortgage of Land at Besant Nagar, Chennai (2) Charge on receivables of the project "LOTUS POND" (3) Lien on Fixed Deposit to the extent 3 months interest (4) Personal Guarantee of Directors of the company. | - | 200,000,000 |
| Total | | 300,000,000 | 200,000,000 |
| Total | | 393,374,299 | 344,012,720 |

Note 10 Trade payables

| Particulars | | As at 31 March, 2014 Rs. | As at 31 March, 2013 Rs. |
|-----------------------------------|--|--------------------------------|--------------------------------|
| Trade payables : | | | |
| Payable - for Lands | | 102,237,551 | 127,716,227 |
| Payable - others (Note (i) below) | | 73,201,598 | 207,372,312 |
| Total | | 175,439,149 | 335,088,539 |

Note (i) : Creditors to extent of Rs.1.20 Crores are under dispute for the quality & quantity of goods despatched are not yet paid and will be squared off in the next financial year's transaction. Hence in the opinion of management, no provisioning would be required.

Note 11 Other current liabilities

| Particulars | | As at 31 March, 2014 Rs. | As at 31 March, 2013 Rs. |
|---|--|--------------------------------|--------------------------------|
| Current Maturity of Long Term Borrowings (Refer Note (i) below) | | | |
| From Banks | | - | - |
| From Financial Institutions | | - | - |
| Total | | - | - |

Note (i): Refer Note 9 (c) Short Term Borrowings for Current maturities of long-term debt.

VIJAY SHANTHI BUILDERS LIMITED

Notes forming part of the financial statements

Note 12 Short-term provisions

| Particulars | As at 31 March, 2014 Rs. | As at 31 March, 2013 Rs. |
|--|--------------------------------|--------------------------------|
| (a) Provision for employee benefits: | | |
| (i) Provision for Salary & Other Employee Benefits | 4,129,914 | 5,818,160 |
| | 4,129,914 | 5,818,160 |
| (b) Provision - Others: | | |
| (i) Provision of Tax Liabilities | | |
| Current Income Tax (Refer Note (i) below) | 7,835,134 | 3,881,800 |
| Tax Deducted at Source | 10,304,830 | 8,857,104 |
| Service Tax | 2,438,082 | 18,913,946 |
| Sales Tax | 85,228 | 607,308 |
| Fringe Benefit Tax | - | 423,640 |
| (ii) Provision for Proposed Equity Dividend | - | 20,950,936 |
| (iii) Provision for Tax on Proposed Dividend (Refer Note (ii) below) | 6,798,191 | 6,798,191 |
| (iv) Provision - Others | | |
| - Audit Fees | 360,000 | 360,000 |
| - Construction cost at Site | - | 50,000,000 |
| - Interest & Rent Payable | 180,000 | 5,456,506 |
| | 28,001,465 | 116,249,431 |
| Total | 32,131,379 | 122,067,591 |

Note:

(i) Provision for Current Income Tax is arrived at after deducting Advance Tax Paid for the Assessment Year 2013 - 2014.

The Liability for Income Tax has been provided for in the Books are subject to the payment of Statutory Liabilities and Interest due to Banks & Financial Institutions before the due date of Income Tax (i.e. 30/09/2014).

(ii) Tax on Proposed Dividend represents tax liability on dividend declared in previous years.

Note 13 Fixed assets

E : DEPRECIATION STATEMENT AS PER THE COMPANIES ACT

| Particulars | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | | depreciation rates |
|------------------------|--------------------------|------------------|------------------|--------------------------|--------------------------|-------------------|----------------------------|--------------------------|-------------------|-------------------|--------------------|
| | Balance as on 01.04.2013 | Additions | Deletions | Balance as on 31.03.2014 | Balance as on 01.04.2013 | For the year | Dep Deletions for the year | Balance as on 31.03.2014 | As at 31.03.2013 | As at 31.03.2014 | |
| Land | 1800000 | 0 | 0 | 1800000 | 0 | 0 | 0 | 0 | 1800000 | 1800000 | |
| Plant & Machinery | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5.28% |
| Mineral water division | | | | | | | | | | | |
| Furniture & Fittings | 39,078,647 | 115,509 | 0 | 39,194,156 | 22,964,422 | 2,47,92,14 | 0 | 25,44,36,37 | 16,11,42,25 | 13,75,05,19 | 6.33% |
| Office Equipments | 10,905,056 | 24,700 | 0 | 10,929,756 | 7,61,19,38 | 1,77,06,89 | 0 | 9,38,26,27 | 3,29,31,18 | 1,54,71,29 | 16.21% |
| Vehicles | 39,753,787 | 946,567 | 2,324,030 | 38,376,323.81 | 21,597,865 | 3,56,27,25 | 0 | 25,160,590 | 18,155,922 | 13,215,734 | 9.50% |
| | 91,537,490 | 1,086,776 | 2,324,030 | 90,300,236 | 52,174,225 | 7,81,26,29 | 0 | 59,986,854 | 39,363,265 | 30,313,382 | |

VIJAY SHANTHI BUILDERS LIMITED

Notes forming part of the financial statements

| B. | Depreciation and amortisation relating to continuing operations: | | |
|----|--|-------------------------|-------------------------|
| | Particulars | As at 31 March, 2014 | As at 31 March, 2013 |
| | | Rs. | Rs. |
| | Depreciation and amortisation for the year on tangible assets as per Note 13 A | 7,812,629 | 7,774,449 |
| | Depreciation and amortisation relating to continuing operations | 7,812,629 | 7,774,449 |

Notes forming part of the financial statements

Note 14: Non Current Investments

| Particulars | As at 31 March, 2014 Rs. | As at 31 March, 2013 Rs. |
|--|--------------------------------|--------------------------------|
| Investment in Shares of other entity - Quoted Shares | | |
| The South Indian Bank Ltd. (1,42,860 Nos of Equity Shares) | 788,994 | 788,994 |
| Total Value of Quoted Investment | 788,994 | 788,994 |
| Market Value of Quoted Investment | 3,142,920 | 3,500,070 |

Note 15 Long-term loans and advances

Notes forming part of the financial statements

| Particulars | As at 31 March, 2014 Rs. | As at 31 March, 2013 Rs. |
|---|---------------------------------|---------------------------------|
| (a) Advance to Suppliers Unsecured, considered Doubtful | 1,605,704 1,605,704 | 1,651,256 1,651,256 |
| (b) Security deposits Unsecured, considered good | 64,760,000 64,760,000 | 64,400,000 64,400,000 |
| (c) Loans and advances to related parties Unsecured, considered good | 4,576,963 4,576,963 | 6,724,511 6,724,511 |
| (d) Other Loans & Advances Rental Advances | 2,000,000 2,000,000 | 2,000,000 2,000,000 |
| Total | 72,942,667 | 74,775,767 |

Note : Long term Loans & Advances includes amount due from companies in which the director of the company has significant influence. Please refer Note 28.4.c for details.

VIJAY SHANTHI BUILDERS LIMITED

Note 16 Inventories

(Refer Note No. 2.3 (ii) for method of valuation of Inventory)

| Particulars | As at 31 March, 2014 Rs. | As at 31 March, 2013 Rs. |
|---|--------------------------------|--------------------------------|
| (a) Stock - in - Hand | | |
| Land | 693,188,451 | 511,202,251 |
| Finished Stock | 230,142,600 | 305,953,900 |
| | 923,331,051 | 817,156,151 |
| (b) Work-in-progress | 2,453,007,434 | 2,643,821,215 |
| Less: Advance from Customers (Refer Note (i) below) | 1,596,896,820 | 1,717,198,876 |
| | 856,110,614 | 926,622,339 |
| Total | 1,779,441,665 | 1,743,778,490 |

Note 17 Trade receivables

| Particulars | As at 31 March, 2014 Rs. | As at 31 March, 2013 Rs. |
|---|--------------------------------|--------------------------------|
| Trade receivables outstanding for a period exceeding six months from the date they were due for payment Unsecured, considered good | 83,998,507 | 9,623,724 |
| Trade receivables outstanding for a period less than six months from the date they were due for payment Unsecured, considered good | 71,544,221 | 282,515,861 |
| Total | 155,542,728 | 292,139,585 |

Note (i) : According to Management, for the debtors which are grouped under more than 180 days, does not require provisioning as the possession of property is still with the company.

Note 18 Cash and cash equivalents

| Particulars | As at 31 March, 2014 Rs. | As at 31 March, 2013 Rs. |
|---|--------------------------------|--------------------------------|
| (a) Cash on hand (as Certified by the Management) | 2,676,442 | 3,875,483 |
| (b) Balances with banks | | |
| (i) In current accounts | 30,249,235 | 3,503,474 |
| (iii) In deposit accounts (Refer Note (i) & (ii) below) | 25,364,523 | 17,467,854 |
| Total | 58,290,201 | 24,846,810 |
| Out of the above total, Cash & Cash Equivalents as defined in AS - 3 Cash Flow Statements are | 32,925,678 | 7,378,956 |

"Note (i) : Balance in Deposit with Bank includes Rs.2,51,67,423/- (including Interest Accrued) on which lien has been marked in favour of ""ICICI Bank"" & ""Religare Invest Limited"" for the facility availed by the company.

Note (ii) : Balance amount in Fixed Deposit account (including Interest Accrued) represents deposits having original maturity for more than 3 months."

VIJAY SHANTHI BUILDERS LIMITED

Notes forming part of the financial statements

Note 19 Short-term loans and advances

| Particulars | As at 31 March, 2014 Rs. | As at 31 March, 2013 Rs. |
|--|--------------------------------|--------------------------------|
| (a) Advance to Suppliers Unsecured, considered good (Refer Note (ii) below) | 18,667,660 | 10,046,424 |
| (b) Loans and advances to employees Unsecured, considered good | 2,539,020 | 2,109,850 |
| (c) Balances with government authorities | | |
| (i) Fringe Benefit Tax Refund Due | - | 169,745 |
| (ii) TDS Receivables | 208,570 | 140,337 |
| (iii) Deposit with High Court (Refer Note (i) below) | 4,484,921 | 4,484,921 |
| (iv) Others (Refer Note (ii) below) | 7,357,342 | 5,254,012 |
| Total | 33,257,513 | 22,205,289 |

Note (i) : Deposit paid to High Court during the hearing of Jemmi Pharmaceuticals Case for which the company has preferred an appeal before Supreme Court.

Note (ii) : Advance to Suppliers to extent of Rs.1.76 Crores are under dispute for the quality & quantity of goods despatched are not yet adjusted with the bills and will be squared off in the next year's transaction. Hence in the opinion of management, no provisioning would be required.

Note 20 Revenue from operations

| Particulars | For the year ended 31 March, 2014 Rs. | For the year ended 31 March, 2013 Rs. |
|--|--|--|
| (a) Income From Operations (Refer Notes below) | 761,711,072 | 1,383,518,616 |
| Total | 761,711,072 | 1,383,518,616 |

| Note | Particulars | For the year ended 31 March, 2014 Rs. | For the year ended 31 March, 2013 Rs. |
|-------|--|--|--|
| (i) | Income From Operations Income from sale of Completed Projects | 836,065,998 | 3,911,700,379 |
| | Profit or Loss Recognised under percentage completion method (As per AS 7) | | |
| | Opening Work in Progress | 3,460,977,366 | 5,949,538,880 |
| | Less: Refund of Land Advance | 11,086,993 | - |
| | | 3,449,890,373 | 5,949,538,880 |
| | Work in Progress | 3,376,338,485 | 3,460,977,366 |
| | Less: Purchase of Land | 2,000,000 | 40,500,000 |
| | | 3,374,338,485 | 3,420,477,366 |
| | Profit and Loss from change in WIP | -75,551,888 | -2,529,061,515 |
| (iii) | Proceeds from Weighment Division | 1,196,962 | 879,752 |
| | Total - Revenue from Operation | 761,711,072 | 1,383,518,616 |

VIJAY SHANTHI BUILDERS LIMITED

Notes forming part of the financial statements

Note 21 Other income

| Particulars | | For the year ended 31 March, 2014 Rs. | For the year ended 31 March, 2013 Rs. |
|--------------|---|---|---|
| (a) | Interest income (Refer Note No (i) Below) | 793,905 | 1,478,107 |
| (b) | Dividend income | 149,002 | 179,796 |
| (c) | Other Non Operating Income (Refer Note No (ii) Below) | 6,546,646 | 5,730,087 |
| Total | | 7,489,553 | 7,387,990 |

| Note | Particulars | For the year ended 31 March, 2014 Rs. | For the year ended 31 March, 2013 Rs. |
|---|--|---|---|
| (i) | Interest income comprises: Interest from banks on: deposits | 793,905 | 1,478,107 |
| Total - Interest income | | 793,905 | 1,478,107 |
| (ii) | Other non-operating income comprises: (a) Rental Income (b) Sale of Scrap Items (c) Extra Work Charges (d) labour Charges Received “(e) Maintenance charges received (Net-off Expenses) Refer Note 2.7 (iv)” | 146,400 1,196,956 4,604,487 - 598,803 | 144,000 933,295 4,480,734 172,058 - |
| Total - Other non-operating income | | 6,546,646 | 5,730,087 |

Note 22 Construction Expenses

| Particulars | For the year ended 31 March, 2014 Rs. | For the year ended 31 March, 2013 Rs. |
|------------------------------------|---|---|
| Projects in Progress at year end | 87,865,916 | 599,854,990 |
| Projects Completed and Handed Over | 525,287,241 | 519,111,366 |
| Total | 613,153,157 | 1,118,966,356 |

Note 23 Employee Cost

| Particulars | For the year ended 31 March, 2014 Rs. | For the year ended 31 March, 2013 Rs. |
|--|---|---|
| Director’s Remuneration | 11,700,000 | 11,700,000 |
| Salary, Bonus, Incentive | 21,620,854 | 25,606,684 |
| Gratuity, Provident Fund Contributions | 1,455,972 | 1,594,433 |
| Staff Welfare | 1,588,554 | 5,043,947 |
| Total | 36,365,380 | 43,945,064 |

Note 24 Finance costs

| Particulars | For the year ended 31 March, 2014 Rs. | For the year ended 31 March, 2013 Rs. |
|-----------------------------------|---|---|
| Interest on Borrowings | 7,573,643 | 4,759,399 |
| Processing Charges for Borrowings | 6,318,470 | - |
| Bank Charges | 828,762 | 1,788,834 |
| Total | 14,720,875 | 6,548,233 |

VIJAY SHANTHI BUILDERS LIMITED

Notes forming part of the financial statements

Note 25 Other Expenses

| Particulars | For the year ended 31 March, 2014 Rs. | For the year ended 31 March, 2013 Rs. |
|---|--|--|
| Power and fuel | 907,014 | 1,760,590 |
| Rent including lease rentals | 5,803,828 | 5,637,461 |
| Repairs and maintenance - Machinery | 671,553 | 368,068 |
| Repairs and maintenance - Vehicles | 541,472 | 648,336 |
| Repairs and maintenance - Building | 721,347 | 548,193 |
| Insurance | 357,151 | 1,320,762 |
| Rates and taxes | 2,163,558 | 4,372,361 |
| Communication | 1,173,738 | 1,346,715 |
| Travelling and conveyance | 2,387,588 | 7,961,723 |
| Printing and stationery | 2,207,152 | 2,633,772 |
| Advertisement and Exhibition Expenses | 13,658,840 | 30,909,536 |
| Business & Sales Promotion Expenses | 598,064 | 751,197 |
| Postage & Telegraph | 356,020 | 419,636 |
| Donations and contributions | 326,150 | 183,000 |
| Legal and professional | 948,854 | 1,390,513 |
| Entertainment Expenses | 91,760 | 79,524 |
| Brokerage | 21,085 | 1,528,875 |
| Consultancy Charges | 320,107 | 868,284 |
| Office Expenses | 698,985 | 1,110,727 |
| Payments to auditors (Refer Note (i) below) | 505,620 | 400,000 |
| Miscellaneous expenses | 1,092,622 | 1,459,980 |
| Total | 35,552,507 | 65,699,254 |

Note (i) Payment to Auditors

| Particulars | For the year ended 31 March, 2014 Rs. | For the year ended 31 March, 2013 Rs. |
|--|--|--|
| (i) Payments to the auditors comprises (net of service tax input credit, where applicable): As auditors for Statutory & Tax Audit | 505,620 | 400,000 |
| Total | 505,620 | 400,000 |

Note 26 Exceptional Items

| Particulars | For the year ended 31 March, 2014 Rs. | For the year ended 31 March, 2013 Rs. |
|--|--|--|
| Provision for Damages & Penalty for Breach of Contract | - | 8,969,842 |
| Total | - | 8,969,842 |

Note 27 Additional information to the financial statements

| Note | Particulars | For the year ended 31 March, 2014 Rs. | For the year ended 31 March, 2013 Rs. |
|-------------|---|--|--|
| 27.1 | Contingent liabilities and commitments (to the extent not provided for) | | |
| | Claims against the Company not acknowledged as debt | | |
| | Service Tax on Corpus Fund (Refer Note 7 (b)) | 1,035,000 | - |
| | Service Tax | 150,001,000 | 150,001,000 |
| | Income Tax - A.Y. 2010 - 11(1) Tax Payable determined in Order Less : Tax Paid by the company | 9,252,230 300,000 | 8,952,230 |
| | Total Contingent Liability not acknowledged | 158,953,230 | 150,001,000 |

VIJAY SHANTHI BUILDERS LIMITED

Notes forming part of the financial statements

| Note | Particulars | For the year ended 31 March, 2014 Rs. | For the year ended 31 March, 2013 Rs. | | | | | | | | | | | |
|--|---|---|---|--|--|---------------|--|-------------------------------------|--|--|----------------------|--|--|--|
| | (1) The Company has filed an appeal before CIT - Appeals against the order raised by the Joint Commissioner of Income Tax and the company is of getting substantial relief since the claims made by the Company are within the provision of the Income tax Act, 1961 and are squarely covered by cases decided by various Courts. Hence, the same is treated as contingent liability. In respect of Consumer Forum Cases, the liability is indeterminable and in opinion of management, the damages if at all any will be very minimum. Therefore the Company has not provided for such contingencies as of date. | | | | | | | | | | | | | |
| 27.2 | Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 | | | | | | | | | | | | | |
| | There is no due to Micro, Small & Medium Enterprises during the year under review. | | | | | | | | | | | | | |
| 27.3 | Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges | | | | | | | | | | | | | |
| | Loans and advances in the nature of Project Advance to subsidiaries, associates and others and investment in shares of the Company by such parties: | | | | | | | | | | | | | |
| | <table border="1"> <thead> <tr> <th>Name of the party</th> <th>Relationship</th> <th>Amount out-standing as at 31 March, 2014</th> <th>Maximum bal-ance outstanding during the year</th> </tr> </thead> <tbody> <tr> <td>Akash Housing</td> <td rowspan="2">Company in which Key Management Personnel are interested</td> <td>4,95,412 (Dr.) (67,24,511 (Dr.))</td> <td>3,15,59,904 (Dr.) (51,10,762 (Dr.))</td> </tr> <tr> <td>Darshan Housing and Infrastructure Limited</td> <td>40,81,551 (Dr.) -</td> <td>73,39,722 (Cr.) (1,01,86,242 (Dr.))</td> </tr> </tbody> </table> | Name of the party | Relationship | Amount out-standing as at 31 March, 2014 | Maximum bal-ance outstanding during the year | Akash Housing | Company in which Key Management Personnel are interested | 4,95,412 (Dr.) (67,24,511 (Dr.)) | 3,15,59,904 (Dr.) (51,10,762 (Dr.)) | Darshan Housing and Infrastructure Limited | 40,81,551 (Dr.) - | 73,39,722 (Cr.) (1,01,86,242 (Dr.)) | | |
| Name of the party | Relationship | Amount out-standing as at 31 March, 2014 | Maximum bal-ance outstanding during the year | | | | | | | | | | | |
| Akash Housing | Company in which Key Management Personnel are interested | 4,95,412 (Dr.) (67,24,511 (Dr.)) | 3,15,59,904 (Dr.) (51,10,762 (Dr.)) | | | | | | | | | | | |
| Darshan Housing and Infrastructure Limited | | 40,81,551 (Dr.) - | 73,39,722 (Cr.) (1,01,86,242 (Dr.)) | | | | | | | | | | | |
| | Note: Figures in bracket relate to the previous year. | | | | | | | | | | | | | |
| 27.4 | Expenditure in foreign currency | For the year ended 31 March, 2014 Rs | For the year ended 31 March, 2013 Rs | | | | | | | | | | | |
| | Travelling & Conveyance | - | 766,730 | | | | | | | | | | | |
| | Professional and consultation fees - Architect Fees | - | 4,941,732 | | | | | | | | | | | |
| | Advertisement | - | 67,533 | | | | | | | | | | | |
| | Construction Materials | - | - | | | | | | | | | | | |
| | | - | 5,775,995 | | | | | | | | | | | |
| 27.5 | Earnings in foreign exchange: | | | | | | | | | | | | | |
| | Other income - Flat Advance | - | - | | | | | | | | | | | |

Note 28 Disclosures under Accounting Standards

| 28.1 | Details of contract revenue and costs | For the year ended 31 March, 2014 Rs. | For the year ended 31 March, 2013 Rs. |
|-------------|--|---|---|
| | Contract revenue recognised during the year | 836,065,998 | 3,911,700,379 |
| | Profits recognised (less recognised losses) upto the reporting date | -75,551,888 | -2,529,061,515 |
| | Aggregate of contract costs incurred | 613,153,157 | 1,118,966,356 |
| | Advances received for contracts in progress | 1,596,896,820 | 1,717,198,876 |
| | Gross amount due from customers for contract work (asset) | 155,542,728 | 292,139,585 |
| | Amount collected towards Maintenance Fee for next 2 years & Corpus Fund | 89,123,604 | 63,397,733 |
| 28.2 | Employee Benefit Plans | | |
| (i) | Defined contribution plans The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs.11,55,972/- for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes. | | |
| (ii) | Defined benefit plans The Company offers the following employee benefit schemes to its employees: "i. Gratuity: The company is providing for the Gratuity Liability in the Books of Account based on its own estimate & it is charged to Profit & Loss Account. The Company recognised Rs. 3,00,000/- (Year ended 31 March, 2013 Rs. 4,00,000/-) towards Gratuity Liability in the Statement of Profit and Loss. There is no specific investment plan or asset kept aside to meet the Gratuity Liability. The Company is of hope that, it can pay the gratuity as and when it falls due on termination / retirement of eligible employees. During the year, the company paid Rs. 5,47,557/- towards Gratuity for the retiring / resigning employees." | | |

VIJAY SHANTHI BUILDERS LIMITED

Notes forming part of the financial statements

| | | | | | |
|---------------|--|--|--|--|--------------|
| 28.3 | Details of borrowing costs capitalised | | | | |
| | Borrowing costs capitalised during the year | For the year ended 31 March, 2014 Rs. | For the year ended 31 March, 2013 Rs. | | |
| | - as Work - in - Progress under Inventory | 78,298,556 | 58,904,315 | | |
| 28.4 | Related party transactions: | | | | |
| 28.4.a | Details of related parties: | | | | |
| | Description of relationship | Names of related parties | | | |
| | Key Management Personnel - KMP | Mr. Suresh Kumar, Managing Director Mr. Chandan Kumar, Joint Managing Director Mr.D.V.B.Prasad, Whole time Director | | | |
| | Relatives of KMP | Mrs. Ratan Bai Mrs. Rekha Jain Mrs. Pramila Jain Mr. Naresh Kumar Mrs. Varsha Jain Ms.Bakthi Jain Mr.Darshan Jain | | | |
| | Companies / Firms in which the Key Management Personnel / their relatives are interested | Akash Housing Darshan Housing Infrastructure Limited Influence Enterprises India Private Limited Vijay Shanthi Developers Pvt Ltd | | | |
| | Note: Related parties have been identified by the Management. | | | | |
| 28.4.b | Details of related party transactions during the year ended 31 March, 2013 and balances outstanding as at 31 March, 2013: | | | | |
| | Particulars | Key Management Personnel | Relatives of KMP | Companies in which KMP are interested | Total |
| | | Rs. | Rs. | Rs. | Rs. |
| | Remuneration to Key Management Personnel | | | | |
| | Mr. Suresh Kumar, Managing Director | 4,800,000 | - | - | 4,800,000 |
| | Mr. Chandan Kumar, Joint Managing Director | 4,800,000 | - | - | 4,800,000 |
| | Mr.D.V.B.Prasad, Whole time Director | 2,100,000 | - | - | 2,100,000 |
| | Rent | | | | |
| | Mr. Suresh Kumar, Managing Director | 1,920,000 | - | - | 1,920,000 |
| | Travelling & Conveyance | | | | |
| | Mr. Suresh Kumar, Managing Director | 246,593 | - | - | 246,593 |
| | Mr. Chandan Kumar, Joint Managing Director | 341,321 | - | - | 341,321 |
| | Construction Cost incurred & transferred to Related Party a/c | | | | |
| | Akash Housing | - | - | 33,922,077 | 33,922,077 |
| | Darshan Housing & Infrastructure Limited | - | - | 9,905,811 | 9,905,811 |
| | Unsecured Loan - Additional / Fresh Credit | | | | |
| | Mr. Suresh Kumar, Managing Director | 117,973,203 | - | - | 117,973,203 |
| | Mr. Chandan Kumar, Joint Managing Director | 27,855,803 | - | - | 27,855,803 |
| | Unsecured Loan - Repayment of Loan | | | | |
| | Mr. Suresh Kumar, Managing Director | 72,305,976 | - | - | 72,305,976 |
| | Mr. Chandan Kumar, Joint Managing Director | 21,569,449 | - | - | 21,569,449 |
| | Flat Advance Repaid (Adjusted in Work - in - Progress) | | | | |
| | Mrs. Ratan Bai | - | 4,056,890 | - | 4,056,890 |
| | Mr. Suresh Kumar, Managing Director | 235,530 | - | - | 235,530 |

VIJAY SHANTHI BUILDERS LIMITED

Notes forming part of the financial statements

| | Particulars | Key Manage- rial Personnel | Relatives of KMP | Companies in which KMP are interested | Total |
|---------------|---|-------------------------------|---------------------|---|------------|
| | | Rs. | Rs. | Rs. | Rs. |
| | Flat Advance received (Adjusted in Work - in - Progress) | | | | |
| | Mrs. Ratan Bai | - | 60,000,000 | - | 60,000,000 |
| | Long Term Loans and Advances - Additional Loan granted | | | | |
| | Akash Housing | - | - | 24,286,024 | 24,286,024 |
| | Darshan Housing & Infrastructure Limited | - | - | 12,288,725 | 12,288,725 |
| | Long Term Loans and Advances-Loan Repayment | | | | |
| | Akash Housing | - | - | 64,437,200 | 64,437,200 |
| | Darshan Housing & Infrastructure Limited | - | - | 18,100,000 | 18,100,000 |
| 28.4.c | Balances outstanding at the end of the year | | | | |
| | Unsecured Loan - Long & Short Term Borrowings | | | | |
| | Mr. Chandan Kumar, Joint Managing Director | 69,949,117 | - | - | 69,949,117 |
| | Mr. Suresh Kumar, Managing Director | 62,956,252 | - | - | 62,956,252 |
| | Mr. Naresh Kumar | - | - | - | - |
| | Mr. Varsha Jain | - | - | - | - |
| | Mrs. Ratan Bai | - | - | - | - |
| | Influence Enterprise India Private Limited | - | - | 2,685,080 | 2,685,080 |
| | Flat Advance (Adjusted in Work - in - Progress) | | | | |
| | Mr. Suresh Kumar, Managing Director | 27,166,696 | - | - | 27,166,696 |
| | Mrs. Ratan Bai | - | 56,443,110 | - | 56,443,110 |
| | Long Term Loans and advances - Asset | | | | |
| | Akash Housing | - | - | 495,412 | 495,412 |
| | Darshan Housing & Infrastructure Limited | - | - | 4,081,551 | 4,081,551 |

Note 28 Disclosures under Accounting Standards (Contd.)

| Note | Particulars | For the year ended 31 March, 2014 Rs. | For the year ended 31 March, 2013 Rs. |
|---------------|---|--|--|
| 28.5 | Earnings per share - Basic | | |
| 28.5.1 | Continuing operations | | |
| | Net profit / (loss) for the year from continuing operations | 40,716,226 | 84,517,740 |
| | Less: Preference dividend and tax thereon | - | - |
| | Net profit / (loss) for the year from continuing operations attributable to the equity shareholders | 40,716,226 | 84,517,740 |
| | Weighted average number of equity shares | 26,188,670 | 26,188,670 |
| | Par value per share | 10 | 10 |
| | Earnings per share from continuing operations - Basic | 1.55 | 3.23 |
| 28.5.2 | Total operations | | |
| | Net profit / (loss) for the year | 40,716,226 | 84,517,740 |
| | Less: Preference dividend and tax thereon | - | - |
| | Net profit / (loss) for the year attributable to the equity shareholders | 40,716,226 | 84,517,740 |
| | Weighted average number of equity shares | 26,188,670 | 26,188,670 |
| | Par value per share | 10 | 10 |
| | Earnings per share - Basic | 1.55 | 3.23 |

VIJAY SHANTHI BUILDERS LIMITED

Notes forming part of the financial statements

Note 28.6

| | |
|-------------|---|
| 28.6 | Balances disclosed under trade payables are subject to confirmation and reconciliation, if any. |
|-------------|---|

Note 29 Previous year's figures

| | |
|-----------|--|
| 29 | Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure. |
|-----------|--|

In terms of our report attached.
For V. Ramaratnam & Co.,
Chartered Accountants
FRN : 0029565

For and on behalf of the Board of Directors

Suresh Kumar Jain
Managing Director

Chandan Kumar
Joint Managing Director

R. Sundar
Partner
M. No. 012339
Place : Chennai
Date : 29th May 2014

Hiral Patel
Company Secretary

VIJAY SHANTHI BUILDERS LIMITED

REGD. OFF: 20/43, Kasthuri Rangan Road, Near Russian Cultural Centre,
Alwarpet, Chennai – 600018, Phone: 044 - 40004600
Website: www.vijayshanthibuilders.com
CIN: L45201TN1992PLC021960

Attendance Slip

Members attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

I hereby record my presence at the 23rd Annual General Meeting of the Company on Monday, 29th September 2014 at Padmavathy Hall, No.93, Arcot Road, Virugambakkam, Chennai – 600 092 at 10.30 AM.

.....
Full name of the Member (in block letters) Signature
Folio No.: DP ID No.* Client ID No.*

*Applicable for member holding shares in electronic form

.....
Full name of the proxy (in block letters)

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Company: VIJAY SHANTHI BUILDERS LIMITED
Registered Office: 20/43, Kasthuri Rangan Road Alwarpet, Chennai - 600018
Website: www.vijayshanthibuilders.com CIN: L45201TN1992PLC021960

Name of the Member (s): _____
Registered address: _____
E-mail Id: DP ID No.* Client ID No.*

I / We, being the member(s) of _____ Equity Shares of Vijay Shanthi Builders Limited, hereby appoint

1. Name: _____

Address: _____

E-mail Id: _____

Signature: _____, or failing him / her

2. Name: _____

Address: _____

E-mail Id: _____

Signature: _____

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the Annual General Meeting of the Company, to be held on Monday, 29th September 2014 at Padmavathy Hall, No.93, Arcot Road, Virugambakkam, Chennai – 600 at 10.30 AM. And at any adjournment thereof, in respect of such resolution set out in the Notice convening the meeting, as are indicated below:

- 1: **Adoption of the Audited Balance Sheet as at March 31, 2014 and the Profit and Loss Account for the year ended as on that date together with reports of the Board of Directors' and Auditors' thereon**
- 2: **Re-appointment of Mr. D.V.B Prasad as a Director of the Company**
- 3: **Appointment of Auditors.**
- 4: **Appointment of Mr. Sivasubramaniam as an Independent Director.**
- 5: **Appointment of Mr. Revathi Ramakrishna as an Independent Director.**
- 6: **Appointment of Mr. Mathrubutham Balasubramaniam as an Independent Director.**
- 7: **Re-appointment of Mr. Suresh Kumar as Managing Director**

Signed this ___ day of _____, 2014

Signature of Shareholder

Signature of Proxy Holder (s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before the commencement of the Meeting.

Affix Revenue
Stamp of Re. 1/-



VIJAY SHANTHI BUILDERS LIMITED

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