



VKS Projects Limited

ANNUAL REPORT
2012 - 2013

BOARD OF DIRECTORS

Dr. V. K. Sukumaran – Managing Director
Mr. Nathan – Whole-Time Director
Mr. Jaywant Bolaikar -Director
Mr. Jayesh Ramniklal Udeshi-Director
Mr. Ronindra Nath Ghose - Director

STATUTORY AUDITORS

Borkar & Muzumdar
Chartered Accountants

COMPANY SECRETARY

Ms. Supriya Avinash Tatkar

REGISTERED OFFICE

507 Sai Sangam, Sector 15, CBD Belapur, Navi Mumbai – 400614.
Tel No: 022-41267000 Fax no: 022-41267030
email id: info@vksprojects.com website: www.vksprojects.com

REGISTRAR & TRANSFER AGENTS

BIGSHARE SERVICES PRIVATE LIMITED

E-2/3 Ansa Industrial estate, Saki Vihar Road, Saki naka, Andheri (E), Mumbai - 400 072
Tel no: +91-22-28470652 Fax no: +91-22-28475207 Email: investor@bigshareonline.com

BANKERS

State Bank of India

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Dear Members and Shareholders,

It gives me great pleasure in welcoming you all to the Annual General meeting of the Company since we get the opportunity to apprise you on the progress and growth of the Company in the fiscal year 2012-2013 and its future endeavours.

We have more than a decade of experience in this industry and we always aim to strive for the best. The market prospects for EPC Activities looks promising and the industry is expected to grow over the next 10 years at a rate which is linked to the growth expected in the core industries such as coal, steel, cement, fertilizers, mining, ports, power and petrochemicals and overall Infrastructure Development.

The financial performance of the Company can be seen in the Annual report for the year ended 31st March 2013 which have been circulated to you. The fiscal 2012-2013 for your Company has been marked with a number of significant achievements. We aim to undertake various turnkey projects in different industrial sectors and emerge as a promising EPC company.

In conclusion, on behalf of the Board of Directors of your Company, I thank all our stakeholders for their continued support, trust and confidence reposed in us. With the strong backing of your Company's customers, shareholders, associates and vendor partners, your Company will continue to be a major and significant player in the EPC industry.

Dr. V. K. Sukumaran
Chairman & Managing Director

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 15th Annual General Meeting of the Company will be held on Monday, 30th September, 2013 at 3.00 p.m. at The Conference Hall, First Floor, Laxmi Hotel, Sai Sangam Building, Sector -15, CBD, Belapur, Navi Mumbai-400614.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as of 31st March, 2013, Profit and Loss Account and Cash Flow Statement for the year ended on that date together with the Auditors' Report and Directors' Report thereon.
2. To appoint a Director in place of Mr. Jaywant Bolaikar, 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(s), the following resolution as an Ordinary Resolution.

“RESOLVED THAT subject to the provisions of Section 225 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Maheshwari & Company, Chartered Accountants, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting in place of the retiring Auditors, M/s. Borkar & Muzumdar, Chartered Accountants, to audit the accounts of the Company for the financial year 2013-14 at a remuneration to be fixed by the Board of Directors on the recommendation of the Audit Committee of Directors.”

SPECIAL BUSINESS:

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

“RESOLVED THAT Mr. Nathan, who was appointed as an Additional Director by the Board of Directors of the Company as on 10th January, 2013 and who holds office upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 (hereinafter referred to as Act) read with Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 257 of the Act, from a member proposing his candidature for the office of a Director and being eligible, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

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

“RESOLVED THAT Mr. Jayesh Udeshi, who was appointed as an Additional Director by the Board of Directors of the Company as on 10th January, 2013 and who holds office upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the

Companies Act, 1956 (hereinafter referred to as Act) read with Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 257 of the Act, from a member proposing his candidature for the office of a Director and being eligible, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

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

“**RESOLVED THAT** Mr. Ronindra Nath Ghose , who was appointed as an Additional Director by the Board of Directors of the Company as on 11th February, 2013 and who holds office upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 (hereinafter referred to as Act) read with Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 257 of the Act, from a member proposing his candidature for the office of a Director and being eligible, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

For and on Behalf of the Board

Sd/-

Supriya Avinash Tatkar
Company Secretary

Registered Office:

507, Sai Sangam, Sector 15,
CBD Belapur,
Navi Mumbai,
Maharashtra-400 614.

Date: 13th August, 2013.

Place: Navi Mumbai.

NOTES:

1. The relative explanatory statement for the business set out under Item No. 4, 5 and 6 of the Notice are annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE THEREAT INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORMS IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT THE REGISTERED OFFICE AT LEAST 48 HOURS BEFORE THE MEETING. A PROXY / PROXIES SO APPOINTED SHALL HAVE NO RIGHT TO SPEAK AT THE MEETING.**
3. The Register of Members and Share Transfer Books of the Company will remain closed from 23/09/2013 to 30/09/2013 (Both Days Inclusive).
4. Members/proxies are requested to bring their copies of Annual Report & duly filled admission/attendance slips sent herewith along with the copies of annual report at the meeting and produce the same at the entrance where the Annual General Meeting is held.
5. Corporate Members are requested to send a certified copy of the Board Resolution / Power of Attorney authorizing their representative to attend and vote at the Annual General Meeting.
6. Members desirous of getting any information about the accounts and operations of the Company are requested to send their query to the Registered Office well in advance so that the same may reach the office at least seven days before the date of the meeting to enable the management to keep the information required readily available at the meeting.
7. Members who hold shares in electronic form are requested to write their DP Id and client Id numbers and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the Meeting to facilities identification of membership at the Meeting.
8. The detail of Directors seeking appointment / re-appointment at this Annual General Meeting as required under Clause 49 of the Listing Agreement is annexed hereto.
9. For the security and safety of the shareholders, no article/baggage including water bottles and tiffin boxes will be allowed at the venue of the meeting. The members / attendees are strictly requested not to bring any article / baggage, etc. at the venue of the meeting.
10. The Annual Report of your Company for the Financial Year 2012-13 is displayed on the website of the Company i.e. www.vksprojects.com

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACTS, 1956**Item No. 4.**

Mr. Nathan was appointed as an Additional Director of the Company with effect from 10th January, 2013. Pursuant to the provisions of Section 260 of the Companies Act, 1956 read with Articles of Association of Company he holds office as such upto the date of this Annual General Meeting. The Company has received a notice in writing from one of its members along with a deposit of Rs. 500/- proposing the candidature of Mr. Nathan for the office of Directorship pursuant to Section 257 of the Companies Act, 1956. Also company has received the requisite Form 'DD-A' from Mr. Nathan, in terms of Section 274(1)(g) of the Companies Act, 1956 read with The Companies (Disqualification of Directors) Rules, 2003, confirming his eligibility for such appointment.

The brief resume covering the details of his qualifications and experience, as required pursuant to Clause 49(IV)(g) of the Listing Agreement, is annexed to this Notice. Considering his experience and expertise, the Board recommends the appointment of Mr. Nathan as Director of the Company liable to retire by rotation.

The Board recommends the passing of the resolution set forth under Item no. 4 as Ordinary Resolution.

None of the Directors, except Mr. Nathan, are interested and/or concerned in passing of the resolution set forth under Item no. 4.

Item No. 5.

Mr. Jayesh Ramniklal Udeshi was appointed as an Additional Director of the Company with effect from 10th January, 2013. Pursuant to the provisions of Section 260 of the Companies Act, 1956 read with Articles of Association of Company he holds office as such upto the date of this Annual General Meeting. The Company has received a notice in writing from one of its members along with a deposit of Rs. 500/- proposing the candidature of Mr. Jayesh Ramniklal Udeshi for the office of Directorship pursuant to Section 257 of the Companies Act, 1956. Also company has received the requisite Form 'DD-A' from Mr. Jayesh Ramniklal Udeshi, in terms of Section 274(1)(g) of the Companies Act, 1956 read with The Companies (Disqualification of Directors) Rules, 2003, confirming his eligibility for such appointment.

The brief resume covering the details of his qualifications and experience, as required pursuant to Clause 49(IV)(g) of the Listing Agreement, is annexed to this Notice. Considering his experience and expertise, the Board recommends the appointment of Mr. Jayesh Ramniklal Udeshi as Director of the Company liable to retire by rotation.

The Board recommends the passing of the resolution set forth under Item no. 5 as Ordinary Resolution.

None of the Directors, except Mr. Jayesh Ramniklal Udeshi, are interested and / or concerned in passing of the resolution set forth under Item no. 5.

Item No. 6.

Mr. Ronindra Nath Ghose was appointed as an Additional Director of the Company with effect from 11th February, 2013. Pursuant to the provisions of Section 260 of the Companies Act, 1956 read with Articles of Association of Company he holds office as such upto the date of this Annual General Meeting. The Company has received a notice in writing from one of its members along with a deposit of Rs. 500/- proposing the candidature of Mr. Ronindra Nath Ghose for the office of Directorship pursuant to Section 257 of the Companies Act, 1956. Also company has received the requisite Form 'DD-A' from Mr. Ronindra Nath Ghose, in terms of Section 274(1)(g) of the Companies Act, 1956 read with The Companies (Disqualification of Directors) Rules, 2003, confirming his eligibility for such appointment.

The brief resume covering the details of his qualifications and experience, as required pursuant to Clause 49(IV)(g) of the Listing Agreement, is annexed to this Notice. Considering his experience and expertise, the Board recommends the appointment of Mr. Ronindra Nath Ghose as Director of the Company liable to retire by rotation.

The Board recommends the passing of the resolution set forth under Item no. 6 as Ordinary Resolution.

None of the Directors, except Mr. Ronindra Nath Ghose, are interested and / or concerned in passing of the resolution set forth under Item no. 6.

For and on Behalf of the Board

Sd/-
Supriya Avinash Tatkar
Company Secretary

Registered Office:

507, Sai Sangam, Sector 15,
CBD Belapur,
Navi Mumbai,
Maharashtra-400 614.

Date: 13th August, 2013

Place: Navi Mumbai

Particulars of Directors seeking Appointment / Reappointment at the ensuing Annual General Meeting pursuant to Clause 49 of the Listing Agreement:

Name of Director	Mr. Jaywant Bolaikar	Mr. Jayesh Ramniklal Udeshi	Mr. Ronindra Nath Ghose	Mr. Nathan
Type	Non-Executive Independent Director	Non-Executive Independent Director	Non-Executive Independent Director	Executive Director
Date of Birth	04/03/1973	23/04/1984	04/01/1950	26/10/1957
Date of Appointment	29/03/2011	10/01/2013	11/02/2013	10/01/2013
Qualification	MBA - Finance	ACS, LLB	Mechanical Engineer	B.Com
No. of Equity Shares held	NIL	NIL	NIL	NIL
Expertise in Specific Functional area	Consultant	Legal and Corporate	Business Consultant	Finance
Directorships held in other Companies	NIL	1	NIL	2
Particulars of Committee Chairmanship / Membership held in other Companies	NIL	NIL	NIL	NIL
Relationship with other Directors inter-se	None	None	None	None

Note:

- Pursuant to Clause 49 of the Listing Agreement, only two Committees viz. Audit Committee and Shareholders Grievance / Transfer Committee have been considered.

**REPORT OF THE BOARD OF DIRECTORS
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2013**

To
The Members,

Your Directors are pleased to present the Annual Report together with Audited Financial Accounts of your Company for the Financial Year ended March 31, 2013:

FINANCIAL RESULTS

Particulars	(Rs. in Lacs)	
	2012- 2013	2011-2012
Revenue from Operations	20,585.03	14,408.27
Profit Before Interest, Depreciation and Tax	19512.85	13411.79
Less: Finance Charges	615.61	339.46
Depreciation	180.55	134.65
Provision for Taxations / Deferred Tax	236.76	247.71
Prior Period Items / Extra Ordinary Items	-	(9.34)
Net Profit/Loss for the current year	419.31	562.26

OPERATIONS

During the FY 2012-13, the Company reported 42.86% growth in gross revenue from operations of Rs 20,585.03 lacs as against Rs. 14,408.27 lacs during the FY 2011-12. For the year 2012-13, the Company recorded Profit after Tax of Rs. 419.31 lacs as against previous year of Rs. 562.26 lacs.

SUB-DIVISION OF EQUITY SHARES

During the year, the face value of Equity Shares of the Company was sub-divided from Rs. 10/- to Re.1/- each vide ordinary resolution passed in the Extra Ordinary General Meeting held on 08th February, 2013.

BONUS ISSUE

During the year Company made Bonus Issue of Equity Shares in the proportion of 5:2 vide Special resolution passed in the Extra Ordinary General Meeting held on 22nd April, 2013.

DIVIDEND

To conserve resources for the long term needs of the Company, your Directors do not recommend payment of any dividend for the year.

DIRECTORS

Mr. Jaywant Bolaikar will retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

Mr. Nathan has been appointed as Whole-Time Director of the Company during the financial Year 2012-13.

Mr. Nathan, Mr. Jayesh Raminkalal Udeshi and Mr. Ronindra Nath Ghose have been appointed as additional directors by the Board during the year and shall hold office up to the date of the ensuing Annual General Meeting pursuant to Section 260 of the Companies Act, 1956. The Company has received notice from its members the candidatures of Mr. Nathan, Mr. Jayesh Raminkalal Udeshi and Mr. Ronindra Nath Ghose for the office of Directorship under Section 257 of the Companies Act, 1956.

AUDITORS

M/s. Borkar & Muzumdar, Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting of the Company. At the ensuing Annual General Meeting, Board of Directors of the Company recommends the appointment of M/s. Maheshwari & Company, Chartered Accountants, as the Statutory Auditors of the Company for the financial year 2013-14. The Company has obtained a certificate from them stating that their appointment, if considered and approved, will be within the limits of Section 224(1B) of the Companies Act, 1956. The Company has also obtained a certificate from them stating that they have subjected themselves to the Peer Review Process of Institute of Chartered Accountants of India (ICAI).

AUDIT COMMITTEE

Your Directors have, in compliance with the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement, constituted the Audit Committee of the Board. As on date, the members of the Audit Committee are Mr. Ronindra Nath Ghose, Mr. Jaywant Bolaikar and Dr. V. K. Sukumaran.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Board of Directors of your Company hereby confirms:

- 1) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departure, 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 and Loss of the Company for the period;
- 3) that the Directors have taken proper and sufficient care for the 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 annual accounts on a 'going concern' basis.

MANAGEMENT DISCUSSION & ANALYSIS

A separate Report on Management Discussion & Analysis is appended to this Annual Report and forms part of this Directors' Report.

CORPORATE GOVERNANCE

Your Company as listed, in compliance with Clause 49 of the Listing Agreement, a detailed Report on Corporate Governance is enclosed as a part of this Annual Report. A certificate from Statutory Auditors regarding compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, is appended to this Annual Report and forms part of this Directors' Report.

DEPOSITS

The Company has accepted Public Deposits from the public, during the Financial Year 2012-13. The Company is in the process of complying necessary Rules and Regulations of Companies Act, 1956.

ADDITIONAL INFORMATION

The information relating to Conservation of Energy, Technical Absorption and Foreign Exchange Earnings and Outgo as required to be disclosed 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, as amended, is not applicable to the Company.

The requirement of the provisions of Section 217(2A) of the Companies Act, 1956, read with The Companies (Particulars of Employees) Rules, 1975, as amended, is not applicable to the Company.

ACKNOWLEDGMENT

Your Directors place on record their appreciation for the contributions made by the employees at all levels enabling the Company to achieve the performance during the year under review.

Your Directors are thankful to the Central Government, Government, Government agencies, bankers, local bodies, Registrar of Companies, stock exchanges, depositories, shareholders, customers, vendors, associates of the Company and other related organizations for their continuous co-operation and support in progress of the Company and also look forward to their continued confidence and trust in the Company.

For and on Behalf of the Board

Sd/-

Dr. V. K. Sukumaran
Chairman and Managing Director

Registered Office:

507, Sai Sangam, Sector 15,
CBD Belapur,
Navi Mumbai,
Maharashtra - 400 614.

Date: 13th August, 2013

Place: Navi Mumbai

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENT

Our company is an ISO 9001:2008, OHSAS 18001:2007 & ISO 14001:2004 certified Engineering Procurement and Construction Company (EPC Contractor) engaged in the business of undertaking EPC Contracts of S/SS/Alloy Steel Turnkey Piping, Civil Land Development, Industrial / Commercial Infra Projects, Structural Fabrication and Erection of Equipments, Fire Fighting Projects and Commissioning of Chemical Plants for various industries including but not limited to Chemicals, Oil and Gas (on-shore and offshore), Refinery, Petrochemicals, Dyestuff, Pharma & Bulk Drugs, Metallurgy, Power and Textiles. We provide services to industries in different sectors such as Oil and refinery, Textiles, Petro-Chemical, Pharmaceuticals, Food & beverages, Power, Steel, Air conditioning & Refrigeration, Glass, Port etc. Our key expertise is in Fabrication & Erection of Key Industry Equipments/Plants includes but is not limited to Reaction Vessels, Auto Claves, Vacuum Tray Driers, Storage Tanks, Chilling Plants, Hydrogenerators, Fire Fighting Units, Heat Exchangers/Condensers, Rotary Vacuum Tray Driers, Centrifuges, WHR boilers, Crystallizers, Scrubbers, Distillation Units, and Flakers etc. We have more than a decade of experience in this field and have successfully completed projects for various companies in diversified sectors. The market prospects for EPC activities looks promising and the industry is expected to grow significantly as Engineering, procurement construction activity is integral to the overall infrastructural and industrial development. Directorate of Maharashtra Fire Services has granted us the license to act a Licensed Agency for the purposes of Fire Prevention and Life Safety Measures.

FINANCIAL PERFORMANCE

Total income (net of taxes) amounted to Rs. 20,603.99 lacs compared to Rs. 14435.90 lacs of the previous year.

The operating profit before tax amounted to Rs 656.08 lacs compared to Rs. 819.31 lacs reported last year.

OPPORTUNITIES, THREATS, RISKS AND CONCERNS

Growing technological & infrastructural advancements in the country paves the way for our growth and achievement. Your Company has developed expertise in its line of operations to meet the growing industrial needs in the global competitive market. We have qualified and experienced Management team, Multi-locational & multi-sectoral client base. We have been in this EPC business for the last thirteen years and have developed Project execution capabilities and cost competitiveness. Your Company has been exposed to financial market risks from changes in Interest rates and Inflation, as we continue to undertake EPC projects of increasing size; we may become increasingly exposed to the risk of adverse deviations from our cost estimates, particularly to the extent that the project execution gets delayed over a period of time. Our contracts expose us to significant construction and cash flow risk.

Your Company caters to multi locational and multi sectoral client base spread across wide geographical sectors and thus has to maintain strong relations with various clients in diversified sectors and locations. The Company has to meet certain pre-qualifications in terms of technical expertise, capital, infrastructure, manpower, past project execution to qualify as a bidder. To mitigate these risks, we have developed risk controls that include bidding on projects, efficient project management and disciplined cash flow management.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Effective governance consists of competent management, implementation of standard policies and processes, formulation of risk management techniques, internal control, information and communication procedures. The Company has sound internal control systems in all spheres of activities commensurate with the operations of the Company since they are critical to the Company's growth and expansion plans. The Company has a well defined organizational structure, guideline policies, structured and definite authority matrix. Such adequate internal control system helps to advantageously assimilate information and make more intellectual and efficiency driven decisions. The internal control system is supported by effective internal audit being carried out by an external firm of chartered accountants. The Audit Committee of Directors regularly reviews the findings of the Internal Auditors and effective steps to implement the suggestions/observations of the Auditors are taken and monitored regularly. The Company has a well defined system of management reporting and periodic review of business to ensure timely decision making.

STRATEGIC PLANS AND ORGANIZATIONAL DEVELOPMENT

Our strategic objective is to consolidate our position as a professionally managed Engineering Construction Company in India. Our focus remains on enhancing our engineering and design capabilities, geographical expansion of business, increase pool of Owned capital and improved performance and satisfactory project execution. We also intend to continue to optimize operations by minimizing operational / overhead costs and increasing productivity thereby maximizing our operating margins. To increase our business opportunities, we will continue to develop strong relationship and strategic alliance with our clients and suppliers. We have expanded our operating activities by opening Design Studio/Office and Training Centers at various locations across India. We continuously thrive to enhance the capital equipments base of our EPC Company to increase our operational and financial efficiencies geographically w.r.t project executions.

HUMAN RESOURCES

Your Company has HR policies and procedures that encourage human development. The management understands that motivated and appropriately qualified employees are key to the success of its business. The Human resource policy ensures that the Company provides a safe, professional and stable working environment and transparent processes for rewarding performance and retaining talent. Further, we intend to continuously strengthen our execution capabilities by adding to our existing pool of skilled and unskilled labors, attracting new graduates, and facilitating continuous learning with in-house and external training opportunities to our staff and our local sub-contractors. Being a labour intensive Company, all the Government rules and regulations have been complied with.

OUTLOOK

Last year our EPC Company has stepped into the financial markets through an IPO issue on an optimistic note. Our focus continues on increasing our market share, serving clients, customers, shareholders laying thereby a robust foundation for sustainable growth. With the global growth in the industrial sector, it is expected that there will be further growth in EPC business.

We are continuing with our efforts on improvement in efficiencies, margins, profitability and sales while re-looking at business strategies and models, wherever necessary and barring, unforeseen circumstances, we expect to achieve better results for the year 2013-14.

REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

I. Company's Philosophy

The Company fully subscribes to the principles and spirit of Corporate Governance. The Company has adopted transparency, disclosure, accountability and ethics as its business practices. The management believes that these principles will enable it to achieve the long-term objectives and goals. As part of its Corporate Governance philosophy, the Company focuses its energies in safeguarding the interests of its stakeholders and utilising its resources for the maximizing the benefits to them.

The Company constantly reviews its Corporate Governance policy to not only comply with the business, legal and social framework in which it operates but also to implement the best practices in that regard.

A report on compliance with the Code of Corporate Governance as prescribed in the Listing Agreement with the Stock Exchanges is given below.

II. Board of Directors

The composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with Stock Exchange. The Board of Directors of your Company consists of 5 (Five) Directors, out of these 3 (Three) are Independent Directors.

- i) Details of Composition and Category of Board, their attendance at the Board Meetings and last Annual General Meeting, Directorship held in other Companies, Committee Chairmanship / Membership held in other Companies as at March 31, 2013:

Sr. No	Name of the Directors	Category	No. of Board Meeting during the tenure of Directors in FY 2012-13		Attendance at the last AGM held on 26.11.2012	Directorship in other public companies ⁹	Committee position held in other public companies ¹⁰	
			Held	Attended			Chairman	Member
1	Dr. V. K. Sukumaran Chairman & Managing Director	Executive	10	10	Yes	3	-	-
2	Dr. Saritha Sukumaran Whole-Time Director ³	Executive	10	8	Yes	-	-	-
3	Mr. Roy Daniel ⁸	Independent	10	9	-	-	-	-
4	Mr. Jayawant Boilkar	Independent	10	10	Yes	-	-	-
5	Ms. Mohua Ranendranath Ghosh ^{1&6}	Independent	10	8	-	-	-	-
6	Mr. Nathan Whole-Time Director ⁴	Executive	10	3	N. A.	-	-	-
7	Mr. Ronindra Nath Ghose ⁷	Independent	10	1	N. A.	-	-	-
8	Mr. Jayesh Ramniklal Udeshi ⁵	Independent	10	3	N. A.	1	-	-
9	Ms. Lakshmi Wasekar ²	Independent	10	1	N. A.	-	-	-

- 1 Appointed as Additional Director w.e.f. 27.04.2012.
 - 2 Resigned from Directorship w.e.f. 27.04.2012.
 - 3 Resigned from Directorship w.e.f. 10.01.2013.
 - 4 Appointed as Whole-Time Director w.e.f. 10.01.2013.
 - 5 Appointed as Additional Director w.e.f. 10.01.2013.
 - 6 Resigned from Directorship w.e.f. 10.01.2013.
 - 7 Appointed as Additional Director w.e.f. 11.02.2013.
 - 8 Resigned from Directorship w.e.f. 11.02.2013.
 - 9 Directorship held in Private Companies, Section 25 Companies and Foreign Companies is not included.
 - 10 Only Audit Committee and Shareholders' Grievance Committee are taken into consideration as per the provisions of Clause 49 of Listing Agreement. None of the Directors of the Company is a member of more than 10 committees or acts as a Chairman of more than 5 committees across all the Companies wherein he is a director.
- ii) None of the Non-Executive Directors of the Company have any pecuniary relationship and / or transaction with the Company. The disclosure of fees / compensation, if any, paid to the Non-Executive Directors is done at appropriate place later in this Report on Corporate Governance.

During the year 2012-13, the Board of Directors of your Company met 10 times on 27/04/2012, 13/06/2012, 27/06/2012, 05/07/2012, 12/07/2012, 26/09/2012, 12/11/2012, 10/01/2013, 11/02/2013 and 20/03/2013.

- iii) The compliance reports of all applicable laws are placed before the Board periodically. All the material and important items pertaining to the development and working of the Company is included with a detailed note in the Agenda and the same is circulated to the Board well in advance, so as to enable them to take strategic decisions. The information which could not be circulated to the Board, in advance, is placed at the table during the Board Meeting. The information as specified in Annexure IA of the Clause 49 of the Listing Agreement is provided to the Board as and when applicable and material.
- iv) The Board has adopted "Code of Conduct for Board Members and Senior Management of the Company" w.e.f. 27/04/2011. The Code of Conduct is available on the website of the Company i.e., www.vksprojects.com

III. Audit Committee

- i) Composition of the Audit Committee, particulars of meetings held and attended during the year 2012-13:

The Audit Committee was re-constituted during the year as follows:

Name	Position Held	Category
Mr. RonindraNath Ghose ¹	Chairman	Non-Executive Independent Director
Dr. V. K. Sukumaran	Member	Executive Director
Mr. JaywantBolaikar ²	Member	Non-Executive Independent Director
Mr. Roy Daniel ³	Member	Non-Executive Independent Director

- 1 Appointed as Chairman of the Audit Committee w.e.f. 07th May, 2013.
- 2 Ceased from Chairmanship of the Audit Committee and appointed as Member w.e.f. 07th May, 2013.
- 3 Ceased from Membership of the Audit Committee w.e.f. 11th February, 2013.

The composition of the Audit Committee is in conformity with Clause 49 of the Listing Agreement entered into with Stock Exchanges.

All the members of the Audit Committee are financially literate and considering their professional background and experience, have acquired respective management, financial, accounting and legal expertise. The Chairman of the Audit Committee is a Non-Executive Independent Director. The Chairman of the Audit Committee was present at the previous Annual General Meeting held on 26th November, 2012.

The Chief Financial Officer of the Company, Statutory Auditors and Internal Auditors are invitees to the meetings of the Audit Committee. Ms. Supriya Avinash Tatkar, Company Secretary acts as the Secretary to the Committee.

Meetings and Attendance during the year 2012-13:

During the year 2012-13, 3 (Three) Meetings of the Audit Committee were held and attended by all the members of the Audit Committee as follows:

Sr. No.	Date	Committee Strength	No. of Members Present
1	26 th September, 2012	3	3
2	12 th November, 2012	3	3
3	11 th February, 2013	3	3

Note: The Equity Shares of the Company are listed and traded on Stock Exchanges w.e.f. 18th July, 2012.

The maximum gap between any two meetings of the Audit Committee of the Company was not more than four months.

The minutes of Audit Committee Meeting are noted by the Board of Directors of the Company at the Board meeting after getting approved by the Audit Committee.

ii) Terms of reference

The terms of reference of the Audit Committee includes the mandatory matters specified in Clause 49 of the Listing Agreement and also covers the matters specified under Section 292A of the Companies Act, 1956. The terms of reference of the Audit Committee are broadly detailed as under:

- a) Overseeing the Company's financial reporting process to ensure disclosure of financial information as per the requirements of Stock Exchange and the Company Law requirements and to ensure that the financial statements are correct and credible.

- b) Review of quarterly, half yearly and annual financial statements before submission to the Board for approval.
- c) Review of Management Discussion & Analysis of financial condition and results of operations, statement of significant related party transactions.
- d) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and Internal Auditors and the fixation of audit fees.
- e) Review of adequacy of internal control systems, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit and further recommending to the Internal Auditors the nature and scope of internal audit.
- f) Review of reports of Statutory and Internal Auditors and replies of the management thereof.
- g) Review of the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- h) Review of the annual financial statements with the management before submission to the Board for approval, with particular reference to:
- Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on exercise of judgment of management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosures of any related party transactions.
 - Qualifications in the draft audit report.
- i) Review of management representation letters to be issued to the Statutory Auditors.
- j) Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

- k) Approval of the appointment of the Chief Financial Officer (CFO) of the Company after assessing the qualifications, experience & background, etc. of the Candidate.

IV. Remuneration Committee

- i) Composition of the Remuneration Committee, particulars of meetings held and attended during the year 2012-13:

The Board has constituted Remuneration Committee for fixing and approving the remuneration / commission payable to Executive and Non-Executive Directors of the Company, however, subject to the approval of shareholders and Central Government, wherever necessary.

The Remuneration Committee was re-constituted during the year, as follows:

Name	Position Held	Category
Mr. Jaywant Bolaikar ³	Chairman	Non-Executive Independent Director
Mr. Jayesh Ramniklal Udeshi ⁴	Member	Non-Executive Independent Director
Dr. Ronindra Nath Ghose ⁵	Member	Non-Executive Independent Director
Mr. Roy Daniel ²	Member	Non-Executive Independent Director
Ms. Mohua Ghosh ¹	Member	Non-Executive Independent Director

1 Ceased as from Directorship w.e.f. 10th January, 2013.

2 Ceased from Membership of the Remuneration Committee w.e.f. 10th January, 2013.

3 Appointed as Chairman of the Remuneration Committee w.e.f. 10th January, 2013.

4 Appointed as Member of the Remuneration Committee w.e.f. 10th January, 2013.

5 Appointed as Member of the Remuneration Committee w.e.f. 11th February, 2013.

The Company Secretary acts as the Secretary to the Committee.

During the year 2012-13, 1 (One) Meeting of the Remuneration Committee was held and attended by all the members of the Remuneration Committee as on 10th January, 2013.

The minutes of Remuneration Committee Meeting are noted by the Board of Directors of the Company at the Board meeting after getting approved by the Remuneration Committee.

- ii) Employee Stock Option Scheme:

The Company does not have any Employee Stock Option Scheme in place.

- iii) Terms of reference :

The terms of reference of the Remuneration Committee include review, recommendations on salaries, performance linked bonus, perquisites and other conditions for Executive Directors. The Committee takes into consideration job requirements, individual profile and remuneration practices followed by industry while determining the overall remuneration policy of the company.

Dr. V. K. Sukumaran held position as Managing Director of the Company. The Company paid Rs. 15 Lacs as Remuneration to Managing Director. He holds 4,80,96,800 Equity Shares in the Company as on March 31, 2013. The tenure is of 3 years commencing from November 4, 2010 till November 3, 2013.

During the year, Mr. Nathan was appointed as Whole time Director of the Company and is paid Rs. 12 Lacs p.a. as Remuneration as Whole-Time Director of the Company. The tenure of his appointment as whole-time Director is for 3 years commencing from January 10, 2013 to January 09, 2016; vide Board Meeting dated as on 10th January, 2013 and Shareholders confirmed his appointment in Extra Ordinary General Meeting dated 08th February, 2013.

The details of relationship between Directors inter-se, sitting fees paid to Non-Executive Directors during the year 2012-13 and the number of equity shares held by them is as follows:

Name	Relationship between Directors inter-se	Sitting fees paid for Board Meetings and Committee Meetings (In Rs.)	Number of Equity Shares held in as on March 31, 2013
Mr. Roy Daniel	None	NIL	NIL
Mr. Jaywant Boilkar	None	NIL	NIL
Mr. Jayesh Ramniklal Udeshi	None	NIL	NIL
Ms. Mohua Ranendranath Ghosh	None	NIL	NIL
Ms. Lakshmi Wasekar	None	NIL	NIL
Mr. Ronindra Nath Ghose	None	NIL	NIL

V. Shareholders' / Investors' Grievance cum Share Transfer Committee

The Shareholders' / Investors' Grievance cum Share Transfer Committee was re-constituted during the year, as follows:

Names	Position held	Category
Mr. Ronindra Nath Ghose ³	Chairman	Non-Executive Independent Director
Mr. Jaywant Bolaikar ²	Member	Non-Executive Independent Director
Mr. Jayesh Ramniklal Udeshi ⁴	Member	Non-Executive Independent Director
Dr. V.K. Sukumaran	Member	Executive Director
Ms. Mohua Ghosh ¹	Member	Non-Executive Independent Director

1 Ceased from Directorship w.e.f. 10th January, 2013.

2 Ceased from Chairmanship of the Shareholders' / Investors' Grievance cum Share Transfer Committee w.e.f. 07th May, 2013.

3 Appointed as Chairman of the Shareholders' / Investors' Grievance cum Share Transfer Committee w.e.f. 07th May, 2013.

4 Appointed as Member of the Shareholders' / Investors' Grievance cum Share Transfer Committee as on Board Meeting dated 10th January, 2013.

The Shareholders / Investors' Grievance cum Share Transfer Committee of the Board has been constituted in line with the requirements of Clause 49 of the Listing Agreement.

The Company Secretary acts as the Secretary to the Committee.

i) Name, Designation and Address of Compliance Officer:

Ms. Supriya A Tatkar
Company Secretary
507 Sai Sangam, sector 15,
CBD Belapur,
Navi Mumbai.

ii) Procedure for approval and details of meetings and attendance during the year 2012-13:

The power to approve the share transfer / transmission and dematerialization and / or rematerialisation has been delegated severally to Mr. V.K. Sukumaran, Managing Director and Ms. Supriya A Tatkar, Company Secretary. The request for share transfer/transmission, dematerialization/rematerialisation and issue of new share certificates in lieu of old/worn-out/lost/defaced/split/consolidation, etc., is processed and attended atleast once in a fortnight in co-ordination with Bigshare Services Private Limited., Registrar & Transfer Agents of the Company.

All the above requests processed during a quarter are then taken into record for approval of Shareholders / Investors' Grievance cum Share Transfer Committee. During the year 2012-13, 2 (Two) Meetings of the Shareholders' / Investors' Grievance cum Share Transfer Committee were held and attended by all the members of the Shareholders' / Investors' Grievance cum Share Transfer Committee as on 12th November, 2012 and 11th February, 2013.

iii) Terms of reference:

- a) To look into the redressal of shareholders and investors complaints like non-receipt of notices / annual reports, non-receipt of declared dividends, non-receipt of share certificates, etc;
- b) To approve and register share transfer and transmission;
- c) To expedite the process of dematerialization and / or rematerialisation of shares;
- d) To take on record the Certificate taken under Clause 47 (c) of the Listing Agreement from Practising Company Secretary;
- e) To take on record the Share Reconciliation Audit Report submitted by Practising Company Secretary every quarter.

iv) Details of Investors' Complaints/Grievance and their status:

The details of Investors' Complaints received and redressed by the Company and Bigshare Services Private Limited during the year 2012-13 is as follows:

Nature of Complaints	Number of Complaints Received	Number of Complaints Resolved
Non-receipt of Share Certificates	NIL	NIL
Non-receipt of Annual Reports	1	1
Shares not dematerialized / rematerialized	NIL	NIL
Others	NIL	NIL
Total	1	1

VI) IPO Committee

The IPO Committee Meeting was formed to look into various activities of IPO. One IPO committee meeting was held on 27th July, 2012.

The IPO Committee was reconstituted as follows:

Name of Members	Designation in the Committee	Nature of Directorship
Dr. V. K. Sukumaran	Chairman	Managing Director
Mr. Nathan ³	Member	Whole-time Director
Mr. Ronindra Nath Ghose ⁴	Member	Non-Executive Independent Director
Dr. Saritha Sukumaran ¹	Member	Executive Independent Director
Mr. Roy Daniel ²	Member	Non-Executive Independent Director

¹ Ceased from Directorship w.e.f. 10th January, 2013.

² Ceased from Directorship w.e.f. 11th February, 2013.

³ Appointed as Member of IPO Committee w.e.f. 10th January, 2013.

⁴ Appointed as Member of IPO Committee w.e.f. 11th February, 2013.

VII) General Body Meetings

i) Details of last three Annual General Meetings (AGM):

Financial year	Day & Date	Venue	Time
2011-12	Monday, 26 th November, 2012	The Convention Hall, The Institution of Engineers (India), Belapur Local Centre, Plot No.106, Sector-15, CBD, Belapur, Navi Mumbai- 400 614.	10.30 a.m.
2010-11	Tuesday, 27 th September, 2011	507, Sai Sangam, Sector 15, CBD Belapur, Navi Mumbai, Maharashtra-400 706	11:00 a.m.
2009-10	Tuesday, 31 st August, 2010	507, SaiSangam, Sector 15, CBDBelapur, Navi Mumbai, Maharashtra-400 706	11:00 a.m.

ii) Details of Special Resolutions passed in last three Annual General Meetings (AGM):

Date of AGM	No. of Special resolutions passed	Particulars of Special resolutions
26 th November, 2012	2	1. Maintaining Register, Index of Members and Debentureholders with RTA 2. To amend, alter or vary the Objects of the Issue and deployment of funds as mentioned in offer document by altering the utilization of issue proceeds.
27 th September, 2011	1	Appointment of Dr. V. K. Sukumaran and Dr. Saritha Sukumaran as Managing Director and Whole Time Director respectively.

iii) Details of Extra Ordinary General Meeting (EOGM)

Location, Date and Time of the Extra-Ordinary General Meeting:

Year	Location	Date	Time	Purpose
2012-13	507 Sai Sangam, Sector- 15, CBD Belapur, Navi Mumbai, Maharashtra	27/04/2012	01.00 p.m.	Increasing the FII Limit to 40% of the paid-up equity share capital
	The Conference Hall, First Floor, Laxmi Hotel, SaiSangam Building, Sector-15, CBDBelapur, Navi Mumbai (E), Pin-400614.	08/02/2013	10.00 a.m.	Sub-division of Equity Share Capital and Appointment and fixation of Remuneration of Mr. Nathan as whole-time Director
2013-14	The Conference Hall, First Floor, Laxmi Hotel, SaiSangam Building, Sector-15, CBDBelapur, Navi Mumbai (E), Pin-400614.	22/04/2013	11.00 a.m.	Bonus Issue of Equity Shares in the proportion of 5:2

iv) Details of resolutions passed through Postal Ballot:

During the year 2012-13, none of the resolution was passed through Postal Ballot.

As and when required, the Postal Ballot shall be conducted in accordance with the provisions of Section 192A of the Companies Act, 1956 and The Companies (Passing of Resolutions through Postal Ballot) Rules, 2001.

VIII) Disclosures

i) Related party transactions:

Related party transactions have been disclosed under Note 34 of Significant accounting policies & notes forming part of the financial statements of Audited Accounts in accordance with "Accounting Standard 18". A statement in summary form of transactions with related parties in the ordinary course of business is periodically placed before the Audit Committee for review and recommendation to the Board for their approval.

No material transactions are entered with related parties in conflict with the interest of the Company's business. All the transactions with related parties are entered at arm's length price. The Disclosure of interest in any of transaction is made to the Board every year by the Directors and as and when they become interested. Further, interested Directors neither participate nor vote in the transaction wherein they have potential interest.

ii) Disclosure of Accounting treatment:

The financial statements of the Company for the year ended March 31, 2013 are prepared in conformity with the Accounting Standards.

iii) Share Capital Reconciliation Report:

A qualified Practising Company Secretary carried out Reconciliation of Share Capital 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 listed capital. The report confirms that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL/ CDSL.

iv) Risk Assessment:

The Company has an effective and efficient Risk Assessment and Management System to track, analyze and mitigate the risks associated with the Company. The Board of Directors periodically reviews the

The Company has an effective and efficient Risk Assessment and Management System to track, analyze and mitigate the risks associated with the Company. The Board of Directors periodically reviews the procedure of Risk Assessment and Management and thereby frame a properly defined network with help of which executive management can control risks. The details of risks associated with the Company and the ways to mitigate those risks are discussed in Management Discussion & Analysis Report annexed to the Directors' Report.

- v) Proceeds from public issues, rights issues, Preferential issues, etc.:

Pursuant to Listing Agreement, the Utilisation of IPO proceeds funds upto 31st March, 2013 as follows :

Particulars	(Rs. in Lacs)	
	Object as per Prospectus	Actual Utilisation
Amount Received from IPO	5500.00	5500.00
Utilisation of Funds up to March 31, 2013		
Long Term Working Capital Requirements/General Corporate Purpose	1985.82	4299.00
Finance the Procurement of Construction Equipment and Key Machineries	2264.18	1,006.00
Setting up of Engineering design Studio/ office and Training Centres.	1000.00	-
Issue Expenses	250.00	195.00

- vi) Remuneration of Directors:

Already disclosed in Clause IV "Remuneration Committee" section.

- vii) Subsidiary Company:

In terms of Clause 49 (III) of the Listing Agreement, your Company does not have any subsidiary company and hence the requirement of the said clause does apply to the Company.

- viii) Management:

- a) Management Discussion & Analysis report is attached to Directors' Report.
- b) There were no material financial and commercial transactions by Senior Management as defined in Clause 49 of the Listing Agreement where they have personal interest that may have a potential conflict with the interests of the Company at large.

ix) Shareholders:

The brief profile and other information pertaining to Directorship held in other Companies, shareholding, etc, of the Directors proposed to be appointed / re-appointed at the ensuing Annual General Meeting of the Company is attached to the Notice of Annual General Meeting.

x) Compliances:

a) The Company has fully complied with all the statutory requirements of Listing Agreement entered into with Stock Exchange including mandatory requirements of Clause 49.

b) The details of compliance with non-mandatory requirements of Clause 49 of the Listing Agreement is as follows;

The Board has set up a Remuneration Committee to determine competitive remuneration package of Executive Directors of the Company. The details of Remuneration Committee are given earlier in this report.

xi) Means of Communication:

a) Financial results

The quarterly, half yearly and annual results of the Company in the format prescribed under Clause 41 of the Listing Agreement will be published in prominent dailies and also will be posted on the website of the Company i.e., *www.vksprojects.com*

b) Other information

Important official news is also posted on the Company's website *www.vksprojects.com*, as and when released.

The Company has also designated exclusive e-mail id for the use of investors in accordance with Clause 49 of the Listing Agreement which is *investor@vksprojects.com*

xii) CEO/CFO Certificate:

The CEO/CFO Certificate for the year ended March 31, 2013 as required under Clause 49(V) of the Listing Agreement, was placed and taken on record at the Board Meeting of the Company held on 13th August, 2013.

xiii) Certificate of compliance:

The Certificate of Statutory Auditors confirming compliance with all requirement of the Clause 49 of the Listing Agreement for the year ended March 31, 2013 is appended to this Report on Corporate Governance.

xiv) General Shareholders Information:

a) Annual General Meeting

Date : Monday, 30th September, 2013.
 Time : 3.00 p.m.
 Venue : The Conference Hall, First Floor,
 Laxmi Hotel, Sai Sangam Building,
 Sector -15, CBD, Belapur,
 Navi Mumbai - 400614.

b) Financial year 2012-13 (tentative schedule)

Quarter Results

Ending on June 30, 2013 : Second week of August 2013
 Ending on September 30, 2013 : Second week of November 2013
 Ending on December 30, 2013 : Second week of February 2014
 Year ended March 31, 2014 : In the month of May 2014
 AGM is proposed to be held on
 September 2014.

c) Date of Book Closure : 23rd September, 2013 to
 30th September, 2013
 (Both Days Inclusive)

d) Dividend Payment date : No Dividend is recommended by Board

e) Listing on Stock Exchange : The Bombay Stock Exchange
 Ltd. (BSE), Mumbai
 National Stock Exchange of India Ltd.
 (NSE)

The Annual Listing fees for the year
 2013-14 is been fully paid.

f) Stock Code : BSE : 534567
 NSE : VKSPL

g) Corporate Identification Number (CIN) : L74210MH1998PLC113596

h) Stock Market Price Data :

The shares of the company are listed & traded w.e.f. 18th July, 2012 consequent to the Initial Public Offer. Therefore, stock market data price is available from the date 18th July, 2012.

Market Price Data: High/Low during each month in last financial year are given below:

Month	Bombay Stock Exchange (BSE)				National Stock Exchange (NSE)			
	High (Rs.)	Low (Rs.)	Month's Closing Price (Rs.)	Monthly Volume Traded	High (Rs.)	Low (Rs.)	Monthly Volume	S&P CNX (Closing)
July '12	60.15	53.05	60.15	2,614,328	59.30	53.95	232,843	5,229.00
August '12	77.00	45.15	64.20	924,365	80.00	44.65	1,000,656	5,258.50
September '12	84.00	55.05	76.90	84,577	84.95	55.05	86,304	5,703.30
October '12	110.45	70.55	108.15	406,290	111.00	72.20	359,383	5,619.70
November '12	137.80	102.05	130.05	606,652	137.80	102.00	526,504	5,879.85
December '12	312.20	130.00	312.20	41,674	312.70	130.00	57,346	5,905.10
January '13	361.35	201.75	218.00	39,307	361.90	196.35	90,067	6,034.75
February '13	228.00	19.75	20.40	49,485	215.00	19.90	27,984	5,693.05
March '13	21.40	11.80	18.10	1,659,354	21.00	12.00	2,043,231	5,682.55

Sources : BSE and NSE websites

i) Registrar and Transfer Agents : Bigshare Services Private Limited
E-2/3, Ansa Industrial Estate,
Saki Vihar Road, Saki Naka,
Andheri (E), Mumbai – 400 072
Tel No.: + 91-22-2847 0652.
Fax No.: + 91-22-2847 5207
Email: investor@bigshareonline.com

j) Share Transfer System:

The physical transfer of shares is processed and approved by the Company in co-ordination with Bigshare Services Private Limited, atleast once in every fortnight. The Share Certificates after effecting transfer are dispatched to the shareholders within 15 Days from the date of receipt of transfer request, if the

transfer documents are found technically in order and complete in all respects. The transfer of shares held in Demat mode is processed electronically by Bigshare Services Private Limited within 21 days from the date of receipt of the request.

The Shares of the Company are compulsorily traded in dematerialized form.

Shareholding pattern as on 31st March, 2013:

Category	No. of Shareholders	No. of Shares held	Percentage of Shareholding
Promoters' Group	4	79999350	44.44
Other Directors & their Relatives	-	-	-
Mutual funds, Financial Institutions, Banks & Insurance Companies	-	-	-
Foreign Institutional Investors	4	54972090	30.54
Non Resident Indians (NRIs)	15	35493	0.02
Resident Individuals	802	2692976	1.5
Body Corporates	72	42178205	23.43
Others	32	121886	0.07
Total	929	180000000	100.00

k) Dematerialization of shares and liquidity:

The Company's Shares are traded in Stock Exchange in dematerialized form and are available for trading in both the Depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

ISIN No. of the Company's Equity Shares is: INE213M01024

l) Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity : NIL

m) Plant Location : N.A.

n) Address for Correspondence

: **Registered Office**

507 Sai Sangam, Sector 15, CBD
Belapur, Navi Mumbai, Maharashtra.
Tel No. : +91-22 4126 7000
Fax No. : +91-22 41267030
Email : *info@vksprojects.com*

Compliance Officer

Ms. Supriya A. Tatkar
507 Sai Sangam, sector 15,
CBD Belapur,
Navi Mumbai.
Maharashtra, INDIA.
Tel No. : +91-22 4126 7000
Fax No.: +91-22 41267030
Email : *complianceofficer@vksprojects.com*

For and on behalf of the Board

Dr. V. K. Sukumaran
Chairman & Managing Director

Mr. C. D. Nathan
Whole-Time Director

Navi Mumbai,
29th May, 2013.

DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT

I, Dr. V. K. Sukumaran, Managing Director of the Company do hereby give this declaration pursuant to Clause 49 (I)(D) of the Listing Agreement;

The Board has laid down code of conduct for all Board Members and Senior Management of the Company and the same is posted on the website of the Company i.e. www.vksprojects.com. All the Board Members and Senior Management personnel have affirmed compliances with the code for the year ended 31st March, 2013.

Navi Mumbai,
13th August, 2013.

Sd/-
V. K. Sukumaran
Managing Director

Auditors' Certificate on Corporate Governance

To
The Members,

VKS Projects Limited

We have examined the compliance of conditions of Corporate Governance by VKS Projects Limited, for the year ended on 31st March 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression 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 based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement. We state that such compliance is neither an assurance as to future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For and on behalf of
BORKAR & MUZUMDAR
Chartered Accountants
Firm Regn No. 101569W**

**Sd/-
Vivek Jain
Partner
Membership No. 119700**

**Place: Mumbai
Date: May 29th, 2013**

INDEPENDENT AUDITORS' REPORT**TO THE MEMBERS OF
VKS PROJECTS LIMITED**

Report on Financial Statements

1. We have audited the accompanying financial statement of **VKS PROJECTS LIMITED**, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year ended, and a summary of Significant accounting policies and other explanatory statements.

2. Management Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statement 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 refereed to in sub-section (3C) of section 211 of the companies act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to preparation and presentation of the financial statement that give a true and fair view and free from material misstatement, whether due to fraud or error.

3. 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 amount and disclosure in financial statements. The procedure selected depends on the auditor's judgment, including the assessment of risk of the material misstatement of the financial statement, 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 procedure that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimate 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 audit opinion.

4. 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 principal generally accepted in India

- a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013; and
 - b. In the case of the Statement of Profit & Loss, of the profit for the year ended on that date.
 - c. In the case of the Cash flow Statement, of the cash flows for the year ended on that date.
5. Report on other legal and regulatory requirements:-
1. As required by the Companies (Auditor's Report) Order, 2003 as amended by companies (Auditor's report) Amendment order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
 2. As required by section 227(3) of the act, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. 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;
 - c. The Balance Sheet, the Statement of Profit & Loss, and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. Also comply with the accounting standards referred to in sub-section (3c) of section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors, as on 31st March, 2013, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f. 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 and on behalf of
BORKAR & MUZUMDAR
Chartered Accountants
Firm Reg. No:-101569W**

**Place: Mumbai
Date: May 29th, 2013**

**Sd/-
Vivek Jain
Partner
M.No.119700**

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT
(Referred to in paragraph 1 under the heading of "Report on other legal and regulatory requirements" of our report of even date)

FIXED ASSETS :

1. (a) As informed, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
- (b) We were also informed that all the fixed assets have been physically verified by the management in a phased periodical manner during the year and that no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size and nature of the Company.
- (c) The Company has not disposed off a substantial part of its fixed assets during the year and accordingly, the going concern status is not affected.

INVENTORIES :

2. (a) We are informed that the inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) According to the inventory records produced to us for our verification, we are of the opinion that the Company is maintaining records for inventories but the same needs improvement in the manner such as product, quantity etc. Further, discrepancies noticed on such physical verification of inventories, if any, referred to above, as compared to the book records, though not material, have been properly dealt with in the books of account.

RELATED PARTY TRANSACTION :

3. In respect of the loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:
 - (a) The Company has given loans to two companies where director has direct controls on the same. In respect of the said loans, the maximum amount outstanding at any time during the year was ₹ 470.95 lacs and the year-end balance is ₹ Nil.
 - (b) The Company has also taken an unsecured loan from parties covered in the Register required to be maintained under section 301 of the Companies Act, 1956. In this connection we were informed that those transactions are in the nature of current

- (c) In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions of these transactions, prime facie not prejudicial to the interest of the Company.
- (d) In our opinion and according to the information and explanation given to us, there is no overdue amount of loans and interest.

INTERNAL CONTROLS :

- 4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems/procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and sale of goods & services. However in our opinion, the Company needs to strengthen the internal controls considering the volume of activities in the Company. During the course of our audit we have not observed any continuing failure to correct major weakness in the internal controls system.
- 5. In our opinion and according to the information and explanation provided to us, there are no contracts or arrangements of purchase or sale of goods that need to be entered into a register in pursuance of section 301 of the Companies Act, 1956.

DEPOSITS :

- 6. The Company has accepted the deposits from the public during the financial year 2012-13. However, the directives issued by the Reserve Bank of India and the provisions of Section 58A and Section 58AA of the Companies Act, 1956 are not complied with.

INTERNAL AUDIT :

- 7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

COST AUDIT :

- 8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section 209(1) (d) of the Companies act, 1956 and are of the opinion that prima facie the prescribed cost records has been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

STATUTORY DUES :

- 9. (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, custom duty, sales tax, excise duty

and other statutory dues, applicable to it except for Service Tax and Income Tax. Service Tax dues with interest as at the end of the year were Rs. 2,52,78,476/-and that of Income tax were Rs.2,68,52,094/-..

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, custom duty, sales tax, excise duty and other statutory dues were outstanding, as at 31st March, 2013 for a period of more than six months from the date were they became payable except the followings.

Sr. No.	Particulars	Amt. O/s for more than 6 months
1	Income Tax	1,40,43,243
2	Service Tax	1,33,48,320

- (c) According to the information and explanations given to us and based on records produced to us, there are no dues of Income tax, Service tax, Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, custom duty, sales tax and excise duty, which have not been deposited on account of any dispute.
10. In our opinion, the Company does not have any accumulated losses at the end of the financial year and has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
 11. Based on our examination of the records and the information and explanations given to us, the Company has not defaulted in repayment of dues to any bank.
 12. Based on our examination of documents and records, we are of the opinion that the Company has not granted loans and advances on the basis of security or by way of pledge of shares, debentures and other securities.
 13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
 14. In our opinion, the Company is not dealing in or trading in shares, securities, debenture and other investments. Accordingly, the provision of clause 4 (xiv) of Companies (Auditors Report) Order, 2003 are not applicable to the Company.
 15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks and Financial Institutions.
 16. The Company has raised new term loans during the year. The term loans outstanding at the beginning of the year and those raised during the year have been applied for the purposes for which they are raised.

17. In our opinion and according to information and explanation given to us, there are no funds raised on a short-term basis, which have been used for long-term investments.
18. The Company has not made any preferential allotment of equity shares during the financial year to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year or in previous year.
20. We have verified the end use of funds raised by public issue during the year as disclosed in Note 2(vii) to the financial statements.
21. According to the information and explanations given by the management, we report that no material fraud on or by the Company has been noticed or reported during the year.

**For and on behalf of
BORKAR & MUZUMDAR
Chartered Accountants
(Firm Reg. No: 101569W)**

**Sd/-
Vivek Jain
(M.No. 119700)
Partner**

**Place: Mumbai
Date: May 29th, 2013**

NOTES AND ACCOUNTING POLICIES FORMING PART OF FINANCIAL STATEMENTS**Note 1. Company information**

VKS Projects Limited (referred to as “Company”) is an Engineering Procurement and Construction Company (EPC Contractor) engaged in the business of undertaking EPC Contracts of CS/SS/Alloy Steel, Turnkey Piping, Civil Land Development, Industrial/Commercial Infra Projects, Structural Fabrication and Erection of Equipments, Fire Fighting Projects and Commissioning of Chemical Plants for various industries.

Note 2. Significant Accounting Policies adopted by the Company is as follows:**i) Basis of preparation of financial statements :**

These financial statements have been prepared as of a going concern and in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956.

ii) Use of Estimates :

The presentation of financial statements in conformity with the generally accepted accounting principles require estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenue and expenses during the reported period. Differences between the actual result and estimates are recognized in the period in which the results are known/materialize. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Future results could differ from these estimates.

iii) Cash Flow :

Cash flow statement has been prepared in accordance with the “indirect method” as explained in the Accounting Standard 3 issued by the Institute of Chartered Accountants of India.

iv) Fixed Assets :

Fixed Assets are stated at cost of acquisition less accumulated depreciation, amortisation, and impairment loss, if any. Fixed Assets are accounted at cost of acquisition inclusive of inward freight, duties taxes and other incidental expenses related to acquisition and installation of Fixed Assets incurred to bring the assets to their working condition for their intended use.

v) Depreciation :

Depreciation is provided for in the books on written down value method as per the rates prescribed under Schedule XIV of the Companies Act 1956.

vi) Revenue Recognition :

Revenue from the sale of goods is recognized net of sales tax on transfer of the title as per the Contact Terms with the Customer. Revenue from fixed-price, fixed-time frame contracts, where there is no uncertainty as to the measurement or collectability of consideration that will be derived on completion of the contract, is recognized as per the percentage of completion method. Interest on deposits is accounted for on the time proportion basis.

vii) Foreign Currency Transactions :

Foreign currency transactions are recorded in the books at exchange rates prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the period are recognized as income or expense in the profit and loss account of the same period.

Foreign currency assets and liabilities are translated at the period end rates and the resultant exchange differences, are recognized in the profit and loss account.

viii) Borrowing Cost :

Borrowing Costs that are directly attributable to the acquisition or production of qualifying assets are capitalized as the cost of the respective assets. Other Borrowing Costs are charged to the Profit and Loss Account in the period in which they are incurred.

ix) Employees benefits :

All employee benefit obligations payable wholly within twelve months of the rendering the services are classified as Short Term Employee Benefits. Such Benefits are estimated and provided for in the period in which the employee renders the related service.

Post Employment Benefits**Defined Contribution Plan**

All eligible employees of the Company are entitled to receive benefits under the provident fund through a defined contribution plan in which both the employee and the Company contribute monthly at specified percentage of employee's basic salary. These contributions are made to a Government Approved Provident Fund. Contribution to the said provident fund is Defined Contribution Plan. The contribution paid/ payable under the schemes is recognized during the period in which the employee renders the related service.

Defined Benefit Plans

The costs of providing Gratuity (unfunded) is determined using projected unit credit method on the basis of actuarial valuation carried out by a third party actuary at each balance sheet date

x) Inventories

Inventories are measured at lower of the cost and net realizable value. Cost of inventories comprises all costs of purchase (net of input credit) and other costs incurred in bringing the inventories to their present location and condition. Costs of consumable and trading products are determined by using the First-In First-Out Method (FIFO).

xi) Accounting for taxes on Income :

- i) Income tax comprises the current tax and net change in deferred tax assets, which are made in accordance with the provisions as per the Income Tax Act, 1961.
- ii) Deferred Tax resulting from timing differences between accounting income and taxable income for the period is accounted for using the tax rates and laws that have been enacted or substantially enacted as at the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

xii) Leased Assets :

Assets acquired on leases where a significant portion of the risks and rewards of the ownership are retained by the lessor, are classified as Operating Leases. The rental and all other expenses of leased assets are treated as revenue expenditure.

xiii) Provisions and Contingent Liabilities :

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

xiv) Impairment of Assets :

The Company assesses at each balance sheet date whether there is any indication that an assets may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or recoverable amount of the cash generating unit to which the assets belongs is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as impairment loss and is recognized in the profit and loss account. If at the balance date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the assets is reflected at the recoverable amount.

xv) Cash and cash equivalents :

The Company considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less from the date of purchase, to be cash equivalents.

Additional information to the financial statements

27 In the opinion of the management, current assets, loans and advances have realizable value of at least the amounts at which they are stated in the accounts.

28 Balances of trade receivables, loans and advances, sundry deposits and current liabilities are subject to confirmations, reconciliation and consequential adjustments, if any thereon.

29 The company has taken 4 premises on Operating Lease. All of those are short term leases with none going beyond March 31, 2015. The agreements are renewable. Non-cancellable operating lease rents payable (minimum lease payments) under these leases are as follows:

Particulars	March 31, 2013	March 31, 2012
Within one year	Rs. 2,87,452	7,87,342
Later than one year and not later than five years	Rs. 1,53,000	3,02,752

30 Management has sought information from various suppliers in case if they are registered under MSMED Act, 2006. However no information has been received from suppliers regarding their status under the said Act and hence disclosure, if any, relating to amounts unpaid as at the yearend together with interest paid/payable as required under the said act have not been furnished.

31 Details required as per Companies Act to the extent applicable is given below:

	31.03.2013	31.03.12
Remuneration to Auditors		
Audit Fees including Limited Review fees	6,50,000	4,00,000
Tax Audit	-	-
Other matters	20,000	1,00,000
Total	6,70,000	5,00,000

32 As per Accounting Standard (AS) 17 on "Segment Reporting", Segment information has not been provided as the Company has only one reportable segment.

33 **Earnings per Share:**

Earnings per share is calculated by dividing the profit/(loss) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. The number used in calculating the basic and diluted earnings per share are stated below:

Sr. No.	Particulars	31.03.2013	31.03.2012
1.	Net profit for the year as per profit and loss accounts (Rs.)	4,91,31,302	5,62,25,558
2.	Weighted Average number of equity shares for calculating Basic EPS	12,18,78,981	8,00,00,000
3.	Weighted Average number of equity shares for calculating Diluted EPS	57,18,78,981	20,80,00,000
4.	Face value per share (Rs.)	1	1
5.	Basic EPS	0.34	0.70
6.	Diluted EPS	0.07	0.27

34 **Related party transactions:**A) **Related parties and their relationship**
Key Management Personnel:

- i) Mr. V. K. Sukumaran (Promoters and directors of the company)
- ii) Mrs. Sarita Sukumaran (Promoters and directors of the company. She ceased to be a Director effective January 10, 2013)
- iii) Mr. C. D. Nathan (Appointed as a Whole-Time Director effective January 10, 2013).

Others:

Enterprises over which Key Management Personnel are able to exercise significant influence/controls

- a. VKS Healthcare Pvt. Ltd.
- b. VKS Edserve Pvt. Ltd.

B) **Transactions with related parties during the year ended 31st March, 2013:**

Nature of Transaction	Key Management Personnel	Others	Total
Directors Remuneration	37,80,000 (25,00,000)	- (-)	37,80,000 (25,00,000)
Unsecured loans received	5,33,43,905 (-)	- (-)	5,33,43,905 (-)
Repayment of above loans	4,70,95,000 (-)	- (-)	4,70,95,000 (-)

Note: Previous figures are in brackets.

C) Balances with related at the year ended 31st March,2013:

Nature of Transaction	Key Management Personnel	Total
Directors Remuneration Payable		
i) Mr. V.K. Sukumaran	16,30,000	16,30,000
ii) Mr. C.D. Nathan	99,800	99,800
Unsecured Loan repayable to Director		
i) Mr. V.K. Sukumaran	56,31,127	56,31,127
ii) Mrs. Sarita Sukumaran	6,17,779	6,17,779

D) Disclosure of material transactions with related parties during the year ended 31st March, 2013:

Particulars	2013	2012
Unsecured loans received		
i) VKS Healthcare Pvt. Ltd.	1,44,65,000	-
ii) VKS Edserve Pvt. Ltd.	3,26,30,000	-
iii) Mr. V.K. Sukumaran	62,48,905	-
Unsecured loans repaid		
i) VKS Healthcare Pvt. Ltd.	1,44,65,000	-
ii) VKS Edserve Pvt. Ltd.	3,26,30,000	-
Directors Remuneration		
i) Mr. V. K. Sukumaran	20,00,000	15,00,000
ii) Mrs. Sarita Sukumaran	9,00,000	10,00,000
iii) Mr. C.D. Nathan	8,80,000	-

- 35) These financial statements have been prepared in the format prescribed by the Revised Schedule VI to the Companies Act. Previous year figures have been restated to conform to the classification of the current year.

For and on behalf of
BORKAR & MUZUMDAR
Chartered Accountants

Sd/-
Vivek Jain
Membership No.119700
Partner

Place: Mumbai
Date: May 29th, 2013

Report pursuant to Circular CIR/CFD/DIL/2012**FORM B**

1.	Name of the Company:	VKS Projects Limited
2.	Annual financial statements for the year ended	31 st March 2013
3	Type of Audit observation	<p>1) Qualified as “The Company has accepted the deposits from the public during the financial year 2012-13. However, the directives issued by the Reserve Bank of India and the provisions of Section 58A and Section 58AA of the Companies Act, 1956 are not complied with”.</p> <p>2) Except for “Service Tax and Income Tax, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees’ State Insurance, custom duty, sales tax, excise duty and other statutory dues, applicable to it. The undisputed dues of Income Tax & Service Tax is outstanding for a period of more than six months from the date were they became payable”.</p>
4	Frequency of qualification	These are the repetitive issues and even qualified/ commented on in previous years financials ended 31st March 2012.
5	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	These qualifications are reported in Annual Financials Statement in Annexure to the Independent Auditor’s Report - Referred to in paragraph 1 under the heading of “Report on other legal and regulatory requirements”. The First qualification is in point no. 6 on Deposits accepted from Public and second qualification is on point no. 9 on Statutory Dues.
6	Additional comments from the board/audit committee chair:	Audit Committee and Management of the Company has taken note of the qualification commented by auditor and will resolve the same at the earliest.
7	Signed By – <ul style="list-style-type: none"> • Managing Director – V. K. Sukumaran • CFO – Mr. C. D. Nathan • Auditor of the Company – Borkar & Muzumdar • Audit Committee Chairman- Ronindra Nath Ghose 	Sd/- Sd/- Sd/- Sd/-

VKS Projects Limited
Balance Sheet as at 31st March 2013

Particulars		Note No.	As at 31 March 2013	As at 31 March 2012
			Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
I.	EQUITY AND LIABILITIES			
	1 Shareholders' funds			
	(a) Share capital	3 (i)	1,800.00	800.00
	(b) Reserves and surplus	4	5,768.30	1,043.60
	2 Non-current liabilities			
	(a) Long-term borrowings	5	37.28	26.80
	(b) Deferred tax liabilities (Net)	6	90.74	36.83
	(c) Long-term provisions	7	12.40	10.23
	3 Current liabilities			
	(a) Short-term borrowings	8	4,110.94	2,711.37
	(b) Trade payables		7,416.95	1,033.96
	(c) Other current liabilities	9	642.91	464.42
	(d) Short-term provisions	10	268.52	160.76
	TOTAL	₹	20,148.03	6,287.97
II.	ASSETS			
	Non-current assets			
	1 (a) Fixed assets	11		
	Tangible assets		1,628.60	840.75
	(b) Long-term loans and advances	12	11.64	27.39
	(c) Other non-current assets	13	46.41	42.82
	2 Current assets			
	(a) Inventories	14	294.57	218.21
	(b) Trade receivables	15	13,230.48	4,603.91
	(c) Cash and Bank Balances	16	1.88	5.17
	(d) Short-term loans and advances	17	4,626.24	28.89
	(e) Other current assets	18	308.21	520.83
	TOTAL	₹	20,148.03	6,287.97
	Notes & Significant Accounting Policies forming part of Financial Statements	1 to 35		

As per our report of even date
for and on behalf of
Borkar & Muzumdar
Chartered Accountants
Firm Regn No. 101569W

Sd/-
Vivek Jain
Partner
Membership No.119700

Place : Mumbai
Date : May 29th, 2013

For and on behalf of the Board of Directors of
VKS PROJECTS LIMITED

Sd/-
V. K. Sukumaran
Managing Director

Sd/-
C. D. Nathan
Whole-Time Director

Sd/-
Supriya Tatkar
Company Secretary
Place : Mumbai
Date : May 29th, 2013

VKS Projects Limited
Statement of Profit and Loss for the year ended 31st March 2013

Particulars		Note No.	As at 31	As at 31
			March 2013	March 2012
			Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
I.	Revenue from operations	19	20,585.03	14,408.27
II.	Other income	20	18.96	27.63
III.	Total Revenue (I + II)		20,603.99	14,435.90
IV.	Expenses:			
	Cost of materials consumed	21	129.23	92.02
	Purchases of Stock-in-Trade		14,203.34	2,570.18
	Changes in inventories of finished goods work-in-progress and Stock-in-Trade	22	(81.44)	129.01
	Employee benefits expense	23	107.36	64.43
	Finance costs	24	615.61	339.46
	Depreciation and amortization expense	11	180.55	134.65
	Other expenses	25	4,793.26	10,286.85
	Total expenses		19,947.91	13,616.60
V.	Profit before exceptional and extraordinary items and tax (III-IV)		656.08	819.31
VI.	Exceptional items			
VII.	Profit before extraordinary items and tax (V - VI)		656.08	819.31
VIII.	Extraordinary Items			
IX.	Profit before tax (VII- VIII)		656.08	819.31
X	Tax expense:			
	(1) Current tax		182.85	250.00
	(2) Income tax of previous year		-	9.34
	(2) Deferred tax		53.91	(2.29)
	Net Tax expense:		236.76	257.05
XI	Profit (Loss) for the period from continuing operations (IX-X)		419.31	562.26
XII	Earnings per equity share:			
	(1) Basic		0.34	0.70
	(2) Diluted		0.07	0.27
	Notes & Significant Accounting Policies forming part of Financial Statements	1 to 35		

As per our report of even date
for and on behalf of
Borkar & Muzumdar
Chartered Accountants
Firm Regn No. 101569W

Sd/-
Vivek Jain
Partner
Membership No.119700

Place : Mumbai
Date : May 29th, 2013

For and on behalf of the Board of Directors of
VKS PROJECTS LIMITED

Sd/-
V. K. Sukumaran
Managing Director

Sd/-
C. D. Nathan
Whole-Time Director

Sd/-
Supriya Tatkar
Company Secretary
Place : Mumbai
Date : May 29th, 2013

VKS PROJECTS LIMITED
Cash Flow Statement for the year 2012-13

Particulars	As at 31 March 2013		As at 31 March 2012	
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
A. Cash Flow from Operating Activities				
Profit/(Loss) before taxation		656.08		819.31
Adjustments for:				
Depreciation	180.55		134.65	
Interest income	(17.06)		(4.43)	
Interest Expenditure	615.61		339.46	
Bad debts written off	9.02		143.72	
Write back of provisions for doubtful debts	-		(125.43)	
Service tax liability written back	-	788.12	(23.20)	464.76
Operating profit before working capital changes		1,444.20		1,284.07
Changes in Working Capital:				
Increase / (Decrease) in trade payables	6,616.63		936.92	
(Increase) / Decrease in trade receivables	(8,635.60)		(2,989.57)	
(Increase) / Decrease in inventories	(76.35)		123.22	
(Increase) / Decrease in short term loans and advances	(4,597.35)		(9.55)	
(Increase) / Decrease in Long term loans and advances	15.75		(8.86)	
(Increase) / Decrease in other current assets	212.62		(304.70)	
(Increase) / Decrease in other non-current assets	(3.59)	(6,467.90)	7.89	(2,244.65)
Taxes paid (net of refunds)		(75.09)		(216.58)
Net cash generated from operating activities	A	(5,098.80)		(1,177.16)
B. Cash flow from Investing Activities:				
Purchase of tangible/intangible assets including Capital work in progress	(968.39)		(30.73)	
Interest received	17.06		4.43	
Net cash from investing activities	B	(951.33)		(26.30)
C. Cash flow from Financing Activities				
Increase in Share Capital including Share Premium	5,305.38		-	
Interest paid	(615.61)		(339.46)	
Proceeds from Borrowings including Current Obligation of Long term Debt(net)	1,357.07		1,531.28	
Net cash used in Financing Activities	C	6,046.84		1,191.83
Net increase in cash and cash equivalents	(A+B+C)	(3.29)		(11.63)
Add:				
Cash and Cash equivalents at the beginning of the year		5.17		16.80
Cash and Cash equivalents at the end of the year		1.88		5.17

As per our report of even date
for and on behalf of
Borkar & Muzumdar
Chartered Accountants
Firm Regn No. 101569W

Sd/-
Vivek Jain
Partner
Membership No.119700

Place : Mumbai
Date : May 29th, 2013

For and on behalf of the Board of Directors of
VKS PROJECTS LIMITED

Sd/-
V. K. Sukumaran
Managing Director

Sd/-
C. D. Nathan
Whole-Time Director

Sd/-
Supriya Tatkar
Company Secretary
Place : Mumbai
Date : May 29th, 2013

3 (i) Share capital

Particulars	As at 31 March 2013		As at 31 March 2012	
	Number	Amount (₹ in Lakhs)	Number	Amount (₹ in Lakhs)
Authorised				
Equity Shares of ₹ 1 (Previous Year ₹ 10) each	200,000,000	2,000.00	14,000,000	1,400.00
Issued				
Equity Shares of ₹ 1 (Previous Year ₹ 10) each	180,000,000	1,800.00	8,000,000	800.00
Subscribed & Paid up				
Equity Shares of ₹ 1 (Previous Year ₹ 10) each fully paid	180,000,000	1,800.00	8,000,000	800.00
Subscribed but not fully Paid up	-	-	-	-
TOTAL	180,000,000	1,800.00	8,000,000	800.00

3 (ii) The reconciliation of the number of shares outstanding is set out below :

Particulars	Equity Shares			
	As at 31 March 2013		As at 31 March 2012	
	Number	Amount (₹ in Lakhs)	Number	Amount (₹ in Lakhs)
Shares outstanding at the beginning of the year (₹ 10 each)	8,000,000.00	800.00	8,000,000	800.00
Shares Issued during the year (₹ 10 each)	10,000,000.00	1,000.00	-	-
Shares bought back during the year	-	-	-	-
	18,000,000.00	1,800.00	8,000,000	800
Subdivision of equity shares of ₹ 10 each into 10 shares of ₹ 1 each	180,000,000.00	1,800.00	-	-
Shares outstanding at the end of the year (₹ 1 each)*	180,000,000.00	1,800.00	8,000,000	800.00

* The Company has sub divided its Equity Shares from Face Value of ₹ 10 each to ₹ 1 each, vide ordinary resolution passed in the Extraordinary general meeting dated 8th February 2013. The Record date for the Sub Division of share of the company was 28th February 2013.

3 (iii) Rights, preferences and restrictions attached to shares

The company has one class of equity shares having a par value of ₹ 1 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

3 (iv) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of Shareholder	Equity Shares			
	As at 31 March 2013		As at 31 March 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Valiyaveddu Krishnankutty Sukumaran	45,696,800	25.39%	4,809,680	60.121
Sarita Ramankutty Sukumaran	31,900,000	17.72%	3,190,000	39.875
Religare Finvest Ltd	23,498,500	13.05%	-	-
Highbluesky Emerging Market Fund	17,184,930	9.55%	-	-
Sparrow Asia Diversified Opportunities Fund	14,918,480	8.29%	-	-
Leman Diversified Fund	13,882,510	7.71%	-	-
TOTAL	147,081,220	81.71%	7,999,680	99.996

3 (v) Shares allotted as fully paid up by way of bonus shares (during 5 years immediately preceding March 31, 2013)

Particulars	Year (Aggregate No. of Shares)				
	2012-13	2011-12	2010-11	2009-10	2008-09
Equity Shares :					
Fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Fully paid up by way of bonus shares*	-	-	22,000,000	-	-
Shares bought back	-	-	-	-	-

*Note : The bonus issued in F.Y. 2010-11 is at the F.V. of share of Rs. 10/- each.

3 (vi) There are no calls remaining unpaid as on March 31, 2013, hence no disclosure is required pursuant to Note no. 6(A)(k) of Part I of Schedule VI (Revised) to the Companies Act, 1956.

3(vii) During the year the Company issued 1,00,00,000 equity shares having a face value of ₹10 per share at a price of ₹ 55 per share (including premium of ₹45 per share) through an initial public offering (IPO). Out of the proceeds aggregating ₹55 crores, a sum of ₹ 10 crores is credited to Share Capital and the balance amount of ₹ 45 crores is credited to Securities Premium account. Share issue expenses aggregating ₹1.95 crores have been charged to the securities premium account in accordance with the provisions of Section 78(2) of the Companies Act, 1956.

Particulars	Amount in Lakhs
Fund received through IPO	5,500.00
Utilisation of Fund	
Investment in Capital Equipment	1006.00
Working Capital requirements	4299.00
IPO Expenses	195.00
Total Fund Utilised upto 31st March 2013	5,500.00

4 Reserves and surplus

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
Securities Premium Account		
Opening Balance	125.00	125.00
Add : Securities premium credited on Share issue	4,500.00	-
Less : Premium Utilised for various reasons		
Amount utilized for IPO related expenses*	194.62	-
Closing Balance	4,430.38	125.00
Surplus in Statement of Profit and Loss		
Opening balance	918.60	356.35
(+) Net Profit/(Net Loss) For the current year	419.31	562.26
(-) Proposed Dividends	-	-
(-) Interim Dividends	-	-
(-) Transfer to Reserves	-	-
Closing Balance	1,337.92	918.60
TOTAL	₹ 5,768.30	1,043.60

*Note: The issues expenses incurred to raise the fund through Initial Public Offer (IPO) is utilised from available securities premium.

5 Long-term borrowings

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
Unsecured		
Term loans		
from banks	-	13.50
from Financial Institutions (Secured against motor car.)	37.28	13.29
	37.28	26.80

5(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 2013		As at 31 March 2012	
		Secured	Unsecured	Secured	Unsecured
		Amount (₹ in Lakhs)	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
Term loans					
(i) From banks					
Barclays Bank Plc	Repayable in 36 installments, amount of installment is Rs.109,276/- p.m., the rate of interest is 17% p.a.	-	-	-	9.17
HDFC Bank Limited	Repayable in 36 installments, amount of installment is Rs.42,784/- p.m., the rate of interest is 9.44% p.a.	-	-	-	4.33
Tata Capital Limited	Repayable in 24 installments, amount of installment is Rs.177,282/- p.m., the rate of interest is 19.5% p.a.	-	-	-	13.29
BMW Financial Services	Repayable in 84 installments, amount of installment is Rs.73,582/- p.m., at interest rate of 12% p.a.	37.28	-	-	-
Total		37.28	-	-	26.80

6 Deferred tax liabilities (Net)

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
Deferred Tax Liabilities		
On Depreciation	128.16	73.55
Deferred Tax Assets		
On Provision for doubtful debts and advances	-	3.32
On Other timing differences	37.43	33.40
TOTAL ₹	90.74	36.83

7 Long-term provisions

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
(a) Provision for employee benefits		
Provision for gratuity (unfunded)	12.40	10.23
TOTAL ₹	12.40	10.23

8 Short-term borrowings

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
<u>Secured</u>		
Loans repayable on demand from banks (Hypothicated charge over Comopany's entire current assest consisting of Stock, Book Debts & Receivable of the Company)	3,657.74	2,537.63
<u>Unsecured</u>		
Loans and advances from related parties	62.49	-
Loans repayable on demand from other parties	390.70	173.75
TOTAL ₹	4,110.94	2,711.37

9 Other current liabilities

<u>Particulars</u>	As at 31 March 2013	As at 31 March 2012
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
<u>(A) Current Maturities of Long Term Debts Unsecured Term Loan</u>		
(i) From Banks	13.50	27.63
(ii) From Financial Institutions	17.27	56.12
<u>(B) Other Liabilities</u>		
(i) Advance from Debtors	251.43	189.43
(ii) Statutory dues payable	311.09	149.65
(iii) Expenses Payable	49.62	41.60
TOTAL ₹	642.91	464.42

10 Short-term provisions

<u>Particulars</u>	As at 31 March 2013	As at 31 March 2012
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
Provision for Taxation (Net of Advance Tax)	268.52	160.76
TOTAL ₹	268.52	160.76

12 Long-term loans and advances

<u>Particulars</u>	As at 31 March 2013	As at 31 March 2012
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
Security Deposits		
Unsecured, considered good	3.81	27.39
Other loans and advances		
Unsecured, considered good	7.83	-
TOTAL ₹	11.64	27.39

13 Other non-current assets

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
Interest Accrued	3.34	2.87
Bank Balance (Deposits with original maturity of more than 12 months)	43.07	39.94
TOTAL	46.41	42.82

14 Inventories

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
Raw Material	3.87	8.95
Traded Goods	290.70	209.27
	294.57	218.21

15 Trade receivables

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
Trade receivables outstanding for a period less than six months. Unsecured, considered good	8,627.49	4,582.70
Trade receivables outstanding for a period exceeding six months. Unsecured, considered good	4,603.00	21.21
TOTAL	13,230.48	4,603.91

16 Cash and Bank Balances

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
Cash & Cash		
Cash on hand	1.84	5.05
Bank Balances	0.04	0.12
TOTAL	1.88	5.17

17 Short-term loans and advances

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
Loans & Advances to related Parties	-	11.27
Unsecured, considered good		
Other Loans & Advances		
Advances to suppliers (Unsecured, considered good)	4,600.13	0.87
Prepaid Expenses	26.11	16.75
TOTAL ₹	4,626.24	28.89

18 Other current assets

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
Deposit with Bombay Stock Exchange	55.00	-
Unbilled Revenue	103.00	324.43
MVAT Receivable	16.50	132.62
Retention Money	75.65	63.78
Balance with Central Excise Authority	58.06	-
TOTAL ₹	308.21	520.83

19 Revenue from operations

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
Sale of products	16,255.92	3,101.13
Sale of services	4,329.10	11,307.14
TOTAL ₹	20,585.03	14,408.27

20 Other Income

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
Interest Income	17.06	4.43
Prior Period Items	-	23.20
Other non-operating income	1.90	-
TOTAL ₹	18.96	27.63

21 Cost of materials consumed

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
Opening stock	8.95	3.16
Add: Purchases	124.15	97.82
Less: Closing stock	3.87	8.95
TOTAL	₹ 129.23	92.02

Material consumed comprises of Fuels, Gas, Electric & Hardware items etc.

22 Changes in inventories of finished goods work-in-progress and Stock-in-Trade

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
Inventories at the end of the year		
Stock-in-trade	290.70	209.27
Inventories at the beginning of the year		
Stock-in-trade	209.27	338.28
TOTAL	₹ (81.44)	129.01

23 Employee Benefits Expense

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
Salaries, Wages and Bonus	79.78	51.16
Contributions to -		
Provident fund	7.94	0.52
ESIC	3.21	3.35
Gratuity Expenses	2.18	1.78
Staff welfare expenses	14.25	7.61
TOTAL	₹ 107.36	64.43

24 Finance Cost

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
Interest on borrowings	605.88	302.83
Other borrowing costs	9.74	36.62
TOTAL	₹ 615.61	339.46

25 Other expenses

<u>Particulars</u>	As at 31	As at 31
	March 2013	March 2012
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
Audit Fees		
Statutory Audit Fee	6.50	4.00
For other services	0.20	1.00
Labour Charges	4,535.12	10,049.39
Bad Debts	9.02	143.72
Provision for Bad Debts	-	(125.43)
Bank Charges	16.65	1.71
Transportation & Travelling Expense	24.10	11.40
Contract Charges	36.38	-
Hire Charges	49.55	83.55
Interest on TDS, Service Tax & Income Tax	55.18	22.50
Legal and professional	11.98	4.31
Others	48.58	90.71
TOTAL	₹ 4,793.26	10,286.85

26 Contingent liabilities

<u>Particulars</u>	As at 31	As at 31
	March 2013	March 2012
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
(i) Contingent Liabilities		
(a) Claims against the company not acknowledged as debt	-	-
(b) Guarantees	190.00	190.00
(c) Other money for which the company is	-	-
TOTAL	₹ 190.00	190.00

11 Fixed Assets

Fixed Assets	Gross Block			Accumulated Depreciation			Net Block	
	Balance as at 1 April 2012 Amount (₹ in Lakhs)	Additions/ (Disposals) Amount (₹ in Lakhs)	Balance as at 31st March 2013 Amount (₹ in Lakhs)	Balance as at 1 April 2012 Amount (₹ in Lakhs)	Depreciation charge for the year Amount (₹ in Lakhs)	On disposals Amount (₹ in Lakhs)	Balance as at 31st March 2013 Amount (₹ in Lakhs)	Balance as at 31st March 2012 Amount (₹ in Lakhs)
a Tangible Assets								
Computer	805,285.00	206,747.00	1,012,042.00	647,659.00	111,900.04	-	252,482.96	157,636.00
Furniture & Fixture	3,129,166.00	-	3,129,166.00	709,825.00	436,700.99	-	1,982,640.01	2,419,341.00
Machinery	104,263,354.00	92,180,325.00	196,443,679.00	24,313,481.00	17,315,497.53	-	154,814,700.47	79,949,873.00
Motor Car	1,000,000.00	4,402,164.00	5,402,164.00	689,020.00	99,027.27	-	4,614,116.73	310,980.00
Office Equipments	671,810.00	50,252.00	722,062.00	356,274.00	45,519.11	-	320,268.89	315,536.00
Office Premises	1,468,060.00	-	1,468,060.00	546,364.00	45,958.54	-	875,737.46	921,696.00
Total	111,337,685.00	96,839,488.00	208,177,173.00	27,262,623.00	18,054,603.48	-	102,859,946.52	84,075,062.00
b Intangible Assets								
Total	-	-	-	-	-	-	-	-
c Capital Work In Progress								
Total	-	-	-	-	-	-	-	-
d Intangible assets under Development								
Total	-	-	-	-	-	-	-	-
Total	111,337,685.00	96,839,488.00	208,177,173.00	27,262,623.00	18,054,603.48	-	102,859,946.52	84,075,062.00

VKS PROJECTS LIMITED

Registered Office: 507 Sai Sangam, sector 15, CBD Belapur, Navi Mumbai – 400614.

Folio No.	
No. of shares held	

ATTENDANCE SLIP

I/We hereby record my/our presence at the **15th Annual General Meeting** of the Company held on **Monday, 30th September, 2013 at 3.00 p.m.** at “The Conference Hall, First Floor, Laxmi Hotel, Sai Sangam Building, Sector -15, CBD, Belapur, Navi Mumbai-400614.

NAME OF THE SHAREHOLDER (IN BLOCK LETTERS)	
SIGNATURE OF THE SHAREHOLDER	
NAME OF THE PROXY (IN BLOCK LETTERS)	
SIGNATURE OF PROXY	

Notes:

1. You are requested to sign and handover this slip at the entrance to the Meeting Venue.
2. If you intend to appoint a proxy to attend the Meeting instead of yourself, the proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.

VKS PROJECTS LIMITED

Registered Office: 507 Sai Sangam, sector 15, CBD Belapur, Navi Mumbai – 400614.

Folio No.	
No. of shares held	

FORM OF PROXY

I/We..... of in the district of
..... being a member/members of **VKS PROJECTS LIMITED** hereby appoint
..... of in the district of or failing
him.....of in the district of
..... as my/our proxy to vote for me/us on my/our behalf at the **15th Annual General Meeting** of the Company to be held on **Monday, 30th September, 2013 at 3.00 p.m.** at “The Conference Hall, First Floor, Laxmi Hotel, Sai Sangam Building, Sector -15, CBD, Belapur, Navi Mumbai-400614.

Signed this day of, 2013.

Affix ₹1 Revenue Stamp

Signature: _____

N.B.: The Proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

BOOK – POST

If undelivered please return to:

VKS Projects Limited

Registered Office: 507 Sai Sangam, sector 15, CBD Belapur, Navi Mumbai – 400614.

Tel. No. : +91-22-4126 7000 E-mail : info@vksprojects.com Website : www.vksprojects.com

INDEPENDENT AUDITOR'S REPORT
To The Members of
VKS PROJECTS LIMITED

Report on Financial Statements

1. We have audited the accompanying financial statement of **VKS PROJECTS LIMITED**, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year ended, and a summary of Significant accounting policies and other explanatory statements.

2. Management Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statement 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 refereed to in sub-section (3C) of section 211 of the companies act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to preparation and presentation of the financial statement that give a true and fair view and free from material misstatement, whether due to fraud or error.

3. 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 amount and disclosure in financial statements. The procedure selected depends on the auditor's judgment, including the assessment of risk of the material misstatement of the financial statement, 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 procedure that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimate 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 audit opinion.

4. 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 principal generally accepted in India



- a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013; and
- b. In the case of the Statement of Profit & Loss, of the profit for the year ended on that date.
- c. In the case of the Cash flow Statement, of the cash flows for the year ended on that date.

5. Report on other legal and regulatory requirements:-

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by companies (Auditor's report) Amendment order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by section 227(3) of the act, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. 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;
 - c. The Balance Sheet, the Statement of Profit & Loss, and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. Also comply with the accounting standards referred to in sub-section (3c) of section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors, as on 31st March, 2013, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f. 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.

Place: Mumbai
Date: May 29th, 2013

For and on behalf of
BORKAR & MUZUMDAR
Chartered Accountants
Firm Reg. No:-101569W



Vivek Jain
Partner
M.No. 119700



ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under the heading of "Report on other legal and regulatory requirements" of our report of even date)

FIXED ASSETS :

1. (a) As informed, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.

(b) We were also informed that all the fixed assets have been physically verified by the management in a phased periodical manner during the year and that no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size and nature of the Company.

(c) The Company has not disposed off a substantial part of its fixed assets during the year and accordingly, the going concern status is not affected.

INVENTORIES :

2. (a) We are informed that the inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.

(c) According to the inventory records produced to us for our verification, we are of the opinion that the Company is maintaining records for inventories but the same needs improvement in the manner such as product, quantity etc. Further, discrepancies noticed on such physical verification of inventories, if any, referred to above, as compared to the book records, though not material, have been properly dealt with in the books of account.

RELATED PARTY TRANSACTION :

3. In respect of the loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:

(a) The Company has given loans to two companies where director has direct controls on the same. In respect of the said loans, the maximum amount outstanding at any time during the year was ₹ 470.95 lacs and the year-end balance is ₹ Nil.



- (b) The Company has also taken an unsecured loan from parties covered in the Register required to be maintained under section 301 of the Companies Act, 1956. In this connection we were informed that those transactions are in the nature of current account.
- (c) In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions of these transactions, prime facie not prejudicial to the interest of the Company.
- (d) In our opinion and according to the information and explanation given to us, there is no overdue amount of loans and interest.

INTERNAL CONTROLS :

4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems/procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and sale of goods & services. However in our opinion, the Company needs to strengthen the internal controls considering the volume of activities in the Company. During the course of our audit we have not observed any continuing failure to correct major weakness in the internal controls system.
5. In our opinion and according to the information and explanation provided to us, there are no contracts or arrangements of purchase or sale of goods that need to be entered into a register in pursuance of section 301 of the Companies Act, 1956.

DEPOSITS :

6. The Company has accepted the deposits from the public during the financial year 2012-13. *However, the directives issued by the Reserve Bank of India and the provisions of Section 58A and Section 58AA of the Companies Act, 1956 are not complied with.*

INTERNAL AUDIT :

7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

COST AUDIT :

8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section 209(1) (d) of the Companies act, 1956 and are of the opinion that prima facie the prescribed cost records has been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.



STATUTORY DUES :

9. (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, custom duty, sales tax, excise duty and other statutory dues, applicable to it except for Service Tax and Income Tax. Service Tax dues with interest as at the end of the year were ₹ 2,52,78,476/- and that of Income tax were ₹ 2,68,52,094/-.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, custom duty, sales tax, excise duty and other statutory dues were outstanding, as at 31st March, 2013 for a period of more than six months from the date were they became payable except the followings.

<i>Sr. No.</i>	<i>Particulars</i>	<i>Amt. O/s for more than 6 months</i>
1	Income Tax	₹ 1,40,43,243
2	Service Tax	₹ 1,33,48,320

(c) According to the information and explanations given to us and based on records produced to us, there are no dues of Income tax, Service tax, Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, custom duty, sales tax and excise duty, which have not been deposited on account of any dispute.

10. In our opinion, the Company does not have any accumulated losses at the end of the financial year and has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.

11. Based on our examination of the records and the information and explanations given to us, the Company has not defaulted in repayment of dues to any bank.

12. Based on our examination of documents and records, we are of the opinion that the Company has not granted loans and advances on the basis of security or by way of pledge of shares, debentures and other securities.

13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.

14. In our opinion, the Company is not dealing in or trading in shares, securities, debenture and other investments. Accordingly, the provision of clause 4 (xiv) of Companies (Auditors Report) Order, 2003 are not applicable to the Company.

15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks and Financial Institutions.



16. The Company has raised new term loans during the year. The term loans outstanding at the beginning of the year and those raised during the year have been applied for the purposes for which they are raised.
17. In our opinion and according to information and explanation given to us, there are no funds raised on a short-term basis, which have been used for long-term investments.
18. The Company has not made any preferential allotment of equity shares during the financial year to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year or in previous year.
20. We have verified the end use of funds raised by public issue during the year as disclosed in Note 2(vii) to the financial statements.
21. According to the information and explanations given by the management, we report that no material fraud on or by the Company has been noticed or reported during the year.

For and on behalf of
BORKAR & MUZUMDAR
Chartered Accountants
(Firm Reg. No: 101569W)



Vivek Jain
(M.No. 119700)
Partner



Place: Mumbai
Date: May 29th, 2013

VKS PROJECTS LIMITED

NOTES AND ACCOUNTING POLICIES FORMING PART OF FINANCIAL STATEMENTS

Note 1. Company information

VKS Projects Limited (referred to as "Company") is an Engineering Procurement and Construction Company (EPC Contractor) engaged in the business of undertaking EPC Contracts of CS/SS/Alloy Steel, Turnkey Piping, Civil Land Development, Industrial/Commercial Infra Projects, Structural Fabrication and Erection of Equipments, Fire Fighting Projects and Commissioning of Chemical Plants for various industries.

Note 2. Significant Accounting Policies adopted by the Company is as follows:

i) **Basis of preparation of financial statements :**

These financial statements have been prepared as of a going concern and in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956.

ii) **Use of Estimates :**

The presentation of financial statements in conformity with the generally accepted accounting principles require estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenue and expenses during the reported period. Differences between the actual result and estimates are recognized in the period in which the results are known/materialize. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Future results could differ from these estimates.

iii) **Cash Flow :**

Cash flow statement has been prepared in accordance with the "indirect method" as explained in the Accounting Standard 3 issued by the Institute of Chartered Accountants of India.

iv) **Fixed Assets :**

Fixed Assets are stated at cost of acquisition less accumulated depreciation, amortisation, and impairment loss, if any. Fixed Assets are accounted at cost of acquisition inclusive of inward freight, duties taxes and other incidental expenses related to acquisition and installation of Fixed Assets incurred to bring the assets to their working condition for their intended use.

v) **Depreciation :**

Depreciation is provided for in the books on written down value method as per the rates prescribed under Schedule XIV of the Companies Act 1956.



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vi) Revenue Recognition :

Revenue from the sale of goods is recognized net of sales tax on transfer of the title as per the Contact Terms with the Customer. Revenue from fixed-price, fixed-time frame contracts, where there is no uncertainty as to the measurement or collectability of consideration that will be derived on completion of the contract, is recognized as per the percentage of completion method. Interest on deposits is accounted for on the time proportion basis.

vii) Foreign Currency Transactions :

Foreign currency transactions are recorded in the books at exchange rates prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the period are recognized as income or expense in the profit and loss account of the same period.

Foreign currency assets and liabilities are translated at the period end rates and the resultant exchange differences, are recognized in the profit and loss account.

viii) Borrowing Cost :

Borrowing Costs that are directly attributable to the acquisition or production of qualifying assets are capitalized as the cost of the respective assets. Other Borrowing Costs are charged to the Profit and Loss Account in the period in which they are incurred.

ix) Employees benefits :

All employee benefit obligations payable wholly within twelve months of the rendering the services are classified as Short Term Employee Benefits. Such Benefits are estimated and provided for in the period in which the employee renders the related service.

Post Employment Benefits

Defined Contribution Plan

All eligible employees of the Company are entitled to receive benefits under the provident fund through a defined contribution plan in which both the employee and the Company contribute monthly at specified percentage of employee's basic salary. These contributions are made to a Government Approved Provident Fund. Contribution to the said provident fund is Defined Contribution Plan. The contribution paid/ payable under the schemes is recognized during the period in which the employee renders the related service.

Defined Benefit Plans

The costs of providing Gratuity (unfunded) is determined using projected unit credit method on the basis of actuarial valuation carried out by a third party actuary at each balance sheet date

x) Inventories

Inventories are measured at lower of the cost and net realizable value. Cost of inventories comprises all costs of purchase (net of input credit) and other costs incurred in bringing the inventories to their present location and condition. Costs of consumable and trading products are determined by using the First-In First-Out Method (FIFO).



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xi) Accounting for taxes on Income :

i) Income tax comprises the current tax and net change in deferred tax assets, which are made in accordance with the provisions as per the Income Tax Act, 1961.

ii) Deferred Tax resulting from timing differences between accounting income and taxable income for the period is accounted for using the tax rates and laws that have been enacted or substantially enacted as at the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

xii) Leased Assets :

Assets acquired on leases where a significant portion of the risks and rewards of the ownership are retained by the lessor, are classified as Operating Leases. The rental and all other expenses of leased assets are treated as revenue expenditure.

xiii) Provisions and Contingent Liabilities :

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

xiv) Impairment of Assets :

The Company assesses at each balance sheet date whether there is any indication that an assets may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or recoverable amount of the cash generating unit to which the assets belongs is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as impairment loss and is recognized in the profit and loss account. If at the balance date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the assets is reflected at the recoverable amount.

xv) Cash and cash equivalents :

The Company considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less from the date of purchase, to be cash equivalents.



Signature

W. Mathave





VKS Projects Limited
Balance Sheet as at 31st March, 2013

Particulars	Note No.	As at 31 March 2013	As at 31 March 2012
		Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3 (i)	1,800.00	800.00
(b) Reserves and surplus	4	5,768.30	1,043.60
2 Non-current liabilities			
(a) Long-term borrowings	5	37.28	26.80
(b) Deferred tax liabilities (Net)	6	90.74	36.83
(c) Long-term provisions	7	12.40	10.23
3 Current liabilities			
(a) Short-term borrowings	8	4,110.94	2,711.37
(b) Trade payables		7,416.95	1,033.96
(c) Other current liabilities	9	642.91	464.42
(d) Short-term provisions	10	268.52	160.76
TOTAL		20,148.03	6,287.97
II. ASSETS			
Non-current assets			
1 (a) Fixed assets			
Tangible assets	11	1,628.60	840.75
(b) Long-term loans and advances	12	11.64	27.39
(c) Other non-current assets	13	46.41	42.82
2 Current assets			
(a) Inventories	14	294.57	218.21
(b) Trade receivables	15	13,230.48	4,603.91
(c) Cash and Bank Balances	16	1.88	5.17
(d) Short-term loans and advances	17	4,626.24	28.89
(e) Other current assets	18	308.21	520.83
TOTAL		20,148.03	6,287.97

Notes & Significant Accounting Policies forming part of Financial Statements 1 to 35

As per our report of even date
for and on behalf of
Borkar & Muzumdar
Chartered Accountants
Firm Regn No. 101569W

Vivek Jain
Partner
Membership No. 119700

Place : Mumbai
Date : May 29th , 2013



For and on behalf of the Board of Directors of
VKS PROJECTS LIMITED

V. K. Sukumaran
Managing Director

Supriya Tatkar
Company Secretary

Place : Mumbai
Date : May 29th , 2013

C. D. Nathan
Director





VKS Projects Limited

Statement of Profit and Loss for the year ended 31st March 2013

Particulars		Note No.	As at 31 March 2013	As at 31 March 2012
			Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
I.	Revenue from operations	19	20,585.03	14,408.27
II.	Other income	20	18.96	27.63
III.	Total Revenue (I + II)		20,603.99	14,435.90
IV.	Expenses:			
	Cost of materials consumed	21	129.23	92.02
	Purchases of Stock-in-Trade		14,203.34	2,570.18
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	(81.44)	129.01
	Employee benefits expense	23	107.36	64.43
	Finance costs	24	615.61	339.46
	Depreciation and amortization expense	11	180.55	134.65
	Other expenses	25	4,793.26	10,286.85
	Total expenses		19,947.91	13,616.60
V.	Profit before exceptional and extraordinary items and tax (III-IV)		656.08	819.31
VI.	Exceptional items			
VII.	Profit before extraordinary items and tax (V - VI)		656.08	819.31
VIII.	Extraordinary Items			
IX.	Profit before tax (VII- VIII)		656.08	819.31
X	Tax expense:			
	(1) Current tax		182.85	250.00
	(2) Income tax of previous year		-	9.34
	(2) Deferred tax		53.91	(2.29)
	Net Tax expense:		236.76	257.05
XI	Profit (Loss) for the period from continuing operations (IX-X)		419.31	562.26
XII	Earnings per equity share:			
	(1) Basic		0.34	0.70
	(2) Diluted		0.07	0.27

Notes & Significant Accounting Policies forming part of Financial Statements

1 to 35

As per our report of even date
for and on behalf of
Borkar & Muzumdar
Chartered Accountants
Firm Regn No. 101569W

Vivek Jain
Partner
Membership No. 119700

Place : Mumbai
Date : May 29th , 2013



For and on behalf of the Board of Directors of
VKS PROJECTS LIMITED

V. K. Sukumaran
Managing Director

C. D. Nathan
Director

Supriya Tatkar
Company Secretary
Place : Mumbai
Date : May 29th , 2013





VKS Projects Limited
Cash Flow Statement for the year 2012-13

Particulars	As at 31 March 2013		As at 31 March 2012	
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
A. Cash Flow from Operating Activities				
Profit / (Loss) before taxation		656.08		819.31
Adjustments for:				
Depreciation	180.55		134.65	
Interest income	(17.06)		(4.43)	
Interest Expenditure	615.61		339.46	
Bad debts written off	9.02		143.72	
Write back of provisions for doubtful debts	-		(125.43)	
Service tax liability written back	-	788.12	(23.20)	464.76
Operating profit before working capital changes		1,444.20		1,284.07
Changes in Working Capital:				
Increase / (Decrease) in trade payables	6,616.63		936.92	
(Increase) / Decrease in trade receivables	(8,635.60)		(2,989.57)	
(Increase) / Decrease in inventories	(76.35)		123.22	
(Increase) / Decrease in short term loans and advances	(4,597.35)		(9.55)	
(Increase) / Decrease in Long term loans and advances	15.75		(8.86)	
(Increase) / Decrease in other current assets	212.62		(304.70)	
(Increase) / Decrease in other non-current assets	(3.59)	(6,467.90)	7.89	(2,244.65)
Taxes paid (net of refunds)		(75.09)		(216.58)
Net cash generated from operating activities	A	(5,098.80)		(1,177.16)
B. Cash flow from Investing Activities:				
Purchase of tangible/intangible assets including Capital work in progress		(968.39)		(30.73)
Interest received		17.06		4.43
Net cash from investing activities	B	(951.33)		(26.30)
C. Cash flow from Financing Activities				
Increase in Share Capital including Share Premium		5,305.38		
Interest paid		(615.61)		(339.46)
Proceeds from Borrowings including Current Obligation of Long term Debt(net)		1,357.07		1,531.28
Net cash used in Financing Activities	C	6,046.84		1,191.83
Net increase in cash and cash equivalents	(A+B+C)	(3.29)		(11.63)
Add:				
Cash and Cash equivalents at the beginning of the year		5.17		16.80
Cash and Cash equivalents at the end of the year		1.88		5.17

As per our report of even date

for and on behalf of
Borkar & Muzumdar
Chartered Accountants
Firm Regn No. 101569W

Vivek Jain
Partner
Membership No. 119700

Place : Mumbai
Date : May 29th , 2013



For and on behalf of the Board of Directors of
VKS PROJECTS LIMITED

V. K. Sukumaran
Managing Director

C. D. Nathan
Director

Supriya Tatkar
Company Secretary
Place : Mumbai
Date : May 29th , 2013



Note: 3

3 (i) Share capital

Particulars	As at 31 March 2013		As at 31 March 2012	
	Number	Amount (₹ in Lakhs)	Number	Amount (₹ in Lakhs)
Authorised				
Equity Shares of ₹ 1 (Previous Year ₹ 10) each	200,000,000	2,000.00	14,000,000	1,400.00
Issued				
Equity Shares of ₹ 1 (Previous Year ₹ 10) each	180,000,000	1,800.00	8,000,000	800.00
Subscribed & Paid up				
Equity Shares of ₹ 1 (Previous Year ₹ 10) each fully paid	180,000,000	1,800.00	8,000,000	800.00
Subscribed but not fully Paid up				
	-	-	-	-
TOTAL	180,000,000	1,800.00	8,000,000	800.00

3 (ii) The reconciliation of the number of shares outstanding is set out below :

Particulars	Equity Shares			
	As at 31 March 2013		As at 31 March 2012	
	Number	Amount (₹ in Lakhs)	Number	Amount (₹ in Lakhs)
Shares outstanding at the beginning of the year (₹ 10 each)	8,000,000.00	800.00	8,000,000	800.00
Shares Issued during the year (₹ 10 each)	10,000,000.00	1,000.00	-	-
Shares bought back during the year	-	-	-	-
	18,000,000.00	1,800.00	8,000,000	800.00
Subdivision of equity shares of ₹ 10 each into 10 shares of ₹ 1 each	180,000,000.00	1,800.00	-	-
Shares outstanding at the end of the year (₹ 1 each)*	180,000,000.00	1,800.00	8,000,000	800.00

* The Company has sub divided its Equity Shares from Face Value of ₹ 10 each to ₹ 1 each, vide ordinary resolution passed in the Extraordinary general meeting dated 8th February 2013. The Record date for the Sub Division of share of the company was 28th February 2013.

3 (iii) Rights, preferences and restrictions attached to shares

The company has one class of equity shares having a par value of ₹ 1 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

3 (iv) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of Shareholder	Equity Shares			
	As at 31 March 2013		As at 31 March 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Valiyaveddu Krishnankutty Sukumaran	45,696,800	25.39%	4,809,680	60.121
Sarita Ramankutty Sukumaran	31,900,000	17.72%	3,190,000	39.875
Religare Finvest Ltd	23,498,500	13.05%	-	-
Highblyesky Emerging Market Fund	17,184,930	9.55%	-	-
Sparrow Asia Diversified Opportunities Fund	14,918,480	8.29%	-	-
Leman Diversified Fund	13,882,510	7.71%	-	-
TOTAL	147,081,220	81.71%	7,999,680	99.996

3 (v) Shares allotted as fully paid up by way of bonus shares (during 5 years immediately preceding March 31, 2013)

Particulars	Year (Aggregate No. of Shares)				
	2012-13	2011-12	2010-11	2009-10	2008-09
Equity Shares :					
Fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Fully paid up by way of bonus shares*	-	-	22,000,000	-	-
Shares bought back	-	-	-	-	-

* Note : The bonus issued in F.Y. 2010-11 is at the F.V. of share of Rs. 10/- each.

3 (vi) There are no calls remaining unpaid as on March 31, 2013, hence no disclosure is required pursuant to Note no. 6(A)(k) of Part I of Schedule VI (Revised) to the Companies Act, 1956.

3 (vii) During the year the Company issued 1,00,00,000 equity shares having a face value of ₹ 10 per share at a price of ₹ 55 per share (including premium of ₹ 45 per share) through an initial public offering (IPO). Out of the proceeds aggregating ₹ 55 crores, a sum of ₹ 10 crores is credited to Share Capital and the balance amount of ₹ 45 crores is credited to Securities Premium account. Share issue expenses aggregating ₹ 1.95 crores have been charged to the securities premium account in accordance with the provisions of Section 78(2) of the Companies Act, 1956.

The amount raised ₹ 55 crores has been utilised in the following manner as on 31st March 2013.

Particulars	Amount (₹ in Lakhs)
Fund received through IPO	5,500.00
Utilisation of Fund	
Investment in Capital Equipment	1,006.00
Working Capital requirements	4,299.00
IPO Expenses	195.00
Total Fund Utilised upto 31st March 2013	5,500.00



Note: 4 Reserves and surplus

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
Securities Premium Account		
Opening Balance	125.00	125.00
Add : Securities premium credited on Share issue	4,500.00	-
Less : Premium Utilised for various reasons		
Amount utilized for IPO related expenses*	194.62	-
Closing Balance	4,430.38	125.00
Surplus in Statement of Profit and Loss		
Opening balance	918.60	356.35
(+) Net Profit/(Net Loss) For the current year	419.31	562.26
(-) Proposed Dividends	-	-
(-) Interim Dividends	-	-
(-) Transfer to Reserves	-	-
Closing Balance	1,337.92	918.60
TOTAL	5,768.30	1,043.60

*Note : The issues expenses incurred to raise the fund through Initial Public Offer (IPO) is utilised from available securities premium.

Note: 5 Long-term borrowings

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
Secured		
Term loans		
from banks	-	13.50
from Financial Institutions (Secured against motor car.)	37.28	13.29
TOTAL	37.28	26.80

5 (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 2013		As at 31 March 2012	
		Secured	Unsecured	Secured	Unsecured
		Amount (₹ in Lakhs)	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
Term loans					
(i) From banks					
Barclays Bank Plc	Repayable in 36 installments, amount of installment is Rs.109,276/- p.m., the rate of interest is 17% p.a.	-	-	-	9.17
HDFC Bank Limited	Repayable in 36 installments, amount of installment is Rs.42,784/- p.m., the rate of interest is 9.44% p.a.	-	-	-	4.33
Tata Capital Limited	Repayable in 24 installments, amount of installment is Rs.177,282/- p.m., the rate of interest is 19.5% p.a.	-	-	-	13.29
BMW Financial Services	Repayable in 84 installments, amount of installment is Rs.73,582/- p.m., at interest rate of 12% p.a.	37.28	-	-	-
Total		37.28	-	-	26.80

Note: 6 Deferred tax liabilities (Net)

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
Deferred Tax Liabilities		
On Depreciation	128.16	73.55
Deferred Tax Assets		
On Provision for doubtful debts and advances	-	3.32
On Other timing differences	37.43	33.40
TOTAL	90.74	36.83



Note: 14 Inventories

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
Raw Material	3.87	8.95
Traded Goods	290.70	209.27
TOTAL	294.57	218.21

Note: 15 Trade receivables

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
Trade receivables outstanding for a period less than six months.		
Unsecured, considered good	8,627.49	4,582.70
Trade receivables outstanding for a period exceeding six months.		
Unsecured, considered good	4,603.00	21.21
TOTAL	13,230.48	4,603.91

Note: 16 Cash and Bank Balances

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
Cash & Cash Equivalants		
Cash on hand	1.84	5.05
Bank Balances	0.04	0.12
TOTAL	1.88	5.17

Note: 17 Short-term loans and advances

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
Loans & Advances to related Parties		
Unsecured, considered good	-	11.27
Other Loans & Advances		
Advances to suppliers (Unsecured, considered good)	4,600.13	0.87
Prepaid Expenses	26.11	16.75
TOTAL	4,626.24	28.89

Note: 18 Other current assets

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
Deposit with Bombay Stock Exchange	55.00	-
Unbilled Revenue	103.00	324.43
MVAT Receivable	16.50	132.62
Retention Money	75.65	63.78
Balance with Central Excise Authority	58.06	-
TOTAL	308.21	520.83

Note: 19 Revenue from operations

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
Sale of products	16,255.92	3,101.13
Sale of services	4,329.10	11,307.14
TOTAL	20,585.03	14,408.27

Note: 20 Other Income

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
Interest Income	17.06	4.43
Prior Period Items	-	23.20
Other non-operating income	1.90	-
TOTAL	18.96	27.63



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Note: 21 Cost of materials consumed

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
Opening stock	8.95	3.16
Add: Purchases	124.15	97.82
Less: Closing stock	3.87	8.95
TOTAL	129.23	92.02

Material consumed comprises of Fuels, Gas, Electric & Hardware items etc.

Note: 22 Changes in inventories of finished goods work-in-progress and Stock-in-Trade

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
Inventories at the end of the year		
Stock-in-trade	290.70	209.27
Inventories at the beginning of the year		
Stock-in-trade	209.27	338.28
TOTAL	(81.44)	129.01

Note: 23 Employee Benefits Expense

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
Salaries, Wages and Bonus	79.78	51.16
Contributions to -		
Provident fund	7.94	0.52
ESIC	3.21	3.35
Gratuity Expenses	2.18	1.78
Staff welfare expenses	14.25	7.61
TOTAL	107.36	64.43

Note: 24 Finance Cost

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
Interest on borrowings	605.88	302.83
Other borrowing costs	9.74	36.62
TOTAL	615.61	339.46

Note: 25 Other expenses

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
Audit Fees		
Statutory Audit Fee	6.50	4.00
For other services	0.20	1.00
Labour Charges	4,535.12	10,049.39
Bad Debts	9.02	143.72
Provision for Bad Debts	-	(125.43)
Bank Charges	16.65	1.71
Transportation & Travelling Expense	24.10	11.40
Contract Charges	36.38	-
Hire Charges	49.55	83.55
Interest on TDS, Service Tax & Income Tax	55.18	22.50
Legal and professional	11.98	4.31
Others	48.58	90.71
TOTAL	4,793.26	10,286.85

Note: 26 Contingent liabilities

Particulars	As at 31 March 2013	As at 31 March 2012
	Amount (₹ in Lakhs)	Amount (₹ in Lakhs)
(i) Contingent Liabilities		
(a) Claims against the company not acknowledged as debt	-	-
(b) Guarantees	190.00	190.00
(c) Other money for which the company is contingently liable	-	-
TOTAL	190.00	190.00



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Additional information to the financial statements

- 27 In the opinion of the management, current assets, loans and advances have realizable value of at least the amounts at which they are stated in the accounts.
- 28 Balances of trade receivables, loans and advances, sundry deposits and current liabilities are subject to confirmations, reconciliation and consequential adjustments, if any thereon.
- 29 The company has taken 4 premises on Operating Lease. All of those are short term leases with none going beyond March 31, 2015. The agreements are renewable. Non-cancellable operating lease rents payable (minimum lease payments) under these leases are as follows:

Particulars	March 31, 2013	March 31, 2012
Within one year	Rs. 2,87,452	7,87,342
Later than one year and not later than five years	Rs. 1,53,000	3,02,752

- 30 Management has sought information from various suppliers in case if they are registered under MSMED Act, 2006. However no information has been received from suppliers regarding their status under the said Act and hence disclosure, if any, relating to amounts unpaid as at the yearend together with interest paid/payable as required under the said act have not been furnished.
- 31 Details required as per Companies Act to the extent applicable is given below:

Particular	31.03.2013	31.03.2012
<i>Remuneration to Auditors</i>		
Audit Fees including Limited Review fees	6,50,000	4,00,000
Tax Audit	-	-
Other matters	20,000	1,00,000
Total	6,70,000	5,00,000

- 32 As per Accounting Standard (AS) 17 on "Segment Reporting", Segment information has not been provided as the Company has only one reportable segment.

33 **Earnings per Share:**

Earnings per share is calculated by dividing the profit/(loss) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. The number used in calculating the basic and diluted earnings per share are stated below:

Sr. No.	Particulars	31.03.2013	31.03.2012
1.	Net profit for the year as per profit and loss accounts (Rs.)	4,91,31,302	5,62,25,558
2.	Weighted Average number of equity shares	12,18,78,981	8,00,00,000



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Monthau



	for calculating Basic EPS		
3.	Weighted Average number of equity shares for calculating Diluted EPS	57,18,78,981	20,80,00,000
4.	Face value per share (Rs.)	1	1
5.	Basic EPS	0.34	0.70
6.	Diluted EPS	0.07	0.27

34 Related party transactions:

A) Related parties and their relationship

Key Management Personnel:

- i) Mr. V. K. Sukumaran (Promoters and directors of the company)
- ii) Mrs. Sarita Sukumaran (Promoters and directors of the company. She ceased to be a Director effective January 10, 2013)
- iii) Mr. C. D. Nathan (Appointed as a Whole-Time Director effective January 10, 2013.

Others:

Enterprises over which Key Management Personnel are able to exercise significant influence/controls

- a. VKS Healthcare Pvt. Ltd.
- b. VKS Edserve Pvt. Ltd.

B) Transactions with related parties during the year ended 31st March,2013:

Nature of Transaction	Key Management Personnel	Others	Total
Directors Remuneration	37,80,000 (25,00,000)	- (-)	37,80,000 (25,00,000)
Unsecured loans received	5,33,43,905 (-)	- (-)	5,33,43,905 (-)
Repayment of above loans	4,70,95,000 (-)	- (-)	4,70,95,000 (-)

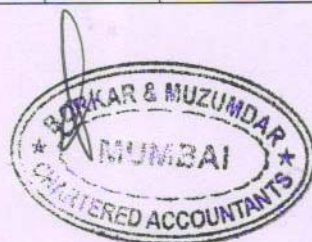
Note: Previous figures are in brackets.

C) Balances with related at the year ended 31st March,2013:

Nature of Transaction	Key Management Personnel	Others	Total
Directors Remuneration Payable i) Mr. V.K. Sukumaran	16,30,000	-	16,30,000



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C. D. Nathan



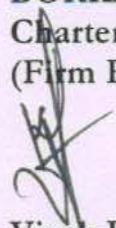
ii) Mr. C.D. Nathan	99,800	-	99,800
Unsecured Loan repayable to Director			
i) Mr. V.K. Sukumaran	56,31,127	-	56,31,127
ii) Mrs. Sarita Sukumaran	6,17,779	-	6,17,779

D) Disclosure of material transactions with related parties during the year ended 31st March, 2013:

Particulars	2013	2012
Unsecured loans received		
i) VKS Healthcare Pvt. Ltd.	1,44,65,000	-
ii) VKS Edserve Pvt. Ltd.	3,26,30,000	-
iii) Mr. V.K. Sukumaran	62,48,905	-
Unsecured loans repaid		
i) VKS Healthcare Pvt. Ltd.	1,44,65,000	-
ii) VKS Edserve Pvt. Ltd.	3,26,30,000	-
Directors Remuneration		
i) Mr. V.K. Sukumaran	20,00,000	15,00,000
ii) Mrs. Sarita Sukumaran	9,00,000	10,00,000
iii) Mr. C.D. Nathan	8,80,000	-

35 These financial statements have been prepared in the format prescribed by the Revised Schedule VI to the Companies Act. Previous year figures have been restated to conform to the classification of the current year.

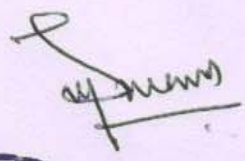
For and on behalf of
BORKAR & MUZUMDAR
Chartered Accountants
(Firm Reg. No: 101569W)


Vivek Jain
(M.No. 119700)
Partner



Place: Mumbai
Date: May 29th, 2013




C.D. Nathan

FORM B

1.	Name of the Company:	VKS Projects Limited
2.	Annual financial statements for the year ended	31 st March 2013
3.	Type of Audit observation	<p>1) Qualified as "The Company has accepted the deposits from the public during the financial year 2012-13. However, the directives issued by the Reserve Bank of India and the provisions of Section 58A and Section 58AA of the Companies Act, 1956 are not complied with".</p> <p>2) Except for "Service Tax and Income Tax, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, custom duty, sales tax, excise duty and other statutory dues, applicable to it. The undisputed dues of Income Tax & Service Tax is outstanding for a period of more than six months from the date were they became payable".</p>
4.	Frequency of qualification	These are the repetitive issues and even qualified/commented on in previous years financials ended 31 st March 2012.
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	These qualifications are reported in Annual Financials Statement in Annexure to the Independent Auditor's Report - Referred to in paragraph 1 under the heading of "Report on other legal and regulatory requirements". The First qualification is in point no. 6 on Deposits accepted from Public and second qualification is on point no. 9 on Statutory Dues.
6.	Additional comments from the board/audit committee chair:	Audit Committee and Management of the Company has taken note of the qualification commented by auditor and will resolve the same at the earliest.
7.	Signed By – <ul style="list-style-type: none"> • Managing Director – Mr. V. K. Sukumaran • CFO – Mr. C. D. Nathan • Auditor of the Company – Borkar & Muzumdar • Audit Committee Chairman – Mr. R N Ghose 	