

Charging ahead with confidence.



**Ruby Mills, Mumbai**





“Our core strength is our team of highly qualified engineers - who design, build & execute contracts with expertise while keeping firm controls on costs and time overruns.”

Ability to accurately estimate costs

---

Ability to design, construct and deliver the project in cost effective manner

---

Asset light model using joint development agreements and/or joint ventures

---

Diversity of experience which gives flexibility to adapt to the needs of customers

---

Innovative developments to maximize the use of land and minimize use of power and other natural resources

---

Ability to bid for full service contracts through its GMP acquisition

---

Market intelligence for Real estate entry in new regions facilitated by EPC

---

Aggressive exploration and entry into high-potential sectors like infrastructure, education, healthcare, pharma

---

## Vision

Be the engineers of choice for quality construction and path - breaking development projects all over India and Asia

## Mission

Consistently exceed customer expectations, using engineering skills, development experience and a perseverant positive attitude in every project, regardless of size, type and location.

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## The Board of Directors

V. Mohan

*Chairman and Independent Director*

R. Vasudevan

*Managing Director*

K. G. Krishnamurthy

*Non-Executive Director*

R. Kannan

*Independent Director*

Ameet Hariani

*Non-Executive Director*

Dr. Santosh Sunderrajan

*Chief Executive Officer*

M. Krishnamurthi

*Chief Corporate Affairs and Company Secretary*

D. Santhanam

*Chief Financial Officer*

## Board Committees

### Audit Committee

V. Mohan

*Chairman*

R Kannan

*Member*

R. Vasudevan

*Member*

### Remuneration Committee

V. Mohan

*Chairman*

Ameet Hariani

*Member*

R Kannan

*Member*

### Investors Grievance Committee

V Mohan

*Chairman*

R. Vasudevan

*Member*

## Registered Office

15/16. Hazari Baug,  
LBS Marg, Vikhroli (West),  
Mumbai 400 083.

Tel: +91 (22) 25781143

Fax: +91 (20) 26131071

## Corporate Office

'Phoenix'  
Bund Garden Road,  
Pune- 411 001

Tel: +91 (20) 3056 2100/ 2200

Fax: +91 (20) 26131071

## Website

[www.vascon.com](http://www.vascon.com)

## Registrar & Transfer Agents

Karvy Computershare Private Limited  
Plot No. 17 to 24, Vittalrao Nagar,  
Madhapur, Hyderabad 500 081

## Listed on

National Stock Exchange of India Ltd.  
Bombay Stock Exchange Limited

## Auditors

Anand Mehta & Associates,  
Chartered Accountant  
334, Mulratna  
Narshi Natha Street  
Masjid (West)  
Mumbai 400 009



## EPC- Stability Driver

Right from its inception in 1986, Vascon's primary business has been EPC, (Engineering, Procurement and Construction). Company has remained committed to applying the art of value-based aesthetics into the science of construction through efficient engineering. One simple principle guides Vascon's approach to every project: "Understand the customer's needs and expectations; fulfill the needs and exceed the expectations."

With 27 years of experience in EPC services business, Vascon's achievements ranges from sprawling factories to premium homes, from glittering malls to towering software parks and from classy hotels to elegant schools.

## Company's Growth Strategy for EPC Business

- Bidding for full service and bigger size contracts
- Use of latest construction technology to reduce time and cost
- Diversifying nature of projects
- Diversifying geographical presence
- Focus on institutional projects

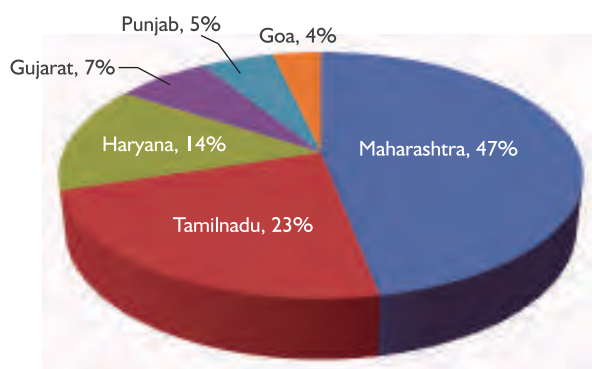
Looking into current challenging economic environment and delays in getting approvals, we are very selective in accepting new orders, during the last year our EPC order inflow amounted to Rs. 354 cr which was mainly contributed by some prestigious clients and reputed names like Godrej, Unitech, Dayanand Medical College, Sadhu Vaswani Mission and Gift City Ahmedabad. We are working on a healthier order book which would bring in better revenue and profitability to the Company.

## EPC Order Book as 31.03.2013

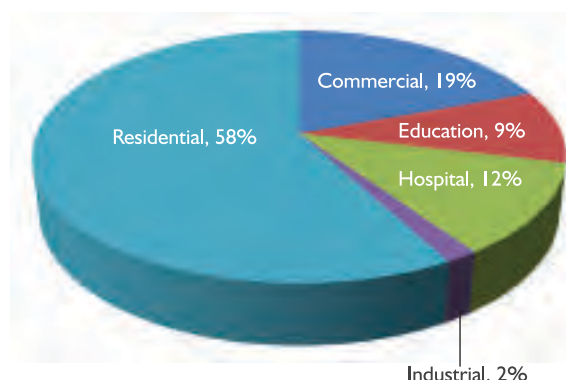
Particulars	Gross Order (Rs in cr)	Order to be executed (Rs in cr)
Third Party Contracts	2,183	1,229

## EPC Order to be Executed –

### Geographic Distribution



### Segment Distribution





**VASCON®**  
Development with Conscience

# Business Model & Review



**Goa Institute of Management, Goa**



**SPSPM, Pandharpur**





## Real Estate- Scalability Driver

In a Logical extension to its EPC expertise, the Company has moved up the value chain by diversifying in to Real Estate business in the year after inception and grown rapidly thereafter, establishing a considerable space for itself in this industry. Real estate development business comprises the development of residential and office complexes, as well as shopping malls, multiplexes, hospitality properties, IT parks and other buildings.

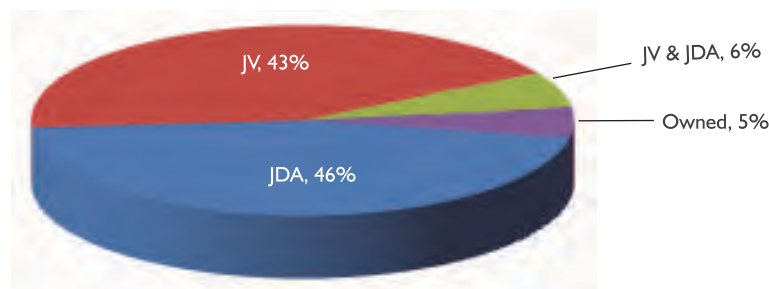
Company utilise a five-stage execution methodology for its development projects,

1. land identification and acquisition,
2. obtaining consents, authorisations and approvals required for development,
3. project preparation,
4. project management and execution and,
5. marketing and post-completion.

## Asset Light Business Model focused on lower land acquisition cost:

Company generally enters into joint development agreements and/or joint ventures with land owners to acquire development rights to their land in exchange for a pre-determined portion of revenues or profits generated from the projects. This model also assists in reducing our working capital investment and effectively utilising our EPC services and sales and marketing capabilities.

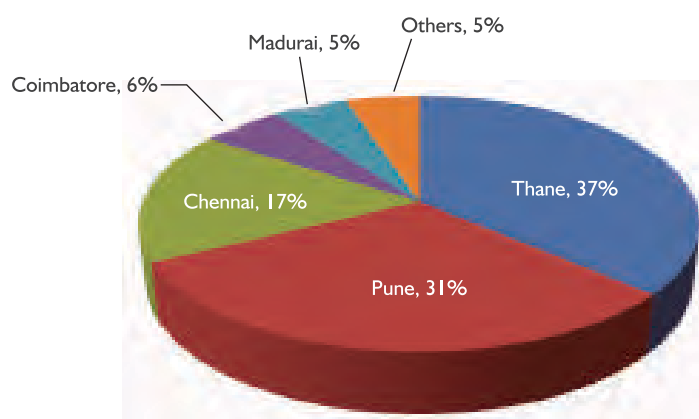
Around 90 % of Land Bank to be developed via JV/JDA- ensuring effective Capital Allocation and Risk Management



This asset light model also enables Vascon to concentrate on Tier II and Tier III cities where the Company foresees significant value from booming infrastructure development. Some of the towns where the Company has expanded its operations include Pune, Nashik, Aurangabad, Thane, Madurai, Hyderabad and Coimbatore.

## Large Real Estate Land Bank across India

Real Estate Project Portfolio aggregates 620 acres with developable area of 53 msft







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# Business Model & Review



Windermere, Pune



Willows, Pune





## Details of Ongoing Projects

Currently, The Company has 14 residential and commercial projects under construction cumulating to 2.72 msft. The cumulative area sold is around 1.63 msft, amounting to sale value of Rs. 706 crore of which attributable to Vascon is around Rs. 407 crore.

Project Name	Location	Vascon Share		Project Area msft	Area Sold msft	Sales Value Rs. cr.
		Equity	Revenue			
Willows Phase (C,D)	Pune	100%	56%	0.11	0.11	51
Willows Phase (E,F)	Pune	100%	56%	0.16	0.14	59
Vista - Phase II	Nashik	100%	100%	0.14	0.11	27
Forest County (I I bld.)	Pune	50%	100%	0.84	0.74	277
Tulips – Phase I	Coimbatore	70%	100%	0.05	0.05	19
Tulips - Phase II	Coimbatore	70%	70%	0.20	0.10	41
Windmere Duplex	Pune	100%	45%	0.17	0.05	44
Windmere Apartments	Pune	100%	45%	0.21	0.09	93
Xotech	Pune	50%	100%	0.15	0.03	13
Nature Spring	Pune	100%	65%	0.26	0.06	19
Nature Nest	Pune	100%	65%	0.25	0.03	9
Ela	Pune	100%	100%	0.12	0.06	28
Garnets Bay	Pune	50%	100%	0.03	0.02	17
ECO Tower	Pune	100%	100%	0.04	0.02	10
Total				2.72	1.63	706



**Vista II, Nashik**



## GMP Technical Solutions (Clean Room & BMS)



As a part of backward integration to the existing verticals, the Company has acquired GMP Technical Solutions in August 2010. GMP Technical Solutions is in Manufacturing of Clean Room Partitions and provider of integrated turnkey solutions for the life sciences industry encompassing Pharmaceuticals, Biotech, Healthcare delivery and Medical devices.

GMP Technical Solutions is specialized in turnkey projects with very high level of domain expertise in giving one window solution to clients in several business areas

## GMP Technical Solutions

Products	Services
<p><b>Products Include</b></p> <ul style="list-style-type: none"> <li>• Clean Room Panels</li> <li>• Clean Room Equipments</li> <li>• Heating Ventilation and Air Conditioning</li> <li>• Water System &amp; Utilities</li> <li>• Electrical Systems</li> <li>• Process Equipments</li> <li>• Building Management System</li> <li>• Laboratory Furniture / Wooden Doors</li> <li>• Contamination Control / Isolators</li> </ul>	<p><b>Services Include</b></p> <ul style="list-style-type: none"> <li>• Consulting / Design Engineering</li> <li>• GMP Hospitec</li> <li>• GMP 3S</li> <li>• QA Tech</li> <li>• GMP IT Infra</li> <li>• GMP Modular Cleanrooms</li> </ul>



Dear Shareholders,

The fiscal year ended March 2013 had its set of challenges as the macroeconomic environment and growth prospects of India deteriorated during the course of the year with the GDP growth slowing down to its lowest in a decade. As the year progressed, business environment remained difficult and operating in such a testing environment proved challenging.

The real estate sector too was faced with formidable challenges. The combined effect of a slower sales accretion and a higher cost translated into a lower industry growth and generally lower bottom lines across the country's real estate development players. Vascon, was no exception to this national trend. However, your Company, considering the moderation of the growth momentum, has put into place prudent corporate strategies to mitigate risks by off-loading all non-core assets and focusing on key strengths.

During the year gone by, higher input and interest costs resulting from continuing high inflation had an adverse impact on profits, but I am glad

to report that your Company has been able to sustain operational stability, thanks to our strong market position, and low-cost but high quality construction.

It is my firm belief that the housing and construction sector is poised to become the next big driver of growth in India. With linkages to more than 250 ancillary industries, the housing and urban infrastructure sector has a major multiplier effect on the entire economy, providing jobs across the spectrum, right from highly qualified engineers and architects to unskilled laborers, thereby promoting the cause of inclusive growth.

Your Company remains committed to the underlying values of providing exemplary customer service, achieving business objectives with social responsibility and enhancing stakeholder value.

India has gone through a difficult year in FY13 and numerous challenges both in the global economic outlook and India's own economic situation persist. Nevertheless, given India's demographics, potential, and trajectory, we firmly believe that the decade ahead will be one of

tremendous opportunity. The year ahead is also going to be challenging and we will use it to consolidate and work on strategies to fuel growth with better profitability.

I would like to thank all our colleagues for their hard work and valued contribution during 2012-13. Together we have much to look forward to as we strive to make our company even stronger and continue to focus on delivering for our customers.

I am grateful to the Board of Directors for their unwavering support and guidance. I take this opportunity to express my gratitude to all our stakeholders, who have reposed trust in us and extended their constant support.

With best wishes,  
Sincerely,

**R. Vasudevan**  
*Managing Director*





Dear Shareholders,

It is great to have the opportunity to connect with you for the first time.

While the fundamental long-term strengths of the Indian economy and India's real estate sector remain robust, the past year has been a difficult one on many fronts. The challenges and their causes are both well known. Due to the inflationary environment and rising interest rates, materials like steel and cement, construction labour, and financing, which comprise the major costs for real estate projects, have all sharply increased in FY13. At the same time, the weak macroeconomic environment driven by poor GDP growth has dampened demand for real estate.

Such periods of difficulty throw up a lot of challenges. The challenges are in the form of operating margin pressure due to the significant cost escalations and the lower demand for real estate due to poor economic sentiment. Your Company will be much focused this year on meeting these challenges.

Some of the steps that your Company has undertaken are to exit from all non-core and non-profitable EPC projects, which had been slow moving from a long period of time and were therefore economically unviable to

continue on the same commercial terms. Also, your Company has now become very selective in accepting new orders. Our EPC order inflow during the year was mainly contributed by some prestigious clients and reputed names.

We are now working on a healthier order book which would bring in better revenues and profitability to the Company, thereby enabling us to avoid delays and improve the overall project execution cycle.

As a strategy for financial year 2014, your Company would continue focusing on Cash Flow Improvement through various means.

The efforts are towards monetizing our completed project inventory and some selective land parcels. We have already sold three ready commercial buildings during the year and generated cash flows which were used for debt repayment. We expect some additional inflows over the next quarter through sale of two commercial properties in Pune and Nashik and two land parcels in Pune. This inflow would facilitate us in our future planned launches.

We have identified Real estate project development as a high growth opportunity area and your Company plans to expand in this area in a big way.

The efforts to divest our stake in the hospitality portfolio are also ongoing and we are hopeful of hearing something positive on this front in this year.

All of us at Vascon Engineers are working hard towards a common goal i.e. the growth of your Company and creation of value for our stakeholders. Our passion and belief in that goal, and in our ability to achieve it, is what will drive the future of Your Company. If we succeed in providing our customers the best possible experience, financial success will be a natural outcome of our efforts.

I would like to take this opportunity to thank the entire management team for their energy and tireless work throughout the year. I would also like to sincerely thank our joint venture partners, customers, and business associates for their support. Finally, a big thank you to all our investors for the continued confidence they have shown in Vascon Engineers.

All the best,

**Santosh Sundararajan**  
*Chief Executive Officer*



From Left to Right

**K.G. Krishnamurthy**  
Non-Executive Director

**R. Kannan**  
Independent Director

**V. Mohan**  
Chairman and Independent Director

**R. Vasudevan**  
Managing Director

**Ameet Hartani**  
Non-Executive Director

## Certifications

ISO 9001:2008  
Certification for Quality  
Management Systems in  
December 23, 2003

OHSAS 18001: 2007  
Certification for Occupational health  
and safety management system  
in December 2010

ISO 14001:2004  
Certification for Environmental  
Management Systems in March 16, 2006

## Awards



**ICI Birla Awards  
2012 for Suzlon -  
Trophy**



### **Credai Real Estate Awards 2012**

Vascon Engineers has won Credai Real Estate Awards 2012 - for Suzlon Corporate Office as Best Commercial & Retail Office Complex - Non Metro.



### **AESA Awards 2012**

AESA Awards 2012 for "Hyatt" project as Juries Recommendation Award 2012 for Planning & Services.



### **BAI Award**

BAI Award for our residential project "Vista" at Nashik for Best Building of the year in Group Housing Residential Category.



### **Nashik Real Estate Landmark Awards 2012**

Nashik Real Estate Landmark Awards 2012 for our residential project "Vista" at Nashik for Best Building of the year in Residential Category.



### **Asia's Best Employer Brand on Excellence in Training Category - Trophy**

Vascon Engineers owned "Asia's Best Employer Brand on Excellence in Training Category" by World HRD Congress during a function held in Singapore on 19th July, 2012.



### **Asia's Best Employer Brand on Excellence in Training Category - Certificate**

Vascon Engineers owned "Asia's Best Employer Brand on Excellence in Training Category" by World HRD Congress during a function held in Singapore on 19th July, 2012.





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## Picture of Success

**Zircon, Pune**



**Hyatt, Pune**







**BPTP, Gurgaon**



**V Tech, Nashik**



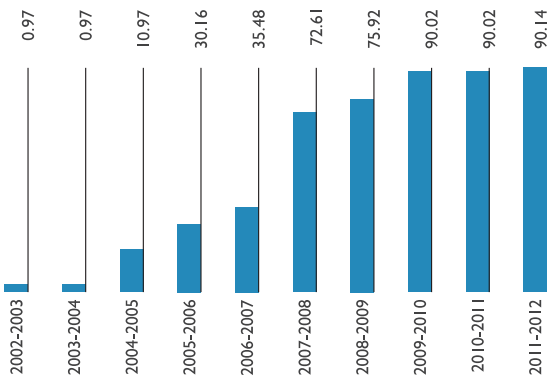


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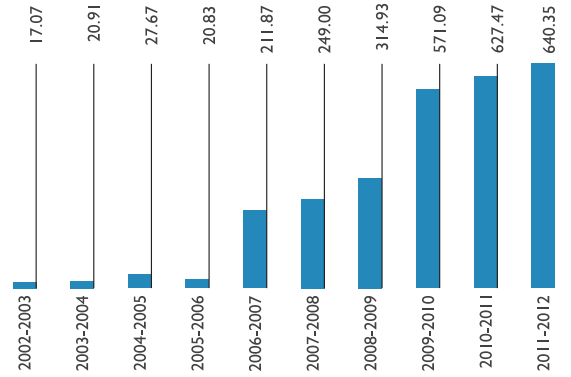
# Historical Data

FY	Paid Up Capital	Reserves	Net Worth	Turn Over	PBT *	PAT **
2002-2003	0.97	17.07	18.04	61.77	5.26	3.32
2003-2004	0.97	20.91	21.88	75.77	5.66	3.85
2004-2005	10.97	27.67	38.64	132.93	12.48	7.92
*** 2005-2006	30.16	20.83	50.99	143.06	22.48	12.70
2006-2007	35.48	211.87	247.35	399.25	67.80	46.49
2007-2008	72.61	249.00	321.61	619.44	99.99	58.33
2008-2009	75.92	314.93	390.84	524.72	31.58	19.23
2009-2010	90.02	571.09	661.10	768.32	76.39	52.20
2010-2011	90.02	627.47	717.48	1,035.38	88.46	65.85
2011-2012	90.14	640.35	730.48	728.03	27.48	15.49

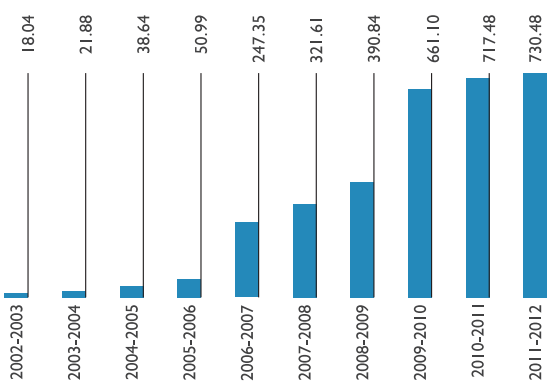
**Paid Up Capital**



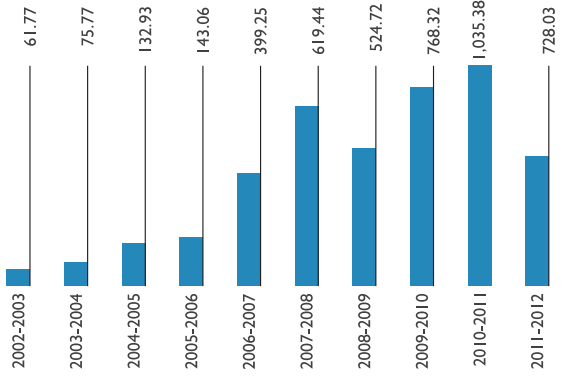
**Reserves**



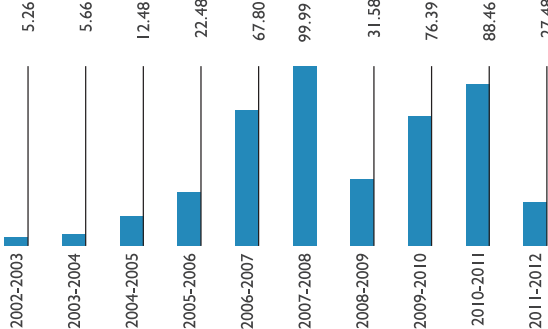
**Net Worth**



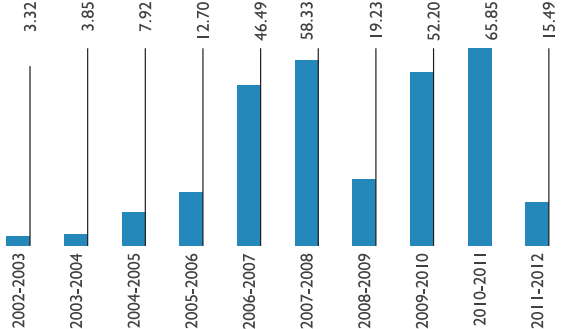
**Turn Over**



**PBT \***



**PAT \*\***



\* Profit Before Tax is excluding extraordinary items and includes exceptional items  
 \*\* Profit after tax includes extraordinary items and prior period adjustments  
 \*\*\* Consolidated data 2005-06 onwards.

Vascon Moorthy Foundation (VMF) completed 5 years of meaningful service to the community of construction workers and their families. It's been a journey of tireless work on Vascon sites – and we are committed to continuing with the same zeal and dedication in the new year too. There is so much to do and achieve; so many challenges to be faced. To quote Pandit Nehru's favourite lines by the poet, Robert Frost, ***“But I have promises to keep, And miles to go before I sleep.”***

The last year witnessed a few changes in the VMF team. Two of our founder trustees, Mrs. Perna Shah and Mr. Vijayakumar resigned this year. Ms. Ramya Moorthy and Mrs. Hiremath joined as new trustees of VMF in the year 2012

## Health and Hygiene



Cancer Awareness talks were organized on Windermere, Willows and Lake District sites in Pune, and Cipla Maintenance site at Kurkumbh. A total

790 labourers attended these programmes.

Personal Hygiene talks were organized on Adani Township, Ahmedabad, Eco Tower, Sinhgad Technical School Building and Windermere site in Pune as well as for the children from Ishwarpuram Hostel. 669 labourers and 19 children benefitted from these programmes.

Dengue Awareness programmes were organized on Windermere and Forest County sites in Pune, and Tulips, PNR Trupti site in Coimbatore. In response to the need expressed by the site staff. A total of 264 labourers attended this programme. Blood tests were done for 140 labourers from Forest County and Windermere sites by a team of doctors from Pune Municipal Corporation.



Dental Check Up camps were held by VMF with the help of following institutions on the Vascon sites. Total 1437 labourers, 58 children and 106

staff benefited from the same.

- Bharati Vidyapeeth on Symbiosis Institute of Business Management site and Corporate office at Pune
- Panineeya Institute of Dental Science and Research Center at CHL, Hyderabad
- M.G.V. Dental College and Hospital at Vista, Nashik. Shree Guru Gobind Singh
- Tricentenary Dental College at Park Serene and Park Amstoria in Delhi
- Shri Venkateswara Dental College and Hospital at Unitech and January in Chennai.

Eye Checks Up camps were conducted in association with local NGOs or colleges at the sites mentioned below:

- Bharati Vidyapeeth at Forest County, Windermere, Ela, Monotype, Godrej
- Horizon and Lake District in Pune
- Chettinad College and Research Institute at January site, Chennai
- Uma Eye Clinic at Unitech site, Chennai



16 children in the age group of 10 yrs and above, from two sites in Pune attended Adolescent Health Hygiene sessions, organized by Door Step schools. Children participated happily in the sessions; learning to express

their feelings about personal safety, safe and unsafe situations in the society, etc.



On an average 40 children were immunized every month in the year of 2012-13 at 9 sites in Ahmedabad, Delhi, Kurkumbh, Nashik and Pune.

Under Mid-day Meal programme, food had been provided to children from 9 sites in Delhi, Khandala, Kurkumbh, Nashik and Pune.



## Art of Living Programme



Under the guidance of Ms. Roopa Mudliar, VMF was able to conduct "The Art of Living" sessions in association with Nav Chetana group for Labourers on

Windermere, Forest County and Ela sites. 254 labourers attended and appreciated by this course. VMF plans to make this an ongoing programme and continue with such sessions on Vascon sites all over India.

## Education

Education has always been the first priority on VMF agenda. For the well being of small children few new crèches were opened during the year;

No	Name of the site	Location	Creche started on	Name of the NGO
1.	Forest County	Pune	31st March 2012	Crèche handed over to Door Step Schools from Tara Mobile Crèches.
2.	Godrej Horizon	Pune	5th January 2013	Door Step Schools
3.	Unitech	Chennai	25th July 2012	Aide et Action



As of April 2013, 23 out of 196 site children are attending formal schools. They are from 6 sites in Pune, Chennai and Nashik. VMF initiated hostel accommodation for

27 children to continue in the formal schools.

### This year VMF started a hostel for boys at Fulgaon, near Lonikand in joint venture with Ishwarpuram Aashram.

Taking into account 9 new admissions in different hostels this year, a total of 27 children are benefited by this facility. Presently 17 students are in the new boys hostel at Fulgaon, 2 girl students are at Sevasadan, and 8 more (6 girls and 2 boys), are placed in various hostels run by Maher at Kendur, Bakori, Awhalwadi and Vadu.

Mr. Bhima Marol who has joined the higher education programme from June 2010 has scored 75% marks in 5th semester of Diploma in Civil Engineering and stood 5th in his college.

Mr. Dipak Patil has secured 68% and has stood first in his college. He is studying 3rd year in Telecommunication Engineering.



A Summer Camp was organized on 19th May 2012 for children from Forest County, Willows, Lake District and SIBM, Lavale

Sites. 49 children participated and enjoyed learning about speech, handwriting, personality development and personal hygiene.



On the occasion of Children's Day, age appropriate toys were distributed at all Vascon sites in Cipla - Kurkumbh, Chennai, Panvel,

Nashik and Pune. The initiative spread joy among 354 children who were delighted to receive their gifts.



Sports Day was conducted on 4th Nov. 12 at Ishwarpuram hostel. 48 staff and 45 children from 3 sites and hostel

participated in various competitions. The programme started off with children's sports events, followed by team games with staff and children.





## Picnic

56 children from Lake District and Forest County and Vista Nashik site went for the picnic in November and December organized by Door Step Schools. 18 children from Willows site went for a picnic organized by Tara Mobile Crèches Pune in Feb 2013. 6 children from Willows site went for an overnight camp organized by Tara Mobile Crèches Pune.

## VMF Annual Day Programme



Like every year, VMF celebrated its Annual Day function on 15th Sept. 2012. 79 children from various sites and hostels gathered at Maulana Abul Kalam Azad Memorial hall. 54 children were felicitated by the chief guest, Corporators Mr. and Mrs. Wagaskar. 7 children from Nashik

and 3 children from Kurkumbh who were unable to attend the function, were felicitated on the site later during a VMF representative site visit.

## Edu Care Awards

Following Vascon sites have received Edu Care Awards by Door Step schools for continuous support to bring construction workers children to school and provide education during 2011-12. Mr. Anuj Bhandari was the chief guest and honored respective site staff.

1. Sinhgad Technical School Building, Pune
2. Symbiosis Institute of Business Management, Pune
3. Lake District, Pune
4. Vista, Nashik
5. Cipla Maintenance, Kurkumbh
6. Savitribai Phule Shikshan Prasarak Mandal, Solapur.



## Vascon Sport Sponsorship

Vascon aims at providing holistic support and an environment that allows budding talents to pursue their dreams. For this purpose, Vascon has joined hands with Lakshya Sports Institute for nurturing young talent.

In this endeavour, we are supporting three prodigies for past 2 years :



Ms. Rahi Sarnobat – India's 1st pistol shooter to win gold medal in 25m pistol women event at 2013 ISSF Rifle & Pistol World cup in Changwon, Korea



Mr Vidit Gujarathi – Grandmaster & India's 1st Sub. Jr World Chess Champion (Under 14) in 2008



Master Aravindh Chithambaram VR – Silver Medalist at 2012 World Youth (U-14) Chess Championship

We will continue to encourage & support promising talent to grow & rise in future.



**VASCON®**  
Development with Conscience

# Projects



Ela, Pune



Tulip, Coimbatore







**VASCON®**  
Development with Conscience

## Directors' Report

### Dear Members,

We are pleased to present our 28th Annual Report on the business and operations of the Company for the year ended 31st March, 2013.

### 1. Financial Results:

Financial Highlights of the Company for the year are as follows:

(Rs. in Million)

Particulars	2012-2013		2011-2012	
<b>Total Revenue :</b>	<b>4601.37</b>		<b>5115.86</b>	
Profit before Interest and Depreciation & Taxes		175.87		181.72
Less: Interest	305.72		355.46	
Depreciation	124.58	430.30	100.67	436.12
Profit before exceptional and extraordinary items Prior Period Expenses / Income (Net) and Tax		<b>(254.43)</b>		<b>(254.40)</b>
Prior Period Expenses / Income (Net)	(0.04)		(1.50)	
Exceptional Items	(33.59)	(33.63)	366.03	364.53
Profit Before Tax		<b>(288.06)</b>		<b>110.13</b>
Less: Provision for Tax				
Current			6.64	
MAT Credit Entitlement			(6.64)	
Deferred Tax	(20.88)		(9.72)	
Excess / Short provision for Tax of earlier years		(20.88)		(9.72)
<b>Net Profit</b>		<b>(308.94)</b>		<b>119.85</b>

### 2. Business Performance:

The last two years have been challenging years with unprecedented economic uncertainty, which has resulted in moderating market demand and rising costs. The Company, as a part of its business strategy has taken a conscious decision to exit from some of its stalled, slow moving and non-profitable projects which were economically unviable to continue on same commercial terms. Due to this strategy, it has seen drop in Revenue and earnings of our Construction business. More over due to drop in turnover, the over head has not been fully absorbed, thereby pulling down the profits.

Total Revenue for the year is at Rs. 4601.37 million compared to Rs. 5,115.86 million for the previous period of 12 months.

Net loss for the year is at Rs. 308.94 million as compared to Net Profit of Rs. 119.85 million for the previous period of 12 months.

### 3. Consolidated Results:

Due to the drop in profitability of the standalone accounts, the consolidated profit and loss account also shows a negative growth in profitability while its revenue growth is moderate.

Consolidated Revenue of Vascon Group is Rs. 7,363.11 million as compare to Rs. 7,280.29 for the previous period of 12 months.

Net Loss is Rs. 170.47 million for the year.

### 4. Business Operations & Future Outlook:

The Company has two businesses viz. Real Estate and Construction.

The Company has consolidated its position in Construction business in the last year and is focusing on more remunerative contracts. The unique expertise of the company in executing full service contracts is thrust in bidding and acquiring new contracts. This shall not only improve the margins but also contribute to the image of the company.

The Company has increased its focus on development of our Real Estate projects. This has yielded results and Revenue in our Real Estate business has achieved significant growth despite challenging economic environment. It will continue this strategy of focusing on Real estate development projects. This will yield better margins and also help in generating steady cash flow in the future.

GMP Technical Solutions Pvt. Ltd., the Clean Room partition business has growth in revenue. The margins in this business have been stable and the Company expects to maintain growth in this segment. It is now exporting to six countries and plan to expand its footprints further. The global footprint shall not only grow the revenue but also regain profitability.

The Company has successfully reduced its Gross Debt by Rs. 740 million in last year. The Company is making an all out efforts to improve cash flow from monetization of unsold inventory and selective land parcels. We have already monetized commercial projects in Pune during last year. We will continue our efforts on other identified projects in this year as well. Apart from this projects, the Company intends to exit from its investment in Hospitality projects at right prices.

### 5. Dividend:

In view of losses incurred in the current year, we do not recommend any dividend for the year under review.

### 6.Change in Capital:

#### Equity Evolution during the year

As on March 31, 2012 the paid up Equity Share Capital of the Company was Rs. 90,13,56,000/- consisting of 901,35,600 equity shares of Re.10/- each.

The table below gives details of equity evolution of the Company during the year under review:

Date	Particulars	No. of equity shares of Rs.10/- each	Post allotment Equity Share Capital status
May 21, 2012	Allotment pursuant to exercise of Stock Options	15,150	Rs.901,507,500/- consisting of 90,150,750 equity shares of Re.10/- each.
Nov 8, 2012	Allotment pursuant to exercise of Stock Options	29,400	Rs.901,801,500/- consisting of 90,180,150 equity shares of Re.10/- each.



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## Directors' Report

### 7. Utilisation of IPO Proceeds:

The proceeds of the IPO were issued for procurement of land at various strategic places, repayment of loans, construction expenses of projects and for general corporate purposes. The summaries of utilisation of net IPO proceeds are as follows:

(Rs. in Million)

Particulars	Amount to be utilized	Actual utilizations as on 31.03.2013
a) Construction of our EPC contracts and Real Estate Development Projects	1,189.2	1,189.2
b) Repayment of debt	361.7	361.7
c) General Corporate purpose	103.4	103.4
d) Issue Expenses	127.7	127.7

### 8. Subsidiary Companies & Consolidated Financial Statement:

The Company has 11 subsidiaries as on March 31, 2013. We have pleasure in attaching the Consolidated Financial Statement pursuant to clause 32 of the listing agreement entered in to with the stock exchanges and prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India in this regard.

By a general circular (No. 2/ 2011 dated February 8, 2011), the Ministry of Corporate Affairs, Government of India, under Section 212(8) of the Companies Act, 1956, has permitted companies to not attach copies of the Balance Sheets and Profit and Loss Accounts, Directors' Reports, Auditors' Reports and other documents of all their subsidiaries, to the Accounts. The company has acted accordingly.

However, annual accounts of the subsidiary companies and the related detailed information are available at any time to shareholders of the parent company and subsidiary companies and to statutory authorities. On request, these documents will be made available for inspection at the company's corporate office. A statement containing information on the Company's subsidiaries is included in this Annual Report.

### 9. Directors:

#### Retirement by Rotation

Mr. V Mohan, Director retires by rotation and being eligible has offered himself for re-appointment. We propose to re-appoint Mr. V Mohan as director of the Company at the ensuing Annual General Meeting.

### 10. Corporate Governance Report And Management Discussion And Analysis Statement:

A report on corporate governance is attached to this Report along with Management Discussion and Analysis Statement.

### 11. Fixed Deposit:

The Company has accepted deposits without invitation to Public under section 58A of the Companies Act, 1956. The statement in lieu of advertisement signed by the Directors of the Company was filed with the Registrar of Companies, Mumbai pursuant to rule 4A(1) of the Companies (Acceptance of Deposits) rule, 1975. Fixed deposits accepted from employees, shareholders and outsiders as on March 31, 2013 stood at Rs. 89.30\_ Millions. None of the fixed deposits which are matured during the year remained unclaimed and unpaid.

### 12. Conservation Of Energy, Technology Absorption, Foreign Exchange Earnings And Outgo:

Information as per the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to conservation of energy, technology absorption, foreign exchange earnings and outgo is provided in Annexure forming part of the Report.

### 13. Particulars Regarding Employees:

The Board of Directors wishes to express their appreciation to all the employees for their outstanding contribution to the operations of the Company during the year.

The information required under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rule 1975 as amended, the names and other particulars of employees are required to be set out in the Annexure to the Directors Report. However in terms of section 219 (1)(b)(iv) of the Companies Act, 1956 the report and accounts are being sent to the shareholders excluding the aforesaid annexure. Any shareholder interested in obtaining copy of the same may write to the Company Secretary.

### 14. Employee Stock Option Scheme:

During the year under review the Company implemented Employee Stock Option Scheme, 2007 ( "the scheme" ). Disclosures in respect of the scheme in compliance with Clause 12 of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guideline, 1999 are set out in annexure to this report and forms part of this report.

### 15. Directors' Responsibility Statement Pursuant to Section 217(2AA):

- The Company has followed all applicable accounting standards in the preparation of annual accounts as recommended by statutory auditors.
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the year and of the Profit/Loss of the Company for that year.
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The annual accounts are prepared on a going concern basis.





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## Directors' Report

### 16. Auditors:

Anand Mehta & Associates, auditors, retire at the forthcoming Annual General Meeting and have confirmed their eligibility and willingness to accept offer, if are re-appointed.

### 17. Auditor's Report:

Information and explanation on remark in the Auditor's Report: if any

- (i) In respect of Auditor's observation relating to improving the internal control systems and the scope and coverage of Internal Audit, the management has taken steps to strengthen the same.
- (ii) In respect of outstanding referred in the Auditor's Report, we wish to clarify that all dues referred there in have been paid.

### 18. Acknowledgment:

We thank our bankers, customers and vendors for their continued support to our Company's growth. We place on record their appreciation of the contributions made by Vascon's employees at all levels. Their competence, hard work, solidarity, cooperation and support have enabled the Company to perform well in a competitive environment.

**For Vascon Engineers Limited**

**V. Mohan**  
*Chairman*

Mumbai: 22<sup>nd</sup> July, 2013



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## Annexure to Directors' Report

### Conservation Of Energy, Technology Absorption, Foreign Exchange Earnings And Outgo

As required under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, our Company is not covered by the Schedule of Industries which are required to furnish the information in Form-A.

Our Company has not imported any technology or other items, or carried on the business of export or import. Therefore, the disclosure requirements against technology absorption are not applicable to the Company.

### Foreign Exchange Earnings and Outgo

(Rs. in Million)

Particulars	2012-2013	2011-2012
Foreign Exchange Earnings	64.88	-
Expenditure in Foreign Exchange	125.89	52.88

### Clause 12

Pursuant to the provisions of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme)Guideline ,1999 the details of stock option as on 31st March, 2013 under the Employee Stock Option Plan, 2007(ESOP,2007) of the Company are set out as under :

SL NO	Description	ESOP,2007
1	Options Granted	1,983,500
2.	The Pricing Formula	Fair value
3.	Option Vested	1,983,500
4.	Option Exercised	1,814,100
5.	The Total number of shares arising as a result of exercise of option	1,814,100
6.	Options lapsed	164,750
7.	Variation of terms of Option	Removal of lock in condition by amendment to the ESOP Scheme of the Company with shareholders' approval in Annual General Meeting pursuant to Clause 7 and Clause 22.2A (2) of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guideline, 1999.
8.	Money realised by exercise of option	18,165,000
9.	Total number of options in force	4,650
10.	Employee wise details as on March 31, 2013 of options granted to	

i)	Senior Managerial personnel	Name	Exercise Price(Rs)	No of Options
		R. Vasudevan	10	1,600,000
		NR Moorthy	10	50,000
		C V Shah	10	50,000
		S P Nair	10	50,000
		Kumar Krishnan	10	40,000
		P S Padgoankar	10	25,000
		D Santhanam	10	25,000
		Sudhakar Shetty	10	15,000
		MT Badshah	10	15,000
		T V Jagdale	10	10,000
		J K Patoli	10	10,000
		Santosh Sundararajan	10	10,000
		M. K. Krishnamurthi	10	10,000
	ii) Any other employee who received a grant in any one year of option amounting to 5% or more of option granted during that year	NIL		
	lii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	NIL		
	11. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 "Earning Per Share"	(3.43)		
	12. Where the Company has calculated the employees compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used fair value of the options. The impact of this difference on profits and on EPS of the Company.	There is no impact on the profits and EPS		
	13. Weighted average exercise prices and weighted average fair values of options separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	N. A.		
	14. A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information : (a) risk free interest rate (b) expected life (c) expected volatility (d)expected dividends and (e) the price of the underlying share in market at the time of option grant.	N. A.		



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# Report on Corporate Governance

## Philosophy:

The Company is committed to good corporate governance. The Company respects the rights of its shareholders to secure information on the performance of the Company. Its endeavour has always been to maximise the long term value to the shareholders of the Company. The Compliance Report on Corporate Governance herein signifies compliance of all mandatory requirements of Clause 49 of the Listing Agreement.

## Composition of the Board of Directors:

The strength of Board of Directors as on 31st March, 2013 consists of five directors - One Managing Director, two Non-Executive Directors and two Non-Executive Independent Directors.

Given in the table below is the composition of the Board and inter alia the other directorships held by each of the directors.

As on March 31, 2013

Name	Position	Date of Joining	No of Board Meetings held	No of Board Meetings attended	Attendance at Last AGM	Directorship U/s 275 of the companies Act, 1956 in other Public Limited Companies	Number of Committee Chairmanships/ Memberships held in other Public Limited Companies	
							Committees membership	Committees Chairmanship
V. Mohan	Chairman & Independent Director	March 6, 2007	8	8	Yes	5	1	NIL
R. Vasudevan	Managing Director	January 1, 1986	8	8	Yes	NIL	NIL	NIL
K. G. Krishnamurthy*	Non-Executive Director	June 21, 2006	8	8	Yes	3	1	NIL
Ameet Hariani*	Non-Executive Director	September 19, 2007	8	7.	Yes	3	6	1
R. Kannan*	Independent Director	September 19, 2007	8	7.	Yes	NIL	NIL	NIL

1. The directorship/committee membership is based on the latest disclosures received from the Directors.

2. None of the directors is a member of the Board of more than 15 companies in terms of Section 275 of Companies Act, 1956; member of more than 10 committees & chairman of more than 5 committees across all companies in which he is a director.

3. None of the directors are related inter-se.

4. \*Were given leave of absence on request.

## Board Meetings:

The Board met eight times during the financial year 2012-2013. The maximum time gap between two meetings was not more than four calendar months. These were held on April 10, 2012, May 15, 2012, May 21, 2012, August 13, 2012, October 6, 2012, October 25, 2012, November 8, 2012, and February 12, 2013.

The Company has a well-defined process of placing vital sufficient information before the Board such that the information earmarked under Clause 49 of the Listing Agreement(s) are covered to the fullest extent.

The Minutes of the Meetings of all the Committees namely, Audit Committee, Shareholders' Grievance Committee and Remuneration/Compensation Committee of the Company are placed before the Board as and when held during the year.

## Committees of Board:

The Company has Board Level Committees, namely:

1. Audit Committee
2. Remuneration/Compensation Committee
3. Shareholders' Grievance Committee

## Audit Committee:

The Audit Committee has been constituted as per provisions of section 292A of the Companies Act, 1956 and clause 49 of the listing agreement. It was constituted on February 17, 2007 and reconstituted on September 16, 2009. It now comprises of three directors.

During the year the Audit committee met on May 21, 2012, August 13, 2012, November 8, 2012 and February 12, 2013.

Given in the table below is the constitution of committee and attendance records of members:

Name	Status	No of meetings attended
Mr. V. Mohan	Chairman & Independent Director	4
Mr. R. Kannan	Independent Director	3
Mr. R. Vasudevan	Managing Director	4

The Company Secretary acts as Secretary to the Audit Committee.

Terms of reference of the Audit Committee are broadly as under :

1. If the remuneration to Auditors is not fixed by shareholders and is delegated to the Board then the Audit Committee should make a suitable recommendation to the Board.
2. Where the Audit Committee finds the quality, efficiency and contribution of the Auditor is not satisfactory then, the Audit Committee shall take up the matter with the Auditor and in case he does not resign, the Audit Committee shall find a suitable replacement and recommend his appointment to the Board, including terms & conditions as to remuneration or otherwise.
3. To approve payment to the Auditor for services other than Audit.
4. To approve the bill of the Auditor for services in any other capacity.
5. To examine any changes in accounting policies and the reasons thereof.
6. To examine major accounting entries based on the exercise of judgment by management.





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## Report on Corporate Governance

7. Where the Auditor made some qualifications in his draft report, to examine the details causing such qualification and suggest suitable addendum in the Director's Report.
8. Reviewing with the management, the quarterly financial statement before submission to the board for approval.
9. Reviewing 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 material nature and reporting the matter to the Board.
10. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividend) and creditors.
11. To carry out such other functions as may be specifically referred to by the Board from time to time.
12. Relationships with Suppliers and Customers: The Directors and senior management employees of the Company during the course of interaction with suppliers and customers, shall neither receive nor offer or make, directly and indirectly, any illegal payments, remuneration, gifts, donations or comparable benefits which are intended or perceived to obtain business or uncompetitive favors for the conduct of its business. However this is not intended to include gifts of customary nature.
- 13 Interaction with Media: The Directors and senior management employees other than the designated spokespersons shall not engage with any member of press and media in matters concerning the Company. In such cases, they should direct the request to the designated spokespersons.
14. Safety and Environment: The Directors and senior management employee shall follow all prescribed safety and environment-related norms.

### Remuneration/Compensation Committee:

The Remuneration/Compensation Committee was constituted on June 11, 2007 and was reconstituted on September 16, 2009 now comprises of three directors.

During the year the Remuneration/Compensation Committee met on May 21, 2012 and November 8, 2012.

Given in the table below is the constitution of the committee:-

Name	Status	No of meetings attended
Mr. V. Mohan	Chairman & Independent Director	2
Mr. R. Kannan	Independent Director	1
Mr. Ameet Hariani	Non-executive Director	2

The Company Secretary acts as Secretary to the Remuneration/Compensation Committee.

### Terms of reference of Remuneration/Compensation Committee are broadly as under:

1. To discharge the Board's responsibilities relating to compensation to the Company's Executive Directors.
2. To approve and evaluate the Executive Director's compensation plans, policies and programmes of the Company

3. To formulate, administer and adopt the Employees' Stock Option Plan (ESOP) of the Company
4. To determine the quantum of option to be granted under an ESOP per employee and the total number in aggregate.
5. To determine at such intervals, as the Committee considers appropriate, the persons to whom shares or options may be granted.
6. To decide the conditions under which option vested in employees may lapse in case of termination of employment for misconduct.
7. To determine the exercise period within which the employee should exercise the option and that the option would lapse on failure to exercise the option within the exercise period.
8. To determine the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of the employee.
9. To determine the right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period.
10. To determine the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issue, bonus issue, merger, sale of division and others. In this regard the following shall be taken into consideration by the committee-
  - (i) The number and the price of the ESOP shall be adjusted in a manner such that the total value of the ESOP remains the same after the corporate action.
  - (ii) For this purpose global best practices in this area including the procedures followed by the derivatives markets in India and abroad shall be considered.
11. To determine the grant, vest and exercise of option in case of employees who are on long leave.
12. To determine the procedure for cashless exercise of options.
13. To construe and interpret the plan and to establish, amend and revoke rules and regulations for its administration. The Compensation Committee may correct any defect, omission or inconsistency in the plan or option and / or vary / amend the terms to adjust to the situation that may arise.
14. To approve the transfer of the shares in the name of the employee at the time of exercise of options by such employee under ESOP.
15. To review and approve any disclosures in the annual report or elsewhere in respect of compensation policies or directors' compensation.
16. To obtain such outside or professional advice as it may consider necessary to carry out its duties
17. To invite any employee or such document as it may deem fit for exercising of its functions.
18. To attend to such matters with respect to the remuneration of senior and other employees as may be submitted to it by the Managing Director.
19. To attend to any other responsibility as may be entrusted by the Board.



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## Report on Corporate Governance

The Company has no pecuniary relationship or transaction with its Non Executive Director other than payment of sitting fees. The Company has sought the expert legal advice of Hariani & Co, Solicitors & Advocates in certain matter and a sum of Rs. 5,55,556/- has been paid as professional fees to the said firm during the year ended 31st March, 2013. Mr. Ameet Hariani, Non Executive Director of Company is the Senior Partner of the said firm. The aforesaid professional fees are not considered material enough to have potential conflict with the interest of the Company.

On recommendations of the Compensation/Remuneration Committee, the Board of directors of the Company in their meeting held on 8th November, 2012 and Members through postal ballot on 16th February, 2013 (declaration of result) have revised terms and conditions of the remuneration payable to him subject to the approval of Central Government.

Non-executive directors are paid sitting fees pursuant to Section 310 of the Companies Act, 1956.

Given in the table below are the details of remuneration paid/payable to the directors and their shareholding for the year ended March 31, 2013.

(In Rs.)

Name of Director	R. Vasudevan	V. Mohan	K. G. Krishnamurthy	Ameet Hariani	R. Kannan
Salary	4,800,000	NIL	NIL	NIL	NIL
Other perquisites		NIL	NIL	NIL	NIL
Contribution to PF		NIL	NIL	NIL	NIL
Sitting fees		120,000	120,000	105,000	105,000
Total	4,800,000	120,000	120,000	105,000	105,000
Shareholding	9,415,529	NIL	NIL	NIL	NIL

### Shareholders Grievance Committee

The Shareholders Grievance Committee was constituted on June 11, 2007 and reconstituted on September 16, 2009 to specially oversee & redress the issues pertaining to Investor Grievances.

During the year Shareholders Grievance Committee met on May 21, 2012, August 13, 2012, November 8, 2012 and February 12, 2013.

Given in the table below is the Constitution of committee and attendance records of the members:-

Name	Status	No of meetings attended
Mr. V. Mohan	Chairman & Independent Director	4
Mr. R. Vasudevan	Managing Director	4

The Company Secretary acts as secretary to the Shareholders Grievance Committee.

Terms of reference of Shareholders Grievance Committee are broadly as under:

1. Transfer/ Transmission of shares
2. Issue of duplicate share certificate
3. Review of dematerialized shares and all related matters
4. Non receipt of Annual Report and dividend
5. Monitors expeditious redressed of investors grievance
6. All others matters related to shares/Debentures

During the year one complaint was received from shareholders / investors and same was resolved.

Given in the table below is the status of complaints as on 31st March, 2013

No. of Complaints Received	No. of Complaints Resolved	No. of Complaints Pending
01	01	0

### Details of Compliance Officer

M. Krishnamurthi  
Company Secretary  
T: +91-20-30562305  
F: +91-20-26131071  
email: compliance.officer@vascon.com  
Website www.vascon.com

### Disclosures

#### Subsidiary Companies:

During the year, one of the subsidiaries became a material non listed Indian subsidiary of the Company as per the criteria given in Clause 49 of the Listing Agreement.

#### Policy for Prevention of Insider Trading:

In pursuance of the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (duly amended), the Board has approved "Policy for Prevention of Insider Trading". The objective of the policy is to prevent trading of shares of the Company by an Insider on the basis of unpublished price sensitive information. Under the policy, insiders are prohibited from dealing in the Company's shares during the closure of trading window. To deal in the securities over a specific limit, permission of Compliance Officer is required. All Directors/designated employees are required to disclose related information periodically as defined in the Code, which in turn is being forwarded to the Stock Exchanges. The Company Secretary has been designated as the Compliance Officer.

#### Code of Conduct:

The Code of Conduct (the Code) as recommended by the Corporate Governance Committee and adopted by the Board is a comprehensive Code to ensure good governance and provide for ethical standards of conduct on matters including conflict of interest, acceptance of positions of responsibility, treatment of business opportunities and the like. The Code is applicable to all the Directors & the Senior Management Personnel of the Company. An annual affirmation of compliance with the Code has been obtained from all members of the Board & Senior Management Personnel as on March 31, 2013.

A copy of the Code of Conduct has been hosted on the Company's website www.vascon.com

In terms of Clause 49 of the Listing Agreement, a declaration signed by the Managing Director is stated hereunder:

I hereby confirm that:

All members of the Board & Senior Management Personnel of the Company have affirmed compliance with Vascon's Code of Conduct for the financial year 2012-2013.

Mumbai  
20<sup>th</sup> May, 2013

Sd/-  
Managing director



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## Report on Corporate Governance

### General Shareholder Information

28<sup>th</sup> Annual General Meeting

Venue: Vascon Engineers Limited, Neelkanth Business Park,  
"C" Wing 502/503, 5th floor, Near Vidyavihar Bus Depot,  
Vidyavihar (West) Mumbai-400086

Date: 12<sup>th</sup> September, 2013

Day: Thursday

### Last three Annual General Meetings

Year	Date And Time	Venue	Special Resolution (S) Passed
2009-2010	July 28, 2010 at 4.00 P.M.	Wisteria Ballroom at Lavender Bough, next to Swaminarayan Temple, 90 Feet Road, Garodia Nagar, Ghatkopar (East), Mumbai - 400 077	Pursuant to section 314 of the Companies Act, 1956, and subject to the approval of the Central Government appointment of Mr. Siddharth Vasudevan Moorthy, son of Mr. R. Vasudevan, Managing Director of the Company, to hold an office or place of profit as project controller of the Company on following remuneration with effect from August 1, 2010.
2010-2011	September, 27 2011 at 3.30 P.M.	Babasaheb Dhanakur Hall, Orion House, 12, K. Dubhash Marg, Near Jahangir Art Gallery, Kalaghoda, Fort, Mumbai 400001	NIL
2011-2012	September, 12, 2012 at 3.30 P..	Babasaheb Dhanakur Hall, Orion House, 12, K. Dubhash Marg, Near Jahangir Art Gallery, Kalaghoda, Fort, Mumbai 400001	1. To remove the lock in period in respect of the shares already issued/allotted on exercised options or may be issue/allotted in the future on exercise of the options granted pursuant to this Scheme. Pursuant to Clause 22.2A (2) SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guideline, 1999.  2. Pursuant to section 163 of the Companies Act, 1956 to keep the Register of Members, Index of Members, Register & Index of Debenture holders, copies of Annual Return and other related books at the office of the R & T agent, M/s Karvy Computershare Private Limited, situated at Andheri (East) Mumbai - 400 099 in place of registered office of the Company.

The special resolutions in the Annual General Meetings held in 2010 & 2012 were passed through show of hands.

### Financial year

The Financial year is 1st April to 31st March.

### Financial Results on Company's Website:

The annual results of the Company are published in leading newspapers in India, Free Press Journal, Navshakti and also displayed on its web site [www.vascon.com](http://www.vascon.com). Presentations to analysts, as and when made, are immediately placed on the website for the benefit of the shareholders and public at large.

### Book Closure

10<sup>th</sup> September, 2013 to 12<sup>th</sup> September, 2013.

### Listing on Stock Exchange:

The Company's equity shares are listed on The National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). Listing fees for the financial year has been paid in full for both the stock exchanges.

### Master price data:

High, low during each month in last financial year.

Months	Equity Shares			
	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr-12	49.5	45.55	49.05	45.4
May-12	43.8	42.5	43.75	40.7
Jun-12	39.2	37.6	40	37.5
Jul-12	48.7	43.1	48.95	43.6
Aug-12	41.5	40.1	41.4	43.6
Sept-12	57.85	50.3	55.5	50.5
Oct-12	53.5	50.5	53	50.2
Nov-12	51.3	49.6	51.75	49
Dec-12	63.5	61	62.8	60.9
Jan-13	66.65	60.55	65.9	60.6
Feb-13	49.85	47.35	48.9	47.3
Mar-13	38	36.6	38.1	37

### Share Performance

Chart A and Chart B compare Vascon Share prices with the BSE Sensex and the NSE Nifty respectively.

Chart - A - BSE: — High — Low

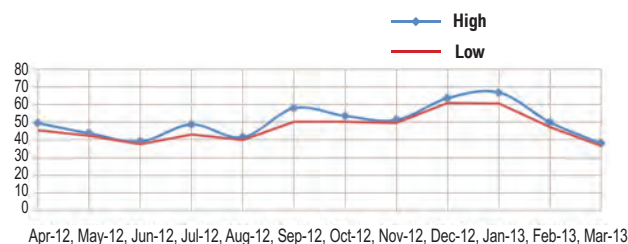
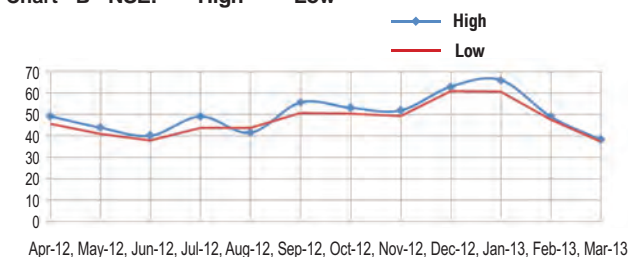


Chart - B - NSE: — High — Low







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## Report on Corporate Governance

### Distribution of shareholding as on 31st March, 2013

Distribution of range of Shares	Shareholders		Equity shares held	
Category	No. of shareholders	% to Total	No. of shareholders	% to Total
001-500	5,234	84.16	635,115	0.70
501-1000	559	8.99	384,737	0.43
1001-2000	183	2.94	272,008	0.30
2001-3000	65	1.05	164,417	0.18
3001-4000	22	0.35	78,845	0.09
4001-5000	21	0.34	100,187	0.11
5001-10000	50	0.80	363,891	0.40
10001 & Above	85	1.37	88,180,950	97.79
<b>Total</b>	<b>6,219</b>	<b>100.00</b>	<b>90,180,150</b>	<b>100.00</b>

### Shareholding pattern as on 31st March, 2013

Category	No. of Shares held	% to Total
<b>Promoters Holdings</b>	34,869,823	38.67
<b>Public Share holding:</b>		
Mutual Funds	2,237,223	2.48
Banks, Financial Institutions & others	-	-
Insurance companies	-	-
Foreign Institutional Investors	774,523	0.86
Bodies Corporate	47,667,485	52.86
NRI/Foreign Nationals	18,041	0.02
Indian Public	4,613,055	5.11
<b>Total</b>	<b>90,180,150</b>	<b>100.00</b>

#### Stock Code/ Symbol:

National Stock Exchange of India Limited – VasconEQ  
Bombay Stock Exchange Limited – 533156  
ISIN NO: INE893I01013

#### Registrar and Transfer Agents & Share Transfer System:

Karvy Computershare Private Limited  
Plot No. 17 to 24, Vittalrao Nagar, Madhapur  
Hyderabad - 500 081  
Email: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)  
Investor grievance id: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)  
Website: [www.karvy.com](http://www.karvy.com)  
Contact Person: S V Raju, Asst. General Manager  
SEBI Registration No.: INR000000221

The company's shares are covered under the compulsory dematerialized list and are transferable through the depository system. Shares sent for transfer in physical form are registered and returned within a period of 15 days from the date of receipt of the document, provided the documents are valid and complete in all respects.

**Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity: N.A.**

#### Address for correspondence

##### Registered Office:

15/16, Hazari Baug,, LBS Marg, Vikhroli (West) Mumbai 400 083  
T: +91-22-25781143, F: +91-20-26131071

##### Corporate Office

'Phoenix', Bund Garden Road, Pune – 411 001,  
T: +91-20-30562200/300 F: +91-20-26131071

##### Compliance Officer

M. Krishnamurthi  
Company Secretary  
T: +91-20-305662305  
F: +91-20-26131071  
email: [compliance.officer@vascon.com](mailto:compliance.officer@vascon.com)  
Website [www.vascon.com](http://www.vascon.com)

#### Shareholders' Correspondence:

Ministry of Corporate Affairs ("MCA") has vide Circular No.17/ 2011 dated 21st April, 2011 allowed the service of documents on members by a company through electronic mode. Accordingly the Company proposes to send documents like Shareholders Meeting Notice/ other notices, audited financial statements, directors' report, auditors' report or any other document, to its members in electronic form at the email address provided by them and/or made available to the Company by their Depositories. Members who have not yet registered their email id (including those who wish to change their already registered email id) may get the same registered/ updated either with their Depositories or by writing to the company (by filling & sending the prepaid inland letter attached with the Annual Report).

Registrar & Transfer Agents for all matters relating to transfer/ dematerialization of shares, payment of dividend, IPO refunds/demat credits at

#### Karvy Computershare Private Limited

Plot No. 17 to 24, Vittalrao Nagar  
Madhapur ,Hyderabad - 500 081  
Email: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)  
Investor grievance id: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)  
Website: [www.karvy.com](http://www.karvy.com)  
Contact Person: S V Raju, Asst. General Manager  
SEBI Registration No.: INR000000221



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## Report on Corporate Governance

### Certificate on Compliance with Clause 49 of the Listing Agreement by Vascon Engineers Limited

#### To the Members of Vascon Engineers Limited

I have examined the compliance by Vascon Engineers Limited ('the Company') of the requirements under Clause 49 of the Listing Agreement, entered into by the Company with the Stock Exchanges, for the year ended 31st March 2013.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. My examination was limited to procedures adopted, and implementation thereof, by the Company for ensuring compliance with the conditions of Corporate Governance under Clause 49. The examination is neither an audit nor an expression of opinion on the financial statements of the Company.

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

**Dr K R Chandratre**

Practising Company Secretary  
FCS No. 1370  
Certificate of Practice No. 5144

Place: Pune

Date: 20th May, 2013

### CEO and CFO Certification:

We CEO, i.e. the Chief Executive Officer and CFO i.e. the Chief Financial Officer of the Company whereby certify to the Board that:

(a) We have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:

(i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls and that they have evaluated the effectiveness of the internal control systems of the company and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors and the Audit committee

(i) significant changes in internal control during the year;

(ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

**Santosh Sundararajan**  
Chief Executive Officer

**D. Santhanam**  
Chief Financial Officer

Place: Mumbai

Date : 20th May, 2013



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## Management Discussion and Analysis

Vascon Engineers Ltd with a strong track record of 27 years in EPC and Real Estate operations has created a number of projects of eminence and splendour on a timely basis. EPC operations span on diverse areas like pharma, hospitals, factory buildings, educational institutional buildings, Government buildings, MES, hospitality building etc. On other hand Real Estate wing is embossing its mark with projects of residential and commercial complexes as well as shopping malls, multiplexes, hospitality properties and IT parks.

### The Economic Scenario:

The global economy in FY 2012-13 improved slowly and did not recover to the extent anticipated in the beginning of the year. The year started with the news that the previous fiscal's fourth quarter GDP had dropped to 5.5%. That coupled with low growth, macro-economic issues such as high fiscal deficit, expansionary subsidies and worsening current account balance has added to the slowdown.

In Indian economy the manufacturing sector, the most dominant sector within industry, also witnessed a decline in growth to 2.7 per cent in 2011-12 and 1.9 per cent in 2012-13 compared to 11.3 per cent and 9.7 per cent in 2009-10 and 2010-11, respectively. The growth in electricity sector in 2012-13 has also moderated. The growth of the mining sector in 2012-13 is estimated at 0.4 per cent, though it showed an improvement over a negative growth of 0.63 per cent recorded in 2011-12. With improved business sentiments and investor perception and a partial rebound in industrial activity in other developing countries, industrial growth is expected to improve in the next financial year.

### Industry Scenario:

The Indian Economy has experienced its worst slowdown in nearly a decade on the back of global contractionary headwinds, domestic macro-economic imbalances and policy reversals on the fiscal front.

Our industry is at the cusp of new growth phase. The demand is improving in almost all markets. Today, India is one of the most favoured Real Estate markets in the world. The sector is not only the biggest contributor to gross domestic product (GDP) of the country but is also the fourth largest sector in terms of foreign direct investment (FDI) inflows in the country.

With growth coming down sharply, the most visible impact has been felt on the government finances. Fiscal deficit and Current Account deficit have gone beyond the budgetary targets. Several steps announced recently have been with a view to control government spending and bring the deficits under control.

Demand conditions have been subdued, more so in the later part of the year. Commodity prices however, have corrected as demand has started falling down. The impact of lower commodity prices has been partly negated by the weak Indian rupee. The rupee remained weak for most part of the year.

On the positive side, Inflation has started coming down and in response to this, the RBI has also started on monetary easing gradually.

India is ranked 20th in the list of world's top real estate investment markets with investment volume of US\$ 3.4 billion in 2012, according to the latest report titled 'International Investment Atlas' by Cushman & Wakefield. The sector is set for robust inflows of US\$ 4-5 billion from overseas investors in the next couple of years, with Bangalore, Delhi and Mumbai emerging as the favourites, according to Jones Lang LaSalle, a global real estate consultancy giant.

Construction development sector (including townships, housing, built-up infrastructure & construction-development projects) has attracted a cumulative foreign direct investment (FDI) worth US\$ 22,007.67 million from April 2000 to February 2013. FDI flows into the construction sector for the period April-February 2012-13 stood at US\$ 1,260 million, according to the department of industrial policy and promotion (DIPP).

Recently, the rate cut announced by RBI shows that it has taken into consideration the liquidity concerns of the real estate sector. The RBI's recent decision to cut the repo rate by 25 bps has brought a sign of relief. This will not only help in mobilizing the liquidity in the market but also help developers in reducing the cost of funds. Home loans are also likely to be offered at economical interest rates.

### EPC and infrastructure:

The economic turbulence along with labour scarcity has significantly affected the EPC sector. All this has put a huge pressure on the margins and protecting the bottom line will be nothing but short of a tight rope walk. EPC is manpower run business; not a production but management integration industry and have carved out a niche for them. EPC Companies cannot avoid & undermine the key challenges including Regulatory, Technological, Commercial and Business Challenges, which leads in time over run & inefficient execution of these projects.

Infrastructure investment started slowing both as a result of investment bottlenecks as well as tighter monetary policy. Even as the economy slowed, it was hit by two additional shocks: a slowing global economy, weighed down by the crisis in the Euro area and uncertainties about fiscal policy in the United States. The infrastructure order book of Indian Companies which was USD 110 billion every year for the past two years has dropped below USD 50 billion this year. The RBI's recent decision to cut the repo rate by 25 bps though has brought a sign of relief it is not enough to revive the investment cycle, and this sector requires Foreign Direct Investment (FDI).

Some of the recent policy initiatives by Government and RBI which are expected to serve as a trigger to boost the investment in the sector include:

- Foreign citizens of Indian origin have been granted permission by the Reserve Bank of India (RBI) to purchase property in India for residential or commercial purposes
- FDI up to 100% is allowed under the automatic route in townships, built-up infrastructure and construction development projects subject to certain conditions
- The government has allowed 51% FDI in multi-brand retail subject to conditions Besides, RBI has also proposed to increase the minimum capitalisation requirement for any company with over 75% foreign holding by treating it as wholly owned subsidiary of the foreign company.

We believe that EPC & Infrastructure market in India is in threshold of growth. EPC industry certainly is going to witness tremendous growth on back of growing infrastructure activities. The industry is likely to grow at the average of 20-25% in next five years. This will definitely help in the revival of the sector in coming years.





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# Management Discussion and Analysis

## Real Estate:

Real Estate sector was one of the key drivers of growth before it witnessed the present slowdown. It is now trying to consolidate their position and finding effective means of sustaining growth. The softening of interest rates is expected to reduce the burden on the sector. Our industry is at the cusp of new growth phase. The demand is improving in almost all markets. Today, India is one of the most favoured Real Estate markets in the world. The sector is not only the biggest contributor to gross domestic product (GDP) of the country but is also the fourth largest sector in terms of foreign direct investment (FDI) inflows in the country.

The recent policy initiatives such as the Real Estate Regulation Bill, the real estate investment trusts (REITs) or real estate mutual funds (REMFs), the Land Acquisition and Rehabilitation and Resettlement Bill, may improve the investment climate and business environment, and benefit the real estate sector in 2013.

We expect the growth in the Indian real estate industry will be driven by government policies as well government spending on infrastructure which in turn boost up the real estate.

## Company performance:

During the 2012-13, the total turnover was Rs. 4601.37 (Million) as against Rs. 5115.86 (Million) in 2011-12 resulting in to reduction in the turnover and the profitability of the Company due to overall market scenario.

The Company has come out of all non-profitable projects. The Company is taking concrete steps for a healthier order book which would bring in better revenues and profitability, thereby enabling it to avoid delays and improve the overall project execution cycle.

## Cash Flow Management:

The economy and especially the real estate sector have faced an unprecedented resource crunch. This affected our company also and the same has been managed very well. The clients of the company has faced a difficult situation and delayed the payments to our company. This in turn has put the company in difficult position. To overcome this situation, we have disposed of noncore assets to generate liquidity. As a result, it has successfully reduced the current debt levels from Rs. 381.99 crores in FY 12 to Rs. 303.59 crores in FY 13, resulting in a decrease of Rs. 78.40 crores in the gross debt levels. We expect a more improvement in the position in the coming quarters.

## EPC

Last year is yet another year of a slow down for EPC operations which contributed 350 crores as against 430 crores in previous year. The Company has taken a conscious call to exit from some of the projects which had been slow moving from a long period of time and were therefore economically unviable to continue on the same commercial terms. The company has become very selective in accepting new orders and focused on value-add projects.

Our EPC order inflow during the year amounted to Rs. 354 crores which was mainly contributed by prestigious brand and patrons like Godrej, Unitech, Dayanand Medical College and Sadhu Vaswani Mission.

## Major projects awarded during last year:

### 1. Dayanand Medical College:

During the year the company was awarded a order worth Rs. 75 crores ( 0.265 million sqft ) for construction of medical college and cancer centre in Ludhiana , Punjab. The project has already commenced and it is to be handed over in November,2014.

### 2. Unitech:

During the year the company was awarded two projects from Unitech worth Rs. 76 crores.

a. Noto Chaitanya : It is a order worth Rs. 47 crores (0.78 million sq. ft ) for construction of residential tower in Perambur, Chennai. The project has already commenced and it is to be handed over in June, 2014.

b. Noto MLCP: It is a order worth Rs. 29 crores (0.32 million sqft ) for construction of multi level car parking in Perambur, Chennai. The project has already commenced and it is to be handed over in June, 2014.

### 3. Sadhu Vaswani Mission:

During the year the company was awarded a order worth Rs. 69 crores ( 0.3 million sqft ) for construction of school building at Boradewadi, PCNTDA, Pune 411105. The project has already commenced and it is to be handed over in May,2014.

### 4. Mosaic Landmarks LLP (Godrej):

During the year the company was awarded a order worth Rs. 100 crores (0.67 million sqft ) for construction of residential buildings at Undri, Pune. The project has already commenced and it is to be handed over in May,2015.

### 5. NBCC parel:

During the year the company was awarded a order worth Rs. 131 crores ( 0.269 million sqft) for construction of hospital building at MGM Hospital, Parel, Mumbai.It is to be handed over in May,2014

\*Tamil Nadu Legislative Assembly (TNLA) a stalled project is now being converted into a Medical College and work will commence in the current year.

## Real Estate

During last year the Company have launched a residential project "Ela" at Hadapsar, Pune and expected to launch new projects such as Liticia at Kalyaninagar Pune; Vista Phase III at Nashik, Orgadam Chennai and a project at Coimbatore in coming year.

## Ongoing projects:

### 1. Nature Spring and Nature Nest :

Far from madding crowd the project is situated along the perennial river, Indrayni at Talegaon, Pune. The total area of the site is 59 acres and approximately 12 Acres will be developed in phase I. The total saleable area of the project is 2.5 msft, which will be developed in phases. The phase I of the project is 0.50 msft with 1, 2 and 3 BHK apartment with sizes ranging from 750 sq.ft to 1630 sq.ft.



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## Management Discussion and Analysis

This mix development project will house amenities like designer landscaped garden with Kids play area, jogging track, sewage treatment plant, rain water harvesting, solar water heating system, club house, swimming pool etc. The phase I of the project will be developed in a span of two and a half years.

### 2. Xotech:

Xotech is situated at Hinjewadi, Pune, which is IT and BT Hub of Pune. Total saleable area of the project is 0.12 msft. The project comprises of smart 2 and 3 BHK apartment, which intends to provide modest and quality solutions to its buyers. The project is surrounded by a number of IT/BT companies, famous restaurants and hang-out places colleges, bank and Hotels.

The project has latest amenities like club house, landscaped garden with children play zones, swimming pool, rain water harvesting, solar water heating garbage chute, sewage treatment plant, etc. It is expected to be completed within a span of one and half years.

### 3. ELA:

The residential project is in Hadapsar, a most rapidly developing area of Pune. The total saleable area of the project is 0.12 msft. The project comprises of 2 and 2.5 BHK with sizes ranging from 1115 Sq.ft. to 1595 Sq.ft of lavish apartment.

The project has features latest amenities like club house which includes gymnasium, carom/card room / play station well designed landscaped garden with kids play area and swimming pool, solar water heating, sewage treatment plant, rain water harvesting etc. The project will be developed in a span of 2 years.

### 4. Windermere:

Windermere a thoughtfully designed, premium quality home at Koregaon Park, Pune. The total area of the site is 4.75 acres and will be developed in 2 phases. The project has total saleable area of around 0.46 msft, which will be developed in phases. The saleable area of phase 1 of the project is of 0.38 msft

The quality apartments are comprises with size of 3000 Sq.ft and 3800 Sq.ft with its own private swimming pool. The project has latest amenities such as renewable energy system, architectural design that ensure good ventilation and maximum natural light, water, conservation through maximum recycling organic waste management, rain water harvesting, etc.

The Project is certified as platinum rating project from by 'The Indian green building council' (ICBG) green home the project is designed as a five star rated Eco – housing project. The phase I is expected to be completed within 2 years.

### 5. Forest County:

This is mix development project located in the most rapidly developing area of Pune – Kharadi. The total area of the site is 51.34 acres and will be developed in phases. The phase I is approximately of 16.57 acres.

The total saleable area of the project is 3.03 msft. The saleable area of phase I of the project is 0.835 msft comprises of 2 and 3 BHK apartments with sizes ranging from 1215 Sq.ft to 2720 Sq.ft.

The Project is one of the premium projects of the Company with all the latest amenities like well designed landscape green belt with water body, spacious and fully furnished club house, dedicated children play area, water fall, amphitheatre, senior citizen area, jogging track, water foundation etc and incorporates environmental consideration at every stage of building construction. The Phase I will be developed by December 2013.

### 6. Willows – Ph II

The residential project is located in one of the most sought after locations in Pune – Baner which is home to Pune new elite.

The total saleable area of the willows ph II project is 0.16 msft comprises of 2, 3 BHK and Duplex apartment with sizes ranging from 1228 sq.ft to 4021 sq.ft.

The project houses three sides open eco friendly homes with latest amenities like 2 level car park area, cool blue swimming pool, multi activity club house, gym, landscape garden, children play area, fire fighting systems, sewage treatment plant, rain water harvesting etc. It is expected to be completed by December, 2013.

### 7. Tulip Ph II

The project is the tallest premium residential project in one of the most sought location of Coimbatore - avinashi road.

The project has saleable area of 0.2 msft, comprise of lavish 2, 3 and 4 with sizes BHK ranging from 1270 sq.ft to 2250 sq.ft.

The project has features latest amenities like club house with pool table card / carom room, cool blue swimming pool, fully equipped gym, multipurpose hall, coffee, lounge, children play area, sewage treatment plant, rain water harvesting etc. It is expected to be completed by 2014.

### 8. Vista II

The residential project of 2 and 3 BHK is located at Indranagar, Nasik. The project has total saleable area of 0.13 msft, comprises of 2 and 3 BHK with sizes ranging from 900 sq.ft to 1290 sq.ft.

The project with latest amenities like multi activity club house, swimming pool, gymnasium, centrally landscaped garden, children play area, fire fighting system, sewage treatment plant, rain water harvesting, etc. It is expected to be completed by December 13.

### Forthcoming Projects

#### 1. Madurai

The residential project is located in Thannukulam, Madurai. The project has total saleable area of 12.5 million Sq.ft of which 0.3 million Sq. ft will be launched in Phase I.

The phase is designed with of 1, 2, 3 BHK Apartments, Row houses and Bungalows with size ranging from 650 Sq. ft to 2000 Sq. ft. The proposed Township will have latest amenities like club house, Swimming pool, Gymnasium, Tennis and Basketball court, Jogging track, Party hall, water show in lake, Pharmacy, Farmers Market in Park etc.

The phase I of the project will be developed in a span of Two and a half years.



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## Management Discussion and Analysis

### 2. Vista Phase III, Nashik

The residential project is an extension of Vista Phase I and II located in Indiranagar, Nashik has total saleable area of 0.15 million sq.ft.

The Project is planned with 2 and 3 BHK apartments with sizes ranging from 1195 sq. ft. to 1575 sq. ft. and will have latest amenities like multi activity club house, well designed landscape garden, kids play area, sewage treatment plant, rain water harvesting etc.

The project will be developed in a span of two and a half years.

### 3. Oragadam, Chennai

The residential project is located in Oragadam, Chennai. The project has total saleable area of 10 million sq.ft, of which 1.57 million sq.ft will be launched in Phase I.

The phase I is designed in the midst of 1, 2, 3 BHK Apartments, Row houses and Bungalows size ranging from 564 sq.ft to 2500 sq.ft The proposed Township will have latest amenities like club house, Swimming pool, Gymnasium, Tennis and Basketball court, Jogging track, Party hall, water show in lake, Pharmacy, Farmers Market in Park etc.

The phase I of the project will be developed in a span of three years.

### 4. Neelambur, Coimbatore

The residential project is located at Neelambur, Coimbatore. The project has total area is 32.7 Acres of which 0.34 Million sq. ft will be developed in Phases.

The Phase I will be designed with Villas and featured with latest amenities like club house, Swimming pool, Gymnasium, Party hall, well designed landscape garden, kids play area, sewage treatment plant, rain water harvesting etc.

The Phase I of the project will be developed in a span of three years.

### 5. Liticia, Kalyaninagar Pune

The residential project is located at Koregaon Park, Pune. The project has total saleable area of 0.65 million sq.ft. It will be developed in 2 phases: Phase I 0.39 million sq.ft and Phase II 0.26 million sq.ft

The Project will be comprising of 2,3, and 4 BHK apartments with size ranging from 1185 sq.ft to 2295 sq.ft.

The Phase I of the project will be developed in a span of three years.

### GMP Technical Solutions Pvt. Ltd.

As a part of backward integration the Company has acquired GMP technical solutions, a Integrated provider of Engineering services, in August 2010. GMP is one of the largest manufacturers of Clean Room Partitioning Systems and Turnkey Solution Provider within the Indian subcontinent.

GMP is also specialized in **Turnkey Jobs** & has expertise in giving **one window solution** to the clientele in the fields such as:

- Project Management

- HVAC (Design, Supply & Installation)
- Integrated Building Management System (IBMS)
- Clean room Validation Services

GMP has been delivering a consistent growth and generating steady revenue and margin which going forward is expected to remain stable. During the last year its turnover has increased to Rs. 212.78 crore, an increase of 26 % on a standalone basis.

GMP has forayed into several overseas markets to increase revenue from exports, and bagged order worth of Rs.110 crores received from West Africa.

### Strength, opportunities, strategy:

Optimise business mix of two verticals of business operations viz: EPC and Real Estate wherein the Company intends to take advantage of the significant growth opportunities in the Indian economy by not only diversifying into new locations for real estate development but also by optimising EPC operations and resources .

Capital Light Model for Real Estate Business whereby the company enters in to Joint Development Agreement with land owners to acquire development rights against predetermined percentage in revenue. This model brings along capital efficiency and allows the company to rapidly grow the business without blocking large amounts of capital in land purchases. This model helps the company de - risking itself from cyclical down turn in business.

The Company intends to continue to focus on performance and quality and timely project execution. It has built up a team mainly of engineers who are backed up by highly qualified specialists from various fields of management, for activities from planning and procurement to testing and execution which follows well-documented system and procedures in order to seek to maximise customer satisfaction in both our EPC operations and real estate development businesses.

The current land bank of the Company comprises of 53 msft of developable area under various stages of planning or construction across various cities and of 50 msft yet to be developed. Unlocking this portfolio in future will add significant value to our real - estate business segment.

### Threats, risks, concerns:

In EPC business delay in projects execution, stall of projects due to non payment by developers, steep cost escalation in inputs affects the execution project and results in significant cost overrun.

In Real Estate business financing, uncertainty on monetary and fiscal policy, changes in government regulations, foreign direct investments, approval processes, environment clearances and legal hassles & proceedings affects the execution project and results in significant cost overrun.

Impact of large Current Account Deficit (CAD) leading to liquidity tighten, fiscal Deficit, labour scarcity, higher interest rate and demand-supply conditions in the economy may affect the growth in this segment.





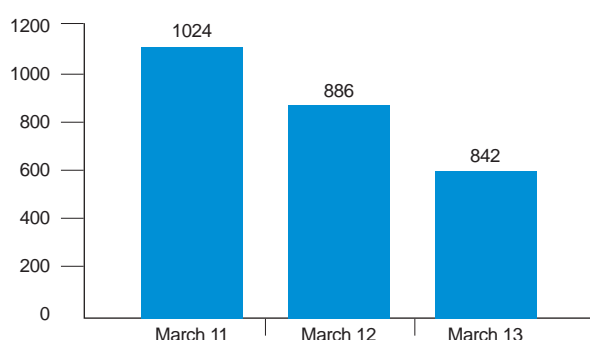
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## Management Discussion and Analysis

### Human resources:

There has been a strenuous effort at right sizing the organisation and creating a lean workforce. This leads us to a promotion of efficient processes, emphasising on reduction in duplication of roles and enhancing the efficiencies of each role. Finally, it has been imperative to have appropriate persons for each role for their contribution to the organisation is maximised. Consequently, the number of employees have reduced from 886 in FY 2011-12 to 842 in FY 2012-13.

Given in the table below is the movement in manpower for last 3 years.



### Internal control system:

The Company's internal control procedures ensure compliance with various policies, practices and statutes in keeping with the organisation's pace of growth and increasing complexity of operations. The extensive audits are carried out throughout the year, across all functional areas and reports to the Audit Committee of the Board of Directors.

### Risk Management:

The Company has developed a robust risk management framework. It has been identified as one of key enablers to achieve the company's objectives.

Increased competition, pressures on cost and deliveries, forex & commodity price variations, impact of recessionary trends on the award of jobs and manpower attrition are some of the major risks faced by the Industry. The Company has however adopted risk mitigation steps right from pre-bid stage covering technical, procurement and financial risks. The measures such as advanced quantitative tools, global sourcing, standard operating procedures, and operational excellence initiatives have been implemented so as to protect the profitability of the business.

### Financial Highlights

- During the year 2012-13, the Company reported income of Rs. 4,601.37 millions
- Earnings before Interest, Depreciation and Tax stood at Rs. 175.87 millions.

- Loss before tax from ordinary activities reported at Rs 288.06 millions.
- Net Loss stood at Rs 308.94 millions.
- Net Debt to Equity stood at 0.47 times ,a decrease of Rs. 5.5 crores in the gross debt levels.

Rs. Mn	Revenue	Cost of Sales	Gross Profit	Gross Profit %
	FY 13	FY 13	FY 13	FY 13
<b>EPC</b>	3,495	2,919	576	16.48%
<b>Real Estate</b>	1,693	1,275	419	24.72%
<b>Clean Room Partitions &amp; BMS</b>	1,833	1,189	644	35.13%

### Forward-looking statements

The report contains forward-looking statements, identified by words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' and so on. All statements that address expectations or projections about the future, but not limited to the Company's strategy for growth, product development, market position, expenditures and financial results, are forward looking statements. Since these are based on certain assumptions and expectations of future events, the Company cannot guarantee that these are accurate or will be realised. The Company's actual results, performance or achievements could thus differ from those projected in any forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any such statements on the basis of subsequent developments, information or events.



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# Independent Auditor's Report

To the Members of

## Vascon Engineers Limited

### Report on the Financial Statements

1. We have audited the accompanying financial statements of Vascon Engineers Limited (the "Company"), which comprises the Balance Sheet as at 31st March, 2013 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

### Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial performance and cash flows of the company in accordance with the accounting referred to in sub-section (3C) of section 211 of the Companies Act, 1956 of India (the Act). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from financial misstatements, whether due to fraud and error.

### Auditor's Responsibility

3. 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. These 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 misstatements.
4. An audit involves performing procedures to obtain the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by management as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. In our opinion and to the best of our information and according to the explanation given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- a) In the case of the Balance Sheet, of the state of affairs of the company as at March 31st, 2013;
- b) In the case of the Statement of Profit and Loss, loss for the year ended on that date; and

c) In case of the Cash Flow Statement, of the cash flows for the year ended on that date

### Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003, as amended by the 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 Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanation given to us, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the Order.
8. As required by section 227(3) of the Act, we report that:
- a. We have obtained all the information and explanation which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- b. In our opinion, proper books of accounts as required by laws have been kept by the company so far as appears from our examination of those books.
- c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;
- e. On the basis of written representation received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

### For Anand Mehta & Associates

Chartered Accountants

Firm Registration No. 127305W

**Kulin V. Mehta**

Partner

Membership No 38440

Mumbai; 20th May, 2013



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## Annexure to Auditor's Report

**Referred to in paragraph 7 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date on the financial statements for the year ended 31st March, 2013 of Vascon Engineers Limited**

1. a) The company is maintaining proper records showing full particulars of fixed assets.
- b) According to the information and explanations given to us, a major portion of the fixed assets has been physically verified by the management during the year. In our opinion, the frequency of verification of the fixed assets is reasonable having regards to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
2. a) The company is engaged mainly in the construction business. Majority of the stock of the company are in form of developments/ work in progress. The stock in the said form and stock of other materials have been regularly verified by the management during the year. In our opinion the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management were reasonable and adequate in relation to the size of the company and the nature of its business.
- c) As per the information and explanations given to us, the Company has maintained proper records of inventory and the discrepancies noticed on verification between the physical stock and book records were not material in relation to the operations of the Company.
3. a) The Company has not granted any loans to Companies, firms, or other parties listed in the Register maintained under sec. 301 of the Companies Act, 1956 and hence the clause (b) to (d) of Paragraph 4(iii) of the Order are not applicable.
- e) The Company has taken unsecured loan from a party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs. 97,62,000/- and the year end balance of the loan was Rs. 66,75,180/-.
- f) The rate of Interest and other terms and conditions of such loans are, in our opinion, prima facie, not prejudicial to the interests of the Company.
- g) The loan taken from a party covered in the register maintained under section 301 of the act is considered repayable on demand. According to the information and explanations given to us, the company has been regular in repayment of principal and interest as demanded.
- h) According to information and explanation given to us, there is no overdue amount for more than Rs. One lakh.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventories and fixed assets and for sale of goods/ services.

5. a) According to the information and explanation given to us, we are of the opinion that the contracts/arrangements that need to be entered into a register maintained in pursuance of Section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to information and explanation given to us the company has not carried out transactions for the purchase of goods, materials and services and sales of goods, materials and services wherever made in pursuance of contracts or arrangement entered in register maintained under section 301 of the companies Act 1956 and exceeding the value of Rs. 5,00,000/- in respect of each such party during the year.
6. In our opinion and according to the information and explanations given to us, in respect of the deposits accepted by the Company from the public, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA and any other relevant provisions of the Companies Act, 1956 and Rules framed there under as may be applicable. According to the information and explanations given to us, no order has been passed by Company Law Board or the National Company Law Tribunal or any Court or any other Tribunal in regard to the above provisions.
7. The Company has implemented an internal audit system, the scope and coverage of which, in our opinion, requires to be further enhanced to be commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been maintained. However, we have not made a detailed examination of the records.

9. a) According to the information and explanations given to us, *there have been delays in depositing with appropriate authority undisputed statutory dues in respect of Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Wealth-tax, Service Tax, Custom Duty, Cess and other statutory dues as may be applicable. Arrears of outstanding statutory dues for a period more than 6 months from the date they become payable is as under:*

Sr.No.	Particulars	Amount	Period	Due Date
1	TDS	14,890,356	F.Y. 2012-13	7th of the every following month
2	Service Tax	18,901,616	F.Y. 2012-13	5th of the every following month

- b) *There were no disputed dues in respect of Income tax, Sales tax, Custom duty, Wealth tax, Excise Duty that have not been deposited except in respect of the particulars given here under :*





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## Annexure to Auditor's Report

Sr. No.	Tax Laws	Forum where dispute is pending	Period	Rupees
1	Service Tax	Central Excise Service Tax Appellate Tribunal, New Delhi	F.Y.2004-05 F.Y.2005-06 F.Y.2006-07	3,709,154
2	Service Tax	Central Excise Service Tax Appellate Tribunal, New Delhi	F.Y.2006-07 F.Y.2007-08	530,008
3	Service Tax	Central Excise Service Tax Appellate Tribunal, Mumbai	F.Y.2007-08 F.Y.2008-09	317,044
4	Service Tax	Central Excise Service Tax Appellate Tribunal, Mumbai	F.Y.2007-08 F.Y.2008-09	4,793,967
5	Service Tax	Commissioner of Service Tax (Appeals) Pune III	F.Y.2006-07	6,988,858
6	Service Tax	Commissioner of Service Tax (Appeals) Pune III	F.Y.2005-06 F.Y.2006-07	543,750
7	Service Tax	Commissioner of Service Tax (Appeals) Pune III	F.Y.2006-07 F.Y.2007-08	13,939,334
8	Income Tax	ITAT	F.Y. 2007-08	71,38,821
9	Value Added Tax (MAHA-RASHTRA)	Joint Commissioner of sales tax (appeal-3), Bandra (E), Mumbai.	F.Y.2005-06	3,057,591

10. The Company does not have any accumulated losses at the end of the financial year. *The Company has incurred cash losses in the financial year.* The Company has not incurred cash loss in the immediately preceding financial year.

11. According to the information and explanation given to us, the Company has defaulted in repayment of dues to financial institution and banks. Details of default are as under:

Nature of Dues	Principal Overdue	Interest Overdue	Period of Delay
Term Loans from banks	12,14,36,862	2,16,59,271	1-2 Months

12. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.

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

14. According to explanation and information given to us, the Company is neither dealing nor trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order 2003 are not applicable.

15. According to the information and explanations given to us and considering the fact the guarantees are granted in respect of loans availed by two subsidiaries, two joint venture entities and one another company, the terms and conditions of guarantee given by the Company for loans taken by others from banks or financial institutions are not, prima facie, prejudicial to the interest of the Company.

16. The Company has raised new term loans during the year. In our opinion and according to information and explanations given to us, on an overall basis, the term loans raised/applied during the year, prima facie, have been applied for the purposes for which they were raised.

17. According to the information and explanation given to us and overall examination of the financial statements we are of the opinion that the company has not utilized the funds raised during the year on short term for long term purpose.

18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.

19. The Company has not issued any Debentures during the year. Hence, there is no question of creation of security in respect of the same.

20. The Company has not made any issue of shares, debentures or any other securities to the public during the year under review. Therefore, there is no question of disclosure of end use or verification thereof.

21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

Mumbai; 20th May, 2013

**For Anand Mehta & Associates**  
Chartered Accountants  
Firm Registration No. 127305W  
**Kulin V Mehta**  
Partner  
Membership No 38440



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## Balance Sheet as at March 31, 2013

(Amount in Rupees)

Particulars	Note No.	March 31, 2013	March 31, 2012
<b>Equity and Liabilities</b>			
<b>Shareholders' Funds</b>			
Share capital	3	901,801,500	901,356,000
Reserves and surplus	4	5,780,119,956	6,095,222,297
		6,681,921,456	6,996,578,297
<b>Share Application Money Pending Allotment</b>	5	24,000	151,500
<b>Non current liabilities</b>			
Long term borrowings	6	244,347,947	372,620,563
Long term provisions	7	-	-
		244,347,947	372,620,563
<b>Current Liabilities</b>			
Short term borrowings	8	1,699,499,167	2,110,397,274
Trade payables	9	1,450,387,770	1,359,113,166
Other current liabilities	10	2,045,015,404	2,189,663,352
Short term provisions	11	72,992,094	70,470,928
		5,267,894,435	5,729,644,719
<b>Total Equity and Liabilities</b>		12,194,187,838	13,098,995,079
<b>Assets</b>			
<b>Non Current Assets</b>			
Fixed assets	12		
- Tangible assets		508,006,247	495,715,587
- Intangible assets		-	-
- Capital work in progress		5,338,914	58,611,982
Non current investments	13	1,681,719,859	1,710,185,929
Deferred tax assets (net)	14	-	20,884,220
Long term loans and advances	15	2,418,262,963	2,846,158,805
Other non current assets	16	9,130,495	16,820,261
		4,622,458,479	5,148,376,783
<b>Current Assets</b>			
Current investments	17	290,101,680	472,002,657
Inventories	18	2,109,999,220	2,289,065,403
Trade receivables	19	2,311,303,972	2,395,874,185
Cash and bank balances	20	249,562,125	327,201,689
Short term loans and advances	21	1,097,501,091	1,051,641,614
Other current assets	22	1,513,261,271	1,414,832,748
		7,571,729,359	7,950,618,296
<b>Total Assets</b>		12,194,187,838	13,098,995,079
Significant accounting policies	2		
The notes referred to above form an integral part of these financial statements	1 - 49		

As per our report of even date

**For Anand Mehta & Associates**  
Chartered Accountants  
Firm Registration No. 127305W

Kulin V Mehta  
Partner  
Membership No. 38440  
Mumbai : Dated May 20, 2013

**For and on behalf of the Board of Directors**

R. Vasudevan  
Managing Director

Dr. Santosh Sunderrajan  
Chief Executive Officer

M. Krishnamurthi  
Company Secretary & Compliance Officer

V. Mohan  
Chairman

D. Santhanam  
Chief Financial Officer



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## Statement of Profit and Loss for the Year Ended March 31, 2013

(Amount in Rupees)

Particulars	Note No.	March 31, 2013	March 31, 2012
Revenue from operations	23	4,338,277,861	4,925,353,810
Other income	24	263,090,401	190,509,650
Total revenue		4,601,368,262	5,115,863,461
Construction expenses	25	3,544,466,126	4,324,020,995
Purchases of stock-in-trade	26	231,177,049	156,031,947
Changes in inventories of finished goods, work-in-progress and stock-in-trade	27	(197,629,212)	(398,270,682)
Employee benefit expense	28	469,335,836	469,359,069
Finance costs	29	305,716,598	335,455,487
Depreciation and amortization expense	12	124,584,613	100,665,677
Other expenses	30	378,148,102	383,002,425
Total expenses		4,855,799,111	5,370,264,919
Profit before exceptional and extraordinary items and tax		(254,430,849)	(254,401,458)
Prior period (expenses) / income (net)	31	(37,097)	(1,495,829)
Exceptional items	32	(33,586,873)	366,026,261
Profit before tax		(288,054,819)	110,128,973
Tax expense:	33		
Current tax		-	6,644,000
MAT credit entitlement		-	(6,644,000)
Deferred tax		20,884,220	(9,716,277)
		20,884,220	(9,716,277)
Profit /(loss) for the period		(308,939,039)	119,845,250
Earnings per equity share:			
Basic		(3.43)	1.33
Diluted		(3.43)	1.33
Significant accounting policies	2		
The notes referred to above form an integral part of these financial statements	1 - 49		

As per our report of even date

**For Anand Mehta & Associates**  
Chartered Accountants  
Firm Registration No. 127305W

Kulin V Mehta  
Partner  
Membership No. 38440  
Mumbai : Dated May 20, 2013

**For and on behalf of the Board of Directors**

R. Vasudevan  
Managing Director  
Dr. Santosh Sunderrajan  
Chief Executive Officer  
M. Krishnamurthi  
Company Secretary & Compliance Officer

V. Mohan  
Chairman

D. Santhanam  
Chief Financial Officer





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## Cash Flow Statement for the Year Ended March 31, 2013

(Amount in Rupees)

Particulars	March 31, 2013	March 31, 2012
<b>A Cash Flow From Operating Activities</b>		
Profit before taxation and prior period adjustments	(288,017,722)	111,624,802
Adjustments to reconcile profit before tax to cash provided by operating activities		
- Depreciation / amortisation	124,584,613	100,665,677
- Finance cost	305,716,598	335,455,487
- Dividend income	(11,804)	(32,126,718)
- Reversals of employee stock option compensation	(6,163,298)	-
- Interest income in respect of financing activities	(207,322,353)	(86,472,109)
- Provision for doubtful debt and advances	26,800,600	34,844,565
- Provision for diminution in value of shares	(150,000)	150,000
- Provision for unapproved sales	(4,353,770)	523,373
- Prior period adjustments	(37,097)	(1,495,829)
- (Profit) loss on sale of assets	(81,763)	(11,066,629)
- (Profit) loss on sale of investments	39,981,934	(41,109,632)
<b>Operating Profit Before Working Capital Changes</b>	(9,054,062)	410,992,989
Adjustments for		
Decrease / (increase) in inventories before capitalisation of borrowing cost	354,721,925	(564,613,282)
Decrease / (increase) in trade receivables	2,123,383	258,137,664
Decrease / (increase) in unbilled revenues and unearned receivables	(218,626,388)	(99,818,926)
Decrease / (increase) in long term loans and advances	(75,268,622)	(30,745,499)
Decrease / (increase) in short term loans and advances	(8,101,380)	31,583,815
Decrease / (increase) in other current assets	90,662,141	(17,016,099)
Increase / (decrease) in current trade payables	91,274,603	(12,810,169)
Increase / (decrease) in provisions	14,498,901	(197,299,134)
Increase / (decrease) in other current liabilities	264,566,467	195,939,813
Cash generated from operations	506,796,968	(25,648,828)
Direct Taxes Paid (Net)	(117,803,350)	(120,790,806)
<b>Net Cash Flow From Operating Activities</b>	388,993,618	(146,439,634)
<b>Cash Flow from Financing Activities</b>		
Increase / (decrease) in share capital	294,000	265,500
Payment of dividend and dividend tax	(7,465,493)	(97,606,050)
Increase / (decrease) in share application money received	24,000	151,500
Increase / (decrease) in secured borrowings	(358,153,477)	(382,132,775)
Increase / (decrease) in unsecured borrowings	(426,609,383)	542,141,856
Decrease / (increase) in intercorporate deposits	(58,512,097)	(152,208,199)
Share Issue Expenses	-	-
(Increase) / decrease in advances to joint venture, subsidiaries	522,305,679	(89,176,611)
Interest income	207,322,353	86,472,109
Finance cost including capitalised to qualifying assets	(421,354,251)	(456,715,995)
<b>Net Cash Generated / (Used) in Financing Activities</b>	(542,148,668)	(548,808,664)
<b>Cash Flow From Investing Activities</b>		
Purchase of fixed assets including capital work in progress	(51,234,938)	(151,306,605)
Dividend received	11,804	32,126,718
Proceeds on disposal of fixed assets	1,813,316	74,746,196
Proceeds on disposal of securities/investments	164,867,429	233,658,167
Long Term investments in securities	(5,524,420)	(300,979,193)
Share application money paid	(42,106,970)	(3,048,553)
Long term investments in fixed deposits with banks	(40,380,809)	137,838,540
<b>Net Cash Generated / (Used) in Investing Activities</b>	27,445,412	23,035,270
<b>Net Cash Inflow / (Outflow)</b>	(125,709,638)	(672,213,028)
Cash and cash equivalents at the beginning of the period	243,288,244	915,501,272
Cash and cash equivalents at the end of the period (Refer note no 20)	117,578,606	243,288,244
Net (decrease) / increase in cash and cash equivalents during the period	(125,709,638)	(672,213,028)

Corresponding figures of the previous year have been regrouped, renamed or rearranged wherever necessary.

As per our report of even date

**For Anand Mehta & Associates**  
Chartered Accountants  
Firm Registration No. 127305W

Kulin V Mehta  
Partner

Membership No. 38440  
Mumbai : Dated May 20, 2013

For and on behalf of the Board of Directors

R. Vasudevan  
Managing Director

Dr. Santosh Sunderrajan  
Chief Executive Officer

M. Krishnamurthi  
Company Secretary & Compliance Officer

V. Mohan  
Chairman

D. Santhanam  
Chief Financial Officer

## Notes to the Financial Statements as at 31st March, 2013

(Amount in Rupees)

Particulars	March 31, 2013	March 31, 2012
<b>3. Share capital</b>		
Authorised capital		
100000000 (100000000) equity shares of Rs. 10/- each	1,000,000,000	1,000,000,000
	1,000,000,000	1,000,000,000
Issued, subscribed and paid up		
90180150 (90135600) equity shares of Rs. 10/- each fully paid up	901,801,500	901,356,000
	901,801,500	901,356,000

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/-. Each holder of the equity share, as reflected in the records of the Company as of the date of the shareholder meeting, is entitled to one vote in respect of each share held for all matters submitted to vote by ballot in the shareholder meeting.

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after discharge of liabilities and distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

Following are the details of the share capital

Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Description	No of shares	Amount	No of shares	Amount
No of shares outstanding at the beginning of the year	90,135,600	901,356,000	90,016,050	900,160,500
Shares issued on exercise of employee stock options	44,550	445,500	119,550	1,195,500
No of shares outstanding at the end of the year	90,180,150	901,801,500	90,135,600	901,356,000

Shareholders holding more than 5 percent shares in the Company

Name of the shareholder	No of shares	Percentage	No of shares	Percentage
HDFC Ventures Trustee Company Limited	11,612,407	12.88%	11,612,407	12.88%
Golden Temple Pharma Pvt Ltd	9,783,273	10.85%	9,783,273	10.85%
Dreamz Impex Pvt Ltd	9,783,273	10.85%	9,783,273	10.85%
R Vasudevan	9,415,529	10.44%	9,377,529	10.40%
Dna Pharma Pvt Ltd	8,968,000	9.94%	8,968,000	9.95%
Premratan Exports Pvt Ltd	6,667,637	7.39%	6,667,637	7.40%
Medicreams India Pvt Ltd	6,667,637	7.39%	6,667,637	7.40%
Orion Life Sciences Pvt Ltd	6,112,000	6.78%	6,112,000	6.78%
Vatsalya Enterprises Pvt.Ltd.	5,227,273	5.80%	5,227,273	5.80%



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## Notes to the Financial Statements as at 31st March, 2013

(Amount in Rupees)

Particulars	March 31, 2013	March 31, 2012
<b>4. Reserves and Surplus</b>		
Securities premium		
Balance at the commencement	3,881,133,455	3,876,661,089
Add: additions during the year	1,666,616	4,472,366
	3,882,800,071	3,881,133,455
Share options outstanding account		
Balance at the commencement	8,003,869	12,476,235
Less: deductions during the year	(7,829,914)	(4,472,366)
	173,955	8,003,869
Surplus		
Balance at the commencement	2,206,084,969	2,086,344,671
Add: net profit/(loss) for the year	(308,939,039)	119,845,250
Amount available for appropriation	1,897,145,930	2,206,189,921
Appropriations		
Proposed dividend / provision for dividend	-	(90,000)
Dividend tax	-	(14,948)
	1,897,145,930	2,206,084,973
	5,780,119,956	6,095,222,297

The provision for dividend amounting to Rs. Nil/- (Rs. 90,000/-) and dividend tax there on is in respect of shares allotted during the previous financial year before the Annual General Meeting.

The Company has provided share based payment schemes to its employee. During the year ended March 31, 2013, the 'ESOS - 2007' scheme was in operation:

Description	No of shares	
Outstanding at the beginning of the year	213,950	333,500
Granted during the year	-	-
Forfeited during the year	(164,750)	-
Allotted during the year	(44,550)	(119,550)
Outstanding at the end of the year	4,650	213,950

Particulars	March 31, 2013	March 31, 2012
Share application money pending allotment		
Share application money received	24,000	151,500
	24,000	151,500

Company has granted stock options to certain employees pursuant to ESOP 2007 scheme. During the year employees have exercised option to purchase 2,400 (15,150) equity shares of Rs. 10/- each. Allotment of shares will be done in the meeting of Board of Directors of the Company and pursuant to the amendment in ESOP scheme the lock in period of three years from the date of allotment of shares is no more applicable.

Stock options granted to the employees under the stock options scheme are accounted as per the accounting treatment prescribed by ICAI. Accordingly, the excess of fair value over the exercise price of the options is recognised as deferred employee compensation and is charged to the profit and loss account on straight line basis over the vesting period of the options. The amortised portion of the cost is shown under reserves and surplus. Amortised cost proportionate to options exercised will be transferred to share premium account on allotment of shares.



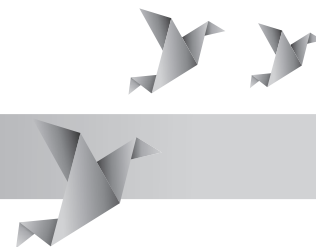
(Amount in Rupees)

Particulars	March 31, 2013	March 31, 2012
<b>6. Long term borrowings</b>		
Secured		
Bonds / debentures		
Term loans		
- from banks	191,780,983	291,015,880
	191,780,983	291,015,880
Unsecured		
Public deposits	33,600,000	18,000,000
Inter corporate deposits	7,737,994	4,023,296
Deposits	1,118,000	1,118,000
Loans and advances from related parties		
- Subsidiaries	10,110,970	58,463,387
	52,566,964	81,604,683
	244,347,947	372,620,563
A summary of long term borrowings is as follows:		
Secured		
Term loans		
a) From banks	585,510,862	1,050,961,073
b) from financial institutions	-	39,712,214
Unsecured		
Public deposits	89,300,000	84,050,000
Inter corporate deposits	120,396,253	5,996,164
Deposits	3,068,600	3,068,600
Loans and advances from subsidiaries	10,110,970	58,463,387
	808,386,685	1,242,251,438
Current portion of long term borrowings	564,038,737	869,630,875
Non current portion of long term borrowings	244,347,947	372,620,563



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## Disclosure Regarding Long Term Borrowings

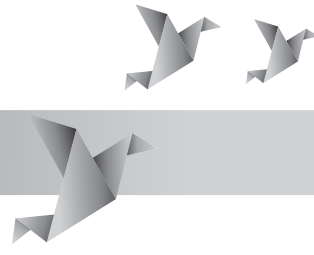


Name of the lender	Period of maturity with respect to Balance Sheet date	Terms of repayment of loans					Nature of security
		Outstanding amount	Number of installments due	Amount of installments due	Amount of interest due	Rate of interest	
Long term borrowings							
<b>I. Secured</b>							
Term loans							
- from banks							
The Saraswat Co Operative Bank Ltd	Payment of principal in 50 equal monthly instalments alongwith interest. Last instalment due in May 2017	19,766,341	1	385,000	253,92	13.00%	Equitable mortgage of property financed by them
ICICI Bank Limited	Balance payable in monthly four equal instalments. Last instalment due in July 2013.	891,593	—	—	—	10.68%	Hypothecation of machinery financed by them
HDFC Bank Limited	Payment of equated monthly instalments of Rs 3,899/- to Rs 7,54,129/-. Last instalment will be due in November 2014	65,798,621	—	13,570,889	3,438,928	8.25% to 12.25%	Hypothecation of machinery financed by them
Central Bank of India	Fallen due for repayment as on March 31, 2013.	51,164,062	1	51,164,062	72,373	BPLR + 0.50%	Exclusive charge on fixed assets purchased from the proceeds of the loan, pari passu charge on the specific receivables of the Company and a wholly owned subsidiary, pari passu charge on specific properties belonging to the Company and other entities including a wholly owned subsidiary. *Personally guaranteed by managing director
ICICI Bank Limited	Balance payable in quarterly sevenequal instalments. Last instalment due in December 2014.	333,226,668	1	41,653,333	14,565,293	I-Base and "spread" per annum	Equitable mortgage of specific properties belonging to the Company and a wholly owned subsidiary, specific receivables of the Company, and exclusive charge on escrow account and Debt Service Reserve Account and related investments thereof.



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## Disclosure Regarding Long Term Borrowings



Name of the lender	Period of maturity with respect to Balance Sheet date	Outstanding amount	Terms of repayment of loans				Rate of interest	Nature of security
			Number of installments due	Amount of installments due	Amount of interest due			
HDFC Bank Limited	Fallen due for repayment as on March 31, 2013.	14,663,578	1	14,663,578	3,328,748		12.25%	Specific receivables of the Company.
Kolark Mahindra Bank Limited	Payable in 24 monthly equal installments commencing from April 2013. Last instalments due in March 2015.	100,000,000	—	—	—		16.50%	Specific receivables of the Company.
<b>II. Unsecured</b>								
Public deposits (accepted for a period of 400 days)								
- Due within next 12 months	Within next 12 months	55,700,000	—	—	—		12.50%	—
- Due after next 12 months	After 12 months of call	33,600,000	—	—	—		12.50%	—
IBM India Pvt Ltd	Repayable in quarterly instalments. Last instalment due in April 2016.	20,396,253	—	—	—		13% to 13.54%	—
Leverage Finance & Securities P.Ltd	Repayable on March 30, 2014	25,000,000	—	—	—		12.00%	—
Yester Investment Pvt Ltd	Repayable on March 30, 2014	75,000,000	—	—	—		12.00%	—
Security Deposits	Repayable on completion of tenure.	3,068,600	—	—	—		Nil	—
Loans and advances from related parties								
- Subsidiaries								
Almet Corporation Limited	Minimum period of 12 months	7,137,429	—	—	—		9.00%	—
Marathawada Realtors Private Limited	Minimum period of 12 months	2,973,541	—	—	—		9.00%	—
		808,386,685		121,436,862	21,659,271			





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# Notes to the Financial Statements as at 31st March, 2013

(Amount in Rupees)

Particulars	March 31, 2013	March 31, 2012
<b>7. Long term provisions</b>		
a) Provision for employee benefits		
Gratuity	-	-
Compensated absences	-	-
	-	-
Employee benefit plans		
Gratuity:		
In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan) covering certain categories of employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Company. The Company provides the gratuity benefit through annual contributions to a fund managed by the Life Insurance Corporation of India (LIC) ('Insurer'). Under this plan, the settlement obligation remains with the Company, although the Insurer administers the plan and determines the contribution premium required to be paid by the Company.		
Changes in present value of obligations		
Present value of obligations as at the beginning of the year	31,840,729	29,916,136
Interest cost	2,094,185	2,286,428
Current service cost	6,560,136	7,156,892
Benefits paid	(14,406,527)	(3,377,260)
Actuarial (gain)/loss on obligations	5,523,769	(4,141,467)
Present value of obligation as at the end of the year	31,612,292	31,840,729
a) <i>Current liability</i>	20,523,437	7,690,144
b) <i>Non-Current liability</i>	11,088,855	24,150,585
Changes in fair value of plan assets		
Fair value of plan assets at the beginning of the year	24,150,585	19,874,879
Expected return on plan assets	1,550,680	1,927,431
Contributions	-	5,757,133
Benefits paid	(14,406,527)	(3,377,260)
Actuarial gain / (loss) on plan assets	(205,883)	(31,598)
Fair value of plan assets at the end of the year	11,088,855	24,150,585
Net asset / (liability) recognised in balance sheet	(20,523,437)	(7,690,144)
Expenses recognised in the profit and loss account		
Current service cost	6,560,136	7,156,892
Past service cost	-	-
Interest cost	2,094,185	2,286,428
Expected return on plan assets	(1,550,680)	(1,927,431)
Net actuarial (gain) / loss recognised in the year	5,729,652	(2,200,602)
Expenses recognised in the profit and loss account at the end of the year	12,833,293	5,315,287
Major categories of plan assets (as a % of total plan assets)		
Funds managed by Insurer	100%	100%
The principal assumptions used for the purpose of actuarial valuation are as follows:		
Discount rate	8.00%	8.50%
Rate of increase in employment levels		
First five years	10.00%	10.00%
Thereafter	5.00%	5.00%
Rate of return on plan assets	9.15%	9.15%
Expected average remaining working lives of employees (years)	8.67	8.72
Compensated absences		
Present value of obligation	38,453,313	41,045,732
- Current liability	38,453,313	41,045,732
- Non Current liability	-	-
Fair value of plan assets	-	-
Net asset/ (liability) recognised in balance sheet	(38,453,313)	(41,045,732)

As per Para 128 read in conjunction with Para 132 of AS 15 (R) does not require any specific disclosure except where expenses resulting from compensated absence is of such size, nature or incidence that its disclosure is relevant under Accounting Standard No. 5 or Accounting Standard No. 18.

# Notes to the Financial Statements as at 31st March, 2013

(Amount in Rupees)

Particulars	March 31, 2013	March 31, 2012
<b>8. Short term borrowings</b>		
Secured		
Cash credit from banks	1,067,181,167	914,590,219
Loans repayable on demand from banks / financial institutions	30,418,000	36,000,000
	1,097,599,167	950,590,219
Unsecured		
Loans repayable on demand		
a) from banks	60,000,000	404,129,042
Less: bills discounted accepted by customers	(60,000,000)	(46,221,987)
	-	357,907,055
b) from other parties	601,900,000	801,900,000
	601,900,000	1,159,807,055
	1,699,499,167	2,110,397,274
Cash Credit from State Bank of India is secured by way of hypothecation of building materials, work in progress, finished flats, book debts and equitable mortgage of specified properties of the Company and other entities including a wholly owned subsidiary, corporate guarantee of other Companies including a wholly owned subsidiary and personal guarantee of the Managing Director of the Company.	977,082,577	844,551,863
Cash Credit from Central Bank of India is secured by way of hypothecation of stock, raw materials, work in progress, finished goods and receivables on pari passu basis with State Bank of India and equitable mortgage of specified properties of two wholly owned subsidiaries, corporate guarantee of two wholly owned subsidiaries and personal guarantee of the Managing Director of the Company.	90,098,590	70,038,356
Term loan from financial institution is secured by way of specific receivables of the company and other wholly owned subsidiary, Mortgage of Property of other company and personal guarantee of Managing director of company.	30,418,000	-
Loans from banks secured by way of subservient charge over the current assets of the Company and hypothecation of assets of other Company	-	36,000,000
Unsecured loans repayable on demand from banks includes:		
i. Bill of exchange due for repayment not paid	-	128,434,812
ii. Bill of exchange due for repayment paid subsequently	-	48,354,235
<b>9. Trade payables (refer note no 41)</b>		
Trade payables	1,450,387,770	1,359,113,166
	1,450,387,770	1,359,113,166
<b>10. Other current liabilities</b>		
Current maturities of long term debt (Refer Note No. 6 )	564,038,737	869,630,875
Interest accrued but not due on borrowings	2,387,230	11,794,217
Interest accrued and due on borrowings	130,041,480	62,120,858
Unpaid dividends*	15,702	16,202
Statutory and other liabilities	210,283,607	310,198,547
Advance from customers	786,953,770	518,057,741
Less: related unbilled revenue	(202,602,435)	(173,117,140)
	584,351,335	344,940,602

## Notes to the Financial Statements as at 31st March, 2013

(Amount in Rupees)

Particulars	March 31, 2013	March 31, 2012
Commitment and other deposits	499,992,244	358,622,100
Less: trade receivables	(363,217,581)	(304,792,785)
	136,774,663	53,829,315
Advances / loans from firms / aop in which Company or subsidiary is partner / member	182,173,277	120,310,043
Advances / loans from subsidiary	-	4,186,548
Unearned receivables	283,717,257	710,590,648
Less: related debtors	(185,899,413)	(450,637,391)
	97,817,844	259,953,257
Overdraft balance in current account with scheduled bank	17,669,289	12,038,293
Others	119,462,239	140,644,596
	2,045,015,404	2,189,663,352

\*Unpaid dividend does not include any amounts, due and outstanding, to be credited to Investor Education and Protection Fund.

Interest accrued and due on borrowings from banks paid subsequently	15,943,659	6,814,915
Interest accrued and due on borrowings from banks not paid	6,840,049	30,261
Interest accrued and due on borrowings from other parties paid Subsequently	859,036	
Interest accrued and due on borrowings from other parties not paid	106,398,736	55,275,681
	130,041,480	62,120,858

### 11. Short term provisions

a) Provision for employee benefits (Refer Note No.07)

Gratuity	20,523,437	7,690,144
Compensated absences	38,453,313	41,045,732
	58,976,750	48,735,876

b) Others

Taxation*	5,012,830	9,525,076
Warranty	9,002,514	4,744,487
Tax on dividend	-	7,465,489
	14,015,344	21,735,052
	72,992,094	70,470,928

\*Provisions for taxation are after netting of advance payment of income tax and tax deducted at source of Rs. 549127673/- (Rs.563308725/-)

The activity in the provision for warranty is given below:

Balance at the beginning of the year	4,744,487	4,528,029
Additions during the year	8,626,615	2,374,620
Utilisation / transfers	(4,368,588)	(2,158,163)
Balance at the end of the year	9,002,514	4,744,487



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## Notes to the Financial Statements as at 31st March, 2013

(Amount in Rupees)

### 12. Fixed assets

	I. Tangible assets								II. Intangible assets	
	Leasehold land	Freehold land	Buildings	Plant and machinery	Furniture and fixtures	Vehicles	Office equipments	Total	Softwares	
Gross carrying value										
As at April 1, 2012	1,678,245	-	113,325,302	529,856,973	37,017,707	19,110,428	50,274,266	751,262,922		18,196,807
Additions	-	-	58,281,422	22,703,732	1,648,599	-	894,243	83,527,996		21,088,340
Disposals	-	-	-	(1,417,500)	-	(3,541,924)	(31,000)	(4,990,424)		
As at March 31, 2013	1,678,245	-	171,606,724	551,143,205	38,666,306	15,568,504	51,137,510	829,800,494		39,285,147
Accumulated depreciation										
As at April 1, 2012	265,485	-	26,802,089	165,604,325	15,668,451	12,921,797	34,285,187	255,547,335		18,196,807
Additions	28,255	-	5,451,714	53,334,292	4,302,245	1,567,660	4,821,617	69,505,783		21,088,340
Disposals				(132,350)	-	(3,117,056)	(9,465)	(3,258,871)		
As at March 31, 2013	293,740	-	32,253,803	218,806,267	19,970,696	11,372,400	39,097,339	321,794,247		39,285,147
Intangible assets under development										-
Net carrying value as at March 31, 2013	1,384,505		139,352,921	332,336,938	18,695,610	4,196,104	12,040,171	508,006,247		-
Capital work in progress										
										5,338,914
Gross carrying value										
As at April 1, 2011	1,678,245	698,385	113,325,302	487,130,267	59,490,268	19,028,470	50,879,872	732,230,809		12,441,063
Additions	-	-	-	145,751,405	3,601,671	1,266,940	5,322,058	155,942,075		5,755,744
Disposals	-	(698,385)	-	(103,024,699)	(26,074,232)	(1,184,982)	(5,927,664)	(136,909,962)		
As at March 31, 2012	1,678,245	-	113,325,302	529,856,973	37,017,707	19,110,428	50,274,266	751,262,922		18,196,807
Accumulated depreciation										
As at April 1, 2011	236,653	-	22,248,236	168,630,561	26,664,058	11,809,888	31,354,419	260,943,815		12,441,063
Additions	28,832	-	4,553,853	49,548,863	5,315,080	2,060,772	6,326,513	67,833,914		5,755,744
Disposals				(52,575,099)	(16,310,687)	(948,863)	(3,395,745)	(73,230,395)		
As at March 31, 2012	265,485	-	26,802,089	165,604,325	15,668,451	12,921,797	34,285,187	255,547,335		18,196,807
assets under development										
Net carrying value as at March 31, 2012	1,412,760		86,523,213	364,252,648	21,349,256	6,188,641	15,989,079	495,715,587		-
Capital work in progress										58,611,982

\* Cost of premises includes amount paid for shares in Co- Operative Societies/ Companies.

Capital work in progress includes borrowing cost capitalised during the year of Rs. 15,04,454/- (previous year Rs. 32,91,114/-)





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## Notes to the Financial Statements as at 31st March, 2013

(Amount in Rupees)

Particulars	March 31, 2013	March 31, 2012
<b>13. Non current investments</b>		
- Carried at cost		
<b>Trade:-</b>	-	-
<b>Others:-</b>		
Investment in equity instruments		
a) Subsidiaries		
Greystone Premises Private Limited	65,000	65,000
6,500 (6,500) Equity Shares of Rs. 10/- Each Fully Paid		
Almet Corporation Limited	147,566,080	147,408,330
58,824 (58,774) Equity Shares of Rs 100/- Each Fully Paid		
Marathawada Realtors Private Limited	225,106,171	225,106,171
39,216 (39,216) Equity Shares of Rs 100/- each Fully Paid		
IT Citi Infopark Private Limited	100,000	100,000
10,000 (10,000) Equity Shares of Rs. 10/- Each Fully Paid		
Wind Flower Properties Private Limited	100,000	100,000
10,000 (10,000) Equity Shares of Rs. 10/- Each Fully Paid		
Floriana Properties Private Limited	100,000	100,000
10,000 (10,000) Equity Shares of Rs. 10/- Each Fully Paid		
Marvel Housing Private Limited	100,000	100,000
10,000 (10,000) Equity Shares of Rs. 10/- Each Fully Paid		
Vascon Dwelling Private Limited	100,000	100,000
10,000 (10,000) Equity Shares of Rs. 10/- Each Fully Paid		
Vascon Pricol Infrastructures Limited	49,700,000	49,700,000
49,70,000 (49,70,000) Equity Shares of Rs. 10/- Each Fully Paid		
GMP Technical Solutions Private Limited	394,062,542	394,062,542
12,689 (12,689) Equity Shares of Rs. 10/- Each Fully Paid		
	816,999,793	816,842,043
b) Joint ventures		
Cosmos Premises Private Limited	36,790,610	36,790,610
17,7401 (17,7401) Equity Shares of Rs. 10/- Each Fully Paid		
Marigold Premises Private Limited	419,672	419,672
25,000 (25,000) Equity Shares of Rs. 10/- Each Fully Paid		
Just Homes India Private Limited	50,000	50,000
5,000 (5,000) Equity Shares of Rs. 10/- Each Fully Paid		
	37,260,282	37,260,282
c) Associates		
Mumbai Estates Private Limited	999,990	999,990
99,999 (99,999) Equity Shares of Rs. 10 /- Each Fully Paid		
Angelica Properties Private Limited	54,450,000	54,450,000
47,10,000 (47,10,000) Equity Shares of Rs. 10/- Each Fully Paid		
	55,449,990	55,449,990
Investment in preference shares		
a) Associates		
Angelica Properties Private Limited	29,608,000	29,608,000
4,62,625 (4,62,625) 0.10% Redeemable Non-Cumulative Preference Shares of Rs. 10/- Each Fully Paid		
Angelica Properties Private Limited	12,312,000	12,312,000
307,800 (307,800) Compulsory Convertible Preference Shares of Rs. 10/- Each Fully Paid		
	41,920,000	41,920,000
Investment in Government or trust securities		
7 Years National Savings Certificate	20,000	20,000
	20,000	20,000



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## Notes to the Financial Statements as at 31st March, 2013

(Amount in Rupees)

Particulars	March 31, 2013	March 31, 2012
Investment in partnership firms (Refer Note No 39)		
Ajanta Enterprises		
Capital investment	31,970,000	31,970,000
Cost of investment	495,452,604	522,528,624
Less: amortisation of cost of investment	(33,990,490)	(27,076,020)
	493,432,114	527,422,604
Investment in limited liability partnership		
Vascon Renaissance EPC LLP	65,000	65,000
	65,000	65,000
Investment in association of persons		
Phoenix Venture	20,000,000	20,000,000
	20,000,000	20,000,000
Other investments - Equity instruments		
Quoted		
Corporation Bank Limited	16,000	16,000
200 (200) Equity Shares of Rs.10/- Each fully paid		
	16,000	16,000
Unquoted		
The Saraswat Co Operative Bank Ltd	25,000	25,000
2,500 (2,500) Equity Shares Of Rs.10/- Each Fully Paid		
Sahyadri Hospitals Limited	2,500,000	2,500,000
2,50,000 (2,50,000) Equity Shares Of Rs.10/- Each Fully Paid		
Viorica Properties Private Limited	214,016,680	208,650,010
1,66,19,939(1,43,27,084) Equity Shares of Rs. 10/- Each Fully Paid		
Preferred Builders and Promoters Realty Limited (Formerly known as PBAP Realty Private Limited)	-	50,000
5,000 (5,000) Equity Shares of Rs. 10/- Each Fully Paid		
Core Fitness Private Limited	15,000	15,000
150 (150) Equity Shares of Rs. 100/- Each Fully Paid		
Partly paid		
Preferred Builders and Promoters Realty Limited (Formerly known as PBAP Realty Private Limited)	-	100,000
100,000 (100,000) Equity Shares of Rs. 10/- Each Rs. 1/- Paid Up		
	216,556,680	211,340,010
Provision for diminution in value of shares	-	(150,000)
	1,681,719,859	1,710,185,929
Quoted investments		
Book value	16,000	16,000
Market value	75,750	84,960
Unquoted investments		
Book value	1,681,703,859	1,710,169,929\

#### 14. Deferred tax assets (net)

Deferred tax asset

-

20,884,220

-

20,884,220

(Amount in Rupees)

Particulars	March 31, 2013	March 31, 2012
In accordance with the provision of AS 22 "Accounting for Taxes on Income", in absence of virtual certainty of the taxable income, for the period no provision for deferred tax assets in respect of carried forward business loss / unabsorbed depreciation has not been made.		
Components of deferred tax assets and liabilities are as follows:		
Difference between book depreciation and depreciation under Income Tax	(14,561,702)	(18,908,127)
Statutory payments	6,341,742	-
Reserve for doubtful debts and advances	40,178,219	31,896,834
Carried forward capital losses	133,409,278	7,895,513
Net deferred tax asset / (liability)	165,367,537	20,884,220

## 15. Long term loans and advances

(Unsecured considered good, unless otherwise stated)

Advances recoverable in cash or in kind or for value to be received

Capital advances	543,427	2,156,212
Security deposits	8,422,520	8,418,000
Add / (less) : provision for doubtful loans and advances	(1,000,000)	(1,000,000)
	7,422,520	7,418,000
Advances / loans to subsidiaries	389,993,433	664,688,537
Advances / loans to firms / aop in which company or subsidiary is partner / member	619,263,422	854,119,518
Project advances	1,238,404,989	1,175,895,366
Intercompany deposits	162,635,172	141,881,172
	2,418,262,963	2,846,158,805

Summary of long term loans and advances to related parties:

Advances / loans to subsidiaries	389,993,433	664,688,537
Advances / loans to firms / aop in which company or subsidiary is partner / member		
- Joint Ventures	619,263,422	854,119,518
Project advances		
- Joint Ventures	43,743,911	45,193,911
- Associates	255,300,010	255,300,010
Advances / loans to subsidiaries being advance for projects as required to be contributed by the Company.	119,973,312	173,274,456
Project advances being advances / deposits paid to the vendors while acquiring development rights for various projects.	807,982,013	682,031,445

As per the Agreements, the vendor is entitled to an agreed percentage of sale proceeds of the project as a consideration. No amount is payable if there is no sale. Hence there is no loss to the Company. Since the cost of acquisition of development rights is not ascertainable, the same is not accounted. In respect of a development project, as per the terms of land purchase agreement with a land vendor, an additional amount equivalent to 40% of sale proceeds will be required to be paid in the event the FSI availed is in excess of 580000 Sq ft. Since such event has not occurred till the date of balance sheet, no provision is required for this additional cost.

## 16. Other non current assets

(Unsecured considered good, unless otherwise stated)

Balances with banks in long term deposit accounts under banks lien for margin money	8,931,209	2,016,528
Balances with banks in long term deposit accounts	199,287	14,803,733
	9,130,495	16,820,261

(Amount in Rupees)

Particulars	March 31, 2013	March 31, 2012
<b>17. Current investments</b>		
- Carried at lower of cost or fair value		
Investment in equity instruments		
Ascent Hotels Private Limited	266,701,680	266,701,680
66,69,492 (66,69,492) Equity Shares of Rs. 10/- Each Fully Paid		
N.V. Projects Private Limited	-	32,350,000
Nil (13,00,000) Equity Shares of Rs 10/- Each Fully Paid		
Sita Lakshmi Mills Limited	23,400,000	23,400,000
806,000 (806,000) Equity Shares of Rs 50/- Each Fully Paid		
	290,101,680	322,451,680
N.V. Projects Private Limited	-	149,550,977
Nil (6,88,426) Preference Shares of Rs 100/- Each Fully Paid	-	149,550,977
	290,101,680	472,002,657
Aggregate amount of unquoted investments	290,101,680	472,002,657

## 18. Inventories

Building materials / tools	673,871,386	1,050,566,778
Developments	1,436,127,835	1,238,498,625
	2,109,999,220	2,289,065,403

Stock of materials, etc. has been valued at lower of cost or net realisable value. The cost is determined on Weighted Average method.

## 19 Trade Receivables

a) Trade Receivables  
(Unsecured considered good, unless otherwise stated)

Outstanding for period exceeding six months  
Considered good

	944,733,744	1,105,515,035
	944,733,744	1,105,515,035

Considered doubtful	129,026,600	102,226,000
Add / (less) : provision for doubtful debts	(129,026,600)	(102,226,000)

Others considered good	1,407,195,661	1,576,510,126
(Less) : provision for unapproved sales	(10,191,133)	(14,544,903)
(Less) : commitment deposit received	(363,217,581)	(304,792,785)
	1,033,786,947	1,257,172,438

b) Retention (accrued but not due)	578,682,694	530,046,090
	578,682,694	530,046,090

Total Trade Receivables	2,557,203,385	2,892,733,563
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(Less) : related unearned receivables	(185,899,413)	(450,637,391)
---------------------------------------	---------------	---------------

(Less) : bills discounted accepted by customers	(60,000,000)	(46,221,987)
	(245,899,413)	(496,859,378)

	2,311,303,972	2,395,874,185
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# Notes to the Financial Statements as at 31st March, 2013

(Amount in Rupees)

Particulars	March 31, 2013	March 31, 2012
The activity in the provision for unapproved sales is given below:		
Balance at the beginning of the year	14,544,903	14,021,530
Additions during the year	3,653,304	10,503,008
Utilisation / transfers	(8,007,074)	(9,979,635)
Balance at the end of the year	10,191,133	14,544,903
The activity in the provision for doubtful debts is given below:		
Balance at the beginning of the year	102,226,000	67,381,435
Additions during the year	39,737,400	51,833,978
Utilisation / reversals	(12,936,800)	(16,989,413)
	129,026,600	102,226,000

## 20. Cash and bank balances

### a) Cash and cash equivalents

Balances with banks in current accounts	91,928,050	178,716,262
Balances with banks in deposit accounts with original maturity of less than 3 months	15,064,778	32,767,822
Cheques, drafts on hand	-	15,674,347
Cash on hand	10,585,778	16,129,813
	117,578,606	243,288,244

### b) Other bank balances

Balances with banks in deposit accounts under banks lien for margin money	98,798,113	76,604,803
Balances with banks in short term deposit accounts	33,169,704	7,292,440
Balances with banks in unpaid dividend account	15,702	16,202
	131,983,519	83,913,445
	249,562,125	327,201,689

## 21. Short term loans and advances

(Unsecured considered good, unless otherwise stated)

Security deposits	132,525,478	93,260,436
Advances / loans to subsidiaries	138,136,338	169,300,000
Intercompany deposits	826,839,275	789,081,178
	1,097,501,091	1,051,641,614
Summary of short term loans and advances to related parties		
Advances / loans to subsidiaries	138,136,338	169,300,000

Intercompany deposits includes a sum of Rs. 718,708,752/- (Rs. 718,708,752/-) where the borrower has given an undertaking for non disposal of shares acquired from the money borrowed from the Company until repayment of the same.

## 22. Other current assets

(Unsecured considered good, unless otherwise stated)

Unbilled revenues	1,123,483,601	1,037,507,331
(Less) : related advance payment received	(202,602,435)	(173,117,140)
	920,881,166	864,390,191
Advance against development / work / purchases	86,519,051	89,398,765
Advance income tax*	255,130,259	141,839,155
MAT credit entitlement	6,644,000	6,644,000
Prepaid expenses	27,932,549	19,154,459
Statutory dues recoverable	56,146,007	140,616,928
Other recoverables and receivables#	76,031,969	110,919,951
Share application money paid	83,976,270	41,869,300
	1,513,261,271	1,414,832,748

\*Advance Income Tax are after netting of provisions for taxation of Rs. 549,127,673/- (Rs.563,308,725/-)

#Other recoverables and receivables includes Rs. Nil/- (Rs.7,931,556/-) receivables from Managing Director of the Company

# Notes to the Financial Statements as at 31st March, 2013

(Amount in Rupees)

Particulars	March 31, 2013	March 31, 2012
<b>23. Revenue from operations</b>		
Contract revenue recognised / sales (gross)		
- Contract revenue	3,493,157,070	4,367,958,268
- Sale of unit	447,216,765	266,784,665
- Trading sales	240,527,371	156,678,041
- Other sales	41,060,540	32,069,760
Other operating income		
- Rent earned	11,112,686	9,258,130
- Share of profit / (loss) from aop / firms (net)	105,203,429	92,604,946
	<b>4,338,277,861</b>	<b>4,925,353,810</b>
<b>24. Other income</b>		
Interest income	248,043,727	143,660,064
Dividend income from long term investments - other than trade	11,804	32,004,000
Dividend income from current investments	-	122,718
Other non operating income (net of expenses directly attributable to such income)	15,034,870	14,722,869
	<b>263,090,401</b>	<b>190,509,650</b>
<b>25. Construction expenses</b>		
Contract	2,989,461,051	3,693,001,233
Development	380,853,787	501,777,626
Incidental borrowing cost incurred attributable to qualifying assets	174,151,288	129,242,136
	<b>3,544,466,126</b>	<b>4,324,020,995</b>
<b>26. Purchases of stock-in-trade</b>		
Purchases of stock-in-trade	231,177,049	156,031,947
	<b>231,177,049</b>	<b>156,031,947</b>
<b>27. Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>		
Developments - unfinished	(197,629,212)	(398,270,682)
	<b>(197,629,212)</b>	<b>(398,270,682)</b>
<b>28. Employee benefit expense</b>		
Salaries and wages	396,005,556	391,785,651
Contribution to provident and other funds	14,118,852	14,912,034
Gratuity	12,833,293	3,406,020
Compensated absence	12,494,667	11,279,619
Staff welfare expenses	33,883,468	47,975,745
	<b>469,335,836</b>	<b>469,359,069</b>

## Notes to the Financial Statements as at 31st March, 2013

(Amount in Rupees)

Particulars	March 31, 2013	March 31, 2012
<b>29. Finance costs</b>		
Interest expense	473,652,142	450,617,559
Other borrowing costs	7,720,198	17,371,179
Less : borrowing cost transferred to qualifying assets	(175,655,742)	(132,533,250)
	305,716,598	335,455,487
<b>30. Other expenses</b>		
Advertisement	20,293,327	16,269,992
Bank charges	27,527,674	27,460,549
Brokerage / commission	2,125,227	4,846,731
Conveyance	7,168,770	11,569,231
Donations	2,650,456	4,285,241
Electricity charges	20,998,601	19,750,081
Foreign exchange gain / loss (net)	449,714	8,836,948
Insurance	18,789,986	23,992,483
Other expenses	34,093,227	26,730,993
Provision for doubtful debt and advances	26,800,600	34,844,565
Provision for warranty expenses	4,258,027	216,458
Postage and telephone	12,038,930	16,208,848
Printing and stationery	6,632,972	7,844,773
Rates & taxes	3,011,894	3,541,124
Rent/compensation	61,946,597	59,975,116
Repairs, renovation and maintenance		
Building	741,901	2,842,960
Plant and machinery	-	38,732
Others	18,882,806	12,074,543
Sales promotion expenses	23,606,063	24,965,717
Travelling expenses	5,957,677	11,504,447
Service charges/professional fees/retainers	80,173,656	65,202,891
	378,148,102	383,002,425
<b>31. Prior period (expenses) / income (net)</b>		
Prior period expenses / income (net)	(37,097)	(1,495,829)
	(37,097)	(1,495,829)
<b>32. Exceptional items</b>		
Net gain / loss on sale of fixed assets	81,763	11,066,629
Net gain / loss on sale of long term investments - other than trade	(39,981,934)	41,109,632
Reversals of employee stock option compensation	6,163,298	-
Reversals of provisions	-	214,000,000
Compensation on litigation settlement	-	100,000,000
Provision for diminution in value of shares	150,000	(150,000)
	(33,586,873)	366,026,261

**a) Reversals of employee stock option compensation**

During the year under review, the unexercised outstanding Employee Stock Options aggregating to 1,64,750 Equity Shares relating to those employees who are no longer associated with the Company have been forfeited and accordingly, the provision for compensation amounting to Rs. 61,63,298/- in respect of the same has been written back as exceptional item.



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## Notes to the Financial Statements as at 31st March, 2013

(Amount in Rupees)

Particulars	March 31, 2013	March 31, 2012
<b>33. Tax expense:</b>		
Current tax	-	6,644,000
MAT credit entitlement	-	(6,644,000)
Deferred tax	20,884,220	(9,716,277)
	<u>20,884,220</u>	<u>(9,716,277)</u>

### 34. Employee stock option plans (ESOP)

The Company has provided share based payment schemes to its employee. During the period ended March 31, 2013, the ESOS - 2007 scheme was in operation:

Particulars	Nos	Nos
Outstanding at the beginning of the year	213,950	333,500
Forfeited during the year	(164,750)	-
Alloted during the year	(44,550)	(119,550)
Outstanding at the end of the year	4,650	213,950

### 35. Earning per share (EPS)

Particulars	Amount	Amount
Net Profit available for equity share holder	(308,939,039)	119,845,250
Weighted average number of equity shares for Basic EPS	90,160,274	90,099,499
Face value per share	10	10
Basic EPS	(3.43)	1.33
Weighted average number of equity shares for Diluted EPS	90,162,113	90,268,321
Diluted EPS	(3.43)	1.33

### 36. Commitments

	Amount	Amount
a) Estimated amount of contracts remaining to be executed on capital accounts and not provided for	5,875,710	85,857,440
b) As per the arrangement with a customer, the assets provided by it for the relevant contract will be acquired by the Company at 50% of the cost at the end of the project. The estimated amount of such commitment at the year end is	18,102,920	18,102,920
c) Uncalled liability on shares partly paid	-	900,000
	<u>23,978,630</u>	<u>104,860,360</u>

### 37. Contingent liabilities

a) Disputed demands for Income Tax	132,574,282	64,460,304
b) Disputed demands for Service Tax	38,971,190	24,153,822
c) Disputed demands for Value Added Tax	3,057,591	2,780,140
d) Performance and financial guarantees given by the Banks on behalf of the Company	1,476,669,527	1,648,316,752





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## Notes to the Financial Statements as at 31st March, 2013

(Amount in Rupees)

Particulars	March 31, 2013	March 31, 2012
e) Corporate guarantees given for other companies / entities and mobilisation	2,061,200,000	1,946,300,000
f) Claims against the Company not acknowledged as debts	3,600,000,000	3,600,000,000

- In respect of claim against the Company amounting to Rs.360,00,00,000/- (Rs 360,00,00,000/-) by a party who was originally claiming interest in a property, no provision has been considered necessary by the Management in view of the legal opinion that the said claim is not tenable on various grounds.

### 38. Disclosure of particulars of significant leases as required by Accounting Standard 19

The Company's significant leasing arrangements are in respect of operating leases for commercial and residential premises

The Company leases / sub-leases office spaces under non-cancellable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and lessee.

a) Lease income from operating leases is recognised on a straight-line basis over the period of lease.

#### Particulars

Gross Carrying Amount of Premises	65,991,203	65,991,203
Accumulated Depreciation	18,141,136	15,622,711
Depreciation for the year	2,518,425	2,650,973

Future minimum lease income under non-cancellable operating leases

a) Not later than 1 year	4,115,298	1,542,840
b) Later than 1 year and not later than 5 years	899,990	2,442,830
c) Later than 5 years	-	-

Income recognised during the year	10,021,467	8,959,288
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b) Lease expenses from operating leases is recognised on a straight-line basis over the period of lease.

The particulars of significant leases under operating leases are as under

The Company is obligated under non-cancellable leases / sub-leases for office space that are renewable on a periodic basis at the option of both the lessor and lessee.

Future minimum lease expenses under non-cancellable operating leases

a) Not later than 1 year	10,072,700	14,604,022
b) Later than 1 year and not later than 5 years	32,960,325	45,571,633
c) Later than 5 years	-	-

Expenses recognised during the year	13,880,966	9,666,139
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### 39. The particulars of the partnership firms where the Company is a partner are as follows

#### Name of the firm - Ajanta Enterprises

Total capital of the firm	31,124,942	93,581,477
Share of profit / (loss) from partnership firm recognised during the year	114,570,183	78,717,518

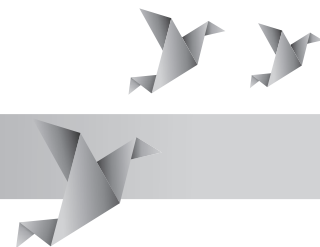
#### Names of the partners

Names of the partners	Profit / Loss sharing ratio	
a) Shree Madhur Realtors Private Limited.	20.00%	20.00%
b) Dhiren Popatlal Nandu	10.00%	10.00%
c) Raj Bhansali	20.00%	20.00%
d) Vascon Engineers Limited	50.00%	50.00%



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## Notes to the Financial Statements as at 31st March, 2013



### Particulars

#### 40. Disclosure of related party transactions as required by Accounting Standard 18

##### Names of related parties

###### 1. Subsidiaries

- Marvel Housing Private Limited
- Grey Stone Premises Private Limited
- Vascon Dwellings Private Limited
- IT Citi Info Park Private Limited
- Caspia Hotels Private Limited
- Windflower Properties Private Limited
- GMP Technical Solutions Private Limited
- Floriana Properties Private Limited
- Vascon Pricol Infrastructures Limited
- Vascon Renaissance EPC Limited Liability Partnership
- Almet Corporation Limited
- Marathawada Realtors Private Limited

###### 2. Joint Ventures

- Weikfield IT Citi Infopark
- Phoenix Ventures
- Zenith Ventures
- Zircon Ventures
- Marigold Premises Private Limited
- Just Homes (India) Private Limited
- Cosmos Premises Private Limited
- Ajanta Enterprises

###### 3. Associates

- Angelica Properties Private Limited
- Mumbai Estate Private Limited

###### 4. Key Management Personnel

- Mr. R. Vasudevan
- Dr Santosh Sunderrajan

###### 5. Relatives of Key Management Personnel

- Mrs. Lalitha Vasudevan
- Mrs. Thangam Moorthy
- Mrs. Lalitha Sundarajan
- Mr. Siddarth Vasudevan
- Ms. Soumya Vasudevan

###### 6. Individuals having significant influence over the Company

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###### 7. Establishments where which individuals in serial number (4), (5) and (6) exercise significant Influence

- Flora Facilities Private Limited (Formally known as Flora Premises Private Limited)
  - Vastech Consultants Private Limited
  - Vatsalya Enterprises Private Limited
  - Bellflower Premises Private Limited
  - Cherry Construction Private Limited
  - Sunflower Health Services Private Limited (Formally known as Sunflower Premises Private Limited)
  - Syringa Engineers Private Limited (Formally known as Syringa Properties Private Limited)
  - Vascon Infrastructure Limited
-



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## Notes to the Financial Statements as at 31st March, 2013

(Amount in Rupees)

Particulars	March 31, 2013	March 31, 2012
<b>8. Venturer in respect of which Company is associate or joint venture</b>		
- There are no parties under this category.		
<b>II Related party transactions</b>		
<b>1. Sales and work</b>	371,753,951	510,535,831
<b>Subsidiaries</b>		
Caspia Hotels Private Limited	-	94,782,984
GMP Technical Solutions Private Limited	7,672,231	4,444,393
Vascon Renaissance EPC Limited Liability Partnership	3,760,825	5,829,812
Vascon Dwellings Private. Limited	5,778	4,743,636
Vascon Pricol Infrastructures Limited	102,969,737	115,955,720
<b>Total</b>	<b>114,408,571</b>	<b>225,756,545</b>
<b>Joint Ventures</b>		
Ajanta Enterprises	99,900,864	64,727,327
Phoenix Ventures	42,117,814	105,912,446
Weikfelds ITCiti Info Park	62,466,472	95,039,513
Zenith Ventures	4,129,609	
Zircon Ventures	832,723	15,500,000
<b>Total</b>	<b>209,447,482</b>	<b>281,179,286</b>
<b>Associates</b>		
Angelica PropertiersPrivate. Limited.	125,000	
	125,000	-
<b>Key management Personnel</b>		
Mr. R. Vasudevan	37,584,612	-
Dr Santosh Sunderrajan	355,000	-
	37,939,612	-
<b>Enterprises</b>		
Flora Facilites Private Limited (Formerly known as Flora Premises Private Limited)	-	-
Vascon Infrastructure Limited	9,833,286	3,600,000
	9,833,286	3,600,000
<b>2. Interest Income</b>	66,739,657	57,187,955
<b>Subsidiaries</b>		
Vascon Dwellings Private Limited	20,300,000	-
Vascon Pricol Infrastructures	3,870,183	-
Grey Stone Premises Private Limited	1,848,100	-
GMP Technical Solutions Private Limited	10,278,552	15,089,047
	36,296,835	15,089,047
<b>Joint Ventures</b>		
Zenith Ventures	25,574,028	
Phoenix Ventures	4,868,794	23,213,093
Ajanta Enterprises	-	130,847
	30,442,822	42,098,908
<b>3. Dividend Income</b>	-	32,000,000
<b>Joint Venture</b>	-	
Marigold Premises Private Limited		32,000,000
	-	32,000,000



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## Notes to the Financial Statements as at 31st March, 2013

(Amount in Rupees)

Particulars	March 31, 2013	March 31, 2012
4 Interest Expense	31,426,194	-
Subsidiaries		
Almet Corporation Limited	874,798	-
Marathawada Realtors Private Limited	3,178,073	-
	4,052,871	-
Joint Venture		
Ajanta Enterprises	27,373,323	-
	27,373,323	-
4. Purchase of Goods / Work	338,930,476	259,075,554
Subsidiaries		
GMP Technical Solutions Pvt Ltd	236,783,367	85,813,158
	236,783,367	85,813,158
Joint Ventures		
Zenith Ventures	44,569	1,940,694
Rose Premises Pvt. Ltd.	-	211,226
	44,569	2,151,920
Enterprises		
Flora Facilities Private Limited	980,906	-
Vascon Infrastructure Limited	101,121,633	171,110,476
	102,102,539	171,110,476
5. Receiving of Services	47,993,887	21,402,707
Key Management Personnel		
Mr R Vasudevan	4,800,000	4,800,000
Dr Santosh Sunderrajan	29,700,000	-
	34,500,000	4,800,000
Enterprise		
Flora Facilities Private Limited	2,078,100	3,264,000
Vastech Consultants Private Limited	11,415,787	13,338,707
	13,493,887	16,602,707
6. Share of Profit from AOP/Firm	121,449,981	96,767,145
Subsidiary		
Vascon Renaissance EPC Limited Liability Partnership	196,312	8,926,713
	196,312	8,926,713
Joint Ventures		
Phoenix Ventures	290,871	5,091,299
Weikfield IT Citi Info Park (AOP)	6,392,615	4,031,615
Ajanta Enterprises	114,570,183	78,717,518
	121,253,669	87,840,432
7. Share of Loss from AOP/Firm	4,261,101	4,162,199
Joint Ventures		
Zenith Ventures	704,456	241,080
Zircon Ventures	3,556,645	3,921,119
	4,261,101	4,162,199
8. Dividend paid	-	18,380,913
Key Management Personnel		
Mr R Vasudevan	-	9,377,529
	-	9,377,529





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## Notes to the Financial Statements as at 31st March, 2013

(Amount in Rupees)

Particulars	March 31, 2013	March 31, 2012
Relatives of Key Management Personnel		
Mr. Siddarth Vasudevan	-	403,200
Mrs. Lalitha Sunderrajan	-	2,669,128
Ms. Soumya Vasudevan	-	403,200
	-	3,475,528
Enterprise		
Vatsalya Enterprises Private Limited	-	5,227,273
Bellflower Premises Private Limited	-	300,583
	-	5,527,856
9. Sale of investments	-	40,000,000
Enterprise		
Vastech Consultants Private Limited	-	40,000,000
	-	40,000,000
10. Outstanding corporate / bank guarantees given	1,311,200,000	1,306,300,000
Subsidiaries		
Caspia Hotels Private Limited	346,200,000	356,300,000
Vascon Dwellings Private Limited	-	200,000,000
GMP Technical Solutions Private Limited	765,000,000	525,000,000
	1,111,200,000	1,081,300,000
Joint Ventures		
Phoenix Ventures	100,000,000	125,000,000
Cosmos Premises Private Limited	100,000,000	100,000,000
	200,000,000	225,000,000
11. Finance Provided (including equity contributions in cash or in kind)	245,149,510	223,568,454
Subsidiaries		
GMP Technical Solutions Private Limited	63,232,063	-
Floriana Properties Private Limited	1,600,000	8,471,340
Marvel Housing Private Limited	59,000	124,800
IT Citi Infopark Private Limited	39,291,851	-
Greystone Premises Private Limited	100,000	-
Vascon Dwellings Private Limited	9,818,907	8,685,000
Vascon Pricol Infrastructures Limited	11,889,000	-
Windflower Properties Private Limited	5,650,000	19,882,891
	131,640,821	37,164,031
Joint Ventures		
Phoenix Ventures	112,301,100	92,664,340
Zenith Ventures		10,440,083
Marigold Premises Private Limited	1,207,589	
Marathawada Realtors Private Limited		2,500,000
John Fowler Ophthalmics Private Limited	-	5,000,000
	113,508,689	125,904,423
Enterprise		
Vascon Infrastructure Limited	-	58,500,000
Sunflower Health Services Private Limited (Formally known as Sunflower Premises Private Limited)	-	2,000,000
		60,500,000



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## Notes to the Financial Statements as at 31st March, 2013

(Amount in Rupees)

Particulars	March 31, 2013	March 31, 2012
12 Finance availed (including equity contributions in cash or in kind)	1,086,415,903	102,150,000
Subsidiary		
Almet Corporation Limited		41,400,000
Marathawada Realtors Private Limited		60,750,000
Floriana Properties Private Limited	4,000,000	-
Greystone Premises Private Limited	67,869,901	-
Vascon Pricol Infrastructures Limited	1,376,018	-
Windflower Premises Private Limited	277,179,679	-
Marvel Housing Private Limited	3,731,338	-
GMP Technical Solutions Private Limited	104,674,277	-
Vascon Dwellings Private Limited	13,202,702	-
	472,033,915	102,150,000
Joint Ventures		
Phoenix Venture	336,724,399	-
Marigold Premises Private Limited	2,657,589	-
Zenith Ventures	55,000,000	-
Ajanta Enterprises	200,000,000	-
	594,381,988	
Enterprises where KMP & Relatives Influence	20,000,000	-
Vascon Infrastructure Limited	20,000,000	
13. Outstanding as on		
A) Receivable to Vascon Engineers Limited	2,151,072,897	2,985,921,104
Subsidiaries	925,110,092	1,227,274,946
a) Sundry Debtors		
GMP Technical Solutions Private Limited	12,207,056	2,628,321
Caspia Hotels Private Limited	84,863	18,247,164
Vascon Dwellings Private Limited	262,685,720	294,519,788
Vascon Pricol Infrastructures Limited	104,083,172	64,391,161
Vascon Renaissance EPC Limited Liability Partnership	8,726,350	4,508,262
Windflower Properties Private Limited	90,000	-
	387,877,161	384,294,696
b) Loans & Advances		
Floriana Properties Private Limited	67,452,528	69,852,528
GMP Technical Solutions Private Limited	138,136,338	169,300,000
Greystone Premises Private Limited	-	67,619,537
IT Citi Info Park Private Limited	39,291,851	-
Marvel Housing Private Limited	-	3,672,338
Vascon Dwellings Private Limited	163,275,740	146,359,535
Vascon Pricol Infrastructures Limited.	119,888,449	105,654,919
Windflower Properties Private Limited	-	271,529,680
	528,044,906	833,988,537
c) Balance in capital and current accounts		
Vascon Renaissance EPC Limited Liability Partnership	9,188,025	8,991,713
	9,188,025	8,991,713



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## Notes to the Financial Statements as at 31st March, 2013

(Amount in Rupees)

Particulars	March 31, 2013	March 31, 2012
Joint Ventures	867,775,588	1,373,466,359
a) Sundry Debtors		
Cosmos Premises Private Limited		-
Marigold Premises Private Limited	102,002,696	-
Phoenix Ventures	52,218,218	152,002,696
Weikfeilds ITCiti Info Park (AOP)	38,734,719	68,364,368
Zenith Ventures		242,712,579
Zircon Ventures	935,647	-
	193,891,280	463,079,643
b) Loans & Advances		
Marigold Premises Private Limited	43,743,911	45,193,911
Phoenix Ventures	4,868,794	224,423,299
Weikfeilds ITCiti Info Park	9,448,900	-
Zenith Ventures	196,865,424	226,291,396
	254,927,029	495,908,606
c) Balance in capital and current accounts		
Phoenix Ventures	42,658,127	44,285,057
Weikfield IT Citi Infopark	337,403,599	324,951,664
Zenith Ventures	4,223,193	45,241,389
Zircon Ventures	34,672,360	-
	418,957,279	414,478,110
Key Management Personnel	5,596,896	7,931,556
a) Other receivables		
R Vasudevan	-	7,931,556
		7,931,556
b) Sundry Debtors		
R Vasudevan	5,596,896	-
	5,596,896	
Associates	262,847,800	265,347,800
a) Sundry Debtors		
Angelica Properties Pvt Ltd	7,510,590	10,010,590
	7,510,590	10,010,590
b) Loans & Advances		
Mumbai Estate Private Limited	255,300,010	255,300,010
	255,300,010	255,300,010
c) Share Application Money		
Angelica Properties Private Limited	37,200	37,200
	37,200	37,200
Enterprise	89,742,521	111,900,443
a) Sundry Debtors		
Flora Facillites Private Limited (Formerly known as Flora Premises Private Limited)	2,441,650	5,441,650
Vascon Infrastructure Limited	47,300,871	43,660,407
	49,742,521	49,102,057
b) Loans & Advances		
Vastech Consultants Private Limited	40,000,000	40,000,000
Vatsalya Enterprises Private Limited		22,798,386
	40,000,000	62,798,386



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## Notes to the Financial Statements as at 31st March, 2013

(Amount in Rupees)

Particulars	March 31, 2013	March 31, 2012
B) Receivable from Vascon Engineers Limited	437,927,495	255,259,723
Subsidiaries	83,308,286	62,649,935
a) Security Deposit / other payables		
IT Citi Infopark Private Limited	-	4,186,548
Caspia Hotels Private Limited	3,770,874	-
Almet Corpotation Limited	7,137,429	10,850,111
Marathawada Realtors Private Limited	2,973,541	47,613,276
	13,881,844	62,649,935
b) Sundry Creditors		
GMP Technical Solutions Pvt Ltd	69,426,442	-
	69,426,442	-
Joint Ventures	182,173,277	120,466,117
a) Sundry Creditors		
Zenith Ventures	-	156,074
	-	156,074
b) Balance in current account		
Zenith Ventures	-	1,555,568
Ajanta Enterprises	182,173,277	118,754,475
	182,173,277	120,310,043
Key Management Personnel	18,056,134	14,499,000
a) For Services Received		
Mr. R Vasudevan	6,675,180	-
Dr.Santosh Sunderajan	11,380,954	-
	18,056,134	-
b) Advance from Customers		
R Vasudevan	-	14,499,000
	-	14,499,000
Associates	33,600,000	33,600,000
a) Security Deposit / Other Payables		
Angelica Properties Private Limited	33,600,000	33,600,000
	33,600,000	33,600,000
Enterprise	120,789,798	24,044,671
a) Sundry Creditors		
Flora Facilities Private Limited (Formerly known as Flora Premises Private Limited)	411,706	-
Vascon Infrastructures Limited	55,340,597	-
Vastech Consultants Private Limited	2,100,726	44,671
	57,853,029	44,671
b) Advance from Customers		
Vascon Infrastructure Limited	20,291,769	-
Sunflower Health Services Private Limited (Formerly known as Sunflower Premises Private Limited)	24,000,000	24,000,000
	44,291,769	24,000,000
c) Key Managerial Personnel		
Dr.Santosh Sunderarjan	18,645,000	-
	18,645,000	-





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## Notes to the Financial Statements as at 31st March, 2013

(Amount in Rupees)

Particulars	March 31, 2013	March 31, 2012
<b>41.</b> The Company has amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, [MSMED Act] as at March 31, 2013. The disclosure pursuant to the said Act is as under:		
Principal amount payable to suppliers at the year end	673,481	918,219
Amount of interest paid by the Company in terms of Section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the specified under the MSMED	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting year	-	-

Note: The information has been given in respect of such vendors to the extent they could be identified as "Micro, Small and Medium" enterprises on the basis of information available with the Company. This has been relied upon by the auditors.

- 42.** Sales includes an amount of Rs. 20,14,52,104/- (Rs. Nil/-) being material supplied at a site during the earlier period. Since due to the temporary suspension no work was performed during that period, the same was carried as stock at site and no revenue in that respect was recognized in accordance with applicable Accounting Standard in spite of advance payment been received against the same in terms of the Contract. However, during the quarter under review, the materials for which payments have been made by the customer have been recognized as revenue since the stock ceased to be in control of the Company.

(Amount in Rupees)

Particulars	March 31, 2013	March 31, 2012
<b>43. Auditors' Remuneration</b>		
Audit Fee	3,000,000	3,000,000
Tax Audit	600,000	600,000
Other Services	320,800	239,000
<b>Total</b>	<b>3,920,800</b>	<b>3,839,000</b>

( Fees mentioned above does not includes service tax and education cess thereon)

#### 44. Details of Earnings & Expenditure In Foreign Currency

Earnings on account of		
Sales/Work	64,889,000	-
<b>Total</b>	<b>64,889,000</b>	<b>-</b>
Expenditure on account of		
Purchase of Spares/ materials	125,290,000	36,445,640
Purchase of services	605,242	1,815,637
Purchase of Fixed Assets	-	14,620,912
<b>Total</b>	<b>125,895,242</b>	<b>52,882,189</b>

## Notes to the Financial Statements as at 31st March, 2013

(Amount in Rupees)

Particulars	March 31, 2013	March 31, 2012
<b>45. Disclosure of particulars of contract revenue as required by Accounting Standard 7</b>		
Contract Revenue Recognised	3,493,157,070	4,367,458,095
Contract Expenses Recognised	2,989,461,051	3,693,001,233
Recognised Profit	503,696,020	674,456,863
Contract Cost Incurred	2,989,461,051	3,693,001,233
Progress Billing	2,673,706,319	3,943,874,726
Unbilled Contract Revenue Recognised	1,019,730,943	1,005,553,852
Unearned Revenue	200,280,192	581,970,483
Advances from Customers	470,856,549	276,040,514
Contract Cost Incurred and Recognised Profit	3,493,157,070	4,367,458,095
Gross Amount Due from Customer	2,425,095,004	2,703,550,148
Retention	578,682,694	530,046,090
<b>46.</b> Based on the guiding principles enunciated in paragraph 4 of Accounting Standard - 17 (AS - 17), 'Segment Reporting', if a single financial report contains both consolidated financial statements and the separate financial statements of the parent, disclosure required by AS 17 is given in consolidated financial statements.		
<b>47.</b> Particulars of the Joint Ventures undertaken by the Company as required in AS 27 "Financial Reporting of Interest in Joint Venture", in respect of which disclosures have been made are given in the annexed statement.		
<b>48.</b> Other additional information required by schedule VI of the Companies Act, 1956 are not applicable to the company for the year.		
<b>49.</b> Corresponding figures for previous periods presented have been regrouped, where necessary, to conform to the current year classification.		

As per our report of even date

**For Anand Mehta & Associates**

Chartered Accountants  
Firm Registration No. 127305W

Kulin V Mehta  
Partner

Membership No. 38440  
Mumbai : Dated May 20, 2013

**For and on behalf of the Board of Directors**

R. Vasudevan  
Managing Director

Dr. Santosh Sunderrajan  
Chief Executive Officer

M. Krishnamurthi  
Company Secretary & Compliance Officer

V. Mohan  
Chairman

D. Santhanam  
Chief Financial Officer



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# Statement Pursuant to Section 212 of the Companies Act, 1956 relating to Company's Interest in Subsidiary

Statement Pursuant to Section 212 of the Companies Act, 1956 relating to Company's Interest in Subsidiary

Name of the Subsidiary	1	2	3	4	5	6	7	8	9	10	11
<b>Marvel Housing Private Limited</b>	March 31, 2013	<b>Vascon Dwellings Private Limited</b>	March 31, 2013	<b>Floriana Properties Private Limited</b>	<b>Wind Flower Properties Private Limited</b>	<b>Caspia Hotels Private Limited</b>	<b>Vascon Pricol Infrastructures Limited</b>	<b>Greystone Premises Private Limited</b>	<b>GMP Technical Solutions Private Limited</b>	<b>Almet Corporation Limited</b>	<b>Marathawada Realtors Private Limited</b>
<b>Financial year ending of the Subsidiary</b>	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013
<b>Date from which they became subsidiary</b>	January 2, 2006	April 1, 2006	April 2, 2006	August 28, 2008	November 2, 2006	September 8, 2009	April 2, 2007	January 3, 2008	August 8, 2010	November 4, 2011	November 4, 2011
a) Number of shares held by the company in the subsidiary at the end of financial year of holding company.	10,000	10,000	10,000	10,000	10,000	1,260,000	4,970,000	6,500	12,690	58,824	39,216
b) Extent of interest of holding Company at the end of the financial year of subsidiary company.	100%	100%	100%	100%	100%	70%	70%	65%	90%	100%	100%
The net aggregate amount of subsidiary companies' profit/ (loss) so far as it concerns the members of holding company.											
<b>a) Not dealt with in the holding company's accounts</b>											
i) For the financial year ended Mar 31, 2013	22,758	15,767,110	6,730,727	74,042	(7,798,417)	(618,201)	(6,906,748)	(27,133,137)	83,450,523	(508,717)	1,200,008
ii) For the previous year of the subsidiary company since it became holding company's subsidiary.	501,597	16,501,303	3,299,405	(81,954)	(406,916)	(513,533)	24,657,239	(725,198)	78,996,983	(2598,396)	(1,265,177)
<b>b) Dealt with in the holding company's accounts</b>											
i) For the financial year ended Mar 31, 2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii) For the previous year of the subsidiary company since it became holding company's subsidiary.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

For Vascon Engineers Limited

**R. Vasudevan**  
Managing Director  
Mumbai, Dated: 20th May, 2013

**V. Mohan**  
Chairman

**Dr. Santosh Sunderrajan**  
Chief Executive Officer

**M. Krishnamurthi**  
Company Secretary & Compliance Officer

**D. Santhanam**  
Chief Financial Officer



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## Information on Financials of Subsidiaries

	1	2	3	4	5	6	7	8	9	10	11
Particulars	Marvel Housing Private Limited	Vascon Dwellings Private Limited	IT-Citi InfoPark Private Limited	Floriana Properties Private Limited	Wind Flower Properties Private Limited	Caspia Hotels Private Limited	Vascon Pricol Infrastructures Limited	Greystone Premises Private Limited	GMP Technical Solutions Private Limited	Almet Corporation Limited	Marathawada Realtors Private Limited
	2012-2013	2012-2013	2012-2013	2012-2013	2012-2013	2012-2013	2012-2013	2012-2013	2012-2013	2012-2013	2012-2013
Capital	100,000	100,000	100,000	100,000	100,000	180,000,000	71,000,000	100,000	141,000	5,882,400	3,921,600
Reserves & Surplus (adjusted for debit balance in P & L Account, when applicable)	(3,251,832)	(13,317,732)	96,494,591	(3,446,100)	419,660	(3,965,324)	24,094,822	(33,767,814)	727,153,669	36,016,232	71,084,398
Share Application money						3600,000					
Total Liabilities	3,911,707	543,939,121	45,129,390	68,192,187	14,264,064	134,940,969	429,423,478	34,135,857	990,710,964	2,940,783	5,281,843
Total Assets	759,875	530,721,389	141,723,982	64,846,087	14,783,724	314,575,644	524,518,300	468,043	1,718,005,633	44,839,415	80,287,841
Investments (except in case of investment in the subsidiaries) A. Long term (Non Trade investment) B. Current Investment a. quoted equity shares b. unquoted equity shares c. units Total Current Investment Total Investment (A+B)											
Turn over (incl other Income)	6,452	117,538,874	8,131,080	262,578	297,954,057	0	24,319,936	0	2,127,765,580	1,085,645	4,279,032
Profit Before Tax	(119,722)	11,641,230	8,050,011	110,660	(7,798,417)	(618,201)	(5,518,938)	(27,133,137)	102,731,969	(850,523)	2,357,621
Provision for Tax	(142,480)	(4,125,880)	1,319,284	36,618	0	0	1,387,810	0	19,281,446	(341,806)	1,157,614
Profit/ (Loss) After Tax	22,758	15,767,110	6,730,727	74,042	(7,798,417)	(618,201)	(6,906,748)	(27,133,137)	83,450,523	(508,717)	1,200,008
Proposed Dividend (excluding tax on Dividend)											



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## Clause No. 32 of the Listing Agreements

### Information pursuant to clause 32 of the listing agreements with stock exchanges

Loans and advances in the nature of loans to subsidiaries / associates / joint ventures

No.	Name of the entity	Balance as on		Maximum Balance during	
		March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
A	Loans and advances in the nature of loan to subsidiaries				
1	Floriana Properties Private Limited	67,452,528	69,852,528	71,252,528	69,852,528
2	Marvel Housing Private Limited	-	3,672,338	3,731,338	3,672,338
3	Vascon Dwellings Private Limited	163,275,740	146,359,535	163,275,740	146,359,535
4	Windflower Properties Private Limited	-	271,529,680	272,179,680	271,529,680
B	Loans & Advances in the nature of loan to Associates (Associates are considered as defined in AS -23 issued by ICAI)  There are no transactions of loans and advances to associates.				
C	Loans & Advances in the nature of loan where there is no repayment schedule or repayment beyond seven years				
1	Almet Corporation Limited	-	-	-	6,498,199
2	John Fowler Ophthalmics Private Limited	-	-	-	13,268,369
3	Marathawada Realtors Private Limited	-	-	-	13,255,962

- There are no transactions of loans and advances to subsidiaries, associate firms/ companies in which Directors are interested other than as disclosed above.
- There are no loans and advances in the nature of loans where there is no repayment schedule or repayment beyond seven years or no interest or interest below Section 372A of Companies Act, 1956 other than those as disclosed above.
- There are no Investment by loanee in share of parent or subsidiary where Company made loan or advances in the nature of loan.





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## Annexure Referred to in Note No. 47

Particulars of the Joint Ventures undertaken by the Company as required in Accounting Standard 27 "Financial Reporting of Interest in Joint Venture"

(Amount in Rupees)

Name of the Joint Venture <sup>a</sup>	Interest of Company in JV	Share in Assets of the JV	Share in Liabilities of the JV	Investment in Joint Venture	Add : Share of Profit / (Loss)	Less : Share of tax	Closing Balance of Investment Asset / (Liability)	Loans given
Zircon Ventures	Refer note below	42,890,460	8,218,099	38,229,005	(3,556,645)	-	34,672,360	-
Phoenix Ventures	10% of the total project Cost as project management Fees and 50% of remaining Profit	136,586,935	93,928,808	42,367,256	290,871	-	42,658,127	4,868,794
Zenith Ventures	Refer note below	358,537,442	354,314,249	4,927,649	(704,456)	-	4,223,193	196,865,424
Weikfield IT City Infor Park (AOP)	Refer note below	469,874,032	123,021,543	331,010,984	6,549,052	156,437	337,403,599	-
Just Home India Private Limited	50% Share of Profits	74,596,510	24,068,633	50,000	-	-	50,000	-
Marigold Premises Private Limited	50% Share of Profits	294,950,839	119,269,206	419,672	-	-	419,672	43,743,911
Cosmos Premises Private Limited	43.83% Share of Profits	103,423,403	27,836,583	36,790,610	-	-	36,790,610	-
Ajanta Enterprises	50% Share of Profits	445,273,222	595,476,499	(264,773,460)	167,999,731	53,429,548	(150,203,277)	-

Note: Share of assets and liabilities of Zircon Ventures, Weikfield ITCITI Infopark and Zenith Ventures, the Jointly Controlled Entities (JCE) where in the share of the Company's assets and liabilities in such JCE are considered based on the specific allocation of such assets and liabilities which relate to the Company as per the arrangement with the Joint Venture Partners.

(The above information is provided on the basis of latest available financial statements of the Joint Venture Entities)



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# Notes to the Financial Statements as at 31st March, 2013

## 1. The Company Overview

Vascon Engineers Limited (Company) was incorporated on January 1, 1986. The Company is engaged in the business of Engineering, Procurement and Construction services (EPC) and Real Estate Development directly or indirectly through its Subsidiaries, Joint Ventures and Associates. The shares of the Company are listed on National Stock Exchange and Bombay Stock Exchange.

## 2. Summary of Significant Accounting Policies

### 2.1 Basis of Preparation of Financial Statements

"The Financial statement have been prepared to comply in all material respects with the notified accounting standard by companies Accounting rules 2006 as amended from time to time and relevant provisions of companies Act 1956 (The Act). The financial statements have been prepared in accordance with revised schedule VI requirement including previous year comparatives. The financial statement has been prepared under historical cost convention on an accrual basis in accordance with accounting principles generally accepted in India. The accounting policies have been consistently applied by the company and are consistent with those used in previous year. The company has also reclassified the previous year figures in accordance with the requirement applicable in the current year.

### 2.2 Use of Estimates

The Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statement and the result of operations during the reporting period. Although these estimates are based upon management's best knowledge of current event and actions actual result could differ from these estimates. Significant estimates used by the management in the preparation of these financial statement include Project revenue, Project cost, Saleable area, economic useful lives of Fixed asset, accrual of allowance for bad and doubtful Receivables and loans and Advances. Any revision to accounting estimates is recognized prospectively in accordance with applicable accounting standard.

### 2.3 Tangible Asset, Intangible Asset and Capital Work in Progress

a) Tangible asset are stated at cost less accumulated depreciation and Impairment losses, if any. Cost comprises the purchase price and any attributable / allocable incidental cost of bringing the asset to its working condition for its intended use.

b) Intangible assets are recognized as an asset only if it fulfills the criteria, for recognizing Intangible Assets, specified in AS 26 "Intangible Assets" issued by the ICAI. Intangible asset are stated at cost less accumulated amortization and impairment losses. cost comprises the acquisition price, development cost and attributable /allocable cost of bringing the asset to its working condition for its intended use.

c) Assets under installation or under construction as at the Balance sheet date are shown as Capital work in progress and are stated at cost less impairment losses. Cost comprises of expenditure incurred in respect of capital projects under development and includes any attributable / allocable cost and other incidental expenses. Revenues earned if any, before capitalization from such capital project are adjusted against capital work in progress.

d) Borrowing cost relating to acquisition / construction /development of tangible asset and capital work in progress which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such asset are ready to be put to use.

### 2.4 Impairment

As at each Balance sheet date, the carrying amount of assets is tested for impairment so as to determine

- a) the provision for impairment loss, if any and
  - b) the reversal of impairment loss recognized in previous period, if any
- Impairment loss is recognized when carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

- a) in the case of individual asset, at higher of the net selling price or value in use
- b) in the case of cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use (value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life)

### 2.5 Depreciation / Amortisation

a) Depreciation on tangible fixed assets has been provided under written down value method at the rates and manner prescribed in schedule XIV to the Companies Act, 1956.

b) Cost of lease hold rights of land has been amortized evenly over a period of lease term.

c) Software in nature of intangible asset has been amortised over its estimated useful life evenly.

d) Cost of acquisition of share in partnership firm is amortised on systematic manner. Adjustments are made for any permanent impairment in value, if any.

### 2.6 Investments

Investments are classified into current investments and long term investments. Investment intended to be held for not more than a year are classified as current investment. All other investment are classified as long term investments. Long term investment are stated at cost less permanent diminution in value, if any. current investment are stated at lower of cost or fair value



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## Notes to the Financial Statements as at 31st March, 2013

### 2. 7 Recognition of Revenue / Cost

#### a) Construction Contracts

Revenue from fixed price construction contracts is recognised on the Percentage of Completion Method (POCM). The stage of completion is determined by survey of work performed / completion of physical proportion of the contract work determined by technical estimate of work done / actual cost incurred in relation to total estimated contract cost, as the case may be. The estimate of total contract cost has been made at the time of commencement of contract work and reviewed and revised, by the technical experts, from time to time during period in which the contract work is executed. Future expected loss, if any, is recognised immediately as expenditure. In respect of unapproved revenue recognised, an adequate provision is made for possible reductions, if any. Contract revenue earned in excess of billing has been reflected as unbilled revenue under the head "Other Current Assets" and billing in excess of contract revenue has been reflected as Unearned Revenue under the head "Other Current Liabilities" in the Balance Sheet.

The Company provides for cost to be incurred during warranty period for servicing warranties on the completed projects. Such amount, net of the obligations on account of sub-contractors, is determined on the basis of technical evaluation and past experience of meeting such costs.

Escalation claims raised by the Company are recognised when negotiations have reached an advanced stage such that customers will accept the claim and amount that is probable will be accepted by the customer can be measured reliably.

#### b) Real Estate Development

##### (i) Completed Units

Revenue from sales of units is recognized as and when the underlying significant risk and rewards of ownership are transferred to the purchaser.

##### (ii) Units Under Development

(A) Projects which have commenced on or before March 31, 2012  
Revenue from sales of such units is recognized as and when the underlying significant risk and rewards of ownership are transferred to the purchaser, taking into account materiality of the work performed and certainty of recoverability of the consideration. Revenue is recognized on proportionate basis as the acts are progressively performed, by applying the percentage of completion method as explained in AS-7 (Revised) Construction Contracts in compliance with the authoritative professional view.

The percentage completion is determined based on actual costs incurred thereon by the Company to total estimated cost with reference to the saleable area. Cost for this purpose includes cost of land/development rights, construction and development costs of such properties borrowing costs and overheads, as may be applicable.

The estimates of the saleable area and costs are reviewed periodically and effect of any changes in such estimates is recognized in the period in which such changes occur.

However, when the total project cost is estimated to exceed total revenues from the project, loss is recognized immediately.

(B) Projects which have commenced after March 31, 2012.

Revenue from sales of such units is recognized as and when all the following conditions are satisfied:

(a) The underlying significant risk and rewards of ownership are transferred to the purchaser.

(b) All critical approvals necessary for commencement of the project are obtained .

(c) Reasonable level of development is reached when project cost incurred excluding land cost and borrowing cost exceeds 25% of the project cost excluding land cost and borrowing cost.

(d) Atleast 25% of the estimated project area are secured by contracts or agreement with the buyers.

(e) Atleast 10% of the total revenue as per agreements of sale are realised at the reporting date in respect of each of the contracts and there are no outstanding defaults of the payment terms in such contracts.

(f) Certainty of recoverability of the balance consideration.

Revenue is recognized on proportionate basis as the acts are progressively performed, by applying the percentage of completion method as explained in AS-7 (Revised) Construction Contracts in compliance with the authoritative professional view.

The percentage completion for the purpose of recognition of revenue is determined based on actual costs incurred thereon by the Company to total estimated cost with reference to the saleable area. Cost for this purpose includes cost of land/development rights, construction and development costs of such properties borrowing costs and overheads, as may be applicable.

The estimates of the saleable area and costs are reviewed periodically and effect of any changes in such estimates is recognized in the period in which such changes occur.

However, when the total project cost is estimated to exceed total revenues from the project, loss is recognized immediately.\

#### c) Share of Profit/Loss from Partnership firm/ Association of Person

is recognised as income during the relevant period on the basis of accounts made-up audited or unaudited as the case may be and allocation made by the firm/AOP in accordance with the Deed of Partnership/AOP Agreement.

**d) Interest Income** – Interest income is recognized on time proportion basis taking into account the amounts invested and the rate of interest.

**e) Dividend Income** – Dividend income is recognized as and when the right to receive the same is established.

**f) Rental Income** - Income from letting-out of property is accounted on accrual basis- as per the terms of agreement and when the right to receive the rent is established.

**g) Income from services** - rendered is recognised as revenue when the right to receive the same is established.

**h) Profit on sale of investment** - is recorded upon transfer of title by the Company. It is determined as the difference between the sale price and the then carrying amount of the investment.



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## Notes to the Financial Statements as at 31st March, 2013

### 2. 8 Inventories

#### a) Stock of Materials, etc.

Stock of materials, etc. has been valued at lower of cost or net realisable value. The cost is determined on Weighted Average method.

#### b) Development Work

##### (i) Development - Completed Units

Finished goods comprising of constructed units ready for sale are valued at lower of cost and net realisable value.

##### (ii) Development - Units under construction

The unit under construction to the extent not recognised as sales under the revenue recognition policy adopted by the Company is carried at lower of cost or net realisable value on the basis of technical estimate certified by the Managing Director / Technical Experts.

#### c) Stock of Trading Goods

Stock of trading goods has been stated at cost or net realisable whichever is lower. The cost is determined on Weighted Average Method.

### 2. 9 Employee Benefits

Provision for Gratuity and Compensated Absences on retirement payable are made on actuarial basis. The Company has taken up a group policy with Life Insurance Corporation of India for future payment of gratuities to employees. Amount of premium and differential liability on account of excess of obligation over plan assets and actuarial loss for the period for the said Policy and Company's contribution for the period to Provident Fund. and superannuation fund etc. are charged to Revenue.

### 2. 10 Borrowing Cost

Borrowing cost include interest, commitment charges, amortization of ancillary cost, amortization of discounts/ premium related to borrowing, finance charges in respect of asset acquired on finance leases and exchange difference arising from foreign currency borrowings, to the extent they are regarded as adjustment to interest costs. Borrowing cost that are attributable to the acquisition, construction or production of a qualifying asset are capitalized/ inventorised as cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires substantial period of time to get ready for its intended use or sale. All other borrowing cost are recognized as an expense in the period in which they are incurred.

Advances/deposits given to the vendors under the contractual arrangement for acquisition/construction of qualifying assets is considered as cost for the purpose of capitalization of borrowing cost. During the period of suspension of work on project, the capitalization of borrowing cost is also suspended.

### 2. 11 Leases

a) Assets acquired on leases where a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to statement of profit and loss on accrual basis.

b) Assets leased out under operating leases are capitalized. Rental income recognized on accrual basis over the lease term.

### 2. 12 Contingent Liabilities and Assets

a) A provision is recognized when

i) the company has present obligation as result of a past event

ii) a probable outflow of resources is expected to settle obligation and  
iii) the amount of the obligation can be reliably estimated

b) A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably may not, require an outflow of resources.

c) Where there is a possible obligation such that likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets as on the balance sheet, if any, are neither recognized nor disclosed in the financial statements.

### 2. 13 Taxes on Income

a) Taxes on Income are accounted in accordance with AS – 22 "Taxes on Income". Taxes on Income comprise both current tax and deferred tax.

b) Provision for current tax for the year is determined considering the disallowance, exemptions and deductions and/or liabilities / credits and set off available as laid down by the tax law and interpreted by various authorities.

c) Deferred tax is the tax effect of timing difference representing the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period(s). This is measured using substantively enacted tax rate and tax regulation.

d) Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay income tax under the normal provisions during the specified period, resulting in utilization of MAT credit. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will utilize MAT credit during the specified period.

### 2. 14 Amortization

Expenses relating to increase in capital other than those related to public issue of shares, if any, are being written off in the year the same are incurred. The expenses relating to public issue of shares is appropriated from Share Premium Account.

### 2. 15 Joint Venture Projects

a) Jointly Controlled Operations:- In respect of joint venture contracts in the nature of jointly controlled operations, the assets controlled, liabilities incurred, the share of income and expenses incurred are recognised in the agreed proportions, as may be belonging to the Company, under respective heads in the financial statements.

b) Jointly Controlled Entities :-

i) Integrated Joint Ventures :-

Company's share in profits or losses of Integrated Joint Ventures is accounted on determination of the profits or losses by the joint venture.

Investments in Integrated Joint Ventures are carried at cost net of company's share in recognised profits or losses.

ii) Incorporated Jointly Controlled Entities :-

• Income on investments in incorporated Jointly Controlled Entities is recognised when the right to receive the same is established.

• Investment in such Joint Ventures are carried at cost after providing for diminution in value considered other than temporary in nature in the opinion of the management, if any.



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## Notes to the Financial Statements as at 31st March, 2013

### 2. 16 Segment reporting

#### a) Identification of Segments

The Company's operating business are organised and managed separately accordingly to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the company operate.

#### b) Inter segment Transfers

The Company generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

#### c) Allocation of Common Costs

Common allocable costs are allocated to each segment on reasonable basis.

#### d) Unallocated Items

Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under Unallocated Items.

#### e) Segment policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

### 2. 17 Employee Stock Option Scheme

Stock options granted to the employees under the stock options scheme are accounted as per the accounting treatment prescribed by ICAI. Accordingly, the excess of fair value over the exercise price of the options is recognised as deferred employee compensation and is charged to the profit and loss account on straight line basis over the vesting period of the options. The amortised portion of the cost is shown under reserves and surplus.

### 2. 18 Provisions

Provision are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- i) the company has a present obligation as a result of past event
- ii) a probable outflow of resources is expected to settle the obligation
- iii) the amount of obligation can be reliably estimated

Reimbursement expected in respect of expenditure required to settle a provision recognized only when it is virtually certain that the reimbursement will be received. Provisions except the provision required under AS - 15 "Employee Benefits", are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

### 2. 19 Foreign Currency Transaction

#### a) Initial Recognition

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange

rate between the reporting currency and the foreign currency at the date of the transaction.

#### b) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

#### c) Exchange Difference

All exchange differences arising on settlement and conversion on foreign currency transactions are included in the profit and loss account, except in cases where they relate to the acquisition of fixed assets from outside India, in which case they are adjusted in the cost of the corresponding assets.

### 2. 20 Earning Per Share

The company reports Basic and Diluted Earnings Per Share (EPS) in accordance with Accounting Standard 20 "Earning Per Share" issued by the ICAI. Basic earnings per share are computed by dividing the net profit or loss after tax for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share are computed by dividing the net profit or loss after tax for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares except where the result are anti-dilutive.

### 2. 21 Cash and Cash Equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

### 2. 22 Exceptional items

Exceptional items include significant restructuring costs, reversals of provisions no longer required, profits or losses on disposal or termination of operations, litigation settlements, profit or loss on disposal of investments, significant impairment of assets and unforeseen gains/ losses arising on derivative instruments. The Company in assessing the particular items, which by virtue of their scale and nature are disclosed in the income statement and related notes as exceptional items.

### 2. 23 Events occurring after Balance Sheet date

Events which occur between the Balance Sheet date and the date on which financial statements are approved, need adjustments to assets and liabilities as at the Balance Sheet date. Adjustments to assets and liabilities are made for the events occurring after the Balance Sheet date that provide additional information materially affecting the determination of the amounts relating to conditions existing as at the Balance Sheet date.



To The Board Of Directors Of

## Vascon Engineers Limited

We have audited accompanying consolidated financial statements of Vascon Engineers Limited ("the Company"), its subsidiaries, associates and Joint Ventures ("the Company and its subsidiaries, associates and joint ventures constitute the "Group") which comprises the Consolidated Balance Sheet as at March 31, 2013 and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that gives a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentations of the consolidated financial statements that gives a true and fair view and are free from material misstatements, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion of these consolidated 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. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management as well as evaluating the overall presentation of the consolidated financial statements.

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements/financial information of the subsidiaries, associates and joint ventures referred to below in the Other Matter paragraph, the aforesaid Consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
- ii. In the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date; and
- iii. In the case of the Consolidated Cash Flow Statements, of the cash flows of the Group for the year ended on that date.

## Other Matters

We did not audit the financial statements/financial information of a subsidiary included in the consolidated financial results, whose consolidated financial statements reflect total assets (after eliminating intra group transactions) of Rs. 110,15,91,618/- as at 31st March, 2013 as well as net total revenue of Rs. 7,51,05,471/- (after eliminating intra group transactions) for the year ended 31st March, 2013. This financial statements and other financial information have been audited by other auditor whose report have been furnished to us and our opinion on the financial results, to the extent they have been derived from such financial statement, is based solely on the report of the other auditor.

The financial statements of a subsidiary LLP included in the consolidated financial results, whose consolidated financial statements reflect total assets (after eliminating intra group transactions) of Rs. 9,84,73,416/- as at 31st March, 2013 as well as net total revenue of Rs. NIL (after eliminating intra group transactions) for the year ended 31st March, 2013 are not audited as of the date of this audit report.

The financial statements of two Joint Ventures included in the consolidated financial results, whose consolidated financial statements reflect total assets (after eliminating intra group transactions) of Rs. 39,45,96,021/- as at 31st March, 2013 as well as net total revenue of Rs. 67,84,912/- (after eliminating intra group transactions) for the year ended 31st March, 2013 are not audited as of the date of this audit report.

The financial statements of an associate included in the consolidated financial results, whose consolidated financial statements reflect net total revenue of Rs. 46,33,101/- (after eliminating intra group transactions) for the year ended 31st March, 2013 are not audited as of the date of this audit report.

Our opinion is not qualified in respect of the above other matters.

**For Anand Mehta & Associates**  
Chartered Accountants  
Firm Registration No. 127305W  
Kulin V Mehta  
Partner  
Membership No 38440

Mumbai; 20th May, 2013



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## Consolidated Balance Sheet As At March 31, 2013

(Amount in Rupees)

Particulars	Note No.	March 31, 2013	March 31, 2012
<b>Equity and Liabilities</b>			
<b>Shareholders' Fund :</b>			
a) Share Capital	1	901,801,500	901,356,000
b) Reserves and Surplus	2	6,232,818,390	6,403,451,918
		7,134,619,890	7,304,807,918
<b>Share Application Money Pending Allotment</b>	3	24,000	151,500
<b>Minority Interest</b>		121,645,613	118,721,704
<b>Non Current Liabilities</b>			
a) Long Term Borrowings	4	460,352,635	582,492,419
b) Deferred Tax Liabilities (net)	29 (III) (2) (i)	3,342,193	3,586,233
c) Other Long Term Liabilities	5	51,796,432	4,944,927
d) Long Term Provisions	6	12,615,003	8,833,775
		528,106,263	599,857,353
<b>Current Liabilities</b>			
a) Short Term Borrowings	7	1,993,565,158	2,349,017,300
b) Trade Payables	8	1,736,539,848	1,657,549,488
c) Other Current Liabilities	9	3,112,344,430	2,858,327,409
d) Short Term Provisions	10	156,010,439	164,363,308
		6,998,459,875	7,029,257,504
<b>Total equity and liabilities</b>		14,782,855,641	15,052,795,980
<b>Assets</b>			
<b>Non Current Assets</b>			
a) Fixed Assets	11		
- Tangible Assets		1,294,689,667	1,272,762,035
- Intangible Assets		752,539,855	784,596,804
		2,047,229,521	2,057,358,839
- Capital Work in Progress		223,084,840	261,507,620
		2,270,314,361	2,318,866,459
b) Non Current Investments	12	362,240,536	327,815,443
c) Deferred Tax Asset (Net)	29 (III) (2) (i)	16,498,284	33,028,607
d) Long Term Loans & Advances	13	2,197,759,959	2,166,729,679
e) Other Non Current Assets	14	21,535,096	41,912,106
		4,868,348,236	4,888,352,295
<b>Current Assets</b>			
a) Current Investments	15	290,101,680	473,502,657
b) Inventories	16	3,526,597,639	3,827,516,100
c) Trade Receivables	17	2,700,924,200	2,568,475,390
d) Cash and bank balances	18	458,945,231	444,771,246
e) Short Term Loans & Advances	19	982,370,778	899,098,245
f) Other Current Assets	20	1,955,567,878	1,951,080,047
		9,914,507,405	10,164,443,685
<b>Total Assets</b>		14,782,855,641	15,052,795,980
Notes to Accounts	29		

As per our report of even date

**For Anand Mehta & Associates**

Chartered Accountants  
Firm Registration No. 127305W

Kulin V Mehta  
Partner

Membership No. 38440  
Mumbai : Dated May 20, 2013

**For and on behalf of the Board of Directors**

R. Vasudevan  
Managing Director

Dr. Santosh Sunderrajan  
Chief Executive Officer

M. Krishnamurthi  
Company Secretary & Compliance Officer

V. Mohan  
Chairman

D. Santhanam  
Chief Financial Officer



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## Consolidated Statement of Profit and Loss for the Period Ended March 31, 2013

(Amount in Rupees)

Particulars	Note No.	March 31, 2013	March 31, 2012
<b>Income</b>			
Revenue from operations	21	7,076,073,056	7,121,198,743
Other Income	22	287,033,544	159,088,639
Total revenue		7,363,106,600	7,280,287,382
<b>Expenditure</b>			
Construction expenses/ Cost of material consumed	23	4,854,422,105	6,228,007,109
Purchases of stock-in-trade	24	231,777,049	156,031,947
Changes in inventories of finished goods, work-in-progress and stock-in-trade	25	301,772,936	(916,977,059)
Employee benefit expense	26	772,969,759	696,602,939
Finance costs	27	331,938,828	369,980,408
Depreciation and amortization expense	11	205,392,785	182,285,458
Operating and Other Expenses	28	680,845,889	679,536,239
Total expenses		7,379,119,351	7,395,467,041
Profit before exceptional and extraordinary items and tax		(16,012,752)	(115,179,660)
Exceptional items	29 (III) (2) (w)	(58,831,015)	391,252,250
Profit before extraordinary items and tax		(74,843,767)	276,072,591
Prior period (expenses) / income (net)		2,727,372	(1,312,109)
Extraordinary items			
Profit before tax		(72,116,395)	274,760,482
Less: Tax Expense			
Current		94,489,612	135,604,530
MAT credit entitlement		(6,571,880)	(6,644,000)
Deferred Tax Expenses / (Gain)		16,291,182	(12,460,610)
Excess / short provision for tax of ealier years		(5,851,754)	3,391,249
		98,357,160	119,891,168
Profit / (loss) for the year from continuing operations		(170,473,555)	154,869,313
Profit / (loss) from discontinuing operations			
Tax expense of discontinuing operations		-	-
Profit / (loss) from discontinuing operations (after tax)		-	-
Profit /(loss) for the period		(170,473,555)	154,869,313
Minority Share of Losses / (Profits)		3,303,324	(20,758,014)
Balance available for appropriation		(167,170,230)	134,111,300
Less: Appropriations			
Transfer to Reserves		-	4,399,500
Dividend Paid / Proposed		-	90,000
Provision for Tax on Dividend		-	5,233,186
		-	9,722,686
<b>Surplus for the Year Carried to Balance Sheet</b>		<b>(167,170,230)</b>	<b>124,388,614</b>
Earnings Per Share (Equity Shares, Par Value of Rs. 10/- Each)			
Basic Earnings Per Share		(1.85)	1.49
Diluted Earnings Per Share		(1.85)	1.49
Notes to Accouts	29		

As per our report of even date

**For Anand Mehta & Associates**

Chartered Accountants  
Firm Registration No. 127305W

Kulin V Mehta  
Partner

Membership No. 38440  
Mumbai : Dated May 20, 2013

**For and on behalf of the Board of Directors**

R. Vasudevan  
Managing Director

Dr. Santosh Sunderrajan  
Chief Executive Officer

M. Krishnamurthi  
Company Secretary & Compliance Officer

V. Mohan  
Chairman

D. Santhanam  
Chief Financial Officer



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# Consolidated Cash Flow Statements for The Period Ended March 31, 2013

(Amount in Rupees)

Particulars	March 31, 2013	March 31, 2012
<b>A Cash Flow From Operating Activities</b>		
Profit before Taxation	(72,116,395)	274,760,482
Adjustments to reconcile profit before tax to cash provided by operating activities		
- Depreciation / Amortisation	205,392,785	182,285,458
- Borrowing Cost	331,938,828	369,980,408
- Dividend Income	(815,992)	(461,187)
- Interest income	(216,463,622)	(129,233,844)
- Provision for Doubtful Debt	39,492,167	79,740,335
- Provision for diminution in value of shares	-	150,000
- Prior Period Adjustments	2,727,372	(1,312,109)
- (Profit) Loss on Sale of Assets	(38,922)	(10,656,466)
- (Exceptional Items)	(6,163,298)	
- (Profit) Loss on Sale of Investments /Subsidiary	39,981,934	(66,595,785)
Operating Profit before working capital changes	323,934,857	698,657,293
Adjustments for		
Decrease / (Increase) in Inventories before Capitalisation of Borrowing Cost	477,619,750	(786,143,828)
Decrease / (Increase) in Sundry Debtors	(171,940,976)	11,649,846
Decrease / (Increase) in Loans and Advances / other Current Assets	166,030,522	(337,658,927)
Increase / (Decrease) in Current Liabilities and Provisions	718,891,223	264,559,434
Cash generated from operations	1,514,535,377	(148,936,182)
Direct Taxes Paid (Net)	(257,427,743)	(174,401,961)
<b>Net cash flow from operating activities</b>	<b>1,257,107,634</b>	<b>(323,338,143)</b>
<b>B Cash Flow From Financing Activities</b>		
Increase / (Decrease) in Share Capital	294,000	265,500
Increase / (Decrease) in Secured Loans	(260,147,166)	(488,001,352)
Increase / (Decrease) in Unsecured Loans	(523,894,476)	495,815,154
Share Application Money Received (ESOP)	24,000	151,500
Payment Of Dividend And Dividend Tax	(7,465,489)	(97,606,050)
Interest Income	216,463,622	129,233,844
Interest Paid Including Capitalised to Qualifying Assets	(508,640,117)	(502,513,658)
Inter Corporate Deposit / Advances to Joint Venture	(73,169,229)	(107,397,592)
<b>Net cash generated / (used) in financing activities</b>	<b>(1,156,534,855)</b>	<b>(570,052,653)</b>
<b>C Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets	(156,162,023)	(86,981,355)
Dividend Income	815,992	461,187
Proceeds on Disposal of Fixed Assets	2,183,278	80,608,140
Proceeds on Disposal of Securities/Investments	143,419,043	172,684,369
Investment in Securities	(39,914,783)	
Consideration Paid on Acquisition of Subsidiary / Additional Stake in Joint Venture	-	(239,145,853)
Proceeds on Disposal of Subsidiary / Joint Venture	-	231,658,167
Long Term Investments in Securities	5,366,670	(61,833,340)
Share Application Money Paid	(42,106,970)	(3,048,553)
Long Term Investments in Fixed Deposits With Banks	(43,000,571)	130,226,727
<b>Net cash generated / (used) in investing activities</b>	<b>(129,399,364)</b>	<b>224,629,487</b>
<b>D Net cash Inflow / (Outflow) (A+B+C)</b>	<b>(28,826,585)</b>	<b>(668,761,308)</b>
Cash and Cash Equivalents at The Beginning of The Period	336,537,079	1,007,031,951
Cash and Cash Equivalents Pursuant to Addition in Subsidiary		
Cash and Cash Equivalents Pursuant to Change of Subsidiary Status to Joint Ventures, Associate to Joint Venture, Joint Venture to Associate, Joint Venture to Subsidiary& Sale of Joint Venture	-	-
	-	1,733,565
Cash and Cash Equivalents at The End of the Period	307,710,493	336,537,079
<b>Net (decrease) / increase in cash and cash equivalents during the period</b>	<b>(28,826,586)</b>	<b>(668,761,307)</b>
<b>Reconciliation of Cash and Bank Balances</b>		
Cash and Bank Balances	458,945,231	444,771,246
Less: Balances With Scheduled Bank in Deposit Accounts	(151,234,738)	(108,234,167)
Add: Mutual Fund Investment		
Cash and Cash Equivalents at the End of the Period	307,710,493	336,537,079

As per our report of even date

**For Anand Mehta & Associates**

Chartered Accountants  
Firm Registration No. 127305W

Kulin V Mehta  
Partner

Membership No. 38440  
Mumbai : Dated May 20, 2013

**For and on behalf of the Board of Directors**

R. Vasudevan  
Managing Director

Dr. Santosh Sunderrajan  
Chief Executive Officer

M. Krishnamurthi  
Company Secretary & Compliance Officer

V. Mohan  
Chairman

D. Santhanam  
Chief Financial Officer



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# Notes to the Consolidated Financial Statements

(Amount in Rupees)

Particulars	March 31, 2013	March 31, 2012
<b>1. Share Capital</b>		
<b>Authorised</b>		
100,000,000 (100,000,000 ) Equity Shares of Rs. 10/- Each	1,000,000,000	1,000,000,000
	1,000,000,000	1,000,000,000
<b>Issued And Subscribed</b>		
90,180,150 (9,01,35,600) Equity Shares of Rs. 10/- Each	901,801,500	901,356,000
	901,801,500	901,356,000
<b>2. Reserves &amp; Surplus</b>		
<b>Securities Premium Reserve</b>		
Balance at The Commencement	3,938,172,915	3,933,700,549
Add: Received during The period	1,666,616	4,472,366
	3,939,839,531	3,938,172,915
<b>General Reserve</b>		
Balance at The Commencement	10,745,000	6,345,500
Add: Transferred from Profit and Loss Account		4,399,500
	10,745,000	10,745,000
<b>Capital Reserve</b>		
Balance at The Commencement	128,455,051	128,455,051
Add: Created During The Period	2,700,000	
	131,155,051	128,455,051
<b>Share Options Outstanding Account</b>		
Employee Stock Options Outstanding	8,003,869	12,476,235
Less: Deductions During The Period	(7,829,914)	(4,472,366)
	173,955	8,003,869
<b>Profit &amp; Loss Account</b>		
(As Per Annexed Profit & Loss Account)		
Less Capitalisation by Way & Bonus Shares		
Balance Brought Forward	2,318,075,084	2,193,686,470
Add: Profit Transferred From Profit & Loss Account	(167,170,230)	124,388,614
	2,150,904,853	2,318,075,083
	6,232,818,390	6,403,451,918
<b>3. Share Application Money Pending Allotment</b>		
Share Application Money Received	24,000	151,500
	24,000	151,500
<b>4. Long Term Borrowings</b>		
<b>Secured</b>		
Term Loans		
a) From Banks	370,081,626	467,131,252
	370,081,626	467,131,252
<b>Unsecured</b>		
Public Deposits	33,600,000	18,000,000
Term Loans From Financial Institutions	-	4,023,296





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## Notes to the Financial Statements

(Amount in Rupees)

Particulars	March 31, 2013	March 31, 2012
Deposits	1,118,000	1,336,958
Loans and advances from related parties	14,111,749	80,221,311
Other loans and advances	41,441,260	11,779,602
	90,271,009	115,361,167
	460,352,635	582,492,419
<p>*1 (A). An Amount of Rs. 8,67,14,565/- (Rs. 19,49,36,299/-) is Secured By Way of Hypothecation of Vehicles / Assets Financed By Them.</p> <p>(B). An Amount of Rs. 69,46,26,196/- (Rs. 106,08,49,222/-) is Secured By Way of Equitable Mortgage of Specific Properties Belonging to The Company and Other Companies (Including a Wholly Owned Subsidiary), Hypothecation of All Moveable Assets Belonging to The Company and Other Companies, Specific Receivables of Other Company and Exclusive Charge on Escrow Account and Debt Service Reserve Account and Related Investment Thereof.</p> <p>*This Includes an Amount of Rs. 5,11,64,062/- (Rs. 29,54,46,918/-) Which is Personally Guaranteed by The Managing Director and Other Directors and Individuals Associated With The Company and Rs. 0/- (Rs. Nil/-) Where The Managing Director is Liable as Co-Borrower.</p> <p>(C) An Amount of Rs. Nil/- (Rs. Nil/-) is Secured By Way of Hypothecation of Building Materials, Work in Progress, Finished Flats, Book Debts and Equitable Mortgage of Specified Properties of The Company and Other Companies, Corporate Guarantee of The Other Company and Personal Guarantee of The Managing Director of The Company.</p> <p>2. The Term Loans are Secured by Equitable Mortgage of Specified Properties, Hypothecation of Receivables Arising Out of The Same, Belonging to The Company and its One Wholly Owned Subsidiary and Personal Guarantee of The Managing Director and One Director of Such Subsidiary.</p>		
<b>5. Other Long Term Liabilities</b>		
Project Advances	49,307,957	597,227
Commitment and Other Deposits	2,488,475	436,640,485
Less: Long Term Trade Receivables		(432,292,785)
	2,488,475	4,347,700
	51,796,432	4,944,927
<b>6. Long Term Provisions</b>		
Provision For Employee Benefits		
For Gratuity	187,312	483,753
For Compensated Absences	12,427,691	8,350,022
	12,615,003	8,833,775
<b>7. Short Term Borrowings</b>		
Secured		
Cash Credit From Banks	1,249,582,251	1,090,929,909
Loans Repayable on Demand		
A) From Bank / Financial Institution	31,857,403	47,157,570
	1,281,439,654	1,138,087,479



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## Notes to the Financial Statements

(Amount in Rupees)

Particulars	March 31, 2013	March 31, 2012
Unsecured		
Loans Repayable on Demand		
a) From Bank	60,000,000	404,129,042
Less: Bills Discounted Accepted by Customers	(60,000,000)	
b) From Other Parties	692,573,259	801,900,000
	692,573,259	1,206,029,042
Loans And Advances From Related Parties	-	30,998,799
Others Loans and Advances	19,552,245	20,123,967
	19,552,245	51,122,766
(Less) : Bills Discounted Accepted by Customers	-	(46,221,987)
	-	(46,221,987)
	1,993,565,158	2,349,017,300
Cash Credit from State Bank of India is secured by way of hypothecation of building materials, work in progress, finished flats, book debts and equitable mortgage of specified properties of the Company and other entities including a wholly owned subsidiary, corporate guarantee of other Companies including a wholly owned subsidiary and personal guarantee of the Managing Director of the Company. Cash Credit from Cental Bank of India is secured by way of hypothecation of stock, raw materials, work in progress, finished goods and receivables on pari passu basis with State Bank of India and equitable mortgage of specified properties of two wholly owned subsidiaries, corporate guarantee of two wholly owned subsidiaries and personal guarantee of the Managing Director of the Company. Unsecured loans from other parties amounted to Rs. 60,19,00,000/- (Rs. 60,19,00,000/-) includes loans due for repayment. On one hand, the lender has so far not pressed for recovery of the same and on the other hand, the management is pursuing for extension of time in this regard.		
<b>8. Trade Payables</b>		
Trade Payables for Goods and Services	1,736,539,848	1,657,549,489
	1,736,539,848	1,657,549,488
<b>9. Other Current Liabilities</b>		
Current Maturities of Long Term Debt	581,962,007	888,411,723
Interest Accrued But Not Due on Borrowings	2,393,811	12,162,206
Interest Accrued and Due on Borrowings	136,325,103	69,491,298
Unpaid Dividends	15,702	16,202
Statutory and Other Liabilities	260,861,162	359,338,610
Advance From Customers	1,475,991,103	708,256,055
(Less) : Related Unbilled Contract Revenue	(204,976,202)	(184,882,505)
	1,271,014,902	523,373,550
Commitment and Other Deposits	503,775,105	55,907,108
Less: Long Term Trade Receivables	(363,217,581)	
	140,557,524	55,907,108
Unearned Receivables	666,152,262	980,503,173
(Less) : Related Trade Receivables	(294,449,377)	(599,418,347)
	371,702,885	381,084,827



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## Notes to the Financial Statements

(Amount in Rupees)

Particulars	March 31, 2013	March 31, 2012
Overdraft Balance In Current Account With Scheduled Bank	18,445,061	16,117,195
Other Liabilities	258,451,195	538,245,433
Payables for Expenses.	70,615,080	14,179,257
	3,112,344,430	2,858,327,409
<p>*Unpaid dividend does not include any amounts, due and outstanding, to be credited to Investor Education and Protection Fund.</p> <p>Interest accrued and due of Rs. 1,59,43,659/- (Rs.68,14,915/-) on borrowings from banks paid subsequently</p> <p>Interest accrued and due of Rs. 68,40,049/- (Rs. 30,261/-) on borrowings from banks not paid</p> <p>Interest accrued and due of Rs. 8,59,036/- (Rs. NIL/-) on borrowings from other parties paid Subsequently</p> <p>Interest accrued and due of Rs. 10,63,98,736/- (Rs. 5,52,75,681/-) on borrowings from other parties not paid</p>		
<b>10. Short Term Provisions</b>		
For Taxation (Net Of Advance Tax)	75,557,742	101,751,551
For Warranty	9,002,514	4,744,487
Gratuity	31,146,939	7,872,271
Compensated Absences	40,303,244	42,523,521
For Provision on Account Of Diminution		5,989
For Tax on Dividend		7,465,489
	156,010,439	164,363,308



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## Notes to the Financial Statements

### Schedules annexed to and forming part of the consolidated balance sheet as at 31st march 2013

11. FIXED ASSETS											
No	Particulars	GROSS BLOCK					DEPRECIATION			NET BLOCK	
		Opening	Adjustment	Addition	Deduction	Closing	Opening	Adjustment	Addition/ Amortisation	Deduction	Closing
	<b>(A) Tangible Assets</b>										
1	Leasehold Land	16,058,491	-	2,650,129	-	18,708,620	1,872,727	121	2,122,680	-	3,995,528
2	Land	163,073,551	-	-	-	163,073,551	-	-	-	-	-
3	Premises	599,617,981	-	87,452,863	-	687,070,844	135,561,334	-	35,163,391	-	170,724,726
4	Plant & Machinery	862,769,410	-	72,058,495	2,238,662	932,589,243	315,376,961	-	94,135,289	660,253	408,851,997
5	Furniture & Fixtures	85,040,903	1,317	11,374,257	-	96,416,477	29,166,070	-	10,571,414	-	39,737,484
6	Elec. Fittings	-	-	-	-	-	-	-	-	-	-
7	Motor Vehicle	25,744,996	-	161,012	3,753,475	22,152,533	15,849,649	-	2,427,151	3,209,064	15,067,736
8	Air-Conditioner	-	-	-	-	-	-	-	-	-	-
9	Office Equipment's	52,897,015	-	1,052,312	31,000	53,918,328	35,630,651	180	5,095,919	9,465	40,717,284
10	Other Constr. Assets	-	-	-	-	-	-	-	-	-	-
11	Other Assets	-	-	-	-	-	-	-	-	-	-
	<b>(B) Intangible Assets</b>										
1	Goodwill onConsolidation	815,703,754	-	121,824	-	815,825,578	31,106,950	-	33,990,490	-	65,097,440
2	Softwares	21,344,994	-	22,535,730	-	43,880,724	20,327,915	(180)	21,886,452	-	42,214,187
	<b>Total</b>	<b>2,642,251,097</b>	<b>1,317</b>	<b>197,406,622</b>	<b>6,023,137</b>	<b>2,833,635,898</b>	<b>584,892,258</b>	<b>121</b>	<b>205,392,785</b>	<b>3,878,782</b>	<b>786,406,383</b>
	Capital Work in Progress										
	Previous Year	2,562,403,359	46,536,786	439,617,823	406,306,872	2,642,251,097	505,539,712	3,409,868	182,285,460	106,342,782	584,892,257
	* Adjustment on account of change in Subsidiary and Joint Venture										



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## Notes to the Financial Statements

(Amount in Rupees)

Particulars	March 31, 2013	March 31, 2012
<b>12. Non Current Investments</b>		
<b>Investment Property</b>		
Immovable Properties	-	-
<b>Associates</b>		
Angelica Properties Private Limited	59,776,081	55,142,981
47,10,000 (4710000) Equity Shares of Rs. 10/- Each Fully Paid	59,776,081	55,142,981
<b>Investment in Preference Shares</b>		
<b>Associates</b>		
Angelica Properties Private Limited	29,539,815	29,539,815
462,625 (462,625) 0.10% Redeemable Non-Cumulative Preference Shares of Rs. 10/- Each Fully Paid	12,312,000	12,312,000
Angelica Properties Private Limited	25,000,000	
307,800 (307,800) Compulsory Convertible Preference Shares of Rs. 10/- Each Fully Paid	66,851,815	41,851,815
Rose Premises Private Limited	20,000	25,000
50,00,000 ( Nil) 0.1% Redeemable Cumulative Preference Shares of Rs. 10/- Each Fully Paid	20,000	25,000
<b>Investment in Government or Trust Securities</b>		
7 Years National Savings Certificate	47,995,528	48,565,206
<b>Investment in Partnership Firms, LLP, AOP &amp; Joint Venture</b>		
Capital Investment in Partnership Concerns, LLP, AOP & Joint Ventures	47,995,528	48,565,206
<b>Other Investments</b>		
<b>Quoted</b>		
Corporation Bank Limited	16,000	16,000
200 (200) Equity Shares of Rs.10/- Each Fully Paid.		
Aggregate Market Value of Quoted Investments Rs. 96,110/-(Rs. 35,970/-)	16,000	16,000
<b>Unquoted</b>		
The Saraswat Co-Op Bank Limited	25,000	25,000
2,500 (2,500) Equity Shares of Rs.10/- Each Fully Paid		
Sahyadri Hospital Limited	2,500,000	2,500,000
2,50,000 (2,50,000) Equity Shares of Rs.10/- Each Fully Paid		
Preferred Builders and Promoters Realty Limited (Formerly Known As PBAP Realty Private Limited)	-	50,000
5,000 (5,000) Equity Shares Of Rs. 10/- Each Fully Paid		
Core Fitness Private Limited	15,000	15,000
150 (150) Equity Shares of Rs. 100/- Each Fully Paid		
Viorica Properties Private Limited	185,041,111	179,674,441
16,619,939(14,327,084) Equity Shares of Rs. 10/- Each Fully Paid	187,581,111	182,264,441
Unquoted:- Partly Paid		
Preferred Builders and Promoters Realty Limited (Formerly Known as PBAP Realty Private Limited)	-	100,000
100,000 (100,000) Equity Shares of Rs. 10/- Each Rs. 1/- Paid Up	-	100,000
Provision for Dimunition in Value of Shares	-	(150,000)
	362,240,536	327,815,443
<b>Long Term Loans and Advances</b>		
(Unsecured Considered Good Unless Otherwise Stated)		
Advances Recoverable in Cash or in Kind or For Value to be Received		
Capital Advances	786,037	83,933,926
Claim Receivable	6,300,000	6,300,000
Security Deposits	158,833,988	159,455,205
Add / (Less) : Provision for Doubtful Loans and Advances	(2,250,000)	(2,250,000)
	156,583,988	157,205,205
Project Advances	1,313,049,142	1,234,402,048
Add / (Less) : Provision for Doubtful Loans and Advances	-	-
	1,313,049,142	1,234,402,048
Intercompany Deposits	721,040,792	684,888,500
	2,197,759,959	2,166,729,679





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## Notes to the Financial Statements

(Amount in Rupees)

Particulars	March 31, 2013	March 31, 2012
<b>14. Other Non Current Assets</b>		
Prepaid Expenses	-	71,165
Balances with Banks in Long Term Deposit Accounts Under Banks Lien for Margin Money	17,815,768	22,187,909
Balances with Banks in Long Term Deposit Accounts	1,138,269	17,641,193
Other Recoverables and Receivables	2,581,059	2,011,839
	21,535,096	41,912,106
<b>15. Current Investments</b>		
<b>Trade</b>		
<b>Quoted</b>	-	-
<b>Unquoted</b>		
Ascent Hotels Private Limited	266,701,680	266,701,680
66,69,492 (52,94,492) Equity Shares of Rs. 10/- Each Fully Paid		
N.v. Projects Private Limited	-	32,350,000
13,00,000 (13,00,000) Equity Shares of Rs 10/- Each Fully Paid		
N.v. Projects Private Limited	-	149,550,977
6,88,426 (6,88,426) Preference Shares of Rs 100/- Each Fully Paid		
Sita Lakshmi Mills Limited	23,400,000	23,400,000
806000 (806000) Equity Shares of Rs 50/- Each Fully Paid		
Provision For Diminution In Value & Shares	290,101,680	472,002,657
<b>Mutual Funds - Debt</b>	-	1,500,000
	-	1,500,000
	-	-
	290,101,680	473,502,657
<i>1. The Mode of Valuation of Investments in Securities/Properties is Given in The Note No III 1 (F) of Note No 29</i>		
<b>16. Inventories</b>		
Materials / Tools / Stock For Resale/ W.I.P/ Finished Goods	868,785,071	1,224,704,034
Developments	2,656,867,860	2,601,950,999
House Keeping and Kitchen Material	944,707	861,067
	3,526,597,639	3,827,516,100
<b>17. Trade Receivables and Unbilled Revenues</b>		
<b>A) Trade Receivables</b>		
(Unsecured Considered Good, Unless Otherwise Stated)		
A) Outstanding For Period Exceeding Six Months		
Considered Good	1,268,461,458	787,232,106
	1,268,461,458	787,232,106
Considered Doubtful	170,283,798	152,722,461
Add / (Less) : Provision For Doubtful Debts	(170,283,798)	(152,722,461)
(Refer Note III 2 (o) (a) of Note No 29)	-	-
B) Others - Considered Good	1,387,186,401	2,216,175,217
(Less) : Provision For Unapproved Sales (Refer Note III 2 (o) (b) of Note No 29)	(10,191,133)	(14,544,903)
	1,376,995,268	2,201,630,314



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## Notes to the Financial Statements

(Amount in Rupees)

Particulars	March 31, 2013	March 31, 2012
(Less) : Related Unearned Receivables	(291,736,560)	(599,418,347)
(Less) : Bills Discounted Accepted by Customers	(60,000,000)	(46,221,987)
(Less) : Commitment Deposit Received	(363,217,581)	(304,792,785)
	(714,954,141)	(950,433,119)
<b>B) Retention (Accrued But Not Due)</b>	770,421,614	530,046,090
	770,421,614	530,046,090
	2,700,924,200	2,568,475,390
<b>18. Cash and Bank Balances</b>		
A) Cash and Cash Equivalents		
Cash on Hand	19,936,633	24,072,336
Balances With Scheduled Banks in Current Accounts*	161,965,210	242,412,135
Balances With Banks In Deposit Accounts With Original Maturity of Less Than 3 Months	125,808,650	54,378,262
Cheques, Drafts on Hand	-	15,674,347
	307,710,493	336,537,079
B) Other Bank Balances		
Balances With Banks in Deposit Accounts Under Banks Lien for Margin Money	115,907,033	89,496,103
Balances With Banks in Short Term Deposit Accounts	35,312,003	18,721,862
Balances With Banks in Unpaid Dividend Account	15,702	16,202
	151,234,738	108,234,167
	458,945,231	444,771,246
<b>19. Short Term Loans And Advances</b>		
<i>(Unsecured Considered Good Unless Otherwise Stated)</i>		
Security Deposits	153,694,290	93,644,902
Intercompany Deposits	826,839,275	789,822,338
Deposits	1,837,213	15,631,005
	982,370,778	899,098,245
Add / (Less) : Provision for Doubtful Loans and Advances	-	-
	982,370,778	899,098,245
<b>20. Other Current Asset</b>		
Unbilled Revenues	1,153,566,870	1,235,710,050
(Less) : Related Advance Payment Received	(204,237,689)	(184,882,505)
	949,329,181	1,050,827,545
Advance Against Development / Work / Purchases	149,459,735	120,427,196
Advance Income Tax (Net of Provision)	360,708,841	211,540,884
Mat Credit Entitlement	13,215,880	7,286,390
Prepaid Expenses	34,594,402	22,059,807
Statutory Dues Recoverable	87,737,146	159,152,469
Other Recoverables and Receivables	276,546,424	337,916,456
Share Application Money Paid	83,976,270	41,869,300
	1,955,567,878	1,951,080,047
<b>21. Income From Operations</b>		
Contract Revenue / Sales Revenue (Gross)		
(Refer Note III (1) (G) of Note No 29)		



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## Notes to the Financial Statements

(Amount in Rupees)

Particulars	March 31, 2013	March 31, 2012
- Sale of Unit/Land	1,659,729,358	1,175,300,885
- Contract Revenue	3,218,825,207	4,117,876,255
- Trading Sales & Other Sales	281,631,928	186,773,245
- Manufacturing Sales	1,832,715,737	1,590,668,204
- Hotel Revenue	54,758,964	86,822,649
Other Operating Income		
- Rent / Compensation / Maintenance	35,697,368	62,468,520
- Share of Profit / (Loss) From Aop / Firms/ Llp	(11,918,605)	(101,315,930)
- Share of Profit / (Loss) From Associates	4,633,101	2,604,914
	7,076,073,056	7,121,198,743
<b>22. Other Income</b>		
Interest Income	216,463,622	129,233,844
Dividend Income	815,992	461,187
Foreign Exchange Gain	16,312,605	276,494
Miscellaneous Income	38,112,507	14,394,245
Other Non Operating Income (Net of Expenses Directly Attributable to Such Income)	15,328,818	14,722,869
	287,033,544	159,088,639
<b>23. Construction Expenses / Cost Of Material Consumed</b>		
Contract	2,624,959,896	3,993,838,128
Cost of Material Consumed	1,197,200,528	1,053,905,942
Development	855,560,392	1,036,085,708
Incidental Borrowing Cost Incurred Attributable to Qualifying Assets	176,701,289	144,177,331
	4,854,422,105	6,228,007,109
<b>24. Purchases of Stock-In-Trade</b>		
Purchases of Stock-In-Trade	231,777,049	156,031,947
	231,777,049	156,031,947
<b>25. Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade</b>		
Materials / Tools / Stock For Resale/ W.I.P/ Finished Goods	355,918,963	(376,624,910)
Developments	(54,062,387)	(540,734,822)
House Keeping and Kitchend Material	(83,640)	382,672
	301,772,936	(916,977,059)
<b>26. Employee Benefit Expense</b>		
Salaries and Wages	648,274,591	586,128,466
Contribution to Provident and Other Funds	29,128,913	26,207,886
Gratuity	23,148,680	6,352,422
Compensated Absence	19,637,755	17,000,097
Staff Welfare & Other Expenses	52,779,819	60,914,068
	772,969,759	696,602,940



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## Notes to the Financial Statements

(Amount in Rupees)

Particulars	March 31, 2013	March 31, 2012
<b>27. Finance Costs</b>		
Interest On: -		
Fixed Loans		
Interest Expense	548,461,294	502,799,460
Other Borrowing Costs	11,803,435	21,849,769
	560,264,729	524,649,229
Less : Borrowing Cost Transferred to Qualifying Assets	228,325,901	154,668,821
	331,938,828	369,980,408
<b>28. Operating and Other Expenses</b>		
Advertisement	27,741,334	27,778,512
Bank Charges	38,853,741	36,504,182
Bad Debts	10,770,326	506,918
Brokerage / Commission	11,951,460	8,733,168
Conveyance	24,135,882	22,628,879
Donations	3,060,449	28,015,367
Electricity Charges	24,774,063	20,957,174
Foreign Exchange Loss	6,772,189	8,836,948
Insurance	23,238,588	27,753,523
Other Expenses	89,957,154	69,982,049
Other Operating Expenses	9,002,425	8,578,351
Parking and Game Shop Expenses	793,985	1,442,036
Provision For Doubtful Debt and Advances (Refer Note No III (2) (o) of Note No 29)	39,492,167	79,740,335
Provision for Diminution in Value of Shares	-	150,000
Provision for Warranty Expenses	4,258,027	216,458
Post, Telephone and Telegram	22,251,957	24,747,730
Printing and Stationery	13,979,105	13,405,913
Rates & Taxes	13,179,377	15,465,904
Rent / Compensation	81,348,130	71,256,843
Repairs, Renovation and Maintenance		
Building	11,125,914	17,644,468
Plant and Machinery	3,854,402	2,869,114
Others	25,762,835	20,511,540
Sales Promotion Expenses	39,956,935	45,044,520
Traveling Expenses	41,480,560	34,920,129
Service Charges/Professional Fees/Retainers	113,104,884	91,846,179
	680,845,889	679,536,239



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## Notes Annexed to and Forming Part of the Consolidated Balance Sheet as at 31st March 2013 and Statement of Profit & Loss for the Year Ended on that Date.

### 29. (I) Nature of Operations

Vascon Engineers Limited ('the Company'), its Subsidiary Companies, Associates and Joint Venture Companies (together referred to as the Group) is engaged in the business of construction contracts and development of residential and commercial projects, industrial parks and hotels as well as operating and maintenance of the industrial park / hotels / service apartments / malls. The Group also engages in business of spinning of development projects at various stages of completion to another parties/Special Purpose Vehicle as a part of its strategy to optimise its resources/returns and minimise risks, where the Group continues to associate either as a partner and/or a contractor.

### (II) Principle of Consolidation

The consolidated financial statements relate to Vascon Engineers Limited (the Company), its Subsidiary Companies, Associates and Joint Venture Companies (together referred to as 'Vascon Group'). The consolidated financial statements have been prepared on the following basis:

- a) The accompanying Consolidated Financial Statements are prepared under the historical cost convention on an accrual basis of accounting in conformity with accounting principles generally accepted in India to reflect the financial position of the company its Subsidiaries and Joint Ventures.
- b) Others:
  - (i) In respect of Subsidiary Companies, the Financial Statements have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and unrealised profits / losses on intra-group transactions in accordance with the Accounting Standard- (AS) - 21 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India (ICAI).
  - (ii) In case of Joint Venture Companies, the Financial Statements have been consolidated in accordance with the AS - 27 'Financial Reporting of Interests in Joint Ventures' issued by the ICAI.
  - (iii) In case of associates where the company directly or indirectly through subsidiaries holds more than 20% of equity, Investment and has significant influence in associates are accounted for using equity method in accordance with the AS - 23 "Accounting for investments in associates in consolidated financial statements" issued by the ICAI.
  - (iv) Investments other than its subsidiaries, joint ventures and associates have been accounted in accordance with AS - 13 on "Accounting for Investments" issued by the ICAI.
  - (v) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviation if any have been made in consolidated financial statements and are prepared in the same manner as the Company's unconsolidated financial statements.
  - (vi) The excess of the cost to the company of its investments in the subsidiaries over the Company's portion of equity on the acquisition date is recognised in the Consolidated Financial Statements as Goodwill. The Company's portion of the equity in the subsidiaries as at the date of acquisition is determined after realigning the material accounting policies of the subsidiaries to that of the parent and adjusting the charge/ (reversal) on account of realignment to the accumulated reserves and surplus of the subsidiaries at the date of acquisition.
  - (vii) Minority Interest's share of net profit/ loss of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the company.
  - (viii) Minority Interest's share of net assets of the consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the company's shareholders.
  - (ix) The Subsidiary Companies, Associates and Joint Ventures considered in Consolidated Financial Statement are as under:

Name of the company	Relationship	Country of Incorporation	Shareholding As at 31st March, 2013
Marvel Housing Private Limited	Subsidiary	India	100.00%
Vascon Dwelling Private Limited	Subsidiary	India	100.00%
IT-Citi Infopark Private Limited	Subsidiary	India	100.00%
Greystone Premises Private Limited	Subsidiary	India	65.00%
Vascon Pricol Infrastructures Limited	Subsidiary	India	70.00%
Floriana Properties Private Limited	Subsidiary	India	100.00%
Windflower Properties Private Ltd	Subsidiary	India	100.00%
Caspia Hotel Private Limited	Subsidiary	India	70.00%
GMP Technical Solutions Private Limited	Subsidiary	India	90.00%
Almet Corporation Limited	Subsidiary	India	100.00%





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**Notes Annexed to and Forming Part of the Consolidated Balance Sheet as at 31st March 2013 and Statement of Profit & Loss for the Year Ended on that Date.**

Name of the company	Relationship	Country of Incorporation	Shareholding As at 31st March, 2013
Marathwada Realtors Private Limited	Subsidiary	India	100.00%
Vascon Renaissance LLP	Subsidiary (LLP)	India	65.00%
Just Homes (India) Pvt. Ltd	Joint Venture	India	50.00%
Marigold Premises Private Limited	Joint Venture	India	50.00%
Phoenix Ventures	Joint Venture	India	50.00%
Weikfield IT Citi Info Park	Joint Venture	India	Refer Note III 2 (k)
Zenith Ventures	Joint Venture	India	Refer Note III 2 (k)
Zircon Ventures	Joint Venture	India	Refer Note III 2 (k)
Cosmos Premises Private Limited	Joint Venture	India	43.83%
Ajanta Enterprises	Joint Venture	India	50.00%
Angelica Properties Private Limited	Associates	India	26.00%
Mumbai Estate Private Limited	Associates	India	44.44%

In view of the intention of the Parent to dispose the following entities, relation of the parent and these entities is considered temporary and the same has been excluded from consolidation.

Name of the company	Country of Incorporation	Shareholding As at 31st March, 2013
Ascent Hotels Private Limited	India	21.79%
Sita Lakshmi Mills Limited	India	26.00%

Although the company owns 29.76% shares in Viorica Properties Private Limited as on 31st March, 2013, it has been excluded from consolidation since the company does not hold any significant control.

**(III) Notes to Account**

**1 Statement of Significant Accounting Policy**

**A Basis of Preparation of Financial Statement**

The financial statements are prepared under historical cost convention, in accordance with the Indian Generally Accepted Accounting Principles ("GAAP") comprising the mandatory accounting standards issued by the ICAI and the provisions of the Companies Act, 1956, on accrual basis, as adopted consistently by the Group.

**B Use of Estimates**

The Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statement and the result of operations during the reporting period. Although these estimates are based upon management's best knowledge of current event and actions actual result could differ from these estimates. significant estimates used by the management in the preparation of these financial statement include Project revenue , Project cost , Saleable area , economic useful lives of Fixed asset , accrual of allowance for bad and doubtful Receivables and loans and Advances. Any revision to accounting estimates is recognized prospectively in accordance with applicable accounting standard.

**C Tangible Asset , Intangible Asset and Capital Work in Progress**

Tangible asset are stated at cost less accumulated depreciation and Impairment losses, if any. Cost comprises the purchase price and any attributable / allocable incidental cost of bringing the asset to its working condition for its intended use.

Intangible assets are recognized as an asset only if it fulfills the criteria, for recognizing Intangible Assets, specified in AS 26 "Intangible Assets" issued by the ICAI. Intangible asset are stated at cost less accumulated amortization and impairment losses. Cost comprises the acquisition price , development cost and attributable /allocable cost of bringing the asset to its working condition for its intended use.

Assets under installation or under construction as at the Balance sheet date are shown as Capital work in progress and are stated at cost less impairment losses. Cost comprises of expenditure incurred in respect of capital projects under development and includes any attributable / allocable cost and other incidental expenses. Revenues earned if any, before capitalization from such capital project are adjusted against capital work in progress.



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## Notes Annexed to and Forming Part of the Consolidated Balance Sheet as at 31st March 2013 and Statement of Profit & Loss for the Year Ended on that Date.

Borrowing cost relating to acquisition / construction /development of tangible asset and capital work in progress which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such asset are ready to be put to use.

Payment for leasehold land is amortized over the period of lease.

### **D Impairment**

"As at each Balance sheet date, the carrying amount of assets is tested for impairment so as to determine

- a) the provision for impairment loss, if any and
  - b) the reversal of impairment loss recognized in previous period, if any
- Impairment loss is recognized when carrying amount of an asset exceeds its recoverable amount.  
Recoverable amount is determined:
- a) in the case of individual asset, at higher of the net selling price or value in use
  - b) in the case of cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use
- (value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life)

### **E Depreciation / Amortisation**

- (a) Depreciation on tangible fixed assets has been provided under written down value method at the rates and manner prescribed in schedule XIV to the Companies Act, 1956.
- (b) Cost of lease hold rights of land has been amortized evenly over a period of lease term.
- (c) Software in nature of intangible asset has been amortised over its estimated useful life evenly.
- (d) Cost of acquisition of share in partnership firm is amortised on systematic manner. Adjustments are made for any permanent impairment in value, if any.

### **F Investments**

Investments are classified into current investments and long term investments. Investment intended to be held for not more than a year are classified as current investment. All other investment are classified as long term investments.

Long term investment are stated at cost less permanent diminution in value, if any. current investment are stated at lower of cost or fair value.

### **G Recognition of Revenue / Cost**

- (a) Construction contracts  
Revenue from fixed price construction contracts is recognised on the Percentage of Completion Method (POCM). The stage of completion is determined by survey of work performed / completion of physical proportion of the contract work determined by technical estimate of work done / actual cost incurred in relation to total estimated contract cost, as the case may be. The estimate of total contract cost has been made at the time of commencement of contract work and reviewed and revised, by the technical experts, from time to time during period in which the contract work is executed. Future expected loss, if any, is recognised immediately as expenditure. In respect of unapproved revenue recognised, an adequate provision is made for possible reductions, if any. Contract revenue earned in excess of billing has been reflected as unbilled revenue under the head "Other Current Assets" and billing in excess of contract revenue has been reflected as Unearned Revenue under the head "Other Current Liabilities" in the Balance Sheet.  
The Company provides for cost to be incurred during warranty period for servicing warranties on the completed projects. Such amount, net of the obligations on account of sub-contractors, is determined on the basis of technical evaluation and past experience of meeting such costs.  
Escalation claims raised by the Company are recognised when negotiations have reached an advanced stage such that customers will accept the claim and amount that is probable will be accepted by the customer can be measured reliably.
- (b) Real estate development
  - (a) Completed Units  
Revenue from sale of units is recognised as and when the underlying significant risk and rewards of ownership are transferred to the purchaser
  - (b) Units under Development
    - (A) Projects which have commenced on or before March 31, 2012  
Revenue from sales of such units is recognized as and when the underlying significant risk and rewards of ownership are transferred to the purchaser, taking into account materiality of the work performed and certainty of recoverability of the consideration. Revenue is recognized on proportionate basis as the acts are progressively performed, by applying the percentage of completion method as explained in AS-7 (Revised) Construction Contracts in compliance with the authoritative professional view.  
The percentage completion is determined based on actual costs incurred thereon by the Company to total estimated cost with reference to the saleable area. Cost for this purpose includes cost of land/development rights, borrowing costs, overheads, construction and development costs of such properties as may be applicable.  
The estimates of the saleable area and costs are reviewed periodically and effect of any changes in such estimates is recognized in the period in which such changes occur.  
However, when the total project cost is estimated to exceed total revenues from the project, loss is recognized immediately.
    - (B) Projects which have commenced after March 31, 2012.  
Revenue from sales of such units is recognized as and when all the following conditions are satisfied:
      - (A) The underlying significant risk and rewards of ownership are transferred to the purchaser.
      - (B) All critical approvals necessary for commencement of the project are obtained



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## Notes Annexed to and Forming Part of the Consolidated Balance Sheet as at 31st March 2013 and Statement of Profit & Loss for the Year Ended on that Date.

(c) Reasonable level of development is reached when project cost incurred excluding land cost and borrowing cost exceeds 25% of the project cost excluding land cost and borrowing cost.

(d) Atleast 25% of the estimated project area are secured by contracts or agreement with the buyers.

(e) Atleast 10% of the total revenue as per agreements of sale are realised at the reporting date in respect of each of the contracts and there are no outstanding defaults of the payment terms in such contracts.

(f) Certainty of recoverability of the balance consideration.

Revenue is recognized on proportionate basis as the acts are progressively performed, by applying the percentage of completion method as explained in AS-7 (Revised) Construction Contracts in compliance with the authoritative professional view.

The percentage completion for the purpose of recognition of revenue is determined based on actual costs incurred thereon by the Company to total estimated cost with reference to the saleable area. Cost for this purpose includes cost of land/development rights, construction and development costs of such properties borrowing costs and overheads, as may be applicable.

The estimates of the saleable area and costs are reviewed periodically and effect of any changes in such estimates is recognized in the period in which such changes occur.

However, when the total project cost is estimated to exceed total revenues from the project, loss is recognized immediately.

- (c) Share of Profit / Loss from Partnership firm / Association of Person is recognized as income during the relevant period on the basis of accounts made-up audited or unaudited as the case may be and allocation made by the firm / AOP in accordance with the Deed of Partnership / AOP Agreement.
- (d) Interest Income - Interest income is recognized on time proportion basis taking into account the amounts invested and the rate of interest.
- (e) Dividend Income - Dividend income is recognized as and when the right to receive the same is established.
- (f) Rental Income - Income from letting-out of property is accounted on accrual basis- as per the terms of agreement and the right to receive the rent is established
- (g) Income from services rendered is recognized as revenue when the right to receive the same is established
- (h) Other Operating Income - The revenue from hotel, game shop and maintenance are recognized as and when the services are availed by the customers
- (i) Profit on sale of investment is recorded upon transfer of title by the Company. It is determined as the difference between the sale price and the carrying amount of the investment
- (j) Room and Restaurant Revenue - Room Revenue has been recognized as and when the room is let out to the Customer and the same is taken into records. Restaurant sales is recognized as and when the sale of Food and Beverages is effected

### **H Inventories**

- (a) Stock of Material, etc  
Stock of materials, etc. has been valued at lower of cost or net realizable value. The Cost is determined on Weighted Average Method
- (b) Development work
  - (i) Development - Completed Units  
Finished goods comprising of constructed units ready for sale are valued at lower of cost and net realisable value
  - (b) Development - Units under construction  
The unit under construction to the extent not recognised as sales under the revenue recognition policy adopted by the Company is carried at lower of cost or net realisable value on the basis of technical estimate certified by the Managing Director / Technical Experts
- (c) Stock of Trading Goods  
Stock of trading goods has been stated at cost or net realisable whichever is lower. The cost is determined on Weighted Average Method.

### **I. Employee Benefits**

Provision for gratuity and compensated absences on retirement payable are made on actuarial basis. The Company has taken up a group policy with Life Insurance Corporation of India for future payment of gratuities to employees. Amount of premium and differential liability on account of excess of obligation over plan assets and actuarial loss for the period for the said Policy and Company's contribution for the year to Provident Fund and Super Annuation fund etc are charged to Revenue.

### **J. Borrowing Cost**

"Borrowing cost include interest , commitment charges , amortization of ancillary cost , amortization of discounts/ premium related to borrowing , finance charges in respect of asset acquired on finance leases and exchange difference arising from foreign currency borrowings , to the extent they are regarded as adjustment to interest costs

Borrowing cost that are attributable to the acquisition , construction or production a qualifying asset are capitalized/inventoried as cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires substantial period of time to get ready for its intended use or sale. All other borrowing cost are recognized as an expense in the period in which they are incurred. Advances / deposits given to the vendors under the contractual arrangement for acquisition / construction of qualifying assets is considered as cost for the purpose of capitalization of borrowing cost. During the period of suspension of work on project, the capitalization of borrowing cost is also suspended.



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## Notes Annexed to and Forming Part of the Consolidated Balance Sheet as at 31st March 2013 and Statement of Profit & Loss for the Year Ended on that Date.

### K. Leases

Assets acquired on leases where a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to statement of profit and loss on accrual basis

Assets leased out under operating leases are capitalized. Rental income recognized on accrual basis over the lease term

### L. Contingent Liabilities and Assets

(a) A provision is recognized when

- i) the company has present obligation as result of a past event
- ii) a probable outflow of resources is expected to settle obligation and
- iii) the amount of the obligation can be reliably estimated.

(b) A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably may not, require an outflow of resources.

(c) Where there is a possible obligation such that likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets as on the balance sheet, if any, are neither recognized nor disclosed in the financial statements.

### M. Taxes on Income

(a) Taxes on Income are accounted in accordance with AS - 22 "Taxes on Income". Taxes on Income comprise both current tax and deferred tax.

(b) Provision for current tax for the year is determined considering the disallowance, exemptions and deductions and/or liabilities/ credits and set off available as laid down by the tax law and interpreted by various authorities

(c) Deferred tax is the tax effect of timing difference representing the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period(s). This is measured using substantively enacted tax rate and tax regulation.

(d) Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay income tax under the normal provisions during the specified period, resulting in utilization of MAT credit. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement.

The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will utilize MAT credit during the specified period.

### N. Amortization

Expenses relating to increase in capital other than those related to public issue of shares, if any, are being written off in the year the same are incurred. The expenses relating to public issue of shares is appropriated from Share Premium Account.

Cost of goodwill on acquisition of share in a partnership firm is amortised on systematic manner in proportion to the percentage of completed area of the project recognised as sale. Adjustments are made over the period of contract for any permanent impairment in value.

### O. Segment Reporting

The Company has disclosed business segment as the primary segment. Segment have been identified taking into account the nature of the activity, the differing risks & returns, the organisational substructure. The companies operation predominantly relate to EPC activity. Other business segments reported are Real Estate Development, Hotel & Manufacturing & BMS. The company operates only in India. As such there are no reportable geographical segments.

### P. Foreign Currency Transaction

(a) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(b) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(c) Exchange Difference

All exchange differences arising on settlement and conversion on foreign currency transactions are included in the profit and loss account, except in cases where they relate to the acquisition of fixed assets from outside India, in which case they are adjusted in the cost of the corresponding assets.

### Q. Earnings Per Share

The company reports Basic and Diluted Earnings Per Share (EPS) in accordance with Accounting Standard 20 "Earning Per Share" issued by the ICAI. Basic earnings per share are computed by dividing the net profit or loss after tax for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per shares outstanding during the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares except where the result are anti - dilutive.



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## Notes Annexed to and Forming Part of the Consolidated Balance Sheet as at 31st March 2013 and Statement of Profit & Loss for the Year Ended on that Date.

### R. Employee Stock Option Scheme

Stock options granted to the employees under the stock options scheme are accounted as per the accounting treatment prescribed by Institute of Chartered Accountants of India. Accordingly, the excess of fair value over the exercise price of the options is recognised as deferred employee compensation and is charged to the profit and loss account on straight line basis over the vesting period of the options. The amortised portion of the cost is shown under reserves and surplus.

### S. Provisions

"Provision are recognized for liabilities that can be measured only by using a substantial degree of estimation , if,

- i) the company has a present obligation as a result of past event ,
- ii) a probable outflow of resources is expected to settle the obligation,
- iii) the amount of obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision recognized only when it is virtually certain that the reimbursement will be received.

Provisions except the provision required under AS - 15 "Employee Benefits", are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

### T. Cash and Cash Equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

### U. Exceptional Items

Exceptional items include significant restructuring costs, reversals of provisions no longer required, profits or losses on disposal or termination of operations, litigation settlements, profit or loss on disposal of investments, significant impairment of assets and unforeseen gains/ losses arising on derivative instruments. The Company in assessing the particular items, which by virtue of their scale and nature are disclosed in the income statement and related notes as exceptional items.

### V. Events Occurring After Balance Sheet Date

Events which occurred between the Balance Sheet date and the date on which financial statements are approved, need adjustments to assets and liabilities as at the Balance Sheet date. Adjustments to assets and liabilities are made for the events occurring after the Balance Sheet date that provide additional information materially affecting the determination of the amounts relating to conditions existing as at the Balance Sheet date.

## 2 OTHER NOTES

### (a) Contingent Liabilities for Income Tax, Service Tax and others:

It has not been considered necessary to make a provision in respect of Income-Tax demands and Service Tax not accepted by company for the amounts mentioned here below and disputed by the company in Appeal before higher authorities.

Particulars	2012-13 Rs.	2011-12 Rs.
Income Tax	158,801,444	183,031,190
Service Tax , VAT & Excise Duty	65,150,735	57,588,524
Others	8,169,765	7,700,000

### (b) Other Contingent liabilities:

Particulars	2012-13 Rs.	2011-12 Rs.
A. Bank guarantee		
(i) for other companies	-	-
(ii) Performance and financial guarantees given by the Banks on behalf of the Company	1,894,229,421	1,751,054,213
B. Corporate guarantees given for other companies / entities and mobilisation	1,544,670,000	1,440,560,000
Claims against the Company not acknowledged as debt	3,604,800,000	3,604,800,000





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## Notes Annexed to and Forming Part of the Consolidated Balance Sheet as at 31st March 2013 and Statement of Profit & Loss for the Year Ended on that Date.

In respect of claim against the Company amounting to Rs.360,00,00,000/- (Rs.360,00,00,000/-) by a party who was originally claiming interest in a property, no provision has been considered necessary by the Management in view of the legal opinion that the said claim is not tenable on various grounds.

Particulars	2012-13 Rs.	2011-12 Rs.
Uncalled Liability on Partly Paid Up Shares	-	900,000
Others	-	-

(c) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances are as given here under :

Particulars	2012-13 Rs.	2011-12 Rs.
Amount	263,787,936	90,621,417

As per the arrangement with a customer, the assets provided by it for the relevant contract will be acquired by the Company at 50% of the cost at the end of the project. The estimated amount of such commitment at the period ended is Rs.1,81,02,920/- (Rs. 1,81,02,920/-).

(d) Particulars of Construction Contract

Particulars	2012-13 Rs.	2011-12 Rs.
Contract Revenue Recognised	3,240,316,128	3,985,842,012
Contract Expenses Recognised	2,817,878,000	3,334,963,860
Recognised Profit	422,438,128	650,878,152
Contract Cost Incurred	2,817,878,000	3,334,963,860
Progress Billing	2,364,247,712	3,012,423,261
Unbilled Contract Revenue	1,019,711,947	973,418,751
Unearned Revenue	143,643,531	465,698,737
Advances from Customers	462,559,731	267,743,696
Contract Cost Incurred and Recognised Profit	3,240,316,128	3,985,842,012
Gross Amount Due from Customer	1,920,521,699	1,961,157,221
Retention	578,682,694	530,046,090

(e) In respect of a development project, as per the terms of land purchase agreement with a land vendor, an additional amount equivalent to 40% of sale proceeds will required to be paid in the event the FSI availed is in excess of 580000 Sq ft. Since such event has not occurred till the date of balance sheet, no provision is required for this additional cost.

(f) Earning per share

Particulars	2012-13 Rs.	2011-12 Rs.
Net Profit after tax available for distribution to Equity Shareholders before Provision for Contingency (Net of Tax)	(167,170,230)	134,111,300
Net Profit after tax available for distribution to Equity Shareholders after Provision for Contingency (Net of Tax)	(167,170,230)	134,111,300
Weighted average number of shares outstanding for Basic EPS	90,160,274	90,099,499
Face Value per share	10	10
Earning Per Share - Basic	(1.85)	1.49
Weighted average number of shares outstanding for Diluted EPS	90,162,113	90,268,321
Earning Per Share - Diluted	(1.85)	1.49

(g) The particulars of Related Party transaction as required by AS - 18 issued by the ICAI is given in the Annexed Statement



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- (h) Loans and advances includes an amount of Rs. 114,28,88,743/- (Rs. 92,46,31,445/-) paid as advances / deposits to the vendors for acquiring land/development rights for various projects under Single Joint Venture agreements. As per such Agreements the Group has to work out the consideration for acquisition of land/development rights on the basis of sale proceeds at the time of receipts of the such proceeds of the developed area, in other words, no amount is payable if there is no sale. There is no event of any loss by the Group or by the vendor since as such the liability is not presently quantifiable.
- (i) Sales turnover for the year ended includes revenues from construction contracts, sale of developed units, sale of materials, consultancy services and room revenue.
- (j) The profit for the year ended includes net income/(expense) of Rs. 27,27,372/- Previous year (Rs. 13,12,109/-) in respect of prior years.
- (k) The Consolidated Financial Statements includes share of assets and liabilities of Zircon Ventures, Weikfield IT, ITCITI , UTI Infopark and Zenith Ventures, the Jointly Controlled Entities (JCE) where in the share of the Company's assets and liabilities in such JCE are considered for consolidation based on the specific allocation of such assets and liabilities which relate to the Company as per the arrangement with the Joint Venture Partners.
- (l) Deferred Tax Asset /(Liability) arising due to timing difference comprise of:

Particulars	2012-13 Rs.	2011-12 Rs.
1. Depreciation	(3,719,935)	(10,183,203)
2. Statutory Payment - Gratuity/Leave Encashment	6,453,587	110,938
3. Reserve for Doubtful debts	506,245	32,827,682
4. Disallowance u/s 40a	42,908,766	3,121,197
5. Brought Forward Business Losses & Capital Losses	133,820,504	4,291,294
Net Deferred Tax Asset / (Liability)	179,969,166	30,167,907
Deferred Tax Liability	3,342,193	2,404,547
Deferred Tax Assets	16,498,284	33,028,607

In absence of a reasonable certainty of setting off brought forward losses, the deferred tax asset amounting to Rs. 19,58,93,024/- (Rs. 1,91,01,204/-) has not been recognized.

- (m) Leases

The Company's significant leasing arrangements are in respect of operating leases for commercial and residential premises.

Lease Income from operating leases is recognised on straight-line bases over the period of lease. The particulars of significant leases under operating leases are as under:-

Particulars	2012-13 Rs.	2011-12 Rs.
Gross Carrying Amount of Premises	124,133,521	124,133,521
Accumulated Depreciation	26,108,645	21,140,271
Depreciation for the year ended	4,968,374	5,229,867

Future minimum lease income under non-cancellable operating leases:-

Particulars	2012-13 Rs.	2011-12 Rs.
A) Not later than 1 year	10,097,758	3,510,308
B) Later than 1 year and not later than 5 years	10,343,611	16,174,121
C) Later than 5 years	5,907,692	10,597,163
Income recognised during the period	18,696,068	30,331,308



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## Notes Annexed to and Forming Part of the Consolidated Balance Sheet as at 31st March 2013 and Statement of Profit & Loss for the Year Ended on that Date.

Lease Expenses from operating leases is recognised on straight-line basis over the period of lease. The particulars of significant leases under operating leases are as under:-

Particulars	2012-13 Rs.	2011-12 Rs.
A) Not later than 1 year	10,072,700	14,604,022
B) Later than 1 year and not later than 5 years	32,960,325	45,571,633
C) Later than 5 years	-	-
Expenses recognised during the period	13,880,966	9,666,139

Profit and Loss Account includes Lease Income in respect of certain premises which are held as stock in trade with an intention to sale. The provision of Accounting Standard 19 'Accounting for Leases' do not apply to such Lease Agreements of premises held with an intention to sale. Accordingly, the above statement does not include such transactions further the underlying premises are held as Stock In Trade.

(n) During the year ended, the company has acquired further 0.08% stake in one of the subsidiaries namely Almet Corporation Limited. This company has become wholly owned subsidiary of the company w.e.f 08/05/2012.

(o) Disclosure Relating to Provisions

### a. Provision for Doubtful Debts

Particulars	2012-13 Rs.	2011-12 Rs.
Opening Balance	152,722,461	73,224,137
Add: Provision during the period ended	39,492,167	79,740,335
	192,214,628	152,964,472
Less: Utilisation / Transferred to Bad Debts	21,930,830	242,011
Closing Balance	170,283,798	152,722,461

### b. Provision for Unapproved Sales

Particulars	2012-13 Rs.	2011-12 Rs.
Opening Balance	14,544,903	14,021,530
Add: Provision during the period ended	3,653,304	523,373
	18,198,207	14,544,903
Less: Utilisation / Transfers	8,007,074	-
Closing Balance	10,191,133	14,544,903

### c. Provision for Warranty

Particulars	2012-13 Rs.	2011-12 Rs.
Opening Balance	4,744,487	4,528,029
Add: Provision during the period ended	8,626,615	2,374,620
	13,371,102	6,902,649
Less: Utilisation / Transfers	4,368,588	2,158,163
Closing Balance	9,002,513	4,744,487



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## Notes Annexed to and Forming Part of the Consolidated Balance Sheet as at 31st March 2013 and Statement of Profit & Loss for the Year Ended on that Date.

### d. Provision for Contingency

Particulars	2012-13 Rs.	2011-12 Rs.
Opening Balance	-	200,000,000
Add: Provision during the period ended	-	-
Less: Utilisation / Transfers	-	200,000,000
Closing Balance	-	-

- (p) The Company has provided share based payment schemes to its employee. During the year ended 31st March, 2013, the "ESOS - 2007" scheme was in operation. 2,13,950 options were outstanding at the beginning and 4,650 at the year ended. 44,550 options were exercised and 164,750 options were forfeited during the year ended.
- (q) Share of Joint Venture in Consolidated Financial Statement are as under.

### Profit and Loss Account Items For The year Ended March 31st, 2013

(Amount in Rupees)

Particulars	March 31, 2013	March 31, 2012
<b>Income</b>		
Revenue from operation	602,678,023	467,615,791
Other income	(14,875,740)	(39,569,212)
<b>Expenses</b>		
Cost of sales	430,048,244	337,647,506
Personnel expenses	13,013,895	17,189,134
Financial expenses	9,628,476	17,096,636
Depreciation / amortisation	10,832,334	16,097,028
Operating & other expenses	61,848,482	99,837,097
Provision for taxation		
Current	57,957,781	55,364,057
Deferred tax expenses / (gain)	963,964	(658,721)
Excess/(short) provision w/back / (off)	(156,437)	3,223,619
Appropriation		
Dividend on preference shares	-	-
Dividend tax	-	5,218,238
Transfer to general reserve	-	9,617,738

### Balance sheet Items As At March 31st 2013

Particulars	March 31, 2013	March 31, 2012
Long Term Borrowing	53,952,818	93,365,897
Deferred Tax Liability	3,342,193	1,861,198
Other Long Term Liabilities	2,488,475	4,347,700
Long Term Provisions	187,312	483,753
Short Term Borrowings	92,112,662	11,157,570
Trade Payables	99,423,855	49,994,771
Other Current Liabilities	472,028,544	353,288,279
Short Term Provisions	59,430,145	72,535,412
Fixed assets	676,507,383	720,712,949
Non current investment	(477,696,606)	(536,112,418)
Deferred tax asset	772,500	1,432,227
Long term loans & advances	(143,136,630)	(293,840,234)
Other non current assets	938,982	-
Current investment	-	-
Inventories	603,103,014	649,307,484
Trade receivables	16,489,975	(235,553,707)
Cash and cash equivalents	44,798,163	34,857,237
Short term loans & advances	16,341,132	1,744,269
Other current assets	241,375,141	437,391,119



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## Notes Annexed to and Forming Part of the Consolidated Balance Sheet as at 31st March 2013 and Statement of Profit & Loss for the Year Ended on that Date.

- r) During the previous year ended March 31, 2012 accounts of a joint venture were consolidated on the basis of unaudited accounts as certified by management. The difference between such figures and audited accounts subsequently made available have been appropriately adjusted during the current year resulting in increase in expenses by Rs. 73,19,087/- and corresponding decrease in reserve.
- (t) Primary Segment information (business segment) as required in AS 17 "Segment Reporting", in respect of which disclosures have been made are given in the Annexed Statement.
- (u) Note on litigation in Vista Annexs Project :
- The company has purchased the property bearing S. no. 84/1b/2 (part) admeasuring about 7942 sq mt , Nashik at Rs 2,14,36,400/- from the owners namely Shri. Khanderao Khode & other through their POA holder M/s. Sanklecha Construction Nashik by executing Development agreement along with irrevocable Power of Attorney. One of the co-owner has filed a regular civil suit court of civil judge Nashik requesting for effecting partition of the suit property and to declare various documents executed by the owner with M/s. Sanklecha Construction vis-à-vis M/s. Vascon Dwelling Pvt. Ltd. as illegal null & void. The Company has taken the possession of the said suit property. The Matter is pending in the Court of Civil judge Nashik.
- (v) During the previous year ended, the company has acquired further 51% stake in two joint venture companies namely Almet Corporation Limited and Marathwada Realtors Pvt Ltd. These companies have become subsidiaries of the company w.e.f 04/11/2011. The effect of acquisition of subsidiary on the financial position at the reporting date, the result for the reporting period and on the corresponding amounts for the preceding period is as follows;

Particulars	2012-13 Rs.	2011-12 Rs.
<b>Increase in Share of Profit / Loss</b>	-	(2,796,442)
Increase in share of Assets	-	60,002,990
<b>(w) Exceptional items</b>		
Net gain / loss on sale of fixed assets	38,922	10,656,466
Net gain / loss on sale of long term investments - other than trade	(39,981,934)	66,595,784
Reversals of employee stock option compensation	6,163,298	-
Capital WIP written off	(25,201,301)	-
Provision for diminution in value of shares	150,000	-
Reversals of provisions	-	214,000,000
Compensation on litigation settlement	-	100,000,000
	(58,831,015)	391,252,250

a) Reversals of employee stock option compensation

During the period under review, the unexercised outstanding Employee Stock Options aggregating to 1,64,750 Equity Shares relating to those employees who are no longer associated with the Company have been forfeited and accordingly, the provision for compensation amounting to Rs. 61,63,298/- (Rs. Nil) in respect of the same has been written back as exceptional item.

b) Discontinued operation

During the period under review, the assets of one of the subsidiary of the company was impaired on account of termination of the contract with the joint venture partner and accordingly the expenditure of Rs. 2,52,01,301/- (Rs. Nil) incurred by the said subsidiary in respect of the same joint venture was written off.

- (x) The levy of Maharashtra Value Added Tax (MVAT) in respect of Real Estate Development sales has been subject to considerable legislative amendments, litigation and administrative action. During the pendency of special leave petition before the Hon'ble Supreme Court against the earlier Hon'ble Mumbai High Court decision, a decision has been pronounced by the Hon'ble Mumbai High Court and the matter has not reached finality.

The Industry, accounting and legal fraternity is examining the implications of the decisions and the way the liability will be worked out under various options provided. In view of such uncertainties, the management has been advised that in the present scenario it is difficult to correctly determine MVAT liability payable in respect of real estate development sales executed during the period 20th June, 2006 to 31st March, 2010. The Company is currently in process of ascertaining the exact applicability of these pronouncements, contractual ability to collect MVAT from past customers and the mechanism of collection of MVAT in respect of real estate development sales executed during the period 20th June, 2006 to 31st March, 2010.





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**Notes Annexed to and Forming Part of the Consolidated Balance Sheet as at 31st March 2013 and Statement of Profit & Loss for the Year Ended on that Date.**

- (y) Company has granted stock options to certain employees pursuant to ESOP 2007 scheme. During the year employees have exercised option to purchase 2,400 (15,150) equity shares of Rs. 10/- each. Allotment of shares will be done in the meeting of Board of Directors of the Company and pursuant to the amendment in ESOP scheme the lock in period of three years from the date of allotment of shares is no more applicable.
- (z) Sales includes an amount of Rs. 20,14,52,104/- (Rs. Nil/-) being material supplied at a site during the earlier period. Since due to the temporary suspension no work was performed during that period, the same was carried as stock at site and no revenue in that respect was recognized in accordance with applicable Accounting Standard in spite of advance payment been received against the same in terms of the Contract. However, during the quarter under review, the materials for which payments have been made by the customer have been recognized as revenue since the stock ceased to be in control of the Company.
- (aa) Corresponding figures for previous periods presented have been regrouped, where necessary, to conform to the current year classification.

As per our report of even date

**For Anand Mehta & Associates**

Chartered Accountants  
Firm Registration No. 127305W

Kulin V Mehta  
Partner

Membership No. 38440  
Mumbai : Dated May 20, 2013

**For and on behalf of the Board of Directors**

R. Vasudevan  
Managing Director

Dr. Santosh Sunderrajan  
Chief Executive Officer

M. Krishnamurthi  
Company Secretary & Compliance Officer

V. Mohan  
Chairman

D. Santhanam  
Chief Financial Officer



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**Notes Annexed to and Forming Part of the Consolidated Balance Sheet as at 31st March 2013 and Statement of Profit & Loss for the Year Ended on that Date.**



**SCHEDULE 1 A LIST OF RELATED PARTIES AND NATURE OF RELATIONSHIPS**

Particulars	Financial Year Ended	
	March 31, 2013	March 31, 2012
Nature of Relationship	Name of Party	Name of Party
Joint Venture	Phoenix Ventures Weikfeilds ITCITI Infopark (AOP) Zenith Ventures Zircon Ventures Just Homes (India) Pvt. Ltd Marigold Premises Pvt. Ltd Cosmos Premises Pvt Ltd Ajanta Enterprises	Phoenix Ventures Weikfeilds ITCITI Infopark (AOP) Zenith Ventures Zircon Ventures Just Homes (India) Pvt. Ltd Marigold Premises Pvt. Ltd Cosmos Premises Pvt Ltd Ajanta Enterprises Almet Corporation Limited (Upto 3 rd Nov 2011) John Fowler Ophthalmics Pvt Ltd (Upto 3 rd Nov 2011) Marathawada Realtors Pvt Ltd (Upto 3 rd Nov 2011) Rose Premises Private Limited (Upto 31st March 2012)
Key Management Personnel	Mr. R. Vasudevan Dr Santosh Sunderrajan	Mr. R. Vasudevan
Relatives of Key Management Personnel	Mrs. Laliitha Vasudevan Mrs. Thangam Moorthy Mr. Siddarth Vasudevan Ms. Soumya Vasudevan Mrs. Laliitha Sunderrajan	Mrs. Laliitha Vasudevan Mr. N. R. Moorthy Mr. Siddarth Vasudevan Ms. Soumya Vasudevan Mr. Thangam Moorthy Mrs. Laliitha Sunderrajan
Associates	Angelica Properties Pvt Ltd Mumbai Estate Pvt Ltd	Angelica Properties Pvt Ltd Mumbai Estate Pvt Ltd
Enterprise where key management personnel and their relatives exercise significant influence	Flora Facililites Private Limited (Formerly known as Flora Premises Private Limited) Vastech Consultants Pvt Ltd Vatsalya Enterprises Pvt Ltd Bellflower Premises Pvt Ltd Syringa Engineers Private Limited ( Formerly known as Syringa Properties Private Limited) Vascon Infrastructure Limited Cherry Construction Pvt. Ltd. Sunflowers Health Services Pvt. Ltd. (Formally known as Sunflower Premises Pvt. Ltd.)	Flora Facililites Private Limited (Formerly known as Flora Premises Private Limited) Vastech Consultants Pvt Ltd Vatsalya Enterprises Pvt Ltd Bellflower Premises Pvt Ltd Syringa Properties Private Limited Vascon Infrastructure Limited Cherry Construction Pvt. Ltd. Sunflowers Health Services Pvt. Ltd. (Formally known as Sunflower Premises Pvt. Ltd.)



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**Notes Annexed to and Forming Part of the Consolidated Balance Sheet as at 31st March 2013 and Statement of Profit & Loss for the Year Ended on that Date.**

**Schedule - 1B Details of Transactions with Related Parties and Details of Outstanding Balances**

Particulars	2012-13 Rs.	2011-12 Rs.
<b>Sales</b>		
Joint Venture	71,009,339	85,319,887
Associates	125,000	-
Key Management Personnel	37,939,612	-
Relatives of KMP	-	-
Establishment where KMP and their relatives exercise significant influence	9,833,286	3,600,000
<b>Purchases &amp; Labour Charges</b>		
Joint Venture	-	105,613
Key Management Personnel	-	-
Relatives of KMP	-	-
Associates	-	-
Establishment where KMP and their relatives exercise significant influence	102,102,539	171,110,476
<b>Rendering of Services</b>		
Joint Venture	-	-
Key Management Personnel	34,500,000	4,800,000
Relatives of KMP	-	-
Associates	-	-
Establishment where KMP and their relatives exercise significant influence	13,493,887	16,602,707
<b>Rental/Hire Charges Paid</b>		
Joint Venture	-	-
Key Management Personnel	-	-
Relatives of KMP	-	-
Associates	-	-
Establishment where KMP and their relatives exercise significant influence	-	-
<b>Rent/Dividend Income</b>		
Joint Venture	-	32,000,000
Key Management Personnel	-	-
Relatives of KMP	-	-
Associates	-	-
Establishment where KMP and their relatives exercise significant influence	-	-
<b>Dividend Paid</b>		
Joint Venture	-	-
Key Management Personnel	-	9,377,529
Relatives of KMP	-	3,475,528
Associates	-	-
Establishment where KMP and their relatives exercise significant influence	-	5,527,856
<b>Purchase of Fixed Assets</b>		
Joint Venture	-	-
Key Management Personnel	-	-
Relatives of KMP	-	-
Associates	-	-
Establishment where KMP and their relatives exercise significant influence	-	-



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**Notes Annexed to and Forming Part of the Consolidated Balance Sheet as at 31st March 2013 and Statement of Profit & Loss for the Year Ended on that Date.**

**SCHEDULE - 1B DETAILS OF TRANSACTIONS WITH RELATED PARTIES AND DETAILS OF OUTSTANDING BALANCES**

Particulars	2012-13 Rs.	2011-12 Rs.
<b>Sale of Fixed Assets</b>		
Joint Venture	-	-
Key Management Personnel	-	-
Relatives of KMP	-	-
Associates	-	-
Establishment where KMP and their relatives exercise significant influence	-	-
<b>Interest Paid</b>		
Joint Venture	13,686,662	-
Key Management Personnel	-	-
Relatives of KMP	-	-
Associates	-	-
Establishment where KMP and their relatives exercise significant influence	-	-
<b>Interest Income</b>		
Joint Venture	2,434,397	21,049,454
Key Management Personnel	-	-
Relatives of KMP	-	-
Associates	-	-
Establishment where KMP and their relatives exercise significant influence	-	-
<b>Amounts Written Off</b>		
Joint Venture	-	-
Key Management Personnel	-	-
Relatives of KMP	-	-
Associates	-	-
Establishment where KMP and their relatives exercise significant influence	-	-
<b>Sale of investments</b>		
Enterprise	-	40,000,000
<b>Finance Provided (including loans and equity contributions in cash or in kind)</b>		
Joint Venture	56,754,345	57,807,170
Key Management Personnel	-	-
Relatives of KMP	-	-
Associates	-	-
Establishment where KMP and their relatives exercise significant influence	-	60,500,000
<b>Finance Availed (including loans and equity contributions in cash or in kind)</b>		
Joint Venture	269,690,994	30,375,000
Key Management Personnel	-	-
Relatives of KMP	-	-
Associates	-	-
Establishment where KMP and their relatives exercise significant influence	20,000,000	-
<b>Balances as on 31.03.2013 and 2012</b>		
<b>Amount Due To Company</b>		
Joint Venture	101,416,810	315,932,723
Key Management Personnel	5,596,896	7,931,556
Relatives of KMP	-	-
Associates	262,847,800	265,347,800
Establishment where KMP and their relatives exercise significant influence	89,742,521	89,102,057
<b>Amount Due From Company</b>		
Joint Venture	-	10,802
Key Management Personnel	36,701,134	14,499,000
Relatives of KMP	-	-
Associates	33,600,000	33,600,000
Establishment where KMP and their relatives exercise significant influence	81,853,029	24,044,671



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**Notes Annexed to and Forming Part of the Consolidated Balance Sheet as at 31st March 2013 and Statement of Profit & Loss for the Year Ended on that Date.**

**Disclosure of Transactions with Related Parties as Required by Accounting Standard 18**

(Amount in Rupees)

Sr. No	Nature of Transactions/ Relationships/ Major Parties	March 31, 2013		March 31, 2012	
		Party Details	Gross Total	Party Details	Gross Total
<b>1</b>	<b>Sales and Work</b>				
<b>i)</b>	<b>Joint Ventures</b>		<b>71,009,339</b>		<b>85,319,887</b>
	Phoenix Ventures	21,058,907		52,956,223	
	Ajanta Enterprises	49,950,432		32,363,664	
<b>ii)</b>	<b>Associates</b>		<b>125,000</b>		<b>-</b>
	Angelica Propertiers Private. Limited.	125,000		-	
<b>iii)</b>	<b>Enterprises</b>		<b>9,833,286</b>		<b>3,600,000</b>
	Vascon Infrastructure Limited	9,833,286		3,600,000	
<b>iv)</b>	<b>Key management Personnel</b>		<b>37,939,612</b>		<b>-</b>
	Mr. R Vasudevan	37,584,612		-	
	Dr Santosh Sunderrajan	355,000			
<b>2</b>	<b>Interest Income</b>				
<b>i)</b>	<b>Joint Ventures</b>		<b>2,434,397</b>		<b>21,049,454</b>
	Phoenix Ventures	2,434,397		11,606,547	
	Rose Premises Private Limited	-		9,377,484	
	Ajanta Enterprises	-		65,424	
<b>3</b>	<b>Dividend Income</b>				
<b>i)</b>	<b>Joint Venture</b>		<b>-</b>		<b>32,000,000</b>
	Marigold Premises Private Limited	-		32,000,000	
<b>4</b>	<b>Interest Expense</b>				
<b>i)</b>	<b>Joint Ventures</b>		<b>13,686,662</b>		<b>-</b>
	Ajanta Enterprises	13,686,662		-	
<b>5</b>	<b>Purchase of Goods / Work</b>				
<b>i)</b>	<b>Joint Ventures</b>		<b>-</b>		<b>105,613</b>
	Rose Premises Pvt Ltd	-		105,613	
<b>ii)</b>	<b>Enterprises</b>		<b>102,102,539</b>		<b>171,110,476</b>
	Flora Facilities Private Limited	980,906			
	Vascon Infrastructure Limited	101,121,633		171,110,476	
<b>6</b>	<b>Rendering of Services</b>				
<b>i)</b>	<b>Key Management Personnel</b>		<b>34,500,000</b>		<b>4,800,000</b>
	Mr. R Vasudevan	4,800,000		4,800,000	
	Dr Santosh Sunderrajan	29,700,000		-	
<b>ii)</b>	<b>Relatives of Key Management Personnel</b>		<b>-</b>		<b>-</b>
	Siddharth Vasudevan	-		-	
<b>iii)</b>	<b>Enterprise</b>		<b>13,493,887</b>		<b>16,602,707</b>
	Vastech Consultants Private Limited	11,415,787		13,338,707	
	Flora Facilities Private Limited	2,078,100		3,264,000	
<b>7</b>	<b>Dividend paid</b>				
<b>i)</b>	<b>Key Management Personnel</b>				<b>9,377,529</b>
	Mr. R Vasudevan			9,377,529	





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**Notes Annexed to and Forming Part of the Consolidated Balance Sheet as at 31st March 2013 and Statement of Profit & Loss for the Year Ended on that Date.**

**Disclosure of Transactions with Related Parties as Required by Accounting Standard 18**

(Amount in Rupees)

Sr. No	Nature of Transactions/ Relationships/ Major Parties	March 31, 2013		March 31, 2012	
		Party Details	Gross Total	Party Details	Gross Total
ii)	<b>Relatives of Key Management Personnel</b>		-		3,475,528
	Mr. Siddarth Vasudevan	-		403,200	
	Mrs. Lalitha Vasudevan	-		2,669,128	
	Ms. Soumya Vasudevan	-		403,200	
iii)	<b>Enterprise</b>		-		5,527,856
	Bellflower Premises Private Limited	-		300,583	
	Vatsalya Enterprises Private Limited	-		5,227,273	
8	<b>Sale of investments</b>				
i)	<b>Enterprise</b>		-		40,000,000
	Vastech Consultants Private Limited	-		40,000,000	
9	<b>Finance Provided</b> (including equity contributions in cash or in kind)				
i)	<b>Joint Ventures</b>		56,754,345		57,807,170
	Marigold Premises Private Limited	603,795		-	
	Phoenix Ventures	56,150,550		46,332,170	
	Rose Premises Private Limited	-		7,650,000	
	Marathawada Realtors Private Limited	-		1,275,000	
	John Fowler Ophthalmics Private Limited	-		2,550,000	
ii)	<b>Associates</b>		-		-
	Mumbai Estate Private Limited	-		-	
	Vascon Infrastructure Limited	-		-	
	Viorica Properties Private Limited	-		-	
iii)	<b>Enterprise</b>		-		60,500,000
	Vascon Infrastructure Limited	-		58,500,000	
	Sunflower Premises Private Limited (Formerly known as Sunflower Premises Private Limited)	-		2,000,000	
10	<b>Finance Availed</b> (including equity contributions in cash or in kind)				
i)	<b>Joint Ventures</b>		269,690,994		30,375,000
	Phoenix Venture	168,362,200		-	
	Marigold Premises Private Limited	1,328,795		-	
	Ajanta Enterprises	100,000,000		30,375,000	
iv)	<b>Enterprise</b>		20,000,000		-
	Vascon Infrastructure Limited	20,000,000		-	
11	<b>Outstanding as on March 31, 2013</b>				
i)	<b>Joint Ventures</b>				
	<b>a) Sundry Debtors</b>		77,110,457		110,183,532
	Marigold Premises Private Limited	51,001,348		76,001,348	
	Phoenix Ventures	26,109,109		34,182,184	
	<b>b) Loans &amp; Advances</b>		24,306,353		205,749,191
	Marigold Premises Private Limited	21,871,956		22,596,956	
	Phoenix Ventures	2,434,397		112,211,650	
	Rose Premises Private Limited	-		70,940,586	



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**Notes Annexed to and Forming Part of the Consolidated Balance Sheet as at 31st March 2013 and Statement of Profit & Loss for the Year Ended on that Date.**

**Disclosure of Transactions with Related Parties as Required by Accounting Standard 18**

(Amount in Rupees)

Sr. No	Nature of Transactions/ Relationships/ Major Parties	March 31, 2013		March 31, 2012	
		Party Details	Gross Total	Party Details	Gross Total
ii)	<b>Key Management Personnel</b> Mr. R Vasudevan	5,596,896	5,596,896	7,931,556	7,931,556
iii)	<b>Associates</b>				
	<b>a) Sundry Debtors</b>		7,510,590		10,010,590
	Angelica Properties Pvt Ltd	7,510,590		10,010,590	
	<b>b) Loans &amp; Advances</b>		255,300,010		255,300,010
	Mumbai Estate Private Limited	255,300,010		255,300,010	
	<b>c) Share Application Money</b>		37,200		37,200
	Angelica Properties Private Limited	37,200		37,200	
iv)	<b>Enterprise</b>				
	<b>a) Sundry Debtors</b>		49,742,521		49,102,057
	Flora Facilities Private Limited				
	(Formerly known as Flora Premises Private Limited)	2,441,650		5,441,650	
	Vascon Infrastructure Limited	47,300,871		43,660,407	
	<b>a) Loans &amp; Advances</b>		40,000,000		40,000,000
	Vastech Consultants Private Limited	40,000,000		40,000,000	
	<b>B) Receivable from Vascon Engineers Limited</b>				
i)	<b>Joint Ventures</b>				
	<b>a) Sundry Creditors</b>		-		10,802
	Rose Premises Private Limited	-		10,802	
ii)	<b>Key Management Personnel</b>				
	<b>a) For Services Received</b>		18,056,134		-
	Mr. R Vasudevan	6,675,180		-	
	Dr Santosh Sunderrajan	11,380,954			
	<b>b) Advance from Customers</b>		18,645,000		14,499,000
	Mr. R Vasudevan	-		14,499,000	
	Dr Santosh Sunderrajan	18,645,000			
iii)	<b>Relatives of Key Management Personnel</b>				
	<b>a) Payable for Expenses</b>		-		-
	Mr. Siddharth Vasudevan	-		-	
iv)	<b>Associates</b>				
	<b>a) Advance from Customers</b>		-		-
	Angelica Properties Private Limited	-		-	
	<b>b) Security Deposit / Other Payables</b>		33,600,000		33,600,000
	Angelica Properties Private Limited	33,600,000		33,600,000	
v)	<b>Enterprise</b>				
	<b>a) Sundry Creditors</b>		57,853,029		44,671
	Vastech Consultants Private Limited	2,100,726		44,671	
	Flora Facilities Private Limited				
	(Formerly known as Flora Premises Private Limited)	411,706		-	
	Vascon Infrastructures Limited	55,340,597		-	
	<b>b) Advance from Customers</b>		24,000,000		24,000,000
	Sunflower Health Services Private Limited				
	(Formally Known as Sunflower Premises Private Limited)	24,000,000		24,000,000	
	Vascon Infrastructure Limited	20,291,769		-	



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**Notes Annexed to and Forming Part of the Consolidated Balance Sheet as at 31st March 2013 and Statement of Profit & Loss for the Year Ended on that Date.**

**Annexure Referred to in Note No III (2) (U) of the Notes Forming Part of Accounts for the Period Ended on March 31, 2013**

**Disclosure of Particulars of Segment Reporting as Required by Accounting Standard 17**

Particulars	EPC		Real Estate Development		Hotel		Manufacturing & BMS		Unallocable		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
<b>Revenue</b>												
Total Sales including eliminations	3,774,348,818	4,662,235,120	1,665,387,141	1,183,483,238	54,758,964	88,694,830	2,069,499,104	1,676,330,312	-	-	7,563,994,027	7,610,743,500
External sales	3,494,799,352	4,300,319,736	1,665,387,141	1,177,864,198	54,758,964	88,589,101	1,832,715,737	1,590,668,204	-	-	7,047,661,193	7,157,441,239
Less: Eliminations	(279,549,466)	(361,915,384)	-	(5,619,040)	-	(105,730)	(236,783,367)	(85,662,108)	-	-	(516,332,834)	(453,302,262)
Other operating income	-	-	28,020,064	(36,696,413)	-	36,000	391,800	417,920	-	-	28,411,863	(36,242,493)
Total Revenue	3,774,348,818	4,662,235,120	1,693,407,204	1,146,786,825	54,758,964	88,730,830	2,069,890,904	1,676,748,232	-	-	7,592,405,890	7,574,501,008
<b>Result</b>												
Segment result	217,346,008	156,429,837	249,365,599	624,275,804	10,700,578	13,227,913	120,423,637	153,735,466			597,835,823	947,669,020
Unallocated expenditure net of unallocated income									(555,293,003)	(432,623,161)	(555,293,003)	(432,623,161)
Operating profit									(555,293,003)	(432,623,161)	42,542,820	515,045,859
Interest expenses									(331,938,828)	(369,980,408)	(331,938,828)	(369,980,408)
Interest and dividend income									217,279,614	129,695,031	217,279,614	129,695,031
Income taxes									(98,357,160)	(119,891,168)	(98,357,160)	(119,891,168)
Profit after tax									(768,309,377)	(792,799,706)	(170,473,554)	154,869,314
<b>Other information</b>												
Segment assets	3,799,306,485	3,626,104,217	6,104,409,330	6,185,969,834	439,667,605	425,212,606	1,619,259,722	1,309,088,690	2,820,212,501	3,506,420,633	14,782,855,643	15,052,795,981
Segment liabilities	1,490,278,128	2,002,707,340	2,162,392,210	1,851,213,618	13,711,034	157,827,910	698,351,763	708,376,795	3,283,502,617	3,027,862,400	7,648,235,752	7,747,988,063
Capital expenditure	21,568,545	139,667,428	8,392,826	29,996,870	509,694	2,526,941	84,901,128	17,649,429	81,912,605	14,679,473	197,284,798	204,520,141
Depreciation and amortization	50,667,577	47,071,420	10,312,070	9,784,370	5,960,916	11,004,741	67,201,901	63,308,114	71,250,321	51,116,814	205,392,786	182,285,459

Notes:

1. The business group/Segment comprise of the following

EPC	Construction of Residential, Commercial, Industrial and other constructions
Real Estate Development	Development of Residential, Hotel premises, Industrial park etc
Hotel	Hotelling
Manufacturing & BMS	Manufacturing of clean room partition & Building Management System (BMS)

2. Revenue and expenses have been identified to segment on the basis of nature of operations of segment. Revenue and expenses which relates to enterprises as whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".

3. Segment assets and liabilities represents assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to segment on reasonable basis have been disclosed as "unallocable"

4. The Subsidiaries, Jointventures and Associates have been included in segment classified as follows:

EPC	Vascon Engineers Limited
Real Estate Development	Vascon Engineers Limited, Vascon Dwellings Private Limited, Marvel Housing Private Limited, IT Citi Infopark Private Limited, Windflower Properties Private Limited, Floriana Properties Private Limited, Vascon Pricol Infrastructure Limited, Greystone Premises Private Limited, Ajanta Enterprises, Zircon Ventures, Zenith Ventures, Phoenix Ventures, Margold Premises Private Limited, Just Homes (I) Private Limited, Weikfield IT Citi Infopark, Almet Corporation Limited, Marathwada Realtors Private Limited Vascon Infrastructure Limited, Angelica Properties Private Limited, Mumbai Estate Private Limited.
Hotel	Cosmos Premises Private Limited, Caspia Hotels Private Limited
Manufacturing & BMS	GMP Technical Solutions Private limited





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Corporate Office:  
Phoenix, Bund Garden Road, Camp, Pune 411 001.  
Tel.: +91 20 30562100/200 | Fax: +91 20 26131071

[www.vascon.com](http://www.vascon.com)





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### NOTICE OF ANNUAL GENERAL MEETING

**Notice** is hereby given that the Twenty – Eighth Annual General Meeting of the Members of the Company will be held at Vascon Engineers Limited, Neelkanth Business Park, "C" Wing ,502/503, 5th floor, Near Vidyavihar bus depot, Vidyavihar (West), Mumbai 400 086 on Thursday, 12th September, 2013 at 4.00 P.M. to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet for the year ended March 31, 2013 and the Profit and Loss Account as on that date together with the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Mr. V Mohan, who retires by rotation and being eligible, offers himself for re-appointment.
3. To re-appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** M/s Anand Mehta and Associates, Chartered Accountants, Mumbai be and are hereby re-appointed as Statutory Auditors of the Company to hold the office from the conclusion of this meeting until the conclusion of the next Annual General Meeting on such remuneration to be decided by the Board of Directors in consultation with the Audit Committee.”

#### SPECIAL BUSINESS:

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

**“RESOLVED THAT** pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, ('the Act') including any statutory modification or re-enactment thereof from time to time and for the time being in force and in accordance with the Articles of Association of the Company, the Listing Agreement executed by the Company with Stock Exchanges, and the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, ('SEBI Guidelines'), as amended from time to time , the Foreign Exchange Management Act, 1999('FEMA') and rules regulations made there under together with guidelines and clarifications issued by the Reserve Bank of India ('RBI') under FEMA and any other statutory/regulatory authorities, and subject to such other approvals, consents, permissions and sanctions, as may be applicable, including such conditions and modifications as may be prescribed while granting such approvals, consents, permissions and sanctions, if any, which may be agreed to by the Board of Directors of the Company ('the Board', which term shall be deemed to include any Committee



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including Compensation Committee of the Board, 'the Committee'), consent of the Company be and is accorded to the Board for adoption and implementation of 'Employees Stock Options Scheme 2013' ('ESOS- 2013'), and to create, issue, offer and grant/allot at any time such number of equity shares of the Company, to or to the benefit of such person(s) who are in employment of the company, whether in India or abroad, and its present and future subsidiaries, whether in India or abroad, in one or more tranches, not exceeding 22,50,000 (Twenty Two Lacs and Fifty Thousand Only), for granting Options to or for the benefit of eligible employees pursuant to ESOS- 2013, each Option entitling to 1 (one) fully paid equity share of Rs.10/-each ('Share') of the Company, on payment of the requisite price and on such terms and conditions as may be fixed or determined by the Board in accordance with ESOS- 2013.

**RESOLVED FURTHER THAT** the Shares to be offered to the eligible employees ('the Option holders') on exercise of the Options would be by way of subscription to Shares of the Company as permitted under the SEBI Guidelines.

**RESOLVED FURTHER THAT** in case in any corporate action(s) such as rights issue, bonus issue, merger, sale of division etc. by the Company, if any additional Options/Shares are required to be granted/issued by the Company to the Eligible Employees, then for the purpose of making a fair and reasonable adjustment to the Options granted to the Eligible Employees earlier, the above ceiling of 22,50,000 (Twenty Two Lacs and Fifty Thousand Only) Options/ Shares shall be deemed to be increased to the extent of such additional Options/Shares required to be issued and/or acquired.

**RESOLVED FURTHER THAT** the grant of Options shall be in accordance with the terms and conditions as regards price, payment, application, allotment, etc. as decided by the Compensation Committee from time to time in accordance with the SEBI Guidelines, inter alia, including the following which are also mentioned in the explanatory statement annexed hereto.

**RESOLVED FURTHER THAT** the new Shares to be issued and allotted by the Company under ESOS- 2013, shall rank pari-passu in all respects with the then existing Shares of the Company.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take necessary steps, if required, for listing of the Shares allotted under ESOS- 2013 on the stock exchanges where the Shares of the Company are listed in compliance of the Applicable Laws.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to vary, modify or alter any of the terms and conditions of the ESOS- 2013, including those for the grant of Options, exercise price for the purpose of the grant, vesting period, exercise period and issue of Shares on exercise of Options, in compliance of provisions of the Articles of Association of the Company, SEBI Guidelines, Act, FEMA and other Applicable Laws.

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**RESOLVED FURTHER THAT** for giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, deeds and things as the Board may, in its absolute discretion, consider necessary, expedient, usual, proper or incidental and to settle any question, remove any difficulty or doubt that may arise from time to time in relation to the grant of Options, allotment of Shares on exercise of Options etc. and to take such actions or give such directions as may be necessary or desirable and to obtain any approvals, permissions or sanctions which may be necessary or desirable, as they may deem fit.

**RESOLVED FURTHER THAT** the Board be and is hereby further authorized to delegate all or any of the powers herein conferred by this resolution to any director or directors or to any Committee of directors including the Compensation Committee or any other officer or officers of the Company.”

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

**“RESOLVED THAT** pursuant to the provisions of sub-section (1B) of the section 314 read with Director's Relatives (Office or Place of Profit) Amended Rules, 2011 and other applicable provisions of the Companies Act, 1956, or any amendments or substitution thereof, as approved by the Selection Committee and Board of Directors of the Company (“Board”) and subject to the approval of the Central Government and such other approvals as may be necessary, the prior consent of the Company be and is accorded to appoint Mr. Siddharth Vasudevan Moorthy, son of Mr. R. Vasudevan, Managing Director of the Company, as Executive Director-Corporate Affairs of the Company and to hold an office or place of profit of the Company through such appointment on following remuneration with effect from April 1, 2013.

**a) Salary: Rs. 400,000/- per month, in the slab of Rs. 400,000/- to Rs.900,000/-**

b) LTA: One month's salary;

c) Rent free furnished accommodation or housing rent allowance of 50 % of Salary;

d) Reimbursement of domiciliary medical treatment expenses of up to Rs. 15000/- or such other higher or lower limit for self and relatives as may be prescribed by Income Tax Rules in any financial year;

e) Reimbursement of medical expenses for major sickness and hospitalisation on production of vouchers for self and other relatives at actual;

f) Use of Company's car for Company's business and partial private use and telecommunication facilities at residence including broadband, internet and fax.

g) Membership of such prestigious clubs as business exigency may warrant including entrances and admission fees.

h) Contribution to Provident Fund and payment of Gratuity other retirement benefits and leave encashment as per the Rules of the Company.

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i) In addition to the aforesaid salary , you are hereby entitle to payment by ex-gratia, bonus, depending on the performance of the Company, at the discretion of the management, payable in one or more installments.

**RESOLVED FURTHER THAT** the Remuneration/Compensation Committee of the Board and/or the Board of Directors be and are hereby authorised and empowered as and when it may be determined and deemed fit and proper to revise the aforesaid terms of remuneration and to promote him to a higher grade with all the usual allowances facilities and benefits as applicable to such grade.

**RESOLVED FURTHER THAT** the Remuneration /Compensation Committee of the Board and/or the Board of Directors be and are hereby authorised to accept such modification in the above terms of remuneration as the Central Government may suggest or require or impose while granting its approval.

**AND RESOLVED FURTHER THAT** the Remuneration/Compensation Committee of the Board and/or the Board be and is hereby further authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or any Director or Officer to give effect to the resolution hereof.”

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

“**RESOLVED FURTHER THAT** pursuant to Section 31 and other applicable provisions if any, of the Companies Act, 1956 the Article 125 of Articles of Association of the Company be amended by deleting the word “Jointly” and be stated as under:

**Article 125**

Not with standing anything to the contrary contained in these Articles, so long as any moneys by way of loans/private placed debentures remain owing by the Company to any financial institution as defined under the Act, the financial institutions shall have a right to appoint such nominees as may be agreed upon by the company and the institution as directors on the Board of the Company (hereinafter described as Financial Institutions' Directors).

The Directors so appointed will not be required to hold qualification shares and they will not be liable to retire by rotation. The financial institutions may at any time and from time to time remove the nominee or nominees appointed by them and on a vacancy being caused in such office from any cause, whether by resignation, removal or otherwise, appoint another or others in his/their place. Such appointment or removal shall be by notice in writing to the Company.

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The Board of Directors of the Company shall have no power to remove such nominee or nominees from office. Each such nominee shall be entitled to the same rights, privileges and obligations as any other Director of the Company, and shall also be entitled to attend any general meeting of the Company. The Company shall pay to such Directors normal fees and expenses to which the other Directors are entitled. The Company shall also pay or reimburse any expenses that may be incurred by financial institutions or such directors in connection with their appointment. Such Directors as well as financial institutions shall be entitled to receive all notices and other communications (including agenda) relating to meetings of the Board and its committees and general meetings of the Company and the minutes of all such meetings.

**RESOLVED FURTHER THAT** any one of the Directors of the company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, usual, proper or expedient to give effect to the above resolutions.”

7. To consider and, if thought fit, to pass with or without modification (s), the following resolution as a Special Resolution :

“**RESOLVED THAT** pursuant to Section 81(3) of the Companies Act 1956 read with other applicable provisions, if any, the approval of shareholders is hereby accorded for rights of IDFC to convert the loan amount and other monies due to it ('due amount') into the equity shares of the Company in the event of default of payment of said due amount by the Company as per Loan Agreement between the company and IDFC.

“**RESOLVED FURTHER THAT** for the purpose of giving effect to the above, Board of Directors be and hereby is authorized to take all actions as may be necessary and to do all such acts, deeds and things in connection therewith and incidental thereto.”

**By Order of the Board of Directors**

Place: Mumbai  
Date: 20th May, 2013

**M. Krishnamurthi,**  
Company Secretary





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### NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- MEMBERS ARE REQUESTED TO SEND THEIR PROXY FORM TO THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

**The Explanatory Statement pursuant to section 173 of the Companies Act, 1956 is annexed hereunder and forms part of the Notice.**

1. The Register of Members and Share Transfer Books of the Company will be closed from the Tuesday, 10th September, 2013 to the Thursday, 12th September, 2013 (both days inclusive)
2. Members who have not yet encashed their dividend warrants for the financial year 2010-11 (final dividend) are requested to make their claims to the Company immediately.
3. The Ministry of Corporate Affairs (MCA) has taken a “Green Initiative in Corporate Governance” allowing paperless compliances by Companies through electronic mode. Companies are now permitted to send various notices/ documents to its shareholders through electronic mode to the registered email addresses of shareholders. It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow public at large to contribute towards a greener environment.

To support this green initiative and to receive communications from the Company through electronic mode, members who have not registered their email addresses and are holding shares in physical form are requested to contact the Share Transfer Agents of the Company and register their email id. Members holding shares in dematerialized mode are requested to contact their Depository Participant.

Members may please note that notices, annual reports, etc. will also be available on the Company's website - [www.vascon.com](http://www.vascon.com) and the same shall also be available for inspection, during office hours, at the Corporate Office of the Company. Members will be entitled to receive the said documents in physical form free of cost at any time upon request.

4. The certificate from the Auditors of the Company certifying that the Company's Employee Stock Option Scheme, 2007 is being implemented in accordance with SEBI Guidelines, 1999 (Employees Stock Option Scheme and Employees Stock Purchase Scheme), and in accordance with the resolution of the members passed at the general meeting will be available for inspection by the members at the AGM.



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5. Karvy Computershare Private Limited (Karvy) is the Registrar & Share Transfer Agent (R & T Agent) of the Company. All investor related communication may be addressed to Karvy at the following address:

**Karvy Computershare Private Limited**

Plot Nos. 17-24, Vittal Rao Nagar, Madhapur

Hyderabad 500 081

E mail: einward.ris@karvy.com

Tel : 040- 44655000 ;Fax: 040 - 23420814

Contact Person: S V Raju, Asst. General Manager

6. As per the provisions of Section 109A the Companies Act, 1956, nomination facility is available to the Members, in respect of the equity shares held by them. Nomination forms are available and can be obtained from the RTA.
7. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the Company Secretary at the Corporate Office of the Company at least 15 days before the date of Annual General Meeting so as to enable the management to keep the information ready.
8. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
9. Members attending the Annual General Meeting are requested to bring with them the following :
- a) Members holding share in dematerialized form- the details of their DP and Client ID Numbers.
  - b) Members holding share in physical form- the details of their Folio Numbers.
  - c) The Attendance Slip duly completed and signed in terms of specimen signature lodged with the Company and copy of the Annual Report. As a measure of austerity copies of the Annual Report will not be distributed at the Annual General Meeting.
  - d) In case of Body Corporate, the authorised representative should bring with him/her a certified copy of relevant Board/Governing Body resolution of the entity concerned. In the event such a person wants to appoint a proxy to represent himself/herself, the conditions as outlined above, as to proxy/deposition of the proxy with the Company, would apply. The Proxy Form in such a case should be accompanied by a copy of the relevant resolution.
- 10.No compliment or gift of any nature will be distributed at the Annual General Meeting.
- 11.Members are requested to bring their valid photo ID proof at the time of the meeting.

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**ANNEXURE TO THE NOTICE**

**Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.**

The following Explanatory Statement sets out, all material facts relating to the business mentioned in Item No.2, 4, 5, 6 and 7 mentioned in the accompanying Notice.

**ITEM NO. 2**

Mr. V Mohan, director retires by rotation pursuant to Section 255 & 256 of the Companies Act, 1956 and being eligible, offers himself for re-appointment.

Mr. V Mohan holds a bachelor's degree in commerce from the Madras University. He is also a fellow member of the Institute of Chartered Accountants of India. He is a practicing chartered accountant with more than 30 years of experience audit and assurance services, company law and tax planning, tax representations and foreign exchange regulations. He is also a partner of Sankar Aiyar & Company, Chartered Accountants. He has been a director on our Board since March 6, 2007.

Pursuant to clause 49 of the listing agreement following information is furnished about the Directors proposed to be appointed/re-appointed:

A) He also holds directorship of following companies:

1. Lloyd Insulation (India) Limited
2. Isolloyd Engineering Technologies Limited
3. Champion Industries Limited
4. QH Talbros Limited
5. Talbros Automotive Corporation Limited
6. Asal Investment Private Limited
7. Cornellia Investment Private Limited
8. Gauder Investment Private Limited
9. Muller Investment Private Limited
10. Cosmo Capital and Investment Private Limited
11. GMP technical Solutions Private Limited

B) He holds Membership of Board Committees of following companies: NIL

C) He is not related to any other Director of the Company nor holds any equity shares of the Company.

None of the directors, except Mr. V Mohan is concerned or interested in this resolution.

Directors recommend the resolution for your approval.



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### ITEM NO. 4

With the objectives of securing greater employee participation; motivating the employees to contribute to the growth and profitability of the Company; it is proposed to grant employee stock options to employees through Employee Stock Option Scheme, 2013. This would not only enable the Company to reward past loyalty and performance, but also to attract and retain the best talent besides enabling the employees to develop a greater sense of ownership with the organisation.

The main features of the employee stock option schemes are as under:

#### **(a) The total number of Options to be granted**

A maximum of 22,50,000 (Twenty Two Lacs and Fifty Thousand Only) Options convertible into 22,50,000 (Twenty Two Lacs and Fifty Thousand Only) Shares of the face value of ₹ 10/- each of the Company, which will be granted to the eligible employees as may be decided by the Compensation Committee from time to time on such terms and conditions as may be determined by it in accordance with the ESOS-2013 and the SEBI Guidelines.

Each option (after it is vested) will be exercisable for one Equity share of Rs. 10 each fully paid-up.

Vested options that lapse due to non-exercise or unvested options that get cancelled due to resignation of the employees or otherwise would be available for being re-granted at a future date.

#### **(b) Identification of classes of Employees entitled to participate in the Scheme**

All permanent employees of the company including employees of the Company's subsidiaries, whether working in India or abroad, as may be decided by the Board, from time to time, would be entitled to participate in the employee stock option schemes.

Employees may be granted Stock Options based on performance and such other criteria as the Board may, in its absolute discretion decide. The options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner.

However a person who is a Promoter or belongs to the Promoter Group or a director who either by himself or through his relatives or through any body corporate, directly or indirectly, holds more than 10% of the outstanding Shares of the Company, shall not be eligible to participate in Scheme 2013.

#### **(c) Requirements of Vesting and period of Vesting**

The Options granted shall vest so long as the employee continues to be in the employment of the Company. The options granted shall vest over a period not exceeding 1 year from the date of grant of the options.

The Board may, in its discretion, lay down certain performance metrics on the achievement of which the granted options would vest, the detailed terms and conditions relating to such performance-based vesting, and the proportion in which options granted under the schemes would vest.

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**(d) Maximum period within which the Options shall be vested**

The Options granted under the ESOS- 2013 will vest not earlier than 1 (one) year from the date of grant of such Options. Further, the Vesting period may be varied at the discretion of the Compensation Committee.

**(e) Exercise price or Pricing formula**

The exercise price shall not be less than the face value per share per option.

The full exercise price along with applicable taxes, if any, shall be paid to the Company upon exercise of the Options in terms of the ESOS- 2013.

**(f) Exercise period and process of exercise**

The Exercise period would commence from the date of vesting and will expire on completion of one year from the date of vesting of options.

The options will be exercisable by the Employees by a written application to the Company to exercise the options in such manner, and on execution of such documents, as may be prescribed by the Board from time to time. The options will lapse if not exercised within the specified exercise period.

**(h) Maximum number of Options to be granted per Employee and in aggregate**

The maximum number of Options in aggregate that may be granted under ESOS- 2013 shall not exceed 22,50,000 (Twenty Two Lacs and Fifty Thousand Only).

The number of options that may be granted to employees under the Scheme shall be determined by the Compensation Committee from time to time. However, grant of options to identified employees, during any one year shall not be equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant of options.

**(I) Disclosure & Accounting policies**

The Company shall comply & conform with the disclosure & accounting policies prescribed by Institute of Chartered Accountants of India and according to Schedule I of the Securities and Exchange Board of India (Employee Stock Option Scheme) guidelines, 1999 from time to time.

**(j) Method of valuation of Options**

The method which the Company shall use to value its Options shall be as per the SEBI Guidelines.

**(k) Statement in Directors' report**

In case the Company calculates the employee compensation cost using the intrinsic value of the Options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the Options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on Earning Per Share (EPS) of the Company shall also be disclosed in the Directors' report.

None of the directors is concerned or interested in this resolution.

Directors recommend the resolution for your approval.



## VASCON ENGINEERS LIMITED

15/16, Hazari Baug, LBS Marg, Vikhroli (West), Mumbai 400 083. Tel: +91 (22) 25781143 Fax: +91 (20) 26131071

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### ITEM NO. 5

Mr. Siddharth Vasudevan Moorthy is a son of Mr. R. Vasudevan, the Managing Director of the Company.

Mr. Siddharth Vasudevan Moorthy holds a diploma in civil engineering from Sinhgad Institute of Technology, Pune. He has also completed his Bachelor of Applied Science in Construction Management from Singapore Institute of Management. Also, prior to joining us, he was working with Sysma Construction Pte. Limited, Singapore. He has over six years of experience in the construction industry in areas like project analysis, project progress (planned vs. actual), budgeted cost versus actual, project bottleneck analysis and action plan to resolve, project scheduling, co-ordination between project in-charges and clients.

Subject to approval of the shareholders at the ensuing Annual General Meeting, he has been appointed by the Board of Directors of the Company, on recommendation of the Selection Committee, to hold an office or place of profit as a Executive Director-Corporate Affairs with effect from 1st April, 2013 as per terms and conditions mentioned in Special Resolution. Thus Directors recommend the resolution for your approval.

None of the directors, except Mr. R. Vasudevan, is concerned or interested in this resolution.

### ITEM NO. 6

The existing Article 125 states about a joint right of financial institution to appoint nominee director on the Board of the Company, so long as any moneys by way of loans/privately placed debentures remain owing by the Company to any financial institution.

The Company by this amendment removes this “joint” word and provide the right to financial institution to appoint solely the nominee director on the Board of the Company, so long as any moneys by way of loans/privately placed debentures remain owing by the Company to any financial institution.

None of the directors is concerned or interested in this resolution.

Directors recommend the resolution for your approval

### ITEM NO. 7

The Company has proposed to avail loan of Rs. 73 crores from IDFC as project loan. As one of its principal term : in case of default of repayment of principal and interest (“the due monies”) will be converted in to equity shares of the Company to that extent as specified in loan agreement.

None of the directors is concerned or interested in this resolution.

Directors recommend the resolution for your approval.

By Order of the Board of Directors





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### ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE

Regd. Folio No. .... DPID NO\* ..... Client ID NO\* .....

Name of the Member/ Proxy .....  
(in BLOCK LETTERS)

No. of Shares held .....

I hereby record my presence at the Annual General Meeting of the Company on Thursday, the 12th September, 2013.

SIGNATURE OF THE MEMBER/PROXY .....

- NOTE: 1. Only Members/ Proxy holders whose names registered with the Company will be allowed to attend the meeting and are requested to bring this Attendance Slip duly filled and signed with them when they come to the meeting.  
2. No attendance slip will be issued at the time of meeting.

\*Applicable for members holding shares in electronic form.

-----CUT HERE-----

### FORM OF PROXY

Regd. Folio No. .... DPID NO\* ..... Client ID NO\* .....

I/We ..... of .....

.....being a Member/Members of Vascon Engineers Limited, hereby appoint

..... of ..... or failing him

..... of ..... as

my/ our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company on Thursday, 12th September, 2013 and at any adjournment thereof.

No of shares ..... Signature of the Member .....

AFFIX  
Re.1  
REVENUE  
STAMP

\*Applicable for members holding shares in electronic form.

- NOTE: 1. The Proxy form should be signed across the revenue stamp as per the specimen signature recorded with the Company and all the alteration made therein should be initialed.  
2. The Proxy need not be a Member.  
3. The Proxy Form must be submitted so as to reach the Corporate Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.



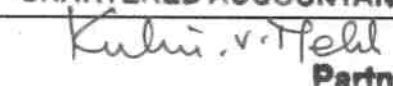
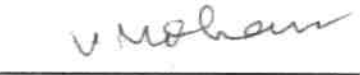
## FORM B

**Format of covering letter of the annual audit report  
to be filed with the stock exchanges**

1. Name of the Company:	<b>Vascon Engineers Limited</b>
2. Annual financial statements for the year ended	<b>31<sup>st</sup> March, 2013</b>
3. Type of Audit qualification	<del>Qualified...../ Subject to ...../ Except for.....</del>
4. Frequency of qualification	<del>Whether appeared first time .... / repetitive .... / since how long period 2 years.....</del>
5. Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	<p>gist of qualifications/ headings (Refer page numbers in the annual report) and management's response:-</p> <p><u>Auditor report</u>: Annexure to Auditors Report :Point no 7, 9(a)&amp;(b)&amp;11</p> <p><u>Annual report</u> :Annexure to Auditors report :Page no :38</p> <p><u>Directors response</u>: Point no 17 Annual report: Directors' report :Page no 24</p>



*Kulna*

<p>6. Additional comments from the board/audit committee chair:</p>	<p>This may relate to nature of the qualification including materiality, agreement/disagreement on the qualification, steps taken to resolve the qualification, etc.</p>
<p>7. To be signed by-</p> <p><input type="checkbox"/> CEO/Managing Director</p> <p><input type="checkbox"/> CFO</p> <p><input type="checkbox"/> Auditor of the company</p> <p><input type="checkbox"/> Audit Committee Chairman"</p>	<p>Signatures</p> <p>CEO: </p> <p>CFO: </p> <p>Auditor of the Company :  <b>Anand Mehta &amp; Associates</b>  <b>CHARTERED ACCOUNTANTS</b>    <b>Partner</b></p> <p>Audit Committee Chairman :  </p> 