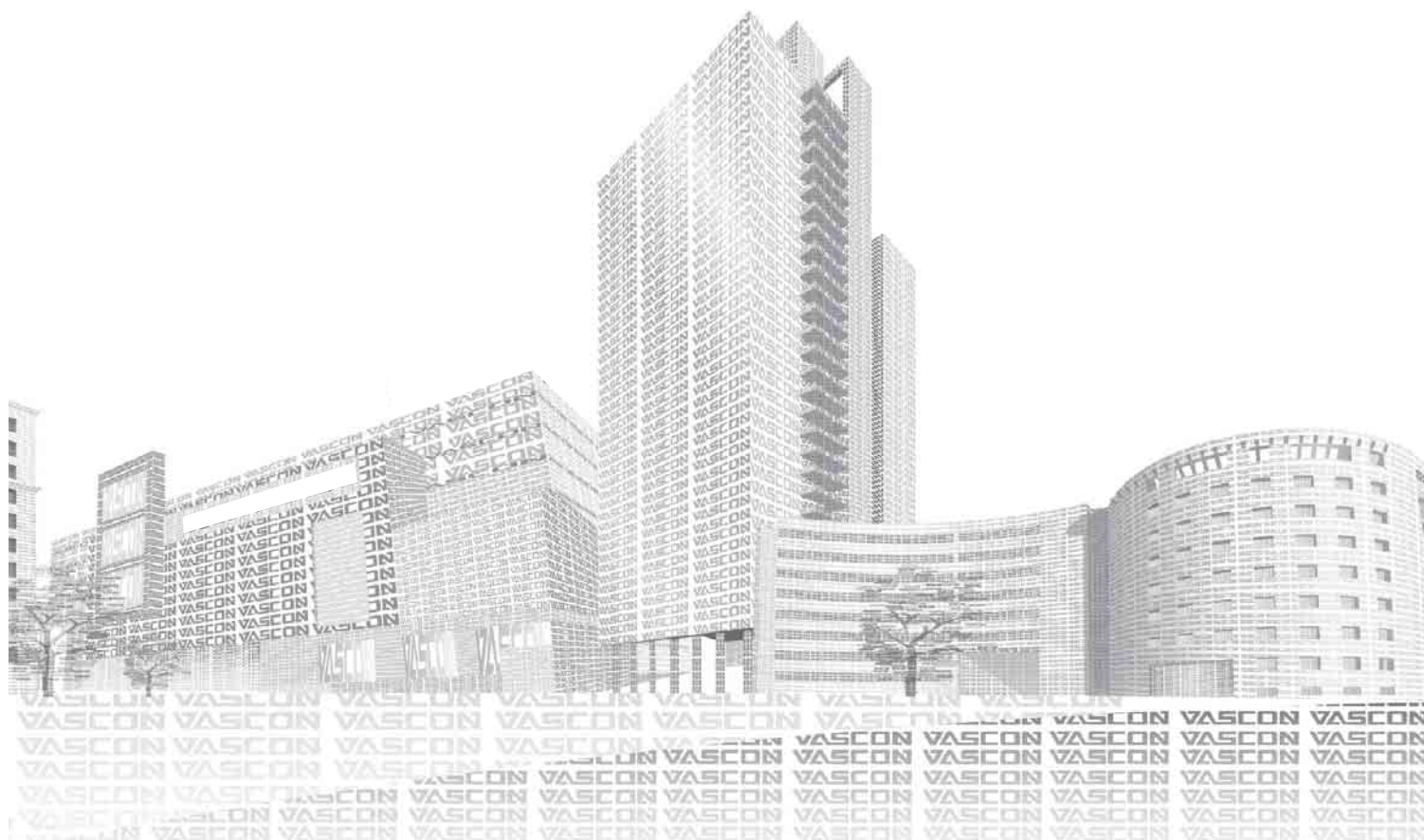
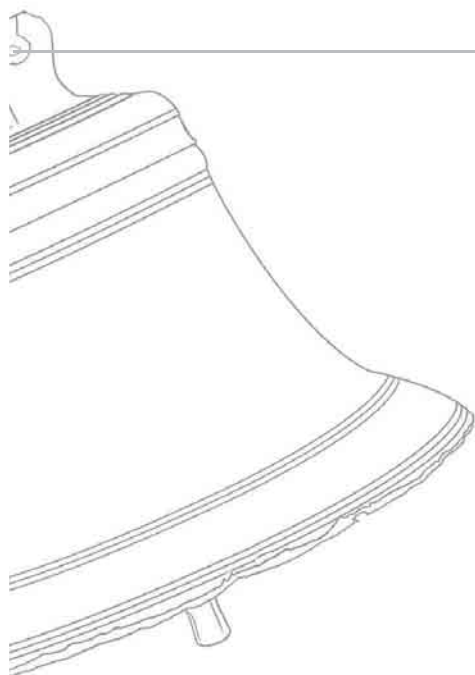


# ANNUAL REPORT

2009-10 - YEAR OF IPO





# CONTENTS

▶ Company Information.....	01
▶ Achievements & Milestones.....	02
▶ Note from the MD's Desk.....	04
▶ Business Model & Review.....	06
▶ A Picture of Success.....	08
▶ Development with Conscience.....	10
▶ Our Presence.....	12
▶ Strategic Investment Opportunities.....	14
▶ The Numbers.....	15
▶ The Story Beyond the Numbers.....	16
▶ Management Bandwidth.....	18
▶ Corporate Social Responsibility - A Heart beat of Success.....	19
▶ Certifying our Success - Award & Certifications.....	20
▶ Directors' Report with Annexures.....	21
▶ Report on Corporate Governance.....	25
▶ Management Discussion and Analysis.....	33
▶ Auditors Report.....	37
▶ Balance Sheet.....	41
▶ Profit and Loss Account.....	42
▶ Cash Flow Statement.....	43
▶ Schedules forming part of Accounts.....	45
▶ Notes forming part of Accounts.....	57
▶ Balance Sheet Abstract.....	83
▶ Section 212 Statement and Information on the financial of subsidiaries.....	84
▶ Auditors report on Consolidated Financial Statements.....	86
▶ Consolidated Balance Sheet.....	87
▶ Consolidated Profit and Loss Account.....	88
▶ Cash Flow Statement.....	89
▶ Schedules forming part of Consolidated Accounts.....	90
▶ Notes forming part of Consolidated Accounts.....	100



## COMPANY INFORMATION

### ▶ **BOARD OF DIRECTORS**

V. Mohan , Chairman  
R. Vasudevan, Managing Director  
K. G. Krishnamurthy, Director  
R. Kannan, Director  
Ameet Hariani, Director

### ▶ **COMPLIANCE OFFICER & COMPANY SECRETARY**

M. Krishnamurthi

### ▶ **AUDITORS**

Anand Mehta & Associates,  
Chartered Accountants  
Mulratna, First Floor,  
334, Narshi Natha Street,  
Masjid (w), Mumbai - 400009

### ▶ **BANKERS**

State Bank of India  
HDFC Bank  
Yes Bank  
Central Bank of India

### ▶ **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, F: +91-20-26131071

### ▶ **WEBSITE**

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

### ▶ **REGISTRAR & TRANSFER AGENTS**

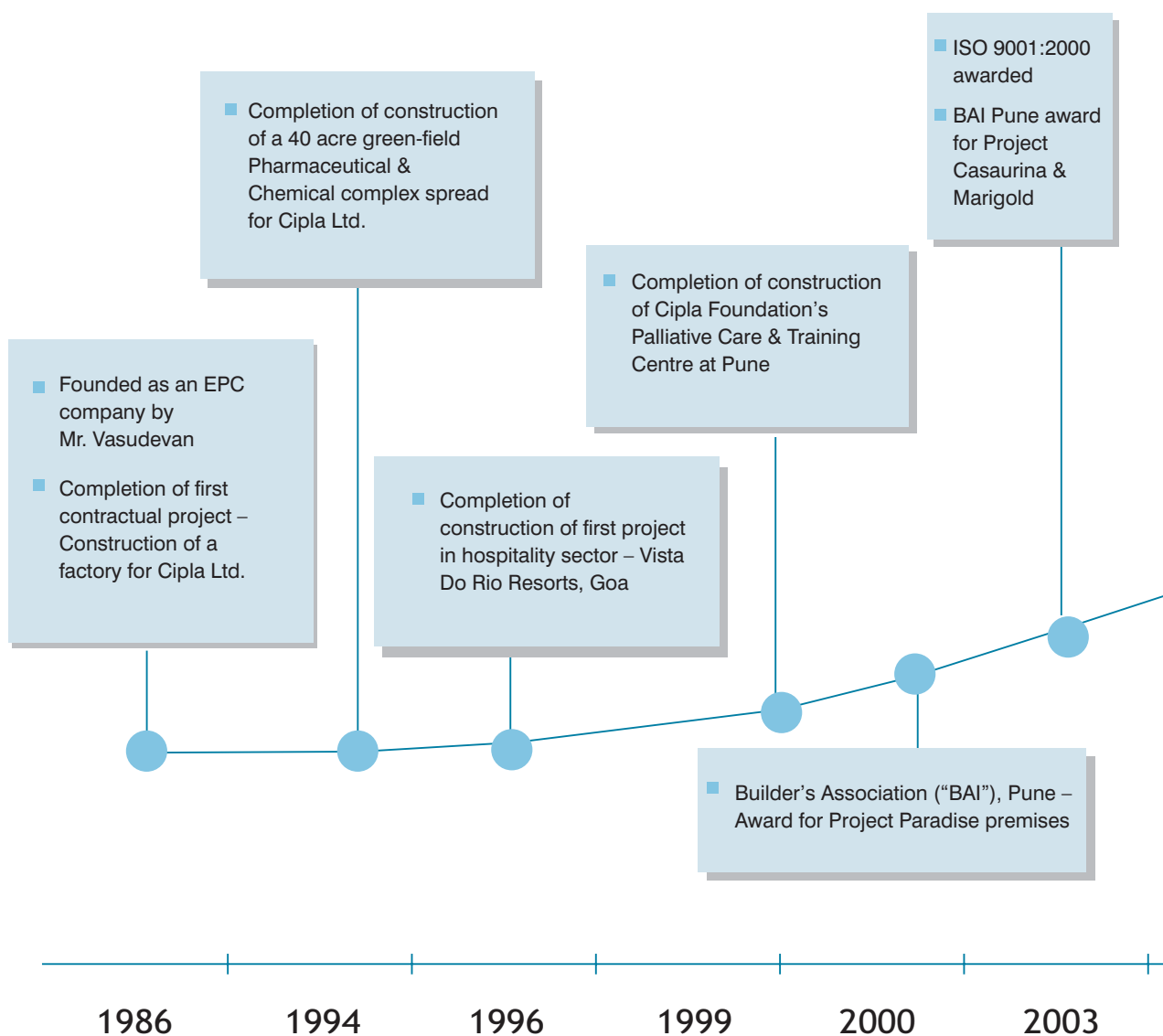
Karvy Computershare Private Limited  
Plot No. 17 to 24, Vittalrao Nagar  
Madhapur, Hyderabad - 500 081

### ▶ **LISTED ON**

National Stock Exchange of India Limited  
Bombay Stock Exchange Limited



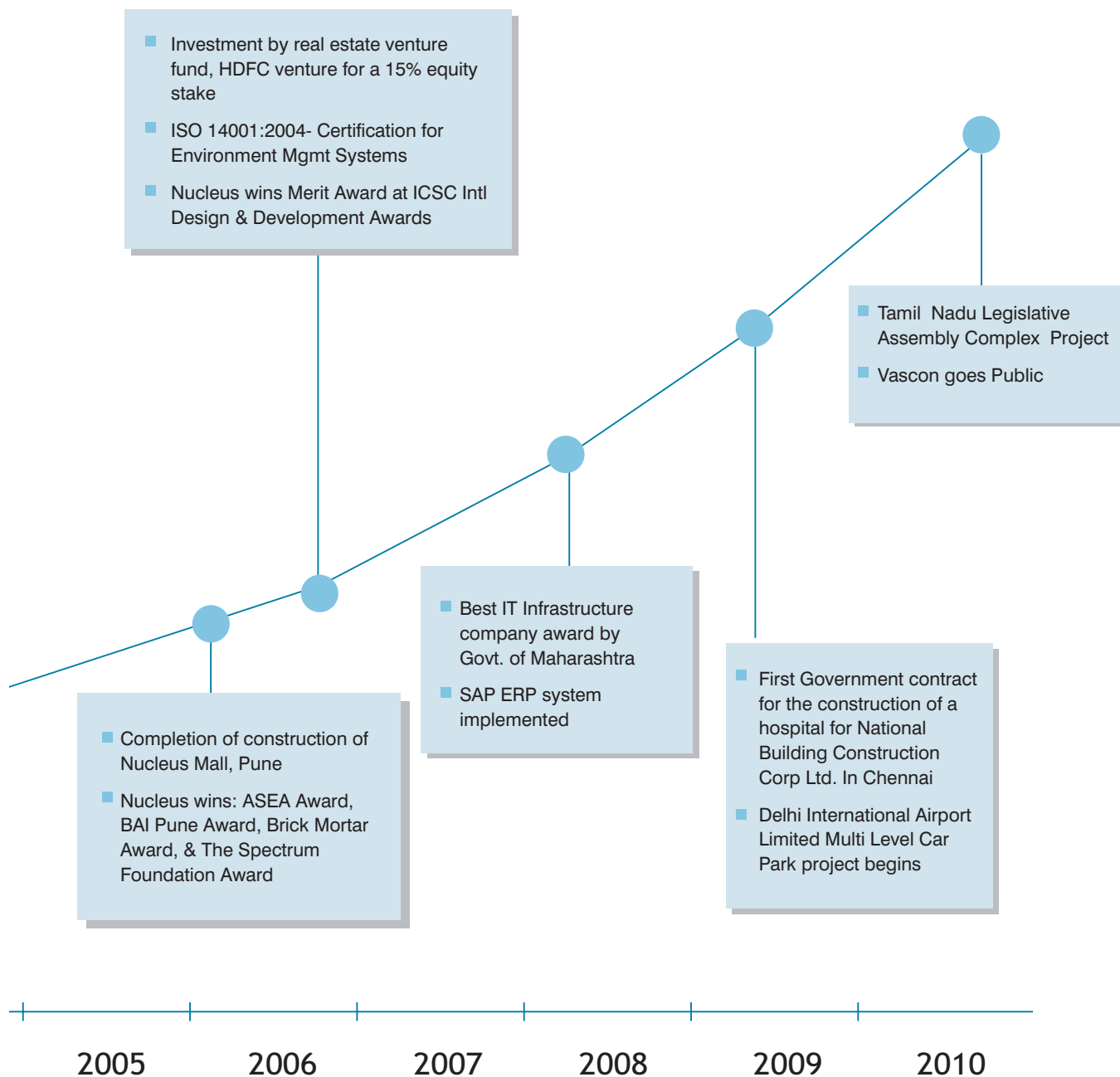
## ACHIEVEMENTS & MILESTONES



Growth Drivers – EPC, Real Estate, Hospitality & Infrastructure



## ACHIEVEMENTS & MILESTONES



**Dear Fellow Stakeholders**

*A man is but the product of his thoughts what he thinks, he becomes.*

**- M. K. Gandhi**

*With this quote as an inspiration, Vascon commenced its journey to build a success story and established its presence in the EPC and Real Estate space. Today, as we enter into our 25<sup>th</sup> year of existence, the inspiration continues as we aspire to become bigger and better.*

*An important milestone in this journey was crossed during this financial year, when we successfully completed our Initial Public Offer in January 2010.*

**Engineering a Success Story**

*Having completed 181 projects and clocking a contract value of Rs.8,888.71million, Vascon has established itself as a premium player in the Engineering, Procurement and Construction (EPC) space. The year gone by, has, indeed been one of the most challenging for economies across the globe. Against the backdrop of increasing economic integration, the global slowdown had a cascading effect on the Indian Economy.*

*Despite this, the Indian economy is estimated to grow at over 7.4 % in fiscal 2010, which is higher than what most economies across the world can aspire for. The Infrastructure and Construction segment continues to be the epicenter of our economic development and has received a tremendous impetus from the strong political will demonstrated by the Central and State Governments. This is evident in the form of increasing private sector participation and higher budgeted outlays. With an established track record and strong brand equity, Vascon is well*

*positioned to ride the building momentum.*

*It pleases me to inform you that within the EPC space, we have built the reputation of a Company with high integrity; one which provides the highest quality for the right value and in a timely manner. As we grow, we foresee this segment emerging as the stable growth driver of our Company. The Company intends to expand its clientele in terms of territory and scope of activities. To achieve this goal, we will bid for contracts which will enable us to move up the value chain, resulting in efficient deployment of resources and higher operating margins.*

*Most of the Company's contracts are bagged through participation in a competitive bidding process and with a strong balance sheet on account of our recent fund raising exercise; we foresee our EPC business being catapulted onto a higher growth trajectory.*

*The fact that our Joint Venture partners whom we have worked with on a single project have chosen to work with us again, in a different region on a different project reinforces our faith in our ability to deliver high quality performance.*

*Over the years, Vascon has built a reputation of delivering high quality projects and completing them ahead of schedule. While our focus on private projects continues, we have made significant headway as regards Government Projects, which opens up unlimited business opportunities. The Company has registrations with agencies such as National Building Construction Company, City and Industrial Development Corporation of Maharashtra.*

**Building on our Engineering Story**

*It was a logical progression for our Company to build on our strong EPC edifice and undertake Real Estate Development. This we believe will emerge as the*





## NOTE FROM

## THE MD'S DESK

scalability driver for our Company and become the key to unlock further value. Further, as the industry continues to become more competitive, we believe that the EPC base will give us the cutting edge to rise above the industry standards in terms of our execution capabilities.

In terms of the Real Estate Business, our approach is unique in terms of project development strategy. Typically, we enter into Joint Ventures or Joint Development Agreements to lower our land acquisition cost and de-risk our business. Once we gather more hands-on experience in terms of the dynamics of a market and its prospects, we start looking out for land acquisition opportunities at the right time.

With this model, we are currently present across the entire universe of projects that includes residential and office complexes, shopping malls, multiplexes, hospitality properties, IT parks and other buildings. Going forward, we will remain focused on geographical expansion and undertaking a diverse range of Real Estate Projects.

It is worth pointing out here that we have substantial value in our balance sheet that goes far beyond the numbers. Since our land bank is largely historic and purchased at a time when land prices were really low, their current values are significantly higher. As a matter of abundant accounting conservatism and good practises we continue to value the same at cost in our balance sheet.

The Company also follows a unique strategy of investing in Hospitality assets. This business initiative is driven by the growth prospects of the Company's EPC and Real Estate businesses which boosts demand for the hospitality sector around its sites. The Company has invested in established brands like Hyatt and Holiday Inn to benefit from the same.

### Measuring our Success

In terms of numbers Net Income registered a growth of 47% to Rs. 7381 million mainly due to good traction witnessed in the EPC segment. Profit from Operations before Other Income, Interest & Exceptional Items registered a higher growth rate of 57% as the expenditure as the percent of sales was

lower due to effective cost control measures implemented by the Company on a continuous basis. Lower Interest cost helped boost the Company's Net Profit which stood at Rs 522 million with a growth of 171%.

The scorching pace of growth brings with it concerns over rising input costs and availability of skilled manpower. We are proactively addressing the same by restructuring our procurement policies and enhancing efficiencies as a continuous effort. In terms of human resource management too, we have implemented innovative initiatives to recruit and retain quality personnel.

### A Vote of Thanks

Despite the recent slowdown, we remain confident about the long term prospects of the economy, the sectors we are engaged in and our Company. In the process of achieving its strategic objectives, the company will adhere to the highest standards of quality, health, safety and environment.

We have robust processes and guidelines in place and our commitment towards environmental preservation and enhancement is reflected in the certifications received for various projects undertaken by us.

With a strong foundation already in place, we aspire to be one of the most admired EPC and Real Estate development companies in India and believe that this can be achieved by creating value for all our stakeholders.

As the journey towards Building on our Engineering Excellence continues, I take this opportunity to thank each one of you for reposing faith in us.

Acknowledging the additional responsibility of Vascon being a listed entity now, I sign off with an assurance that all of us at Vascon will continue to put in our best efforts to scale new heights in the times to come.

Sincerely,

R. Vasudevan

Managing Director



## ENGINEERING POSSIBILITIES

## BUSINESS MODEL & REVIEW

### Engineering, Procurement & Construction (EPC)

Our EPC services include constructing factories, hospitals, hospitality properties, office and residential complexes, shopping malls, multiplexes, IT parks and other buildings. We intend to capitalize on the opportunity presented by the strong political will and intent demonstrated by the Indian Government on promoting Infrastructure development.

We provide EPC services for our own projects as well as to third parties. EPC services involve various activities, depending on the scope of the engagement on a specific project. It encompasses undertaking projects as turnkey contractors for the entire project or as contractors responsible for a specific portion of a project.

An Executive Committee evaluates the project based on various parameters including whether it fits into our overall growth strategy, availability of resources to execute the same, client profile and future growth potential.

Once finalized, EPC activities may include project management, engineering and design of the entire proposed project or specific parts of a project, procurement of equipment and materials from third party manufacturers, construction activities and commissioning or start-up services.

As part of our strategy to continuously expand our reach in terms of geographies as well as nature of projects, we have forayed aggressively to bag high value Government contracts.

We work closely with agencies like National Building Construction Company which is the largest public sector construction company focusing on various residential and commercial projects.

We are also working with the Public Works Department which is engaged in planning, designing, construction and maintenance of Government assets in the field of built environment and infrastructure development, at the state level.

In our endeavour to spread our sphere of influence across various industry verticals and tap the opportunity that they provide, **we have identified the education, pharmaceuticals and healthcare**

**segments as our key focus areas.** We already have a footprint in these segments and we are well positioned to capitalize on the opportunities they provide.

With increasing participation from the private sector in these segments and especially in education, there is tremendous scope for companies like ours, which already have a footprint. Further, the Education Ministry has indicated the need for private sector participation to bridge the demand-supply gap and a model for the same is already in place, which enhances our business opportunities here.

Some of the prestigious projects include the Global Management headquarters for Suzlon Energy at Hadapsar, Pune for a contract value of Rs. 936 million. The project has been ergonomically designed to meet green building norms of LEED and TERIGRIHA. The construction has been completed in FY 2010. We are also undertaking construction of Ruby Mills, an upcoming commercial complex in Dadar, Mumbai with a contract value of Rs 2,073 million. The total constructed area of 1.45 million square feet with 24 levels and is expected to be completed in 2011. The project has won the Well Built Structure Award by Builder's Association of India 2009.

### Spreading our Wings

As of March 31, 2010, Vascon had completed 181 contracts with a total contract value of Rs. 8,888.71 million and engaged in 76 contracts with an estimated total contract value of Rs. 41,017.44 million and has an order book of Rs. 31, 098.09 million.

**State wise break up of completed and ongoing contracts as on March 31, 2010**

States	On going Contracts			Completed Contracts	
	Nos	Value Rs in Million	Order Book	Nos	Value Rs in Million
Maharashtra	59	28,564.19	22,418.42	110	6,193.03
Gujarat	1	3,180.00	3,180.00		
Tamilnadu	4	2,970.44	2,737.64		
Andhra Pradesh	2	1,382.50	1,382.50		
Delhi	1	2,480.82	865.23		
Goa	3	339.37	235.53	55	2,055.36
Haryana	1	738.50	145.70		
Himachal Pradesh	3	199.43	129.94	9	459.60
Madhya Pradesh	1	1,101.29	3.13		
Karnataka	1	60.90	0.00	1	36.75
Daman	--			4	66.81
Punjab	--			2	77.16
<b>Total</b>	<b>76</b>	<b>41,017.44</b>	<b>31,098.09</b>	<b>181</b>	<b>8,888.71</b>

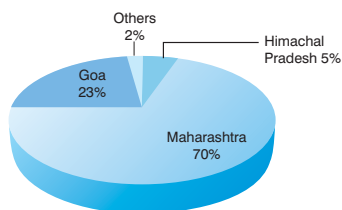




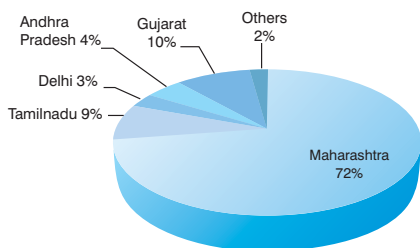
## ENGINEERING POSSIBILITIES

## BUSINESS MODEL & REVIEW

**Statewise Completed Contracts  
as on March 31, 2010**



**Statewise Order book  
as on March 31, 2010**



- Goa Institute of Management
- Housing Development & Infrastructure Limited
- Kirloskar Brothers Limited
- Military Engineering Services
- MphasiS Limited
- National Buildings Construction Corporation Limited
- Sahara School Holdings Limited
- Sahyadri Hospital Limited
- Sinhgad Technical Education Trust
- Symbiosis
- Suzlon Energy Limited

**A growing economy holds out tremendous potential in terms of infrastructure development and our Company is in the right place at the right time, given the opportunity that the Indian Economy holds out.**

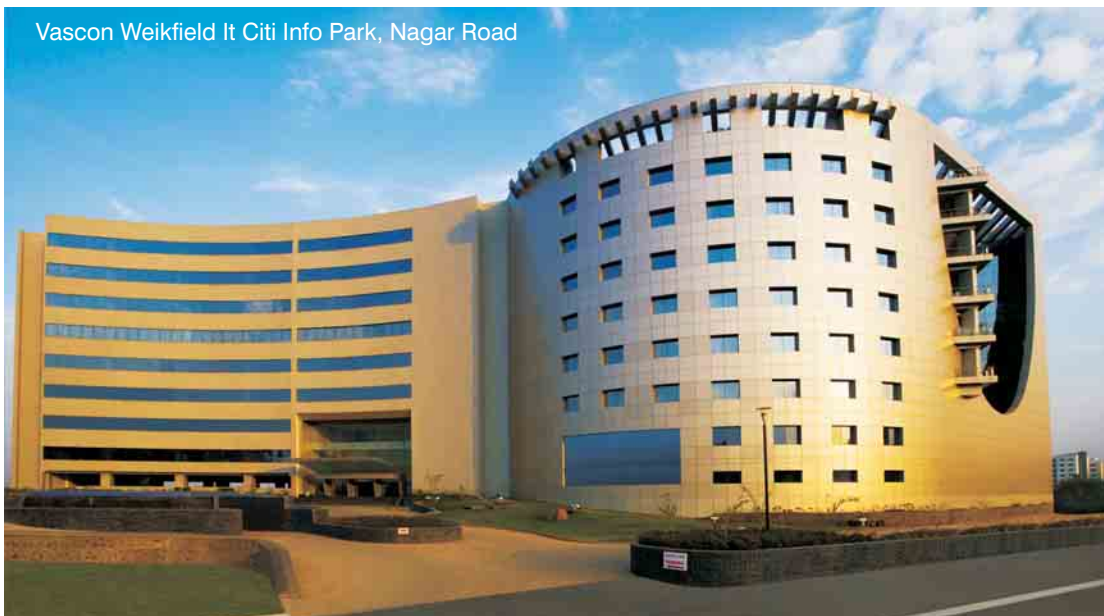
**Vascon's strategy for the EPC segment will focus on optimizing its EPC services business and resources and entering into infrastructure development by participating in road development and other infrastructure related activities.**

### Pillars of our Success Story

#### Esteemed Clientele

- Cipla Limited
- Continental Hospital Private Limited
- Delhi International Airport Limited
- Dr. Reddy's Laboratories Limited
- Four Points Duet India Private Limited

Vascon Weikfield It Citi Info Park, Nagar Road



# A PICTURE OF SUCCESS



One Earth, the new corporate headquarters that we have built for Suzlon Energy Limited has been awarded the highest level of LEED Certification – Platinum (from LEED India)! At VASCON we have always been inspired by a single vision – to make our world a greener, happier, more abundant place. Building the GREENEST building in the world is merely another expression of that resolve. It is our way of committing to a future without harmful emissions, of reducing our carbon footprint, of creating a sustainable, profitable alternative, and of giving you, Pune, a reason to walk tall!

- Out of the 58 points applied for, awarded an astounding 57 points by LEED India.
- Recipient of Five Star rating, and awarded 96 out of 100 points from GRIHA.





One Earth : Suzlon Corporate Campus, Hadapsar





## REAL ESTATE

# DEVELOPMENT WITH CONSCIENCE

**In a logical extension of our EPC expertise, we have moved up the value chain by diversifying into Real Estate business in the year after inception and grown rapidly thereafter, establishing a niche for ourselves in this space.**

We engage in the development of residential and office complexes, shopping malls, multiplexes, hospitality properties, IT parks and other buildings. We conduct our real estate development business directly or through our other development entities. We also hold equity in other Development Entities, which in turn enter into joint development or other agreements to develop the properties.

**A majority of our developments are based on the revenue sharing model and hence requires lower working capital. This model also ensures against the blockage of capital and minimizes downside risk.**

We undertake the entire spectrum of Real Estate Development activities including identification and acquisition of land, providing EPC services, and sales and marketing of projects to operation of the completed projects.

**Vascon has strategically focused on the Tier II and Tier III cities in India where the majority of the population resides.**

**The idea is to focus on areas where the company foresees significant value unlocking potential from its land holdings.**

**Today Vascon has diversified its Real Estate footprint across India into cities like Hyderabad, Nashik, Coimbatore, Aurangabad, Ahmedabad, Madurai and Belgaum.**

In addition to developing and providing EPC services for real estate projects, we also own and operate certain projects even post their completion through our subsidiaries and our other development entities.

We have a clear-cut strategy in place to strengthen our footprint in the realty segment. A dedicated team analyses and monitors existing and future customer profiles and requirements, industry economics, property market trends and Government policies to arrive at future development potential.

Feedback received from customers, property consultants, constructors, sub-contractors and suppliers is processed to assess future market demand and industry outlook.

Based on the above efforts, once a potential development site has been identified, a detailed legal, technical and financial feasibility is conducted. Formal conveyance of land by the seller (at which time stamp duty becomes payable) for acquisition of land, is completed only shortly before construction is due to start and after all requisite Governmental consent and approvals have been obtained.

**According to a survey conducted by the Construction World publication in June 2007, Vascon ranks among the top ten builders in India based on parameters such as size, brand or image, quality of construction, innovative product offerings, social obligations and commitments, use of technology and best business practices.**

As of March 31, 2010, we and our other development entities have completed an aggregate of 42 real estate development projects, with an aggregate saleable area of over 4.99 million square feet. In addition, we have sold land and land development rights aggregating 2.04 million square feet in saleable area. We and our other development entities are in the process of developing an additional 51 Ongoing and Forthcoming real estate projects, with an aggregate saleable area of over 56.84 million square feet.

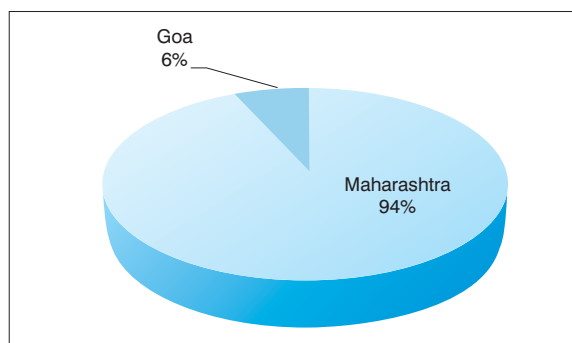


REAL ESTATE

## DEVELOPMENT WITH CONSCIENCE

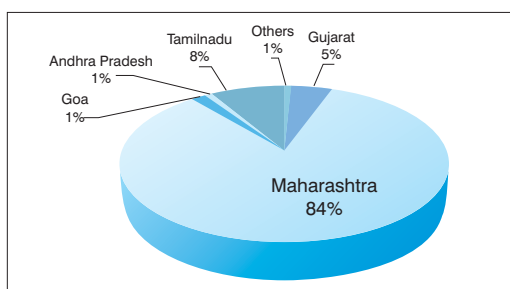
State	Completed		Ongoing	
	Nos	Area (Mn Sq Ft)	Nos	Area (Mn Sq Ft)
Maharashtra	40	4.68	40	47.70
Tamil Nadu			6	4.88
Karnataka			1	0.15
Punjab			1	0.25
Gujarat			1	2.65
Goa	2	0.31	1	0.60
Andhra Pradesh			1	0.60
Total	42	4.99	51	56.84

### COMPLETED PROJECTS

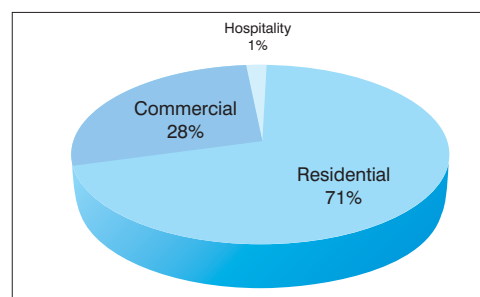


### ONGOING AND FORTHCOMING PROJECTS

#### Region Wise Presence



#### Segment wise breakup







## EPC AND REAL ESTATE

## OUR PRESENCE

### Andhra Pradesh

- 1 Continental Hospitals Ltd
- 2 Hyderabad

### Delhi

- 3 Delhi International Airport

### Goa

- 4 Goa Harmonal Extension Verna
- 5 Goa Medule Extension Verna
- 6 Goa Institute of Management
- 7 Daffodil

### Gujarat

- 8 Vascon City Gold Ahmedabad

### Haryana

- 9 BPTP IT Park

### Himachal Pradesh

- 10 FM Propack Private Limited
- 11 Cipla Limited (Lozenges)
- 12 Dr. Reddy's Laboratories Limited

### Karnataka

- 13 BIT
- 14 Nucleus - Belgaum

### Madhya Pradesh

- 15 Cipla Indore SEZ

### Maharashtra

- 16 Neelkanth Palacia, Mall & Business centre
- 17 Ruby Mills Dadar
- 18 Kirloskarwadi (Houses & Hostel)
- 19 Tristar Hotel
- 20 Neelkanth IT Park
- 21 Symbiosis College (Inc. Extension)
- 22 Symbiosis College Hostel
- 23 Symbiosis College Hostel (Extension, Hostel Building 6 & 7)
- 24 Symbiosis College Hostel

(Construction of Mess, Dining)

- 25 Rotary Global Hospital
- 26 Victor Reinz
- 27 Sulzer India
- 28 Savitribai Phule Shikshan Prasarak Mandal, Pune
- 29 WNS Global Services Private Limited
- 30 Zydus
- 31 Kirloskar Institute of Advance Management Study
- 32 Singhad Girls Hostel Building Pune
- 33 Symbiosis School Extension Nashik
- 34 Singhad Technical Education Society- Staff Quarter
- 35 Sunflower Premises Private Limited
- 36 Singhad Technical Education Society- Addition
- 37 MAP (KIRKEE)
- 38 HDIL
- 39 Ramkunj
- 40 Altamount Road
- 41 Parmanandwadi
- 42 Amby Vally (International School)
- 43 "Kshitij" Parmanandwadi
- 44 Savitribai Phule Shikshan Prasarak Mandal, Solapur
- 45 81 Koregaon Park
- 46 School - Sinhgad Tech Ed Soc Pune
- 47 Grand Maratha Hotel for Kakade Infra
- 48 Factory - Legrande Nasik
- 49 Pharma Plant Gopaldas Visram
- 50 Staff Quarters - Symbiosis, Pune
- 51 Forest Hills (Forest County)
- 52 Willows

- 53 Weikfield IT Citi Infopark

- 54 Windmere
- 55 Matrix
- 56 Zenith
- 57 Phoenix Ventures
- 58 Spring Field
- 59 Marisoft Annex
- 60 Zircon
- 61 Marigold
- 62 Excel - Hadapsar
- 63 Holiday Inn
- 64 Calypso
- 65 Tulips Dwellings, Undri
- 66 V Tech Park
- 67 Silver Spring
- 68 Vista
- 69 Vista Annex
- 70 Caladium - Bavdhan
- 71 Golden Nest Annex
- 72 Venus
- 73 Symphony, Thane
- 74 Grey Stone - Aurangabad
- 75 Green Park
- 76 Katvi, Pune
- 77 Sayali

### Punjab

- 78 Nucleus - Zirakpur

### Tamil Nadu

- 79 Bizarre Village
- 80 Hotel Project - Airport Road - Coimbatore
- 81 Nucleus, Coimbatore
- 82 Villa Viviana
- 83 National Building Construction Corporation Ltd
- 84 Indian Oil Petronas Private Limited
- 85 TN Assembly Complex (Block-B)
- 86 Madurai



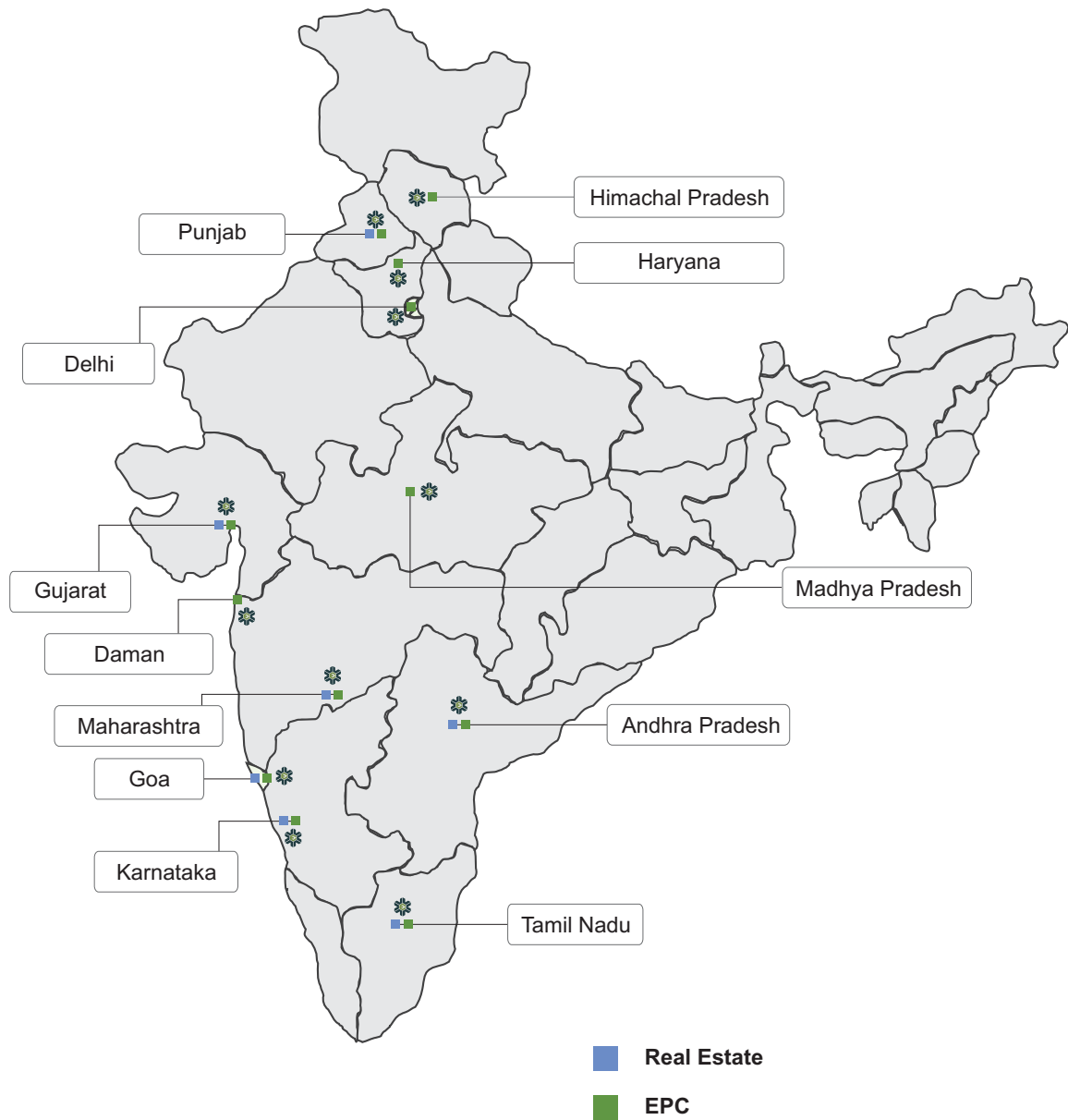
Symbiosis Management Center, Vimannagar





EPC AND REAL ESTATE

## OUR PRESENCE





## HOSPITALITY

# STRATEGIC INVESTMENT OPPORTUNITIES

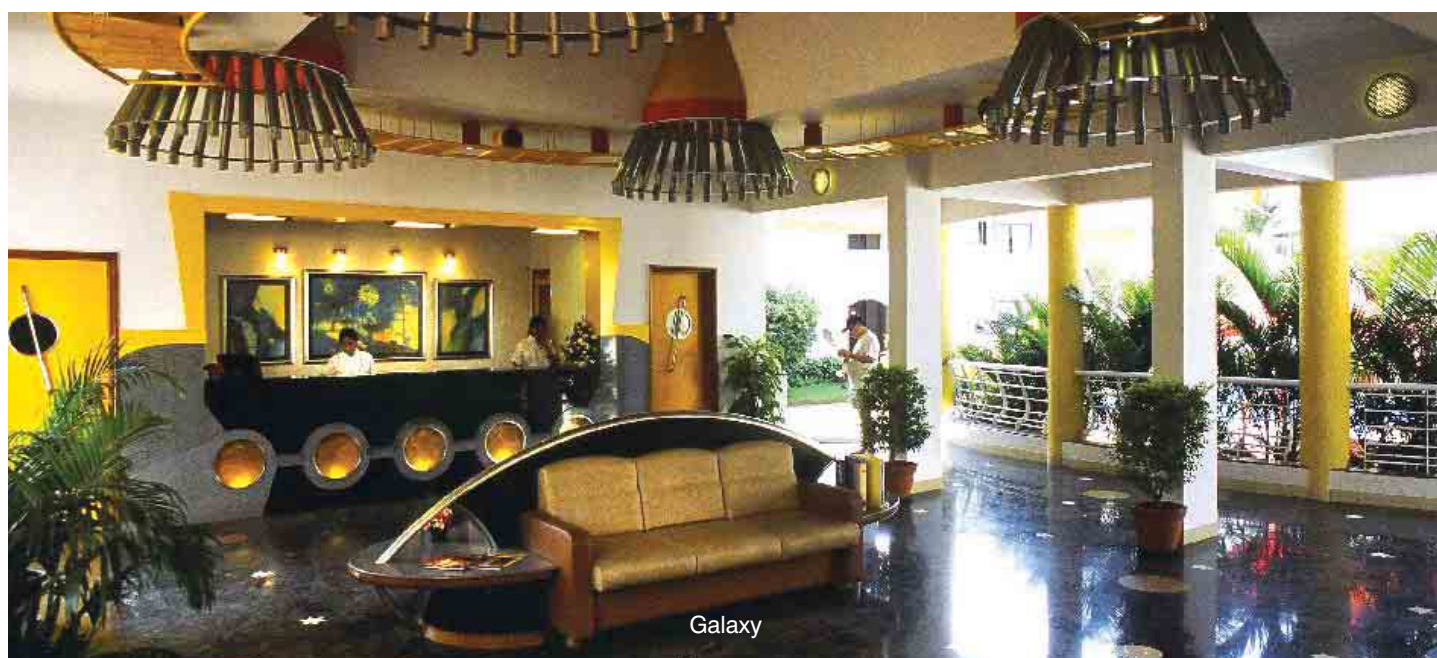
In addition to developing and providing EPC services for real estate projects, we own and operate certain projects, post their completion in the Hospitality segment. This was primarily to tap the demand for the Hospitality segment in and around our Real Estate Developments.

While we have the building expertise in the hospitality segment, roping in an investor from the industry to run the business, who in turn does not have to spend lead time on its construction, creates a win-win situation for both parties.

Having successfully done that, we are looking at expanding our presence across the Indian peninsula by making strategic investments in this segment, wherever a suitable opportunity arises. Our business model in this segment is open to exploiting all sources of revenues across the real estate spectrum and we are always on the look out for suitable opportunities.

As on 31<sup>st</sup> March, 2010, we own an interest in the below-mentioned properties either through our subsidiaries or other development entities.

	Vista Do Rio	Galaxy Resorts	Golden Suits	Holiday Inn	Hyatt Regency	Airport Hotel
Location	Goa	Goa	Pune	Pune	Pune	Coimbatore
Category	3 Star	3 Star	3 Star	5 Star	5 Star	4 Star
Vascon's holding	100%	43.83%	50%	32.68%	26%	70%
Number of Keys	41	65	71	187	306	107
Total Area (square feet)	69,363	70,000	55,000	109,769	450,000	106,500

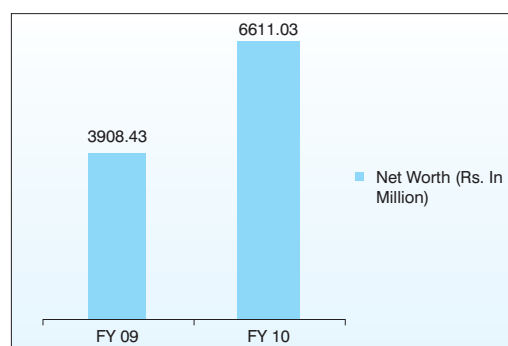
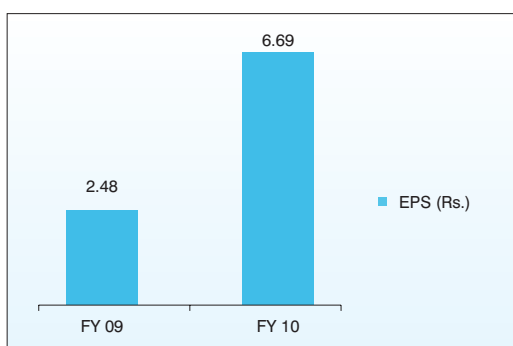
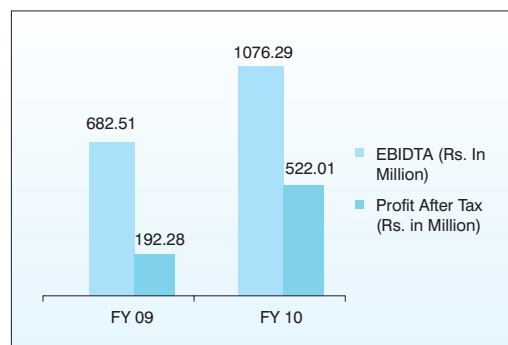
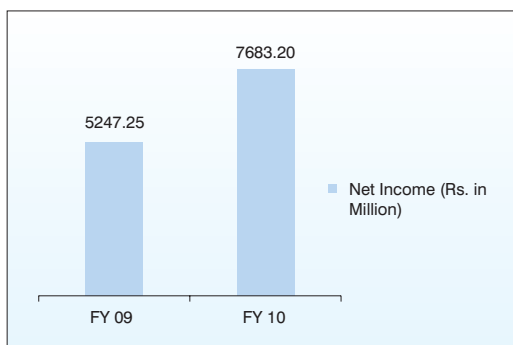




## FINANCIAL HIGHLIGHTS

## THE NUMBERS

Consolidated for the year	FY 09	Rs. In Million FY 10
<b>Net Income (including other income)</b>	<b>5247.25</b>	<b>7683.20</b>
Cost of Sales	3716.88	5911.20
<b>Gross Profit</b>	<b>1530.36</b>	<b>1771.99</b>
Operating Costs and Overheads	847.85	695.70
<b>Earning before Interest Depreciation and Tax (EBIDTA)</b>	<b>682.51</b>	<b>1076.29</b>
Finance Cost	284.83	234.14
Depreciation	81.88	78.22
<b>Profit Before Tax (PBT)</b>	<b>315.80</b>	<b>763.93</b>
Tax	123.52	241.93
<b>Profit After Tax (PAT)</b>	<b>192.28</b>	<b>522.01</b>
<b>Net Worth</b>	<b>3908.43</b>	<b>6611.03</b>
<b>EPS (Rs.)</b>	<b>2.48</b>	<b>6.69</b>



#### EPC Segment - Driving Growth

Vascon has thus far completed 181 EPC Projects with a contract value of Rs. 8888.71 million and has an esteemed list of clientele across business verticals such as residential, commercial, industrial units, hospitality, educational institutions and infrastructure at multiple locations. **We foresee this business as one which will continue to drive growth in the future based on the long standing experience and track record in the industry. We propose to do so by expanding our geographical presence in terms of new States and also focussing on areas with high growth potential besides potent industry verticals like Government Sector, Education, Pharma and Healthcare. Thus not only is the business diversified in terms of geography but also in terms of the sectors it caters too.**

The Order book of Rs 31,098.09 million as on 31<sup>st</sup> March, 2010 provides visibility about our future growth prospects. Vascon's credibility is also reflected in the 25.09.% of repeat orders.

#### Real Estate – Scalability Driver

Vascon has a strong footprint in the real estate space as well. There is strong potential in terms of industry demand and supply and we are focused on developing a diverse range of projects such as residential and office complexes, shopping malls, multiplexes, hospitality properties, IT parks, community centers and other buildings. As on March 31<sup>st</sup>, 2010, we, along with our other development entities have completed an aggregate of 42 real estate development projects and are in the process of developing 51 Ongoing and Forthcoming Projects. While real estate development requires significant capital, we believe that the tremendous scalability it will bring in terms of revenues and profits will lead to value unlocking for our company.

Our EPC base will provide us with a competitive advantage in terms of growing our Real Estate business.

#### Our Key Differentiators-

##### Technology & Innovativeness

We believe that the focus on innovativeness by deploying the right technology is what differentiates Vascon from many of our peers. This culture has

emerged over the years based on the long standing experience of our engineering, architecture, management and project execution teams to innovate and maximize the use of land even while minimizing the use of raw materials, power and other natural resources.

To cite an example, we have introduced concepts such as dual feeder electricity supply and automated temperature control systems in our projects to reduce the electricity consumption. Post-tensioned concrete technology has been implemented in most of the projects. The introduction of tower cranes, concrete placer booms, automated stirrup making machines and shuttering systems have acted as catalysts to enhance construction speed, safety and efficiency.

Pre-stressed concrete technology is used to increase the load bearing capacity of concrete columns and reduces total costs as fewer numbers of columns are required.

Finally, the Company's output speaks for itself. The Software Park for MphasiS was recognized with an early completion performance award while the educational facility for Symbiosis Institute too is a shining example of our commitment. The Global Management headquarters for Suzlon in Pune has been ergonomically designed to meet green building norms of LEED and TERIGRIHA. We have also deployed the most advanced technology for the ongoing Ruby Mills project in Mumbai which has a total constructed area of 1.45 million square feet and will be one of the most well equipped commercial complexes.

#### Managing Execution and Operations Risk

Vascon has a track record of developing and constructing high quality, innovative projects even while always adhering to stringent deadlines. Dedicated teams and processes are in place to bid for, design and engineer, procure materials and execute the projects of the highest quality in a cost-effective and timely manner. The implementation of SAP ERP system has streamlined our operations and reduced costs resulting into improved productivity

#### Cost Control and Focus on High Productivity

Cost consciousness is an imbibed philosophy at Vascon. Budgeting and continuous monitoring of



## THE INTANGIBLES

# THE STORY BEYOND THE NUMBERS

resource allocation and sourcing is undertaken to ensure optimal deployment of funds for the same. Further, we have deployed IT systems and processes effectively to facilitate better cost controls. Notably, all of our contracts are either on basis rate with escalation provision which enables us to pass on any increase in cost of volatile raw materials, especially steel and cement.

Vascon owns most of its equipment base. This offers us a two fold advantage as it results in better utilization rates of the investment made in the machinery and resultantly the margins. This also enables real time movement of equipments to sites resulting in time saving for resource deployment. A dedicated team has been put up to monitor and ensure optimum use of plant and machinery.

### ■ Land Bank Strategy

Vascon understands the significance of land reserves and its impact on real estate development business. We follow a low risk strategy whereby we enter into joint ventures (JV) and joint development agreements (JDA) with land-owners and other financial investors to undertake development of real estate projects. **Once the company gains significant expertise and know how of the particular region, it makes plans to go ahead and acquire land as and when a good opportunity arises** and the same model has been successfully implemented in the past. Besides efficient working capital management and low fund blockage, this strategy also enables us to diversify.

This is evident from the fact that many JV and JDA partners have chosen to work with Vascon again, at various locations across India.

Also, most of Vascon's land bank has been purchased at times when property prices were low and hence this low acquisition cost has led to significant scope for capital appreciation over a period of time.

### ■ Human Resources

Vascon believes that its Human Resources are its assets and they need to be nurtured for organizational growth. Thus a scientific method of training to enhance individual growth and align their career goals with those of the organization is

undertaken on a regular basis. Further, we undertake focused efforts on preserving our skilled labour.

### ■ Health, Safety & Environmental Policy

Vascon believes in being proactive as regards Health, Safety & Environmental Issues. Through systematic analysis and control of risks and by providing appropriate training to employees, subcontractors and workers, we adopt a focused approach towards maximizing safety and minimizing occupational health hazards. A Safety Team comprising 65 members, both internal and external, is deployed for observation and prevention and to ensure implementation of all safety norms.

As regards Environmental aspects, we are committed to follow the rules and regulations pertaining to preservation of the environment by recycling and reusing soil/ water, etc. wherever possible and minimizing wastage. Monitoring & measuring the environmental condition by external laboratories as regards Air, Noise, Stack monitoring etc, is undertaken every six months as per environment management programme & procedures under the MOEF (Ministry of Environment and Forest) guidelines. Utmost emphasis is laid from the time of designing to not just preserve the plantations in the area, but also to increase the same. We also use environment friendly fuel and gadgets to conserve electricity. All this is done keeping in mind our commitment of providing the highest quality.

### ■ Quality Policy

Output of the best quality is what Vascon always aims to deliver and for this it has a dedicated team for maintaining the ISO Standards which consistently undertakes Quality, Environment, Occupational Health & Safety Audits. The Team is responsible for effectively maintaining standards of Quality- ISO 9001:2008, Environment-ISO 14001:2004 and significant milestones have been achieved as regards the implementation & certification of OHSAS (Occupational Health and Safety Assessment Series) 18001:2007.



THE BUILDERS OF THE SUCCESS STORY

## MANAGEMENT BANDWIDTH

### R. Vasudevan

Managing Director

R. Vasudevan holds a first class bachelor's degree in Civil Engineering from the Pune University. With experience spanning over three decades during which he worked with organizations like MIDC, HCC and Cipla. R. Vasudevan adopts a hands-on management style. His vision and business acumen has been the edifice on which Vascon has built its success story.

Name	Designation	Education	Experience & Area of Expertise
V. Mohan	Chairman and Independent Director	B.Com & CA	Taxation, Company Laws, Foreign Exchange regulations
K.G. Krishnamurthy	Non-Executive and Non-Independent Director	B.E & MBA	Three decades of varied experience in the Real Estate segment
Ameet Hariani	Non Executive and Non-Independent Director	LLM	Two and a half decades of Legal experience
R. Kannan	Independent Director	B.Com	Two decades of experience in the Pharmaceutical Industry





A HEART BEAT FOR SUCCESS

## CORPORATE SOCIAL RESPONSIBILITY



### EDUCATION SPONSORSHIP PROGRAMME

To enable the children of construction workers to get uninterrupted education till class 12, Vascon Moorthy Foundation started the education sponsorship programme in June 2009.

### KEEPING THEM WARM

To prepare for winter, sweaters were distributed to children on all sites in Maharashtra.



### MID-DAY MEAL PROGRAMME

To ensure good health of children, VMF started serving midday meals to children on sites in Maharashtra and Goa with participation of the site teams from January 2010.

### EXTERNAL BENEFICIARIES

Sponsored construction of a floor for open school students at St Felix High School, Pune in July 2009.





## AWARDS & CERTIFICATIONS

## CERTIFYING OUR SUCCESS



Architects, Engineers and Surveyor's Association (AESA) Award for One Earth, Suzlon Corporate Campus, Pune in 2010.



V-tech IT Park, Nashik won Building of the Year 2009 award from Builders Association of India (BAI) – Nashik Award in 2010.



Ruby Mills, Dadar, Mumbai received well equipped and mechanised site award from Builders Association of India, Pune centre.



One Earth Suzlon was awarded the Platinum LEED NC rating at Washington DC. And also received five Star Rating from GRIHA (scored 96 out of 100 points)

### Cautionary Statement

Statements made in this Annual Report describing the Company's objectives, projections, estimate, expectations may be "Forward-looking statements" within the meaning of applicable securities laws & regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand supply and price conditions in the domestic & overseas markets in which the company operates, changes in the government regulations, tax laws & other statutes & other incidental factors.

# DIRECTORS' REPORT

Dear Members,

We are delighted to present our 25<sup>th</sup> Annual Report on the business and operations of the Company for the year ended 31<sup>st</sup> March, 2010.

## 01 FINANCIAL RESULTS

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

(Rs. In Millions)

	2009-2010	2008-2009
Gross Receipts :	7,147.72	5,305.09
Profit before Interest and Depreciation & Taxes	907.79	621.83
Less: Interest	214.26	253.50
Depreciation	64.11	57.26
Profit Before Tax and Prior Period Adjustment	629.43	311.07
Less: Provision for Tax		
Current	197.20	96.32
Fringe Benefit Tax	-	3.64
Deferred Tax Expense/(Gain)	(4.39)	(1.68)
Profit After Tax and before Prior Period Adjustment	436.62	212.79
Add/Less:		
Excess/(Short) Provision W Back/ Off Prior Period Adjustment- Income/(Expenses)	2.30	(5.91)
	3.34	(2.20)
Net Profit	442.26	204.67

## 02 BUSINESS PERFORMANCE

Sales for the year are Rs. 6,950.12 million compared to Rs. 5,240.03 million for the previous period of 12 months.

Profit after tax is at Rs. 442.26 million as compared to Rs. 204.67 million for the previous period of 12 months.

## 03 CONSOLIDATED RESULTS

Consolidated income of Vascon Group have gone up by 47.16% to Rs. 7,381.24 million.

Net Profit has increased 171.48% to Rs. 522.01 million.

Basic earnings Per Share (EPS) on consolidated basis Rs. 6.71 as compared to Rs. 2.49 in the previous year.

## 04 BUSINESS OPERATIONS & FUTURE OUTLOOK

The Company's EPC services include constructing factories, hospitals, hospitality properties, office and residential complexes, shopping malls, multiplexes, IT parks and other buildings. We intend to capitalize on the opportunity presented by the emphasis on the Infrastructure development by the Government of India.

Vascon also provides EPC services for its own projects as well as to third parties. EPC services

involve various activities, depending on the scope of the engagement on a specific project. It encompasses undertaking projects as turnkey contractors for the entire project or as contractors responsible for a specific portion of a project.

Vascon's strategy for the EPC segment will focus on optimizing its EPC services business and resources and entering into infrastructure development by participating in road development and other infrastructure related activities.

In the real estate space the Company is engaged in the development of residential and office complexes, shopping malls, multiplexes, hospitality properties, IT parks and other buildings. Vascon conducts its real estate development business directly or through its subsidiaries and also holds equity in other Development Entities, which in turn enter into joint development or other agreements to develop the properties.

The Company undertakes the entire spectrum of Real Estate Development activities including identification and acquisition of land to providing EPC services, and sales and marketing of projects to operation of the completed projects.

## 05 DIVIDEND

In view of ploughing back of profits for future growth of the Company we do not recommend any dividend for the year under review.

## 06 CHANGE IN CAPITAL: INITIAL PUBLIC OFFER (IPO)

During the year, the Company has successfully completed Initial Public Offering of 10,800,000 Equity Shares of Rs. 10/- each at a premium of Rs. 155/- per Equity Share aggregating to Rs. 165/- per Equity Share. The total issue size was Rs. 1782 million. The Initial Public Offer was over-subscribed to the extent of 1.22 times.

The Company has filled its Draft Red Herring Prospectus on September 29, 2009, Red Herring Prospectus on January 19, 2010 and Prospectus on February 02, 2010. The Initial Public Offer was open from January 27, 2010 to January 29, 2010. The Company's shares were listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited on February 15, 2010.

## 07 UTILISATION OF IPO PROCEEDS

The proceeds of the IPO were utilised for repayment of loans, construction expenses of projects and for

# DIRECTORS' REPORT

General Corporate Purposes. The unutilised portion thereto has been invested into bank deposits, bank cash credit and mutual funds. The summary of utilisation of net IPO proceeds is as follows:

(Rs. In Millions)

Particulars	Total Estimated Utilisation as given in Prospectus	Estimated Utilisation as on 31.03.2010	Utilisation as on 31.03.2010
a) Construction of our EPC contracts and real estate development projects	1150.00	62.50	5.80
b) Repayment of debt	396.28	396.28	361.68
c) General corporate purpose	103.47	51.73	103.40
d) Issue Expenses	132.25	132.25	127.73
<b>Total</b>	<b>1782.00</b>	<b>642.76</b>	<b>598.61</b>

## 08 SUBSIDIARY COMPANIES

The Company had 9 subsidiaries at the beginning of the year. During the year Company set up/ acquired one new subsidiary Caspia Hotels Private Limited. Rose Premises Private Limited ceased to be a subsidiary of the Company due to sale of shares. Following this action, the Company has 9 subsidiaries as on 31<sup>st</sup> March, 2010.

The Ministry of Company Affairs vide its letter No 47/161/2008-CL-III dt. 15<sup>th</sup> March, 2010 granted exemption to the Company from attaching copies of the Balance Sheet and Profit and Loss Account, Directors' Report and Auditor's Report of the subsidiary companies for the year 2009-10. However, on request by any member of the Company/ statutory authority interested in obtaining them, these documents will be made available for examination, at the corporate office. Pursuant to the approval, a statement of summarized financial of all the subsidiaries, joint ventures & associates is attached along with the Consolidated Financial Statement

## 09 CONSOLIDATED FINANCIAL STATEMENT

Your directors 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.

## 10 DETAILS OF UNCLAIMED SHARES

Following are the unclaimed shares in demat suspense account of the company as at 31<sup>st</sup> March, 2010.

At the being of the year		During the year		At the end of the year	
Aggregate number of shareholders	Outstanding shares in the suspense account lying at the beginning of the year	Number of shareholders approached for transfer of shares from suspense account	Number of shareholders to whom shares are transfer from suspense account	Aggregate number of shareholders	Outstanding shares in the suspense account lying at the end of the year
NIL	NIL	21	2520	5	805

## 11 DIRECTORS

### Retirement by Rotation

Mr. K G Krishnamurthy retires by rotation and being eligible has offered himself for re-appointment. We proposed to re-appoint Mr. K G Krishnamurthy as director of the Company at the ensuing Annual General Meeting.

The brief resume/details relating to director, who is to be appointed/re-appointed has been furnished in the explanatory statement to the notice of the ensuing Annual General Meeting.

## 12 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.

## 13 FIXED DEPOSIT

The Company has accepted deposits without invitation to public under section 58A of the Companies Act, 1956 pursuant to a resolution passed by the Board in their meeting held on December 9, 2008. The statement in lieu of advertisement signed by all the Directors on the Board 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 and outsiders as on 31<sup>st</sup> March, 2010 stood at Rs. 3.87 crore.

## 14 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.

## 15 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. In terms of the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are required to be set out in the Annexure to the Directors' Report. However, having regard to the provisions of Section



## DIRECTORS' REPORT

219 (1) (b) (iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the Members of the Company and others entitled thereto. Any member who is interested in obtaining such particulars may write to the Company Secretary, at the Registered Office of the Company.

### 16 EMPLOYEE STOCK OPTION SCHEME

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 31<sup>st</sup> March, 2010 under the Employee Stock Option Scheme, 2007 are set out in annexure forming part of the report.

### 17 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.

### 18 SOCIAL RESPONSIBILITY

Vascon Moorthy Foundation (VMF) was set up in February 2008 to handle the welfare initiatives of Vascon Engineers Limited. VMF was named after the late Shri N R Moorthy, Senior Mentor of Vascon. The first task was to look after the welfare of construction workers at Vascon project sites. Outside the industry, VMF is taking steps to promote education of deserving children, especially girls. Long-term plans include sponsoring or setting up an institute that can provide technical training in construction industry to the youth.

### 19 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.

### 20 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 consistently well in a competitive environment.

### FOR VASCON ENGINEERS LIMITED

**V. MOHAN  
CHAIRMAN**

### 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 Millions)

	2009-2010	2008-2009
Foreign exchange earnings	-	114.12
Expenditure in foreign exchange	19.09	98.58

# DIRECTORS' REPORT

## ANNEXURE TO DIRECTORS' REPORT

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, 2010 under the Employee Stock Option Scheme, 2007 are set out as under :

SL	Description	Details of Employee Stock Option Scheme, 2007		
1	Options Granted	333500		
2	The Pricing Formula	Rs.10/- per share		
3	Option Vested	333500		
4	Option Exercised	NIL		
5	The Total number of shares arising as a result of exercise of option	NIL		
6	Options lapsed	NIL		
7	Variation of terms of Option	NIL		
8	Money realised by exercise of option	NIL		
9	Total number of options in force	333500		
10	Employee wise details as on March 31, 2010 of options granted to			
	i) Senior Managerial personnel	Name	Exercise Price(Rs.)	No of options
		R Vasudevan	10	1600000
		N R Moorthy	10	50000
		C V Shah	10	50000
		S P Nair	10	50000
		Kumar Krishnan	10	40000
		P S Padgoankar	10	25000
		D Santhanam	10	25000
		Sudhakar Shetty	10	15000
		M T Badshah	10	15000
		T V Jagdale	10	10000
		J K Patoli	10	10000
		Santosh Sundararajan	10	10000
		M Krishnamurthi	10	10000
	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	Grant of 1600000 options to R. Vasudevan		
	iii) 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	Grant of 1600000 options to R. Vasudevan		
11	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with International Accounting Standard (AS) 33 "Earning Per Share"	Rs. 5.55		





## REPORT ON CORPORATE GOVERNANCE

### Philosophy

Corporate Governance is a continuous process of adopting & following the best in class concept, seeking to provide an enabling environment to harmonise the goal of maximising stakeholder value while maintaining a customer centric focus. Corporate Governance is a wide framework of systems, rules, interfaces & principles that are ingrained into the fiduciary corporate culture & values resulting in a simplified & transparent corporate structure driven solely by business needs.

Corporate Governance stems from its belief that timely disclosures, transparent accounting policies and a strong and independent board go a long way in preserving shareholders trust while maximising long term shareholder value.

The primary objective of Corporate Governance is to promote fairness, transparency, accountability & responsiveness directing the Company to not only work towards the enhancement of shareholders' value but also towards the overall betterment of all stakeholders viz shareholders, creditors, customers, employees & society at large.

### Company's Philosophy on Code of Corporate Governance

Corporate governance is the application of best management practises, compliance of laws & adherence to ethical standards to achieve the Company's object of enhancing shareholder value and discharge of social responsibility. The Corporate Governance structure in the Company assigns responsibilities & entrusts authority among different participants in the organization viz Board, the senior management, employees etc. The Company had in fact adopted Corporate Governance & disclosure practises much before it was mandated by legislation.

### Board of Directors

The main role of the Board of Directors is to oversee how the management serves the interest of all its stakeholders. To achieve its role, the Directors have enunciated Corporate Governance principles to ensure the independence of the Board and to be kept informed of key risk and strategic issues facing Vascon.

### Composition of the Board of Directors

As on 31<sup>st</sup> March, 2010 the Board of Vascon

consisted 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, 2010

Name	Position	Date of Joining	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 DIN NO: 00071517	Chairman & Independent Director	May 12, 2007	5	1	NIL
R. Vasudevan DIN NO : 00013519	Managing Director	Jan 1, 1986	NIL	NIL	NIL
K. G. Krishnamurthy DIN NO: 00012579	Non-Executive Director	June 21, 2006	6	3	NIL
Ameet Hariani DIN NO: 00087866	Non-Executive Director	Sept 19, 2007	3	3	1
R. Kannan DIN NO: 00017321	Independent Director	Sept 19, 2007	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.

### Board Meetings

The Board met ten times during the financial year 2009-10. The maximum time gap between two meetings was not more than four calendar months and any member of the Board is free to suggest any improvement. These were held on April 16, 2009, June 23, 2009, August 27, 2009, September 16, 2009, November 10, 2009, December 14, 2009, January 5, 2010, January 22, 2010, February 1, 2010 and February 8, 2010.

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.



## REPORT ON CORPORATE GOVERNANCE

The Minutes of the Meetings of all the Committees namely, Audit Committee, IPO Committee, Investors Grievance Committee, Share Transfer Committee and Remuneration Committee of the Company are placed before the Board as and when held during the year.

The number of Board meetings and attendance of all Directors during the financial year 2009-10 is given in the table below:-

	No of Board Meetings held	No of Board Meetings attended	Attendance at Last AGM
V. Mohan*	10	9	Yes
R. Vasudevan	10	10	Yes
Amar Lulla <sup>§</sup>	10	1	Yes
K. G. Krishnamurthy *	10	9	Yes
Armeet Hariani *	10	8	Yes
R. Kannan *	10	7	Yes

\*Were given leave of absence on request.

<sup>§</sup> Resigned as director in Board Meeting held on September 16, 2009.

### Committees of Board

The Company has following Board Level Committees.

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

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	2
Mr. R. Kannan	Independent Director	2
Mr. R. Vasudevan	Managing Director	2

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.
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,



## REPORT ON CORPORATE GOVERNANCE

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.

During the year the Audit committee met on June 23, 2009 and January 5, 2010

### 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. Given in the table below is the constitution of committee

Name	Status
Mr. V. Mohan	Chairman & Independent Director
Mr. R. Kannan	Independent Director
Mr. Ameet Hariani	Non-executive Director

### 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



## REPORT ON CORPORATE GOVERNANCE

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.

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

The Company has no pecuniary relationship or transaction with its Non Executive Directors 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. 26,17,640/- has been paid as professional fees to the said firm during the year ended 31st March, 2010. Mr Ameet Hariani , Non Executive Director of Company is the Senior Partner of the said firm. The aforesaid professional fees is not considered material enough to have potential conflict with the interest of the Company.

In accordance with the Extra Ordinary General Meeting held on June 12, 2006 the Shareholders have approved the remuneration payable to Mr. R Vasudevan, Managing Director subject to the provisions of Section 198, 309 and other applicable provisions of the Companies Act, 1956.

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, 2010.

Name of Director	R. Vasudevan	V. Mohan	Amar Lulla	K. G. Krishnamurthy	Ameet Hariani	R. Kannan
Salary Commission & Ex-gratia	31191600	NIL	NIL	NIL	NIL	NIL
other perquisites	750000	NIL	NIL	NIL	NIL	NIL
Contribution to PF	1058400	NIL	NIL	NIL	NIL	NIL
Sitting fees	NIL	90000	10000	90000	80000	70000
Total	33000000	90000	10000	90000	80000	70000
Shareholding of directors	9277529*	NIL	NIL	NIL	NIL	NIL

\* includes 7477528 equity shares held jointly with Mrs. Lalitha Vasudevan & 54546 equity shares held jointly with Mrs. Thangam Moorthy and 1745455 equity shares under his own name under Employee Stock Option Scheme, 2007 of the Company.

During the year no Remuneration/Compensation committees meetings were held.

### 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 the Investor Grievances.

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	1
Mr. R. Vasudevan	Independent Director	1

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 share dematerialized 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 Shareholders Grievance Committee met on February 1, 2010

Consequent to the listing of the shares of the Company in the National Stock Exchange of India Limited and Bombay Stock Exchange Limited on February 15, 2010, following complaints were received from shareholders/investors and resolved.

Given in the table below is the status of complaints as on March 31, 2010.

No of complaints received	No of Complaints resolved	No of complaints pending
23	23	NIL

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



## REPORT ON CORPORATE GOVERNANCE

### *Details of Compliance Officer*

M Krishnamurthi

Company Secretary

T: +91-20-30562305 F: +91-20-26131071

email: [compliance.officer@vascon.com](mailto:compliance.officer@vascon.com)

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

### **IPO Committee**

Our IPO Committee was constituted on September 19, 2007 and was reconstituted on September 16, 2009 for all matters relating to public issue and allotment of shares of the Company in consultation with the stock exchanges concerned, SEBI and NSDL & CDSL.

#### Composition

1. Mr. V Mohan (Chairman)
2. Mr. R. Vasudevan
3. Mr. Ameet Hariani

Mr. M Krishnamurthi, Company Secretary has been designated as Compliance Officer of the Company. During the year the IPO Committee met on January 18, 2010, January 22, 2010 and February 1, 2010.

The IPO Committee delegated the entire IPO process & its documentation such as, preparation of prospectus, due diligence process, filing documents with Stock Exchanges, Reserve Bank of India, Department of Industrial Policy & Promotion (DIPP), Registrar of Companies, NSDL/CDSL, Registrar & Transfer Agents, etc to Mr. R Vasudevan, Managing Director, Mr. D. Santhanam, Chief Financial Officer, Mr. Shiv Prakash Nair, Executive Director and Mr. M Krishnamurthi, Company Secretary and Compliance Officer.

### **Disclosures**

#### Subsidiary Companies

During the year, none of the subsidiaries was a material non listed Indian subsidiary 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 forwarded to the Stock Exchanges. The Company Secretary has been designated as the Compliance Officer. A copy of the Prevention of Insider Trading Policy has also been hosted on the website of the Company, [www.vascon.com](http://www.vascon.com).

### **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 31<sup>st</sup> March, 2010.

A copy of the Code of Conduct has been hosted on the Company's website [www.vascon.com](http://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 2009-10.

Mumbai

8.5.2010

Managing Director



## REPORT ON CORPORATE GOVERNANCE

### General Shareholder Information

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

Date: 28<sup>th</sup> July, 2010

Time: 4.00 p.m.

**Venue:** Wisteria Ballroom, Lavender Bough, next to Swaminarayan Temple, 90 Feet Road, Garodia Nagar, Ghatkopar (East), Mumbai – 400 077

### Last three Annual General Meetings

YEAR	DATE AND TIME	VENUE	SPECIAL RESOLUTION (S) PASSED
2006-07	June 11, 2007. at 12.00 P.M	The Conference Room of HDFC HIREF, 6th Floor, Raman House, H T Parekh Marg, 169 Backbay Reclamation, Churchgate, Mumbai-20	1. Amendement of Memorandum of Association on Increase in Authorised Capital of the Company.  2. Futher issue of shares u/s 81(1A) of the Companies Act, 1956.  3. Adoption of the new set of Articles of Association of the Company.
2007-08	Aug 25, 2008 at 3.00 P.M.	The Conference Room of HDFC HIREF, 6th Floor, Raman House, H T Parekh Marg, 169 Backbay Reclamation, Churchgate, Mumbai-20	NIL
2008-09	Aug 27, 2009 at 12.00 P.M.	The Conference Room of HDFC HIREF, 6th Floor, Raman House, H T Parekh Marg, 169 Backbay Reclamation, Churchgate, Mumbai-20	NIL

All special resolutions in the Annual General Meeting held in 2007 were passed through show of hands. There is no proposal to conduct postal ballot for any matter in ensuing Annual General Meeting.

### Financial year

The Financial year is 1<sup>st</sup> April to 31<sup>st</sup> March.

### Financial Results on Company's Website

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

### Book Closure

20<sup>th</sup> July, 2010 to 28<sup>th</sup> July, 2010 for the purpose of Annual General Meeting.

### Listing on Stock Exchanges

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.

### Stock Code/ Symbol

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

### Master Price Data: High, Low during each month in last financial year

Month	Equity shares			
	NSE		BSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
February, 2010	171.95	120.25	173.45	120.00
March 2010	156.70	120.90	156.90	119.00

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

Karvy Computershare Private Limited

Plot No. 17 to 24, Vittalrao Nagar  
Madhapur

Hyderabad - 500 081

T: + 91- 040 - 44655000 F: +91-040-23420814

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 return within a period of 30 days from the date of receipt of the document, provided the documents are valid and complete in all respects.





## REPORT ON CORPORATE GOVERNANCE

### Distribution of shareholding as on 31<sup>st</sup> March, 2010

No. of Equity Shares held	Shareholders		Equity shares held	
	No. of shareholders	% to Total	No. of shares	% to Total
001-500	5639	84.86%	583388	0.65
501-1000	787	11.84 %	451268	0.50
1001-2000	95	1.43 %	134235	0.15
2001-3000	20	0.30 %	50551	0.06
3001-4000	13	0.20 %	46862	0.05
4001-5000	12	0.18 %	55653	0.06
5001-10000	25	0.38 %	192330	0.21
10001 & Above	54	0.81 %	88501763	98.32
<b>Total</b>	<b>6645</b>	<b>100</b>	<b>90016050</b>	<b>100</b>

### Shareholding pattern as on 31<sup>st</sup> March, 2010

Category	No. of Shares held	% to Total
<b>Promoters Holdings</b>	34701823	38.55
<b>Public Share holding:</b>		
Mutual Funds	3720159	4.13
Banks, Financial Institutions & others	288075	0.32
Insurance companies	0	0
Foreign Institutional Investors	1225661	1.36
Bodies Corporate	47639728	52.92
NRI/Foreign Nationals		
Indian Public	2440604	2.72
<b>Total</b>	<b>90016050</b>	<b>100</b>



■ Promoters Holdings 34701823 shares
■ Mutual Funds 3720159 shares
■ Banks, Financial Institutions & others 288075 shares
■ Insurance companies 0 shares
■ Foreign Institutional Investors 1225661 shares
■ Bodies Corporate 47639728 shares
■ NRI/Foreign Nationals 0 shares
■ Indian Public 2440604 shares

**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 (W.)  
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  
email: vascon@vsnl.com

#### Compliance Officer

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

### Shareholders' Correspondence

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  
T: + 91- 040 - 44655000 F: +91-040-23420814  
Email: einward.ris@karvy.com  
Investor grievance id: einward.ris@karvy.com  
Website: www.karvy.com  
Contact Person: S V Raju, Asst. General Manager  
SEBI Registration No.: INR000000221





## MANAGEMENT DISCUSSION AND ANALYSIS

### Economic Scenario

India's Gross Domestic Product (GDP) grew by a relatively modest rate of 7.4 percent in 2009-10 due to the global slowdown after clocking a 9 percent growth for the previous three financial years. Now with the improving global economic scenario, the country's GDP is estimated to grow at 8.50 percent in 2010-11.

India ranks 49<sup>th</sup> among 133 countries in 2009-10 in the Global Competitiveness Index (GCI) prepared by the World Economic Forum (WEF), an improvement of one position from last year. India's position is a result of mixed performance across 12 categories covered by the GCI.

According to the latest estimates available on the Index of Industrial Production (IIP), the general index registered a growth of 10.4 percent in 2009 – 10, as compared to growth rate of 2.8 percent in the previous year. The key indicators of construction sector, namely, cement and finished steel registered growth rates of 10.5 percent and 4.9 percent, respectively in 2009-10.

The six infrastructure sectors—crude oil, petroleum refinery products, coal, electricity, cement and finished steel—that constitute 26.68 percent in IIP, recorded a growth of 5.5 percent in the period April-March 2009-10, as against 3.0 percent in the previous year.

Most of the Governments, world over, have announced stimulus packages to revive economies and India was no exception. The fiscal 2009-10 witnessed some recovery in the economic scenario and liquidity position too improved to some extent while the Government's thrust on Infrastructure development remained intact.

#### Key Economic Indicators for FY 2009-10

- Exchange Rate – The Rupee remained strong and appreciated significantly during the financial year, before weakening a little thereafter.
- Inflation continued to be high
- Interest rates reflected an upward bias with rising inflation
- Foreign Direct Investment (FDI) - Inflows into India dipped 5.2 percent to USD 25.89 billion in 2009-10, on account of the global credit squeeze. Further the major sectors which attracted FDI included services, telecommunication, housing and real estate, power and automobile industry.

### Industry Scenario

#### EPC & Infrastructure scenario

India's infrastructure output registered a growth of 5.5 percent for the period of April –March 2010 as against 3.0 percent in the previous fiscal due to strong growth in cement production, electricity generation and finished steel production which registered a growth of 10.5 percent, 6.5 percent and 4.9 percent during the period.

The Eleventh Five Year Plan has set an ambitious target of increasing total investment in infrastructure from around 5 percent of GDP in the base year of the Plan 2006-07 to 9 percent by the terminal year 2011-2012 which will result in a total investment requirement of Rs. 2,056,150 crore (\$ 514 billion) for ten infrastructure sectors over the five year period.

Significantly, 30 percent of the total investment is expected to come from the private sector (including Public-Private partnership) and this augurs well for organized players like Vascon. The Government has already undertaken measures to augment the role of private players in this segment.

Besides the emphasis on Public-Private Partnership programme, multilateral agencies such as the World Bank and the Asian Development Bank are funding various infrastructure projects on a large scale in India.

The EPC segment is crucial to the growth of infrastructure development and provides a single source responsibility for execution of lump-sum turnkey projects across multiple geographies.

Vascon's expertise and experience of EPC arises out of a successful track record in executing projects, encompasses front-end design, engineering, fabrication, project management, procurement, construction, installation and commissioning. These integrated strengths are backed up by flexibility of operation and agility in response. A well institutionalized risk management structure and high safety standards are the other strengths.

#### Real Estate

The Real Estate sector plays a significant role in India's economy. The real estate sector is second only to agriculture in terms of employment generation and contributes heavily towards the Gross Domestic Product (GDP). Almost 5 percent of the country's GDP is contributed by the housing sector. In the next five years, this contribution to GDP is expected to rise to 6 percent.



## MANAGEMENT DISCUSSION AND ANALYSIS

FDI equity inflows during financial year 2009-10 were US\$ 25.89 billion. The services sector comprising financial and non-financial services attracted 21 per cent of the total FDI equity inflow into India, with FDI worth US\$ 4.4 billion during April-March 2009-10, while construction activities including roadways and highways attracted second largest amount of FDI worth US\$ 2.9 billion during the same period. Housing and real estate was the third highest sector attracting FDI worth US\$ 2.8 billion.

The Government has introduced many progressive reform measures to unlock the potential of the sector and also meet increasing demand levels. The stimulus package announced by the Government, coupled with the Reserve Bank of India's (RBI) move allowing banks to provide special treatment to the real estate sector, is likely to impact the Indian real estate sector in a positive way.

The RBI has decided to extend exceptional concessional treatment to the commercial real estate. This includes:

- 100 percent FDI allowed in realty projects through the automatic route.
- In case of integrated townships, the minimum area to be developed has been brought down to 25 acres from 100 acres.
- Urban Land (Ceiling and Regulation) Act, 1976 (ULCRA) repealed by increasingly larger number of states.

The 2009-10 budget has also given sops to the realty sector. Developers of affordable housing projects (units of 1,000-1,500 sq ft) have been granted a tax holiday on profit from projects initiated in the financial year 2007-08. Such projects would have to be completed before March 1, 2012.

At the same time, the Finance Minister has allocated USD 207 million to grant a 1 percent interest subsidy on home loans upto USD 20,691, provided the cost of the home is not more than USD 41,382. Moreover, 2010 is expected to be a positive year for the real estate sector as revival is expected to be driven by infrastructure growth, which, in turn, can accelerate real estate activities both in residential as well as commercial spaces.

### **Performance during the Year 2009-10** **EPC**

**Significant projects completed during the year**  
*One Earth – Global Management Headquarters - Suzlon Energy Limited*

The project worth Rs. 935.78 million is a corporate campus which is the global management headquarters for Suzlon Energy Limited, located at Hadapsar, Pune, Maharashtra. The project was ergonomically designed to allow maximum use of natural light and ventilation to suit all human faculties. It's a global village, based on Vastushastra, that enhances the proximity of the inhabitants to nature. It has been awarded the highest level of LEED Certification – Platinum, by LEED India. It was awarded an astounding 57 points of the 58 applied for. It has also received a Five Star rating by GRIHA, where it was awarded 96 points out of 100. We have also been awarded the AESA Beharay Rathi Award 2010 from AESA (Architects, Engineers and Surveyors Association) for this project.

### **Significant projects awarded to Vascon during the year**

*Tamil Nadu State Assembly Complex (Block-B) Project*

This is a prestigious Government contract that was awarded to our Company during the last fiscal. It is a Rs. 2, 109.43 million project and is located in the heart of the city at Omandur Estate, Mount Road, Chennai, Tamil Nadu. It will form the block B of the state assembly complex and is expected to be completed by 2012-13.

*Housing Development & Infrastructure Limited Project*

The project is a Rs. 1, 791.38 million project and is located at Vidyavihar, Mumbai, Maharashtra. It is a commercial complex comprising of three basements, ground plus ten floors. The project is expected to be completed by 2012-13.

*Kshitij, Parmanandwadi, Project*

The project is a Rs. 564 million project and is located at, Charni Road, Mumbai, Maharashtra. It is a high rise commercial building consisting of two wings one containing 49 floors plus parking and the other 43 floors plus parking. It is expected to be completed by 2011-12.

*Sinhgad Technical Education Society Project*

The project worth Rs. 536.35 million is located at Ambegaon, Pune, Maharashtra. It is an educational complex housing 19 buildings including management building, hostel, staff quarters, mess, etc. The project is expected to be completed by 2010-11.



## MANAGEMENT DISCUSSION AND ANALYSIS

### *Continental Hospitals Limited Project*

It is a Rs. 482.5 million hospital project and is located at Gachi Bowli, Hyderabad, Andhra Pradesh. It will be one of the biggest hospitals in the region. It consists of a single building consisting of four basements, parking and fourteen floors and is expected to be completed by 2011-12.

### *MAP (Kirkee) Project*

The project is a Rs. 399.67 million project and is located at, Kirkee, Pune, Maharashtra. It is part of the Married Accommodation Project of the Ministry of Defence and is expected to be completed by 2010-11.

### *Goa Institute of Management Project*

The project worth Rs. 325.77 million is located at Goa. It is an educational complex and consists of various buildings including academic buildings, hostels, library, cafeteria, assembly hall and utility building. It is expected to be completed by 2010-11.

### *Amby Valley, International School Project*

It is a Rs. 315 million project located at Lonavala, Maharashtra. The project will be an educational complex consisting of various academic and other buildings and is expected to be completed by 2010-11.

### *Savitribai Phule Shikshan Prasarak Mandal Project*

The project is a Rs. 304.72 million project and is located at Solapur, Maharashtra. The educational project will house the academic and supporting buildings and is expected to be completed by 2010-11.

## **Real Estate**

### **Significant projects completed during the year**

#### *Matrix, IT Park*

It is located at Shivajinagar, Pune, Maharashtra. The sprawling IT complex of approximately 413,055 square feet is an approved private software park. The project has been awarded the Ministry of Environment and Forests awards Platinum Grade for environmental clearance.

#### *Weikfield IT City Info Park - C Block*

This project is located on the fast growing IT Corridor on Nagar Road, Pune, Maharashtra and forms part of an approved private software park. It is a state of the art IT complex of approximately 2, 70,000 square feet and was exclusively developed on a built to suit requirements of its single tenant.

### **Significant ongoing projects**

#### *Willows, Phase II*

This is phase II of the luxurious Willows residential project located at one of Pune's most sought after locations –Baner / Balewadi. The project houses three sides open eco friendly homes with the latest amenities. The project with an approximate saleable area of 2, 04, 000 square feet is expected to be completed by 2011-12.

#### *Vista Phase II*

This is a residential project located at Indiranagar, Nashik, Maharashtra that comprises of well ventilated homes of 2 and 3 bhk. The project boasts of various amenities such as centrally landscaped gardens, children's area and fully equipped multi activity club house. Keeping in line with our endeavor of constructing eco friendly buildings, this project also has a vermiculture pit, rainwater harvesting and sewage treatment plant. The project will comprise of a total development area of 1, 51, 000 square feet and is expected to be completed by 2011-12.

#### *Four Points Hotel*

This is a four star and above category hotel located at Nagar Road, Pune, Maharashtra. It is a luxurious hotel with 215 keys and various banquet halls, lounge bar, restaurants, meeting rooms, business center, health club and spa and swimming pool. The project is spread over 1, 85, 000 square feet, excluding parking, and has nine floors in addition to two basements and ground floor. The project is expected to be completed by 2010-11.

#### *Novotel*

The Novotel hotel is located at Nagar Road, Pune, Maharashtra and provides luxurious comforts and modern facilities. It contains 246 keys and various banquet halls, lounge bar, restaurants, meeting rooms, business center, health club and spa and swimming pool. It has an area of 2, 00, 000 square feet, excluding parking, and has ten floors in addition to three basements and ground floor. The project is expected to be completed by 2011-12.

## **A SWOT ANALYSIS OF OUR BUSINESS:**

### **Strengths & Opportunities**

- Management bandwidth and an experienced team with broad-based skill sets.
- Robust Business Processes right from the planning and designing, execution to marketing and promotion.



## MANAGEMENT DISCUSSION AND ANALYSIS

- Good brand recognition and goodwill on account of transparent procedures and high quality construction.
- Increasing demand for housing on account of rapid urbanization.
- Increasing number of nuclear families, increasing disposable incomes, easy availability of housing finance coupled with a favourable tax regime leading to increased demand in residential complexes.
- Demand for office premises led by IT Industry especially BPO/KPO segments and related support services.
- Advent of shopping malls on account of expansion of organized retail and entry of new players.
- Growing need for hotels, service apartments and resorts on account of growing tourism industry, both domestically and internationally.
- Demand for SEZs, driven by Government initiatives.
- Emergence and growing importance of new sectors like healthcare, biosciences and logistics.

### Challenges & Threats

- Fluctuation in market conditions in real estate segment.
- Rising input and interest costs may impact the real estate margins.
- Highly fragmented nature of the industry.
- Change in government policies including change in tax structure, stamp duty, etc.
- Slowdown in Government Infrastructure spending.

### Risk Management

The Company has developed a robust risk management framework. It has been identified as one of the 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.

### Internal Control Systems

The Company has in place, adequate systems of internal control. It has documented procedures covering all financial and operating functions. These controls have been designed to provide a reasonable assurance with regard to maintaining proper accounting controls, monitoring of operations, protecting assets from unauthorized use or losses, compliances with regulations and for ensuring reliability of financial reporting. The Company has continued its efforts to align all its processes and controls with best practices in these areas as well.

### Human Resources

Talent Management has been a prime mover in the Company's ambitious business plans. The HR strategy dovetails personal growth aspirations of employees with business needs. A variety of HR initiatives give the division a strong competitive edge. Vascon believes that its Human Resources are its assets and a scientific method of training is undertaken on a regular basis. Further, we undertake focused efforts on preserving our skilled labour.

### Financial Highlights

- During the year 2009-10, the Company reported net income of Rs. 7,381.24 million, an increase of 47% over the previous year.
- Profit from Operations before Other Income, Interest & Exceptional Items stood at Rs. 863.13 million up by 57 %.
- Profit before tax from Ordinary Activities registered a growth of 149.56% at Rs. 774.42 million.
- Net Profit stood at Rs. 522 million, up by 171%.
- During the year the Company raised funds of Rs 1,782.00 million through an Initial Public Offering of 10.80 million shares.





## AUDITOR'S REPORT

### The Members of VASCON ENGINEERS LIMITED

We have audited the attached Balance Sheet of the above company as at 31st March, 2010, and also the Profit & Loss Account and the Cash flow Statement for the year ended as on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free from any material misstatements. An audit includes examining on test basis evidence supporting the amount of disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

- 1 As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Sub Section (4A) Section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records as we considered appropriate and to the best of our knowledge and according to the information and explanations given to us during the course of the audit, we give below in the annexure a statement on the matter specified in paragraph 4 and 5 of the said order.
- 2 Further to our comments in the annexure referred to in paragraph 1 above:
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. In our opinion, proper Books of Accounts as required by the law have been kept by the Company so far as it appears from examination of such books.

- c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement referred in this report are in agreement with the Books of Account.
- d. In our opinion the Balance Sheet and Profit & Loss Account and Cash Flow Statement referred to in this report are in compliance with the accounting standards referred to in section 211 (3C) of the Companies Act, 1956.
- e. On the basis of the written representations received from the directors of the Company and taken on record by the board of directors we report that none of the directors is disqualified at the year-end from being appointed to act as 'Director' under Section 274 (1) (g) of the Companies Act, 1956.
- f. In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet, Profit and Loss Account and Cash Flow Statement read together with the notes thereon give the information required by the Companies Act, 1956 in the manner as required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i. In the case of Balance Sheet, of the State of affairs of the company as at 31st March, 2010.
  - ii. In the case of Profit and Loss Account, of the Profit of the company for the year ended on that date; and
  - iii. In the case of Cash Flow Statement, of the cash flows of the company for the year ended on that date.

**For Anand Mehta & Associates**  
**CHARTERED ACCOUNTANTS**

**Kusai Goawala**  
Partner

MEMBERSHIP NO. 39062  
Firm Registration No :127305W  
MUMBAI : DATED May 10, 2010

## ANNEXURE TO AUDITOR'S REPORT

The annexure referred in our report to the member of Vascon Engineers Limited for the year ended 31st March 2010

- 1 a) The company is maintaining proper records showing full particulars of fixed assets
- b) As per the information and explanation given to us, the company has regular programme of physical verification of fixed assets which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. In accordance with this programme certain fixed assets were physically verified by the management during the year and we are informed that no material discrepancies were noticed on such verification
- c) During the Year, the Company has not disposed off substantial part of fixed assets which may affect the going concern status of the Company.
- 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) The inventories which are in the form of work-in-progress/development keep on changing as work progresses. Due to its very nature it is not comparable with any book records. Except this, discrepancies noticed on verification between physical stock and book records were not material and have been properly dealt with in the books of accounts.
- 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 (a) to (d) of Paragraph 4(iii) of the Order are not applicable.

- b) The Company has taken loans from parties listed in Register maintained under section 301 of the Companies Act, 1956, the number of parties and the aggregate amount involved in the transaction during the year under review was as follows.

	Cur. Yr.	Prev. Yr.		Cur. Yr.	Prev. Yr.
No. of Parties	1	0	Amt. Involved Rs..	5000000	0

- c) 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.
- d) In respect of such loans taken by the Company, the company is regular in repayment of the principal amounts as stipulated and payment of interest where applicable.
- 4 a) In our opinion, the company has an adequate internal control system commensurate with the size of the company and the nature of its business with regard to the purchase of inventories and fixed assets and with regard to sale of goods and services. We have not observed continuing failure to correct major weaknesses in internal control systems
- 5 a) According to the information and explanation given to us, we are of the opinion that the contracts/ arrangement 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 transactions for the purchase of goods, materials and services and sales of goods, materials and services where-ever made in pursuance of contracts or arrangement entered in register maintained under section 301 of the companies Act 1956, and exceeding the value

## ANNEXURE TO AUDITOR'S REPORT

of Rs. 5,00,000/- in respect of each such party during the year were at a prices which are reasonable having regard to prevailing market prices at the relevant time.

- 6 a) In our opinion and according to the information given to us, In respect of the Deposits accepted by the Company from the public the Company has complied with the provisions of section 58A and 58AA, and other relevant provisions of provisions of the companies Act, 1956 and rules framed there under as may be applicable . According to the information and explanation 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 In our opinion, the company has an adequate internal audit system commensurate with the size and the nature of its business.
- 8 According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 for any of the products of the company.
- 9 a) According to the information and explanations given to us, the Company was generally regular except in few cases for delay of few days 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, cess and other statutory dues as may be applicable. There was no arrears of any statutory dues which were outstanding as at year end for a period of more than 6 months from the date they became payable.
- b) According to the information and explanations given to us, there was no disputed dues in respect of Income tax, Sales tax, Custom duty, Wealth tax, Service Tax, Excise Duty except in respect of the particulars given here under:

Sr.	Tax Laws	Forum where dispute is pending	Period	Cur. Yr.	Prev.Yr.
1	Service Tax	Commissioner (Appeal) Chandigarh Service tax	F.Y 2005-07	706677	1413354
2	Service Tax	Service Tax Appellate Tribunal Delhi	F.Y 2004-06	3709154	8010864
3	Service Tax	Service tax Appellate Tribunal Delhi	F.Y 2006-07	524493	0

- 10 In our opinion, the company is not having any accumulated losses. The company has not incurred cash losses during the financial year covered by our audit or the immediately preceding financial year.
- 11 According to the explanation and information given to us, the Company has not defaulted in payment of dues to financial institutions and banks.
- 12 According to the explanation and information 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 and hence clause 4(xiv) of the Companies (Auditors' Report) Order 2003 is not applicable.
- 15 According to the information and explanation given to us, the terms and conditions of guarantee given by the Company for loans taken by others from bank or financial institutions are not prejudicial to the interest of the Company.
- 16 The funds raised by the Company by way of term loans availed from Bank has been applied for the purpose for which the same has



## ANNEXURE TO AUDITOR'S REPORT

been availed except in case of a loan of Rs 30 crores an amount of Rs 4.91 crores only has been utilised for the purpose for which the loan was availed.

- 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 explanation and information 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. However the unsecured convertible debentures have been converted to equity during the year hence there is no question of creation of security in respect of the same.
- 20 We have verified the end use of money raised by public issue as disclosed by the management in the notes to the financial statements.

- 21 During the Course of examination of books of accounts carried out in accordance with the auditing standards generally accepted in India and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the period nor have we been informed of any such case by the management

For Anand Mehta & Associates

Chartered Accountants

Kusai Goawala

Partner

M. No. 39062

Firm Registration No: 127305W

MUMBAI : DATED May 10, 2010



# BALANCE SHEET

AS AT MARCH 31, 2010

Amount in Rupees

Particulars	Schedules	March 31, 2010	March 31, 2009
<b>SOURCES OF FUNDS</b>			
1) Share Holders Fund :			
a) Capital	1	90,01,60,500	75,91,53,730
b) Reserves and Surplus	2	5,53,74,63,001	3,07,60,82,938
		6,43,76,23,501	3,83,52,36,668
2) Loan Funds:			
a) Secured Loans	3	1,40,52,33,931	1,05,01,05,699
b) Unsecured Loans	4	6,77,30,246	71,45,85,401
		1,47,29,64,177	1,76,46,91,100
		7,91,05,87,678	5,59,99,27,768
<b>APPLICATION OF FUNDS</b>			
1) Fixed Assets	5		
a) Gross Block		68,38,56,199	61,57,85,178
b) Less: Depreciation / Amortisation		23,58,87,790	17,32,39,575
c) Net Block		44,79,68,409	44,25,45,603
d) Capital Work in Progress Including Capital Advances		1,79,31,799	64,60,000
		46,59,00,209	44,90,05,603
2) Investments	6	2,06,86,34,248	1,25,67,71,909
3) Deferred Tax Asset (Net)		82,22,100	38,31,881
4) Current Assets, Loans and Advances			
a) Inventories	7	1,02,17,99,720	74,81,61,745
b) Debtors and Unbilled Revenues	8	3,17,32,62,747	2,84,41,95,726
c) Cash and Bank Balances	9	42,73,78,358	20,05,60,789
d) Loans and Advances	10	3,76,31,80,689	2,60,61,49,710
		8,38,56,21,514	6,39,90,67,970
Less: Current Liabilities and Provisions			
a) Current Liabilities	11	2,77,56,56,564	2,27,68,59,644
b) Provisions	12	24,21,33,830	23,18,89,951
		3,01,77,90,393	2,50,87,49,595
Net Current Assets		5,36,78,31,121	3,89,03,18,375
		7,91,05,87,678	5,59,99,27,768
Notes to Accounts	20		

AS PER OUR REPORT OF EVEN DATE

For Anand Mehta & Associates

CHARTERED ACCOUNTANTS

Kusai Goawala

PARTNER

MEMBERSHIP NO. 39062

Firm Registration No. 127305W

MUMBAI : DATED - May 10, 2010

FOR VASCON ENGINEERS LIMITED

R. Vasudevan  
MANAGING DIRECTOR

V. Mohan  
CHAIRMAN

M. Krishnamurthi  
COMPANY SECRETARY  
AND COMPLIANCE OFFICER

D Santhanam  
CHIEF FINANCIAL OFFICER

MUMBAI : DATED - May 10, 2010



# PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2010

Amount in Rupees

Particulars	Schedules	March 31, 2010		March 31, 2009	
<b>INCOME</b>					
Income from Operations	13		7,48,54,28,161		5,53,70,95,696
Less: Value Added Tax Collected		(27,85,65,627)		(17,94,34,071)	
Service Tax Collected		(15,47,65,229)	(43,33,30,856)	(16,57,53,221)	(34,51,87,292)
Income from Operations (Net)			7,05,20,97,305		5,19,19,08,404
Interest Earned	14		8,71,37,755		11,16,66,899
Other Income	15		84,86,074		15,10,534
			7,14,77,21,134		5,30,50,85,837
<b>EXPENDITURE</b>					
Materials and other direct expenses	16	5,62,52,57,606		3,91,98,77,040	
Personnel Expenses	17	37,84,61,642		31,86,75,293	
Operating and Other Expenses	18	23,62,11,266		24,47,05,420	
Financial Expenses	19	21,42,57,729		25,35,01,846	
Provision for Contingency (Refer Note 3.10 of Schedule 20)		-		20,00,00,000	
Depreciation / Amortisation	5	6,41,05,902		5,72,55,457	
			6,51,82,94,144		4,99,40,15,056
<b>Profit Before Taxation and prior period adjustments</b>			62,94,26,990		31,10,70,781
<b>Less:</b> Provision for Taxation					
Current (Net of Refund)		19,72,00,000		9,63,20,000	
Fringe Benefit Tax		-		36,36,239	
Deferred Tax Expenses / (Gain)		(43,90,219)		(16,77,237)	
			19,28,09,781		9,82,79,002
<b>Profit After Tax and before prior period adjustments</b>			43,66,17,209		21,27,91,779
Excess/(Short) Provision W/back / (Off)			23,02,864		(59,14,072)
Prior Period Adjustments - Income / (Expenses)			33,37,840		(22,08,288)
<b>Net Profit</b>			44,22,57,913		20,46,69,419
Balance brought forward			1,20,60,67,764		1,00,13,98,345
Balance carried forward			1,64,83,25,677		1,20,60,67,764
Earnings Per Share (Equity Shares, Par Value of Rs. 10/- Each)					
Basic Earnings Per Share Before Provision for Contingency (Net of Tax)		5.57			4.50
Diluted Earnings Per Share Before Provision for Contingency (Net of Tax)		5.55			4.49
Basic Earnings Per Share After Provision for Contingency (Net of Tax)		5.57			2.73
Diluted Earnings Per Share After Provision for Contingency (Net of Tax)		5.55			2.72
Notes to Accounts	20				

AS PER OUR REPORT OF EVEN DATE

For Anand Mehta & Associates

CHARTERED ACCOUNTANTS

Kusai Goawala

PARTNER

MEMBERSHIP NO. 39062

Firm Registration No. 127305W

MUMBAI : DATED - May 10, 2010

FOR VASCON ENGINEERS LIMITED

R. Vasudevan  
MANAGING DIRECTOR

V. Mohan  
CHAIRMAN

M. Krishnamurthi  
COMPANY SECRETARY  
AND COMPLIANCE OFFICER  
MUMBAI : DATED - May 10, 2010

D Santhanam  
CHIEF FINANCIAL OFFICER





FOR THE YEAR ENDED MARCH 31, 2010

## CASH FLOW STATEMENT

Amount in Rupees

Particulars	March 31, 2010	March 31, 2009
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before Taxation	62,94,26,990	31,10,70,781
Adjustments to reconcile profit before tax to cash provided by operating activities		
- Depreciation / Amortisation	6,41,05,902	5,72,55,457
- Excess short prov. w/back	23,02,864	(59,14,072)
- Interest paid	21,42,57,729	25,35,01,846
- Dividend Income	(41,20,815)	(15,24,330)
- Employee Compensation Expenses (ESOP)	41,58,745	41,58,745
- Interest income in respect of investing activities	(97,55,297)	(83,69,836)
- Provision for Doubtful Debt	1,05,84,207	1,94,22,998
- Prior Period Adjustments	33,37,840	(22,08,288)
- (Profit) Loss on Sale of Assets	(1,08,553)	9,28,818
- (Profit) Loss on Sale of Investments	(42,34,125)	-
	28,05,28,497	31,72,51,338
Operating Profit before working capital changes	90,99,55,487	62,83,22,119
Adjustments for		
Decrease / (Increase) in Inventories before Capitalisation of Borrowing Cost	(26,18,81,496)	(20,25,98,170)
Decrease / (Increase) in Sundry Debtors	(33,96,51,228)	(47,55,83,984)
Decrease / (Increase) in Loans and Advances	(18,07,98,988)	56,03,64,191
Increase / (Decrease) in Current Liabilities and Provisions	29,48,28,923	41,28,11,395
	(48,75,02,789)	29,49,93,432
Cash generated from operations	42,24,52,697	92,33,15,551
Direct Taxes Paid (Net)	(15,22,42,523)	(16,13,20,589)
<b>Net Cash flow from operating activities</b>	<b>27,02,10,174</b>	<b>76,19,94,962</b>
<b>B CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase / (Decrease) in Share Capital	1,78,20,00,000	50,17,01,384
Increase / (Decrease) in Secured Loans	35,51,28,232	96,93,00,203
Increase / (Decrease) in Unsecured Loans	(14,51,52,252)	(1,74,87,17,153)
Share Issue Expenses (IPO)	(12,77,32,729)	-
(Increase) / Decrease in inter-corporate deposit / advances to joint venture	(74,07,89,468)	(14,18,00,427)
Interest Income	97,55,297	83,69,836
Interest Paid Including Capitalised to Qualifying Assets	(21,00,52,741)	(31,73,76,954)
<b>Net Cash generated / (used) in financing activities</b>	<b>92,31,56,340</b>	<b>(72,85,23,111)</b>



# CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2010

Amount in Rupees

Particulars	March 31, 2010	March 31, 2009
<b>C CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(8,02,43,545)	(11,66,06,648)
Dividend Income	41,20,815	15,24,330
Proceeds on Disposal of fixed assets	4,02,000	1,28,92,819
Proceeds on Disposal of Securities/investments	3,02,45,726	43,75,50,000
Long Term investments in securities	(10,58,45,682)	(57,86,74,272)
Share application money paid	(6,32,00,000)	(8,00,00,000)
Long term investments in fixed deposits with banks	(18,57,25,257)	-
<b>Net Cash generated / (used) in investing activities</b>	<b>(40,02,45,943)</b>	<b>(32,33,13,772)</b>
<b>D NET CASH INFLOW / (OUTFLOW) (A+B+C)</b>	<b>79,31,20,571</b>	<b>(28,98,41,921)</b>
Cash and cash equivalents at the beginning of the period	20,05,60,789	49,04,02,710
Cash and cash equivalents at the end of the period	99,36,81,360	20,05,60,789
<b>NET (DECREASE) / INCREASE IN CASH</b>	<b>79,31,20,571</b>	<b>(28,98,41,921)</b>
<b>AND CASH EQUIVALENTS DURING THE PERIOD</b>		
Reconciliation of cash and bank balances given in schedule 9 is as follows:		
Cash And Bank Balances	42,73,78,358	20,05,60,789
Less: Balances with scheduled bank in deposit accounts	(18,57,25,257)	-
Short term investments	75,20,28,259	-
Cash and cash equivalents at the end of the period	<b>99,36,81,360</b>	<b>20,05,60,789</b>
The Company has undrawn borrowing facilities of Rs.	38,73,44,983	4,01,56,063

AS PER OUR REPORT OF EVEN DATE

For Anand Mehta & Associates

CHARTERED ACCOUNTANTS

Kusai Goawala

PARTNER

MEMBERSHIP NO. 39062

Firm Registration No. 127305W

MUMBAI : DATED - May 10, 2010

FOR VASCON ENGINEERS LIMITED

R. Vasudevan  
MANAGING DIRECTOR

V. Mohan  
CHAIRMAN

M. Krishnamurthi  
COMPANY SECRETARY  
AND COMPLIANCE OFFICER  
MUMBAI : DATED - May 10, 2010

D Santhanam  
CHIEF FINANCIAL OFFICER



## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

AS AT MARCH 31, 2010

Amount in Rupees

Particulars	March 31, 2010	March 31, 2009
<b>Schedule No. 1</b>		
<b>Share Capital</b>		
<b>Authorised</b>		
100,000,000 (100,000,000 ) Equity Shares Of Rs. 10/- Each	1,00,00,00,000	1,00,00,00,000
	1,00,00,00,000	1,00,00,00,000
<b>Issued And Subscribed</b>		
9,00,16,050 (75,915,373) Equity Shares Of Rs. 10/- Each	90,01,60,500	75,91,53,730
	90,01,60,500	75,91,53,730
<b>Out Of The Above:</b>		
55,622,353 (55,622,353) Equity Shares of Rs.10/- each are Allotted As Fully Paid-Up By Way of Bonus Shares by Capitalising Free Reserves of the Company.		
16,50,000 (16,50,000) Equity Shares of Rs.10/- each are Allotted As Fully Paid-Up to Employees of the Company Pursuant to the Employee Stock Option Scheme 2007.		
<b>Schedule No. 2</b>		
<b>Reserves &amp; Surplus</b>		
<b>Securities Premium Account</b>		
Balance At The Commencement	1,86,16,97,684	1,39,30,02,970
Add: Received During The Year	2,14,26,96,134	46,86,94,714
Less: IPO Expenses	(12,77,32,729)	-
	3,87,66,61,089	1,86,16,97,684
<b>Employee Stock Options</b>		
(Refer Note 3.25 of Schedule 20)		
Employee Stock Options Outstanding	1,24,76,235	1,24,76,235
Deferred Employee Compensation Outstanding	-	(41,58,745)
	1,24,76,235	83,17,490
<b>Profit &amp; Loss Account</b>		
(As per Annexed Profit & Loss Account)	1,64,83,25,677	1,20,60,67,764
	5,53,74,63,001	3,07,60,82,938
<b>Schedule No. 3</b>		
<b>Secured Loans</b>	<b>Note</b>	
<b>Term Loans</b>		
a) From Banks	1	1,06,71,25,961
b) From Financial Institutions	2	4,23,88,191
Cash Credit From Banks	3	29,57,19,779
		1,40,52,33,931
		1,05,01,05,699



AS AT MARCH 31, 2010

## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

Amount in Rupees

Particulars	March 31, 2010	March 31, 2009
1 (a) An amount of Rs. 72848490/- (Rs. 61304303/-) is secured by way of hypothecation of vehicles / assets financed by them.		
(b) An amount of Rs. 692257610/- (Rs. 28957459/-) 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, specific receivables of other Company.		
This includes an amount of Rs. 478368457/- (Rs. Nil/-) which is personally guaranteed by the Managing Director and Rs. 189654999/- (Rs. Nil/-) where the Managing Director is liable as co-borrower.		
(c) An amount of Rs. 302019864/- (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.		
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.		
3. Cash Credit from bank 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.		
Term Loans due for repayment within one year		
- From Banks	67,19,21,028	4,89,99,264
- From Financial Institutions	4,23,88,191	-
<b>Schedule No. 4</b>		
<b>Unsecured Loans</b>		
a) Long Term		
Public Deposits	3,88,34,452	4,45,000
Security Deposits	1,92,76,526	5,48,23,054
15% Convertible Debentures (Refer Note 3.11 Of Schedule 20)	-	50,17,02,904
From Companies	-	15,76,14,443
	5,81,10,978	71,45,85,401
b) Short Term		
From Companies	96,19,268	-
	96,19,268	-
	6,77,30,246	71,45,85,401
Long Term Loans due for repayment within one year		
- Public Deposits	3,09,14,286	3,95,000
- Security Deposits	76,41,472	-



AS AT MARCH 31, 2010

## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

Schedule No. 5		Fixed Assets				Depreciation / Amortisation				Amount in Rupees	
		Gross Block		Net Block		Opening	For the Year	Deduction	Closing	March 31, 2010	March 31, 2009
No	Particulars	Opening	Addition	Deduction	Closing						
(A)	Tangible Assets										
1	Leasehold Land	16,78,245	-	-	16,78,245	1,77,212	30,021	-	2,07,233	14,71,012	15,01,033
2	Freehold Land	6,98,385	-	-	6,98,385	-	-	-	-	6,98,385	6,98,385
3	Premises *	16,10,39,718	-	-	16,10,39,718	3,78,78,590	61,58,054	-	4,40,36,644	11,70,03,074	12,31,61,128
4	Plant & Machinery	38,25,32,337	5,40,92,633	-	43,66,24,970	10,30,52,390	4,47,34,892	-	14,77,87,282	28,88,37,688	27,94,79,947
5	Furniture & Fixtures	3,94,90,330	1,03,32,022	19,435	4,98,02,917	1,27,32,208	56,73,870	626	1,84,05,452	3,13,97,466	2,67,58,122
6	Vehicles	2,49,13,461	7,55,644	17,31,627	2,39,37,478	1,39,66,472	28,67,211	14,56,989	1,53,76,695	85,60,783	1,09,46,989
(B)	Intangible Assets										
1	Softwares	54,32,702	46,41,783	-	1,00,74,485	54,32,702	46,41,783	-	1,00,74,485	-	-
	Total	61,57,85,178	6,98,22,082	17,51,062	68,38,56,199	17,32,39,574	6,41,05,830	14,57,615	23,58,87,790	44,79,68,409	44,25,45,604
	Capital Work in Progress									1,79,31,799	64,60,000
	Previous Year	51,60,09,164	12,25,98,756	2,28,22,742	61,57,85,178	12,49,85,222	5,72,55,457	90,01,105	17,32,39,574	44,25,45,604	39,10,23,942
* 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. 1050412/- (Previous Year Rs. NIL)											



## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

AS AT MARCH 31, 2010

Amount in Rupees

Particulars	March 31, 2010	March 31, 2009
<b>Schedule No. 6</b>		
<b>Investments</b>		
<b>Investments - Long Term</b>		
<b>Trade :-</b>	Nil	Nil
<b>Others :-</b>		
<b>Quoted</b>		
Corporation Bank Limited	16,000	16,000
200 (200) Equity Shares of Rs.10/- Each fully paid.		
	16,000	16,000
<b>Unquoted :-</b>		
<b>Shares</b>		
<b>Investment in Subsidiaries</b>		
Marvel Housing Private Limited	1,00,000	1,00,000
10000 (10000) Equity Shares of Rs. 10/- Each Fully Paid		
IT Citi Info Park Private Limited	1,00,000	1,00,000
10000 (10000) Equity Shares of Rs. 10/- Each Fully Paid		
Calypso Premises Private Limited	9,46,00,000	9,46,00,000
9460000 (9460000) Equity Shares of Rs. 10/- Each Fully Paid		
Vascon Dwellings Private Limited	1,00,000	1,00,000
10000 (10000) Equity Shares of Rs. 10/- Each Fully Paid		
Greystone Premises Private Limited	65,000	65,000
6500 (6500) Equity Shares of Rs. 10/- Each Fully Paid		
Floriana Properties Private Limited	1,00,000	1,00,000
10000 (10000) Equity Shares of Rs. 10/- Each Fully Paid		
Wind Flower Properties Private Limited	1,00,000	1,00,000
10000 (10000) Equity Shares of Rs. 10/- Each Fully Paid		
Vascon Pricol Infrastructures Limited	4,97,00,000	4,97,00,000
4970000 (4970000) Equity Shares of Rs. 10/- Each Fully Paid		
	14,48,65,000	14,48,65,000
<b>Investment in Other Shares</b>		
The Saraswat Co-Op Bank Limited	10,000	10,000
1000 (1000) Equity Shares Of Rs.10/- Each Fully Paid		
Sahyadri Hospital Limited	25,00,000	25,00,000
250000 (250000) Equity Shares Of Rs.10/- Each Fully Paid		
PBAP Realty Private Limited	50,000	50,000
(Formerly known as Promo Builders Private Limited)		
5000 (5000) Equity Shares of Rs. 10/- Each Fully Paid		





## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

AS AT MARCH 31, 2010

Amount in Rupees

Particulars	March 31, 2010	March 31, 2009
Rose Premises Private Limited 2000000 (4000000) Equity Shares of Rs. 10/- Each Fully Paid	2,00,00,000	4,00,00,000
Core Fitness Private Limited 150 (150) Equity Shares of Rs. 100/- Each Fully Paid	15,000	15,000
Just Homes India Private Limited 5000 (5000) Equity Shares of Rs. 10/- Each Fully Paid	50,000	50,000
Marigold Premises Private Limited 25000 (25000) Equity Shares of Rs. 10/- Each Fully Paid	4,19,672	4,19,672
Cosmos Premises Private Limited 177401 (177401) Equity Shares of Rs. 10/- Each Fully Paid	3,67,90,610	3,67,90,610
Angelica Properties Private Limited 4710000 (4710000) Equity Shares of Rs. 10/- Each Fully Paid	5,44,50,000	5,44,50,000
Angelica Properties Private Limited 3062625 (3712625) 0.10% Redeemable Non-Cumulative Preference Shares of Rs. 10/- Each Fully Paid	19,60,08,000	23,76,08,000
Angelica Properties Private Limited 307800 (307800) Compulsory Convertible Preference Shares of Rs. 10/- Each Fully Paid	1,23,12,000	1,23,12,000
Viorica Properties Private Limited 7425000 (1125000) Equity Shares of Rs. 10/- Each Fully Paid	7,42,75,000	1,12,75,000
Mumbai Estates Private Limited 88889 (10000) Equity Shares of Rs. 10 /- Each Fully Paid	8,88,890	1,00,000
Aster Premises Private Limited 10000 (10000) Equity Shares of Rs. 10 /- Each Fully Paid	1,00,000	1,00,000
Vascon Infrastructure Limited 48000 (48000) Equity Shares of Rs 10/- Each Fully Paid	4,80,000	4,80,000
Almet Corporation Limited 28824 (28824) Equity Shares of Rs 100/- Each Fully Paid	5,23,73,208	5,23,73,208
John Fowler Ophthalmics Private Limited 2269853 (2269853) Equity Shares of Rs 10/- each Fully Paid	17,70,48,535	17,70,48,535
Marathawada Realtors Private Limited 19216 (19216) Equity Shares of Rs 100/- each Fully Paid	8,09,95,440	8,09,95,440
<b>UNQUOTED :-PARTLY PAID</b>	<b>70,87,66,355</b>	<b>70,65,77,465</b>
PBAP Realty Private Limited (Formerly known as Promo Builders Private Limited) 100000 (100000) Equity Shares of Rs. 10/- Each Rs. 1/- Paid Up	1,00,000	1,00,000
	<b>1,00,000</b>	<b>1,00,000</b>



## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

AS AT MARCH 31, 2010

Amount in Rupees

Particulars	March 31, 2010	March 31, 2009
<b>Mutual Funds - Equity</b>		
HDFC Capital Builder Dividend Option Nil (4800.307) units of Rs.10/- each	-	1,00,000
HDFC Capital Builder Dividend Option Nil (7380.437) units of Rs.10/- each	-	1,50,000
Kotak Mahindra Capital Dividend Option Nil (48899.756) units of Rs.10/- each	-	5,00,000
HDFC Premier Multicap Dividend Option Nil (97770.83) units of Rs.10/- each	-	10,00,000
Fidelity India Special Situation Fund Nil (19559.902)units of Rs.10/- each	-	2,00,000
JP Morgan India Equity Fund Nil (29339.853)Units of Rs 10/-	-	3,00,000
ICICI Prudential Fund - Dividend Nil (21895.067) Units of Rs 10/-	-	3,90,596
IDFC Premier Equity Fund Dividend Nil (33581.839) Units of Rs 10/-	-	6,00,000
ABN Amro China Fund Nil (63414.634) Units of Rs 10/-	-	6,50,000
	-	38,90,596
<b>Others</b>		
Immovable Properties	74,908	5,95,913
Capital Investment In Partnership Concerns & Joint Ventures	4,57,81,070	4,57,81,070
	4,58,55,978	4,63,76,983
<b>Investments - Current</b>		
<b>Trade</b>		
<b>Quoted</b>	Nil	Nil
<b>Unquoted</b>		
Ascent Hotels Private Limited 5294492 (5294492)Equity Shares of Rs. 10 /- Each Fully Paid	21,17,01,680	21,17,01,680
N.V. Projects Private Limited 1300000 (1300000) Equity Shares of Rs 10/- Each Fully Paid	3,23,50,000	3,23,50,000
N.V. Projects Private Limited 688426 (402450) Preference Shares of Rs 100/- Each Fully Paid	14,95,50,977	8,74,94,185
Sita Lakshmi Mills Limited 806000 (806000) Equity Shares of Rs 50/- Each Fully Paid	2,34,00,000	2,34,00,000
	41,70,02,657	35,49,45,865



AS AT MARCH 31, 2010

## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

Amount in Rupees

Particulars	March 31, 2010	March 31, 2009
<b>Mutual Funds - Debt</b>		
Unutilised funds out of the proceeds of the IPO (Refer Note 3.4 of Schedule 20)		
<b>Unquoted</b>		
IDFC Fixed Maturity Plan Quarterly Series 55 Plan A Dividend 10036874 (Nil) Units of Rs. 10/-	10,03,68,740	-
SBI SHDF Short Term Institutional Plan Weekly Dividend 24790766.978 (Nil) Units of Rs. 10/-	25,06,76,798	-
Kotak Quarterly Interval Plan Series 1 Dividend 15006021.393 (Nil) Units of Rs. 10/-	15,00,60,214	-
IDFC Fixed Maturity Plan Half Yearly Series 9 Plan A Dividend 5000000.000 (Nil) Units of Rs. 10/-	5,00,00,000	-
ICICI Prudential Flexible Income Plan Premium Daily Dividend 475038.601 (Nil) Units of Rs. 100/-	5,02,28,206	-
SBNPP Ultra ST Fund Super Institutional Dividend Reinvestment Daily Dividend 15013878.625 (Nil) Units of Rs. 10/-	15,06,94,300	-
	75,20,28,259	-
Aggregate Market Value of quoted investments Rs. 96110/- (Rs. 35970/-)		
Aggregate Net Asset Value of unquoted investments Rs. 752561300/- (Rs. 2777596/-)		
	2,06,86,34,248	1,25,67,71,909

(1. The mode of valuation of investments in securities/properties is given in the Note 2.6 of Schedule 20

2. Particulars of investments purchased and sold during the year is given in the Note 3.18 of Schedule 20)

<b>Schedule No. 7</b>		
<b>Inventories</b>		
<b>Stock At Close:-</b>		
Building Materials / Tools	40,58,92,531	17,36,69,226
Developments - Unfinished (Refer Note 3.26 of Schedule 20)	61,37,94,868	57,28,00,905
Stock for Resale	21,12,320	16,91,614
	1,02,17,99,720	74,81,61,745



## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

AS AT MARCH 31, 2010

Amount in Rupees

Particulars	March 31, 2010	March 31, 2009
<b>Schedule No. 8</b>		
<b>Debtors And Unbilled Revenues</b>		
<b>a) Debtors</b>		
(Unsecured Considered Good, Unless Otherwise Stated)		
A) Outstanding For Period Exceeding Six Months		
Considered Good#	1,46,92,53,661	1,23,36,39,289
Considered Doubtful	6,59,44,563	5,53,60,356
	1,53,51,98,224	1,28,89,99,645
B) Others - Considered Good	76,04,86,698	96,14,72,003
	2,29,56,84,922	2,25,04,71,648
Add / (Less) : Provision For Doubtful Debts (Refer Note 3.24 of Schedule 20)	(6,59,44,563)	(5,53,60,356)
	2,22,97,40,359	2,19,51,11,292
<b>b) Unbilled Revenues</b>	94,35,22,388	64,90,84,434
(Refer Note 2.7.1 of Schedule 20)		
	3,17,32,62,747	2,84,41,95,726
(#Refer Note 3.10 of Schedule 20)		
<b>Schedule No. 9</b>		
<b>Cash And Bank Balances</b>		
Cash On Hand	99,59,105	81,23,329
Balances With Scheduled Banks In Current Accounts*	22,85,60,350	7,54,45,953
Balances With Scheduled Banks In Deposit Accounts#	18,88,58,904	11,69,91,507
	42,73,78,358	20,05,60,789
<b>Schedule No. 10</b>		
<b>Loans And Advances</b>		
(Unsecured Considered Good Unless Otherwise Stated)		
Advances Recoverable In Cash Or In Kind Or For Value To Be Received		
Advances / Loans to Subsidiaries	1,25,54,10,789	1,14,60,38,874
Advances / Loans to Firms /	73,89,26,710	3,08,78,824
AOP In Which Company or Subsidiary Is Partner / Member		
Advance Against Development / Work / Purchases	39,60,28,288	7,77,76,048
Project Advances	96,54,40,523	92,75,77,970
Inter-corporate Deposits	9,68,08,004	5,64,82,881

\*Includes Rs. 167034730/- (Rs. Nil/-) unutilised monies out of the proceeds of the IPO.

#Includes Rs. 185725257/- (Rs. 109161787/-) under banks lien for margin money deposits.



## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

AS AT MARCH 31, 2010

Amount in Rupees

Particulars	March 31, 2010	March 31, 2009
Prepaid Expenses	2,54,64,101	1,30,75,965
Deposits (Includes Rs. 10,00,000/- (Rs. 10,00,000/-) Doubtful Of Recovery)	7,02,13,982	7,34,25,647
Advance Income Tax *	3,58,48,420	7,39,94,330
Other Recoverable and Receivables	18,00,39,872	20,78,99,172
	3,76,41,80,689	2,60,71,49,710
Add / (Less) : Provision For Doubtful Loans and Advances	(10,00,000)	(10,00,000)
	3,76,31,80,689	2,60,61,49,710

\*Advance Income Tax are After Netting Off Provisions for Taxes of Rs. 731189800/- (Rs. 658097200)/-

<b>Schedule No. 11</b>		
<b>Current Liabilities</b>		
Sundry Creditors	-	-
- Dues to Micro, Small and Medium Enterprises (Refer Note 3.9 of Schedule 20)	4,18,225	-
- Others	1,02,41,33,949	62,44,42,502
Advance Payment Received	64,22,86,849	58,86,73,821
Commitment and Other Deposits#	63,47,57,785	41,70,22,785
Advances / Loans from Firms / AOP In Which Company or Subsidiary Is Partner / Member	1,16,42,220	17,29,07,943
Unearned Receivables	31,50,33,097	34,83,32,491
Overdraft Balance In Current Account With Scheduled Bank	44,47,169	-
Interest Accrued But Not Due	8,22,700	1,78,34,578
Other Liabilities	14,21,14,569	10,76,45,524
	2,77,56,56,564	2,27,68,59,644
(#Refer Note 3.10 of Schedule 20)		

<b>Schedule No. 12</b>		
<b>Provisions</b>		
For Taxation*	69,90,621	1,79,054
For Gratuity	33,40,039	34,92,457
For Compensated Absences	2,80,84,932	2,44,97,039
For Unapproved Sales (Refer Note 3.24 Of Schedule 20)	18,06,951	37,21,401
For Warranty	19,11,286	-
For Contingency (Refer Note 3.24 Of Schedule 20)	20,00,00,000	20,00,00,000
	24,21,33,830	23,18,89,951

\*Provisions for Taxation are After Netting Off Advance Payment of Income Tax & TDS of Rs. 759597600/-  
(Rs. 731912476)/-



FOR THE YEAR ENDED MARCH 31, 2010

## SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT

Amount in Rupees

Particulars	March 31, 2010	March 31, 2009
<b>Schedule No. 13</b>		
<b>Income From Operations</b>		
Contract Revenue Recognised / Sales (Gross) ( Refer Note 2.7 of Schedule 20)		
- Contract Revenue	6,88,15,40,642	5,25,09,93,447
- Sale of unit	40,92,83,677	8,46,38,013
- Trading Sales	62,54,516	10,14,17,904
- Other Sales	8,63,71,531	3,49,88,286
<b>Other Operating Income</b>		
- Rent Earned	3,91,14,892	3,98,02,455
- Share Of Profit / (Loss) From AOP / Firms	6,28,62,902	2,52,55,591
	<b>7,48,54,28,161</b>	<b>5,53,70,95,696</b>
<b>Schedule No. 14</b>		
<b>Interest Earned</b>		
Interest received on inter-corporate deposits, from subsidiary and associate companies and others (Tax deducted at source Rs. 7361013/- (Rs. 7183511/-)	6,75,37,004	10,32,97,063
Interest on income tax refund	98,45,455	3,08,282
Interest on bank fixed deposits (Tax deducted at source Rs. 1888358/- (Rs. 1771443/-)	95,91,298	79,10,777
Other Interest	1,63,999	1,50,777
	<b>8,71,37,755</b>	<b>11,16,66,899</b>
<b>Schedule No. 15</b>		
<b>Other Income</b>		
Dividend Income from long term investments - other than trade	5,68,185	15,24,330
Dividend Income from current investments - other than trade	35,52,630	-
Profit / (Loss) On Sale Of Fixed Assets (Net)	1,08,553	(4,64,409)
Profit On Sale Of Investments (Net) Long Term - other than trade	42,34,125	-
Foreign Exchange Gain / (Loss)	22,581	27,032
Miscellaneous Income	-	4,23,581
	<b>84,86,074</b>	<b>15,10,534</b>





FOR THE YEAR ENDED MARCH 31, 2010

## SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT

Amount in Rupees

Particulars	March 31, 2010	March 31, 2009
<b>Schedule No. 16</b>		
<b>Materials and other direct expenses</b>		
Opening Inventory: -		
Building Materials / Tools	17,36,69,226	14,85,11,981
Developments - Unfinished (Refer Note 3.26 of Schedule 20)	57,28,00,904	35,09,43,022
Stock for Resale	16,91,614	68,042
	74,81,61,744	49,95,23,045
<b>Add: -</b>		
Purchase Of Materials And Labour During The Year	5,81,61,24,468	4,05,33,41,562
Expenses For Development	30,17,74,528	19,14,22,678
Allocation Of Borrowing Cost To Development	1,17,56,478	4,60,40,530
	6,12,96,55,474	4,29,08,04,770
<b>Less :-</b>		
Vat / Cenvat / Service Tax Input Credit	23,07,59,893	12,22,89,030
	23,07,59,893	12,22,89,030
<b>Less :- Closing Inventory :-</b>		
Building Materials / Tools	40,58,92,531	17,36,69,226
Developments - Unfinished (Refer Note 3.26 of Schedule 20)	61,37,94,868	57,28,00,905
Stock for Resale	21,12,320	16,91,614
	1,02,17,99,720	74,81,61,745
	5,62,52,57,606	3,91,98,77,040
<b>Schedule No. 17</b>		
<b>Personnel Expenses</b>		
Salaries and Bonus	33,08,82,429	25,37,64,480
Gratuity	26,93,719	62,36,933
Compensated Absence	51,44,460	1,57,16,390
Contribution To Provident And Other Defined Contribution Funds	94,87,824	93,98,949
Staff Welfare & Other Expenses	2,60,94,465	2,93,99,796
Employee Compensation Expenses	41,58,745	41,58,745
	37,84,61,642	31,86,75,293



FOR THE YEAR ENDED MARCH 31, 2010

## SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT

Amount in Rupees

Particulars	March 31, 2010	March 31, 2009
<b>Schedule No. 18</b>		
<b>Operating and Other Expenses</b>		
Advertisement	29,25,819	33,26,907
Bank Charges	1,51,26,729	51,34,545
Bad Debts	15,87,498	84,44,584
Brokerage / Commission	16,89,792	1,40,68,287
Conveyance	77,53,241	91,82,282
Donations	58,86,421	26,21,746
Electricity Charges	1,64,20,875	1,05,29,133
Insurance	1,93,27,913	1,39,97,258
Other Expenses	1,21,57,674	89,14,232
Provision For Doubtful Debt And Advances (Refer Note 3.24 Of Schedule 20)	1,05,84,207	1,94,22,998
Provision For Warranty Expenses	19,11,286	-
Post, Telephone And Telegram	92,64,876	85,54,059
Printing And Stationery	56,58,738	64,10,399
Rates & Taxes	36,96,969	25,66,680
Rent/Compensation	3,90,85,064	4,35,65,723
Repairs, Renovation And Maintenance		
Building	21,38,208	32,22,225
Plant and Machinery	5,03,298	12,59,877
Others	72,59,406	74,16,443
Sales Promotion Expenses	35,51,710	22,08,505
Travelling Expenses	80,25,431	92,53,510
Share Issue Expenses	-	5,02,410
Service Charges/Professional Fees/Retainers	6,16,56,113	6,41,03,617
	<b>23,62,11,266</b>	<b>24,47,05,420</b>
<b>Schedule No. 19</b>		
<b>Financial Expenses</b>		
<b>Interest On: -</b>		
Fixed Loans		
- Convertible Debentures	3,07,20,724	5,21,63,355
- Term Loans	8,37,06,812	3,83,51,615
- Public Deposits	13,97,007	6,172
	<b>11,58,24,543</b>	<b>9,05,21,142</b>
<b>Other Loans</b>		
- Banks	6,55,21,989	4,35,65,760
- Others	2,56,28,027	14,89,01,984
	<b>9,11,50,016</b>	<b>19,24,67,744</b>
<b>Sub Total</b>	<b>20,69,74,558</b>	<b>28,29,88,886</b>
Add: Other Charges		
Guarantee Commission To Managing Director	-	1,04,00,000
Debenture Issue Expenses	-	5,01,910
Processing Charges	2,00,90,060	56,51,580
	<b>22,70,64,619</b>	<b>29,95,42,376</b>
<b>Less : Borrowing Cost Transferred To Qualifying Assets</b>	<b>1,28,06,890</b>	<b>4,60,40,530</b>
	<b>21,42,57,729</b>	<b>25,35,01,846</b>



AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED MARCH 31, 2010

## NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

### Schedule No. 20

#### Notes To Accounts

(Figures in bracket pertains to previous year)

#### 1) Background

Vascon Engineers Limited (Company) was incorporated on 1st January, 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.

#### 2) Significant Accounting Policies followed:

##### 2.1 Basis of Preparation of Financial Statements

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 Institute of Chartered Accountants of India (ICAI) and the provisions of the Companies Act, 1956, on accrual basis, as adopted consistently by the Company.

##### 2.2 Use of Estimates

The preparation of financial statements in conformity with Indian Generally GAAP requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

##### 2.3 Fixed Assets and Capital Work in Progress

2.3.1 Fixed assets are stated at cost of acquisition or construction, after reducing accumulated depreciation till the date of the Balance Sheet. The cost of an item of fixed asset comprises of its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and

rebates are deducted in arriving at the purchase price and includes borrowing cost relating to any specific borrowing attributable to the acquisition of the fixed assets as per the provisions of AS 16 "Borrowing Cost" issued by ICAI.

Assets under installation or under construction as at the Balance sheet date are shown as Capital work in progress. Advances paid towards acquisition of assets are also included under Capital work in progress.

2.3.2 Intangible assets are recognised as an asset only if it fulfils the criteria specified in AS 26 "Intangible Assets" issued by the ICAI.

##### 2.4 Impairment

The assets are tested for impairment and the provision, is made wherever considered necessary based on economic utility of the asset as determined in accordance with the principles as laid down in AS 28 "Impairment of Assets" issued by ICAI.

##### 2.5 Depreciation / Amortisation

Depreciation on fixed assets has been provided under written down value method at the rates and manner prescribed in schedule XIV to the Companies Act, 1956. Cost of lease rights of land has been amortized over a period of lease term. Software in nature of intangible asset has been amortised fully in the year in which the same is ready for use.

##### 2.6 Investments

Investments are classified into current investments and long term investments. Current investments are carried at the lower of cost or fair value. Long term investments are carried at cost less provision made to recognise any decline in the value of such investments, other than temporary, in the opinion of the management. Any reduction in carrying amount and any reversals of such reductions are charged or credited to the profit and loss account.



AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED MARCH 31, 2010

## NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

### 2.7 Recognition of Revenue / Cost

2.7.1 Revenue from fixed price construction contracts is recognised on the percentage of completion method. 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 estimated contract amount, as the case may be, and acknowledged by the contractee. 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 under "Debtors" and billing in excess of contract revenue has been reflected under "Liabilities" in the balance sheet.

The Company provides for warranties and expected cost for completed projects, based on technical evaluation and past experience of meeting such costs net of the obligations on account of subcontractors.

2.7.2 Revenue from sale of units is recognised as and when the underlying significant risk and rewards of ownership are transferred to the purchaser and when there is no uncertainty of the amount of consideration that will be derived and it is not unreasonable to expect ultimate collection. However, in case where the Company is obligated to perform any substantial acts after the transfer of all significant risks and rewards of ownership, revenue is recognised on proportionate basis as the acts are progressively performed, by applying the percentage of completion method as explained in AS - 7 (Revised), Construction Contracts.

2.7.3 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 and allocation made by the firm/AOP in accordance with the Deed of Partnership/AOP Agreement.

2.7.4 Interest Income – Interest income is recognized on time proportion basis taking

into account the amounts invested and the rate of interest.

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

2.7.6 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.

2.7.7 Income from services rendered is recognised as revenue when the right to receive the same is established.

### 2.8 Inventories

#### 2.8.1 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.

#### 2.8.2 Development Work

The development work in progress represents progressive cost of work remaining incomplete / unsold as at close of the year, valued at lower of cost or net realisable value on the basis of technical estimate certified by the Managing Director. Finished goods comprising of constructed units ready for sale are valued at lower of cost and net realisable value.

#### 2.8.3 Stock of Trading Goods

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

### 2.9 Retirement 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 P.F.,



AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED MARCH 31, 2010

## NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

and superannuation fund etc are charged to Revenue.

### 2.10 Borrowing Cost:

Interest and other costs in connection with the borrowing of the funds to the extent related / attributed to the acquisition / construction of qualifying assets, if any, are capitalized up to the date when such assets are ready for its intended use and other borrowing costs are charged to Profit & Loss Account. Advances/deposits given to the vendors under the contractual arrangement for acquisition of qualifying assets are considered for the purpose of capitalization of borrowing cost.

### 2.11 Leases

Lease rentals in respect of assets acquired under operating lease are charged to the Profit and Loss Account as accrued. Lease rentals in respect of assets given under operating lease are credited to the Profit and Loss Account as accrued.

### 2.12 Contingent Liabilities and Assets

Contingent liabilities, if any, have been disclosed by way of note to balance sheet. Provision has been made in respect of those, which have materialised after the year-end but before finalisation of accounts and have material effect on balance sheet date.

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

### 2.13 Taxes on Income:

Taxes on Income are accounted in accordance with AS – 22 “Taxes on Income”. Taxes on Income comprise both current tax and deferred tax.

- a) 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.

- b) 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.
- c) Fringe Benefit Tax is recognised in accordance with the relevant provisions of the Income Tax Act, 1961 and the Guidance note on Fringe Benefits Tax issued by the ICAI.

### 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 proposed public issue of shares is appropriated from Share Premium Account.

Expenses relating to issue of debentures are being written off in the year the same are incurred.

### 2.15 Joint Venture Projects

2.15.1 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 under respective heads in the financial statements.

#### 2.15.2 Jointly Controlled Entities :-

- a) Integrated Joint Ventures :-
  - 1) Company's share in profits or losses of Integrated Joint Ventures is accounted on determination of the profits or losses by the joint venture.
  - 2) Investments in Integrated Joint Ventures are carried at cost net of company's share in recognised profits or losses.



AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED MARCH 31, 2010

## NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

### B) Incorporated Jointly Controlled Entities :-

- 1) Income on investments in incorporated Jointly Controlled Entities is recognised when the right to receive the same is established.
- 2) Investment in such Joint Ventures are carried at cost after providing for any other than temporary diminution in value in opinion of the management.

#### 2.16 Segment Reporting

The Company's operations predominantly consist of construction / project activities. Hence there are no reportable segments under Accounting Standard - 17. During the year under the report, the Company has engaged in its business only within India and not in any other country. The conditions prevailing in India being uniform, no separate geographical disclosures are considered necessary.

#### 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

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions 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.



AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED MARCH 31, 2010

## NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

### 3. OTHER NOTES

#### 3.1 Managerial Remuneration

(a) Particulars	Year Ended March 31,	
	2010	2009
<b>Managing Director</b>		
2.1 Salary & Ex-gratia	Rs. 96,00,000	Rs. 88,20,000
2.2 Commission	Rs. 2,15,91,600	Rs. 48,41,400
2.3 Other Benefits & Allowances	Rs. 7,50,000	Rs. 15,38,333
2.4 Contribution to PF	Rs. 10,58,400	Rs. 10,70,400
2.5 Approximate monetary value of Perquisite in kind as per I.T. Act	Rs. -	Rs. -
<b>Other Directors</b>		
2.6 Meeting Fees	Rs. 3,30,000	Rs. 2,70,000
	3,33,30,000	1,65,40,133

Managerial remuneration excludes provision for gratuity and leave availment, since it is provided on an actuarial valuation of the Company's liability to all its employees.

#### (b) Computation of Net Profit under Section 349 of the Companies Act, 1956 and commission payable to Managing Director

Particulars	Year Ended March 31,	
	2010	2009
Profit before taxation after prior period items	Rs. 63,27,64,830	Rs. 30,88,62,493
Add: Managerial Remuneration	Rs. 3,30,00,000	Rs. 1,62,70,133
Deferred expenses written off	Rs. -	Rs. -
Meeting fees	Rs. 3,30,000	Rs. 2,70,000
Less: Profit on sale of assets	Rs. 1,08,553	Rs. -
Profit for the year as per section 349	Rs. 66,59,86,277	Rs. 32,54,02,626
Commission (as approved and restricted by the Board of Directors)	Rs. 2,15,91,600	Rs. 48,41,400

#### (c) Employees compensation expenses relating to issue of shares under Employee Stock option scheme is not required to be included in managerial remuneration for the purpose of Section 349 of the Companies Act, 1956.

#### 3.2 Contingent Liabilities :

The Company has not considered necessary to make provision in respect of :

#### (a) Income tax demand of Rs. 67,70,000/- (Rs. Nil) and Service Tax demand of Rs. 1,81,33,336/- (Rs. 99,61,823/-) not accepted by the Company as the same have been disputed by the Company in Appeal before higher authorities.

#### (b) Securities/guarantees provided to the bankers :

Particulars	Year Ended March 31,	
	2010	2009
(i) for other companies	Rs. -	Rs. 5,00,00,000
(ii) for performance	Rs. 1,11,05,18,289	Rs. 32,16,71,193
(c) Corporate Guarantee given for other Companies	Rs. 30,00,00,000	Rs. 20,00,00,000
(d) Claims against the Company not acknowledged as debts (Refer Note 3.10 below)	Rs. 2,48,77,83,351	Rs. 1,95,47,10,453
(e) Uncalled liability on shares partly paid	Rs. 9,00,000	Rs. 9,00,000



AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED MARCH 31, 2010

## NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

### 3.3 Sundry debtors includes due from Private Limited Companies where directors are interested as director/member

	Year Ended March 31,	
	2010	2009
	Rs. 2,39,56,366	Rs. 4,14,59,184

### 3.4 Details of issue proceeds received, utilised and unutilised through public issue (IPO) as on 31st March, 2010:

Particulars	Amount Rs	Amount, Rs
Proceeds from Initial Public Offer		1,78,20,00,000
Less: Payment towards IPO Expenses		12,77,32,729
(Net of Service Tax Input Credit availed of Rs. 8967216/-)		
Net Proceeds from Initial Public Offer		1,65,42,67,271
Less: Utilisation of Funds:		
a) Payment towards prepayment of loan	36,16,82,463	
b) Construction of EPC Contract and Real Estate Development Project	58,03,123	
c) General corporate purposes	10,34,00,000	
Total of Utilisation of Funds (a+b+c)		47,08,85,586
Balance Unutilised money from IPO Proceeds		1,18,33,81,685
Represented By:		
a) Investment in Mutual Fund - Debt	75,20,28,259	
b) Amount utilised towards temporary reduction of Cash Credit	26,43,18,699	
c) Balance lying current account with scheduled banks	16,70,34,727	
		1,18,33,81,685

### 3.5 Details of Earnings & Expenditure In Foreign Currency

Particulars	Year Ended March 31,	
	2010	2009
Earnings on account of Sales/Work	Rs -	Rs. 11,41,20,019
TOTAL	Rs -	Rs. 11,41,20,019
Expenditure on account of		
Purchase of Spares/ materials	Rs. 63,22,496	Rs. 5,34,75,178
Purchase of services	Rs. 1,15,49,214	Rs. 1,36,17,921
Travelling & other expenditure	Rs. 12,163	Rs. 3,07,499
Purchase of Fixed Assets	Rs. 12,06,810	Rs. 3,11,82,447
TOTAL	Rs. 1,90,90,683	Rs. 9,85,83,045





AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED MARCH 31, 2010

## NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

3.6 The particulars of the Partnership Firms where the Company is a partner as on the year end are as follows:-

Name of the Firm	Ajanta Enterprises	
	Year Ended March 31,	
	2010	2009
Total Capital of the Firm	Rs. 10,40,10,747	Rs. 9,67,47,557
Name 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) Shishir Bhansali	2.50%	2.50%
d) Raj Bhansali	17.50%	17.50%
e) Marvel Housing Private Limited	20.00%	0.00%
f) Vascon Engineers Limited	30.00%	30.00%
g) Javed Tapia	0.00%	10.00%
h) Azim Tapia	0.00%	10.00%

3.7 The quantitative information in respect of trading activity of the company is given in annexed statement.

3.8 The break-up of Deferred Tax Asset / (Liability) is as under

Particulars	Year Ended March 31,	
	2010	2009
a) Difference between Book Depreciation and Depreciation under Income Tax	Rs. (1,47,87,314)	Rs. (1,64,39,430)
b) Statutory Payments	Rs. 11,09,227	Rs. 11,87,086
c) Other disallowances	Rs. 2,19,00,189	Rs. 1,90,84,226
Net Deferred Tax Asset/(Liability)	Rs. 82,22,102	Rs. 38,31,882

3.9 The Company has amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, [MSMED Act] as at March 31, 2010. The disclosure pursuant to the said Act is as under:

Particulars	Year Ended March 31,	
	2010	2009
Principal amount payable to suppliers at the year end	Rs. 4,18,225	Rs. -
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	Rs. -	Rs. -
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	Rs. -	Rs. -
Amount of interest accrued and remaining unpaid at the end of the accounting year	Rs. -	Rs. -

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.



AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED MARCH 31, 2010

## NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

No dues were outstanding for more than 30 days from the date they were payable to the above parties.

### 3.10 Provision for Contingency

The Company had entered into a development agreement with a party in March 2007 pursuant to which a property which the Company had undertaken to develop with a vendor was assigned to the party for being developed on certain terms and conditions contained in the said development agreement. In the Company's account for the year ended 31st March 2007 since the property undertaken by the Company was accounted as purchases and the subsequent transaction entered into with the party was recognized as sales; a profit of Rs.20,00,00,000/- on this transaction was taken as surplus in the profit and loss account. During earlier year a member of a predecessor in title of the company trespassed and illegally entered into possession of the subject property. Consequently the party has sought to annul the entire arrangement. Arbitration proceedings were instituted during the earlier year. The proceedings are pending. The company's stand is that the member's action is illegal since it has the effect of making the entire transaction a nullity.

However, without prejudice to the Company's rights and privilege arising under the agreements, by way of prudence, profit on the transaction recognized in the accounts for the year ended 31st March 2007 is recognized as provision for contingency and included in the provisions in the accounts for the year ended 31st March 2009. Further no provision is considered necessary in respect of claim of Rs. 248,77,83,351/- plus interest (Previous Year Rs. 195,47,10,453/-) on the company, as in the management's opinion the said claim is not tenable. In any event, as per advice received by the Company the liability if any, would be on the member precedent in title, and not on the Company in view of the members illegal action.

Sundry Debtors includes an amount of Rs. 56,50,00,000/- (Rs. 56,50,00,000/-) receivable from the party for which provision has not been considered necessary in view of the corresponding matching liability payable to the vendor and the contingency provision.

### 3.11 Capital

a) During the year, Company has completed its Initial Public Offer (IPO) and consequently, the Company has allotted 1,08,00,000 equity shares of Rs. 10/- each at a price of Rs. 165/- per share on February 8, 2010. Equity shares of the Company were listed for trading on National Stock Exchange and Bombay Stock Exchange on February 15, 2010.

b) The Company had issued 33,00,677 Unsecured Debentures of Rs. 152/- each on July 21, 2008 for a period of 5 years from the date of allotment. Debenture holders has an option to convert the debentures in to equity shares of the Company in the ratio of one equity share for one debenture held which can be exercised after a period of 18 months from the date of allotment. Coupon rate of debentures was 15% p.a. payable half yearly on 30th June and 31st December every year.

The debenture holders have exercised the option to convert the Unsecured Convertible Debentures to Equity Shares and accordingly the same are converted to Equity Shares in the ratio of 1:1 on 27.08.2009.

3.12 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.

3.13 Related Party disclosures have been set out in a separate statement annexed to this schedule. The related parties as defined by AS 18 'Related Party Disclosure' issued by The ICAI, in respect of which the disclosures have been made, have been identified on the basis of disclosures made by the key managerial persons taken on record by the Board.

3.14 Particulars of the Contract Revenue as required in AS 7 "Accounting for Construction Contracts" issued by the ICAI, in respect of which disclosures have been made are given in the Annexed Statement.

3.15 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.

3.16 The Loans & Advances include an amount of Rs. 475752284/- (Rs.432881579/-) paid as advances/deposits to the vendors while acquiring development rights for various projects. As per the Agreements, the vendor is entitled to



AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED MARCH 31, 2010

## NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

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.

3.17 The company's significant leasing arrangements are in respect of operating leases for Commercial premises. The particulars of such leases are given in the Annexed Statement.

3.18 The particulars of investments made/sold during the year are given in the Annexed Statement.

3.19 The particulars of employee benefits as required under AS 15 "Accounting for Employee Benefits" issued by the ICAI are given in the Annexed Statement.

3.20 a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances, Rs. 34633169/- (Rs. 5354000/-)

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 Rs. 37102920/- (Rs. 35567814/-)

### 3.21 Auditors' Remuneration

Particulars	Year Ended March 31,	
	2010	2009
Audit Fee	Rs. 19,00,000	Rs. 19,00,000
Tax Audit	Rs. 5,00,000	Rs. 5,00,000
Other Services	Rs. 58,500	Rs. 4,73,500
Other Services (Relating to IPO)	Rs. 40,00,000	Rs. -
Total	Rs. 64,58,500	Rs. 28,73,500

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

### 3.22 Earnings Per Share

Particulars	Year Ended March 31,	
	2010	2009
a Net Profit available for equity share holder before Provision for Contingency (Net of Tax)	Rs. 44,22,57,913	Rs. 33,73,69,419
b Provision for Contingency	Rs. -	Rs. (20,00,00,000)
c Tax on Provision for Contingency	Rs. -	Rs. 6,73,00,000
d Net Profit available for equity share holder after Provision for Contingency (Net of Tax)	Rs. 44,22,57,913	Rs. 20,46,69,419
e Weighted average number of equity shares for Basic EPS	Rs. 7,94,16,323	Rs. 7,49,11,609
f Face Value per share	Rs. 10	Rs. 10
g Basic EPS before Provision for Contingency (Net of Tax)	Rs. 5.57	Rs. 4.50
h Basic EPS after Provision for Contingency (Net of Tax)	Rs. 5.57	Rs. 2.73
i Weighted average number of equity shares for Diluted EPS	Rs. 7,96,79,480	Rs. 7,51,74,765
j Diluted EPS before Provision for Contingency (Net of Tax)	Rs. 5.55	Rs. 4.49
k Diluted EPS after Provision for Contingency (Net of Tax)	Rs. 5.55	Rs. 2.72



AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED MARCH 31, 2010

## NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

3.23 The Company has 9 subsidiaries. During the year Vascon Pricol Infrastructure Limited, subsidiary of the Company has acquired 100% stake in Caspia Hotels Private Limited formerly known as Compress Infocom Private Limited and by which the same has become subsidiary of the Company. The Company has sold its stake in Rose Premises Private Limited, one of the wholly owned subsidiary and accordingly the said subsidiary has become a joint venture instead of a subsidiary.

The Ministry of Affairs vide its letter No. 47/161/2010-CL-III dt. 15th March 2010 granted approval to the Company for not attaching copies of the Balance Sheet and Profit & Loss Account, Directors' Report and Auditors' Report of the subsidiary companies for the financial year 2009 - 2010. As per condition no. (i) of the above said letter Consolidated Financial Statements duly audited by the Statutory Auditors is enclosed with the statement of summarised financial of all the subsidiaries.

### 3.24 Disclosure Relating to Provisions

#### a Provision for Doubtful Debts

Particulars	Year Ended March 31,	
	2010	2009
Opening Balance	Rs. 5,53,60,356	Rs. 4,55,79,206
Add: Provision during the year	Rs. 1,72,15,511	Rs. 1,94,22,998
	Rs. 7,25,75,867	Rs. 6,50,02,204
Less: Utilisation / Transferred to Bad Debts	Rs. 66,31,304	Rs. 96,41,848
Closing Balance	Rs. 6,59,44,563	Rs. 5,53,60,356

#### b Provision for Unapproved Sales

Particulars	Year Ended March 31,	
	2010	2009
Opening Balance	Rs. 37,21,401	Rs. 51,07,054
Add: Provision during the year	Rs. 9,69,550	Rs. 37,21,401
	Rs. 46,90,951	Rs. 88,28,455
Less: Utilisation / Transfers	Rs. 28,84,000	Rs. 51,07,054
Closing Balance	Rs. 18,06,951	Rs. 37,21,401

#### c Provision for Warranty

Particulars	Year Ended March 31,	
	2010	2009
Opening Balance	Rs. -	Rs. -
Add: Provision during the year	Rs. 19,11,286	Rs. -
	Rs. 19,11,286	Rs. -
Less: Utilisation / Transfers	Rs. -	Rs. -
Closing Balance	Rs. 19,11,286	Rs. -



AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED MARCH 31, 2010

## NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

### d Provision for Contingency

Particulars	Year Ended March 31,	
	2010	2009
Opening Balance	Rs. 20,00,00,000	Rs. -
Add: Provision during the year	Rs. -	Rs. 20,00,00,000
	Rs. 20,00,00,000	Rs. 20,00,00,000
Less: Utilisation / Transfers	Rs. -	
Closing Balance	Rs. 20,00,00,000	Rs. 20,00,00,000

### 3.25 EMPLOYEE STOCK OPTION PLANS (ESOP)

The Company has provided share based payment schemes to its employee. During the year ended 31st March 2010, the "ESOS - 2007" scheme was in operation:

Particulars	Year Ended March 31,	
	2010	2009
Outstanding at the beginning of the year	Nos. 3,33,500	Nos. 3,33,500
Granted during the year	Nos. -	Nos. -
Forfeited during the year	Nos. -	Nos. -
Exercised during the year	Nos. -	Nos. -
Outstanding at the end of the year	Nos. 3,33,500	Nos. 3,33,500

3.26 Stock of Development includes cost amounting to Rs. 853960/- (Rs. 26476740/-) in respect of certain projects under construction pursuant to agreement to sale with the prospective buyers where the prospective buyers have created charge in favour of third party.

3.27 The Company has acquired and held the investments in following companies for sale in the near future and accordingly the same is disclosed as current investments in accordance with the Accounting 13 "Accounting for Investments".

Following are the details of current investments:

Company	Year Ended March 31,	
	2010	2009
Ascent Hotels Private Limited	Rs. 21,17,01,680	Rs. 21,17,01,680
N V Projects Private Limited	Rs. 18,19,00,977	Rs. 11,98,44,185
Sita Laxmi Mills Limited	Rs. 2,34,00,000	Rs. 2,34,00,000

3.28 Advances / loans to subsidiaries includes Rs. 593697951/- (Rs. 585072035/-) being advance for projects as required to be contributed by the Company.

3.29 The breakup of stock of materials and tools is as under:

Particulars	Year Ended March 31,	
	2010	2009
Materials	Rs. 36,14,61,698	Rs. 9,54,75,064
Tools	Rs. 4,44,30,833	Rs. 7,81,94,162
Total	Rs. 40,58,92,531	Rs. 17,36,69,226



AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED MARCH 31, 2010

## NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

- 3.30 Other additional information required by schedule VI part II of the Companies Act, 1956 are not applicable to the company for the year.
- 3.31 Balance Sheet abstract and Company's General Business Profile, in form prescribed in part III of Scheduled VI of the Companies Act 1956, as amended by notification GSR No. 388(E) (F.No. 3/24/94-CLB) Dated 15/05/95 is attached herewith as Annexure.
- 3.32 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

Kusai Goawala

PARTNER

MEMBERSHIP NO. 39062

Firm Registration No. 127305W

MUMBAI : DATED - May 10, 2010

### FOR VASCON ENGINEERS LIMITED

R. Vasudevan  
MANAGING DIRECTOR

V. Mohan  
CHAIRMAN

M. Krishnamurthi  
COMPANY SECRETARY  
AND COMPLIANCE OFFICER

D Santhanam  
CHIEF FINANCIAL OFFICER

MUMBAI : DATED - May 10, 2010

ANNEXURE REFERRED TO IN NOTE NO. 3.7 OF THE NOTES FORMING PART OF ACCOUNTS FOR THE PERIOD ENDED ON 31ST MARCH 2010

### THE QUANTITATIVE INFORMATION IN RESPECT OF TRADING ACTIVITY OF THE COMPANY

Particulars	Unit	Opening Stock		Purchases		Sales		Closing Stock	
		Qty	Amount, Rs	Qty	Amount, Rs	Qty	Amount, Rs	Qty	Amount, Rs
Cement	Bags	-	-	-	-	-	-	-	-
		-	-	(940)	(2,00,284)	(940)	(2,10,298)	-	-
Sand	Brass	-	-	-	-	-	-	-	-
		-	-	(69)	(1,94,733)	(69)	(2,10,808)	-	-
Steel	Mt	-	-	178	56,97,643	135	39,98,143	43	12,33,805
		-	-	(2,351)	(9,86,34,975)	(2,351)	(9,08,09,908)	-	-
Others		-	16,91,614	-	1,26,910	-	19,23,976	-	8,78,515
		-	(68,042)	-	(65,55,885)	-	(61,33,830)	-	(16,91,614)
Total (Net Value)			16,91,614		58,24,553		59,22,119		21,12,320
Add: Taxes		-			2,28,650		3,32,397		-
Total (Gross Value)			16,91,614		60,53,203		62,54,516		21,12,320
			(68,042)		(10,92,72,477)		(10,14,17,904)		(16,91,614)

(Figures in bracket indicate previous years' figures)



## TRANSACTIONS WITH RELATED PARTY

**Annexure referred to in Note No. 3.13 of the notes forming part of accounts for the period ended on 31st March 2010**  
**Disclosure of transactions with related parties as required by Accounting Standard 18**

Amount in Rupees

No	Particulars	Subsidiary	Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	Associates	Establishments where Key Managerial Personnel or Relatives exercise significant Influence
1	Sales and Work	17,31,82,336 (25,26,90,669)	34,32,09,523 (63,64,37,684)	- -	- -	23,17,05,019 (19,73,87,521)	55,00,000 (15,32,779)
2	Interest Income	1,25,56,912 (8,65,79,447)	2,97,96,735 (1,48,23,728)	- -	- -	- (15,69,137)	- -
3	Dividend Income	- -	5,00,000 -	- -	- -	68,185 -	- -
4	Interest Expenses	- -	13,54,808 -	35,76,758 (70,70,548)	10,44,644 (21,04,200)	- -	24,56,493 (56,71,049)
5	Purchase of Goods / Work	2,79,952 (97,567)	- (26,13,442)	- -	- -	- -	- (12,33,000)
6	Receiving of Services	- -	- -	3,30,00,000 (2,54,20,733)	- -	- -	1,86,62,789 (1,11,08,887)
7	Share of Profit from AOP/Firm	- -	6,38,43,387 (2,58,67,634)	- -	- -	- -	- -
8	Share of Loss from AOP/Firm	- -	9,80,485 (1,19,651)	- -	- -	- (4,92,392)	- -
9	Amounts written off	- -	5,00,000 (4,40,680)	- -	- -	- -	- -
10	Purchase of Fixed Assets	2,19,999 -	- -	- -	- -	- -	- -
11	Corporate Guarantee Given	20,00,00,000 (20,00,00,000)	10,00,00,000 -	- -	- -	- (5,00,00,000)	- -
12	Finance Provided (including equity contributions in cash or in kind)	27,62,46,251 (43,12,92,212)	19,56,46,509 (19,38,62,561)	- -	- -	1,82,88,890 (5,25,90,000)	- -
13	Finance Availed (including equity contributions in cash or in kind)	- -	4,39,74,154 -	10,00,000 (11,75,15,684)	- (4,45,72,328)	- -	- (7,46,62,704)
14	Outstanding as on March 31, 2010						
	(a) Receivable to Vascon Engineers Limited	1,63,46,00,605 (1,44,12,59,921)	1,26,77,13,691 (68,49,73,654)	- -	- -	28,50,83,310 (25,23,32,259)	12,61,736 (42,333)
	(b) Receivable from Vascon Engineers Limited	12,61,736 (1,25,00,000)	- (75,13,213)	1,45,05,738 (6,56,74,756)	- (4,08,080)	20,83,00,000 (7,43,91,760)	48,86,436 (4,15,26,256)

(Figures in bracket indicate previous years' figures)



## TRANSACTIONS WITH RELATED PARTY

### NOTE : NAMES OF RELATED PARTIES AND DESCRIPTION OF RELATIONSHIP

	March 31, 2010	March 31, 2009
No Particulars	Name of the Party	Name of the Party
1 Joint Venture	Weikfield IT CITI Infopark Phoenix Ventures Zenith Ventures Zircon Ventures Marigold Premises Private Limited Just Homes (India) Private Limited Viorica Properties Private Limited Cosmos Premises Private Limited Almet Corpotation Limited Marathawada Realtors Private Limited John Fowler Ophthalmics Private Limited Rose Premises Pvt Ltd Ajanta Enterprises	Weikfield IT CITI Infopark Phoenix Ventures Zenith Ventures Zircon Ventures Marigold Premises Private Limited Just Homes (India) Private Limited Viorica Properties Private Limited Cosmos Premises Private Limited Almet Corpotation Limited Marathawada Realtors Private Limited John Fowler Ophthalmics Private Limited
2 Key Management Personnel	Mr. R. Vasudevan	Mr. R. Vasudevan
3 Relatives of Key Management Personnel	Mrs. Lalitha Vasudevan Mrs. Thangam Moorthy Mrs. Lalitha Sundarajan Mr. Siddarth Vasudevan Ms. Soumya Vasudevan	Mrs. Lalitha Vasudevan Mrs. Thangam Moorthy Mrs. Lalitha Sundarajan Mr. Siddarth Vasudevan Ms. Soumya Vasudevan
4 Individuals having significant influence over the Company	-	-
5 Associates	Angelica Properties Private Limited Mumbai Estate Private Limited Vascon Infrastructure Limited	Angelica Properties Private Limited Mumbai Estate Private Limited Vascon Infrastructure Limited Ajanta Enterprises Syringa Proeprties Private Limited
6 Establishments where which individuals in serial number (2), (3) and (4) exercise significant Influence	Flora Premises Private Limited Vastech Consultants Private Limited Vatsalya Enterprises Private Limited Bellflower Premises Private Limited Syringa Properties Private Limited	Flora Premises Private Limited Vastech Consultants Private Limited Vatsalya Enterprises Private Limited
7 Subsidiary	Marvel Housing Private Limited Grey Stone Premises Private Limited Vascon Dwellings Private Limited IT CITI Info Park Private Limited Caspia Hotels Private Limited (Compress) Windflower Properties Private Limited Calypso Premises Private Limited Floriana Properties Private Limited Vascon Pricol Infrastructure Limited	Marvel Housing Private Limited Grey Stone Premises Private Limited Vascon Dwellings Private Limited IT CITI Info Park Private Limited Rose Premises Private Limited Windflower Properties Private Limited Calypso Premises Private Limited Floriana Properties Private Limited Vascon Pricol Infrastructure Limited
8 Venturer in respect of which Company is associate or joint venture	-	-





## TRANSACTIONS WITH RELATED PARTY

### 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, 2010		March 31, 2009	
		Party Details	Gross Total	Party Details	Gross Total
1	Sales and Work				
i)	Subsidiaries		17,31,82,336		25,26,90,669
	Greystone Premises Private Limited	-		12,36,444	
	Vascon Dwellings Private. Limited	17,12,23,838		23,27,54,225	
	Vascon Pricol Infrastructure Limited	19,58,498			
	Windflower Properties Private Limited	-		1,87,00,000	
ii)	Joint Ventures		34,32,09,523		63,64,37,684
	Cosmos Premises Private Limited	-		12,23,785	
	Marigold Premises Private Limited	5,32,821		4,12,487	
	Phoenix Ventures	22,99,422		7,56,57,459	
	Viorica Properties Private Limited	3,19,39,084		9,34,31,740	
	Weikfelds ITCITI Info Park	16,63,61,180		37,48,10,690	
	Zenith Ventures	-		5,43,92,010	
	Zircon Ventures	14,20,77,016		3,65,09,513	
iii)	Associates		23,17,05,019		19,73,87,521
	Angelica Properties Private. Limited.	17,17,05,019		19,73,87,521	
	Vascon Infrastructure Limited	6,00,00,000			
iv)	Enterprises		55,00,000		15,32,779
	Flora Premises Private Limited	55,00,000			
	Vastech Consultants Private Limited	-		15,32,779	
2	Interest Income				
i)	Subsidiaries		1,25,56,912		8,65,79,447
	Calypso Premises Private Limited	-		4,95,03,510	
	Floriana Properties Private Limited	27,82,417		5,82,925	
	IT Citi Infopark Private Limited	-		94,781	
	Rose Premises Private Limited	-		2,57,34,503	
	Vascon Dwellings Private Limited	42,49,579		1,03,72,041	
	Windflower Properties Private Limited	-		2,91,687	
	Marvel Housing Private Limited	55,24,916		-	
ii)	Joint Ventures		2,97,96,735		1,48,23,728
	Almet Corporation Limited	3,36,375		2,38,515	
	Just Homes (I) Private. Limited.	-		3,33,935	
	John Fowler Ophthalmics Private Limited	2,81,250		1,83,390	
	Marathawada Realtors Private Limited	5,01,750		4,03,890	
	Viorica Properties Private Limited	-		1,05,23,341	
	Rose Premises Private Limited	1,52,75,405		-	
	Zenith Ventures	1,06,93,233		31,40,657	
	Ajanta Enterprises	27,08,722		-	
iii)	Associates		-		15,69,137
	Ajanta Enterprises	-		15,69,137	
iv)	Enterprise		-		-
		-		-	
3	Dividend Income				
i)	Joint Venture		5,00,000		
	Marigold Premises Private Limited	5,00,000			
ii)	Associates		68,185		
	Angelica Properties Private Limited	68,185			



## TRANSACTIONS WITH RELATED PARTY

### 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, 2010		March 31, 2009	
		Party Details	Gross Total	Party Details	Gross Total
4	Interest Expense				
i)	Key management Personnel Mr R Vasudevan	35,76,758	35,76,758	70,70,548	70,70,548
ii)	Joint Ventures Viorica Properties Private Limited	13,54,808	13,54,808		-
ii)	Relatives of Key Management Personnel Mrs. Lalitha Vasudevan Mrs. Thangam Moorthy Mr. Siddarth Vasudevan Sowmya Vasudevan	10,23,479 21,165 - -	10,44,644	20,12,612 45,794 45,794	21,04,200
iii)	Enterprise Vatsalya Enterprises Private Limited Vastech Consultants Private. Limited. Bellflower Premises Private Limited	21,15,321 - 3,41,172	24,56,493	48,54,724 2,37,020 5,79,305	56,71,049
5	Purchase of Goods / Work				
i)	Subsidiaries Greystone Premises Private Limited Rose Premises Private Limited	- 2,79,952	2,79,952	97,567	97,567
ii)	Joint Ventures Weikfeild ITCITI Info Park (AOP) Zenith Ventures Just Homes (I) Private Limited	- - -	-	23,99,002 1,14,440 1,00,000	26,13,442
iii)	Enterprises Flora Premises Private. Limited.	-	-	12,33,000	12,33,000
6	Receiving of Services				
i)	Key Management Personnel Mr R Vasudevan	3,30,00,000	3,30,00,000	2,54,20,733	2,54,20,733
ii)	Relatives of Key Management Personnel NR Moorthy	-	-	-	-
iii)	Enterprise Vastech Consultants Private Limited	1,86,62,789	1,86,62,789	1,11,08,887	1,11,08,887
7	Share of Profit from AOP/Firm				
i)	Joint Ventures Phoenix Ventures Weikfeild ITCITI Info Park (AOP) Zircon Ventures	- - 6,38,43,387	6,38,43,387	21,16,388 1,69,54,559 67,96,687	2,58,67,634
8	Share of Loss from AOP/Firm				
i)	Joint Ventures Phoenix Ventures Zenith Ventures Weikfeild ITCITI Info Park (AOP) Ajanta Enterprises	8,09,837 82,187 32,418 56,043	9,80,485	- 1,19,651	1,19,651
ii)	Associates Ajanta Enterprises	-	-	4,92,392	4,92,392



## TRANSACTIONS WITH RELATED PARTY

### 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, 2010		March 31, 2009	
		Party Details	Gross Total	Party Details	Gross Total
9	Amounts written off		5,00,000		4,40,680
i)	Joint Ventures				
	Cosmos Premises Private Limited	5,00,000		4,40,680	
10	Purchase of Fixed Assets				
i)	Subsidiaries		2,19,999		-
	Greystone Premises Private Limited	2,19,999		-	
11	Corporate / Bank Guarantees Given for				
i)	Subsidiaries		20,00,00,000		20,00,00,000
	Vascon Dwellings Private Limited	20,00,00,000		20,00,00,000	
ii)	Joint Ventures		10,00,00,000		-
	Cosmos Premises Private Limited	10,00,00,000		-	
iii)	Associates		-		5,00,00,000
	Vascon Infrastructure Limited	-		5,00,00,000	
12	Finance Provided (including equity contributions in cash or in kind)				
i)	Subsidiaries		27,62,46,251		43,11,75,234
	Calypso Premises Private Limited	1,12,62,179		14,88,19,750	
	Floriana Properties Private Limited	3,93,00,000		1,65,62,000	
	Greystone Premises Private Limited	13,90,000		1,46,31,000	
	IT Citi Infopark Private Limited	-		1,00,000	
	Marvel Housing Private Limited	20,22,50,000		16,56,35,534	
	Vascon Dwellings Private Limited	1,22,10,572		1,89,00,000	
	Vascon Pricol Infrastructure Limited	98,33,500		4,79,43,520	
	Windflower Properties Private Limited	-		1,85,83,430	
ii)	Joint Ventures		19,56,46,509		19,38,62,561
	Cosmos Premises Private Limited	-		4,40,680	
	Just Homes (I) Private Limited	66,065		11,00,000	
	Phoenix Ventures	1,14,17,390		2,25,00,000	
	Viorica Properties Private Limited	6,30,00,000		4,75,50,000	
	Zenith Ventures	11,87,13,054		31,25,000	
	Rose Premises Private Limited	-		-	
	Ajanta Enterprises	24,50,000			
	Almet Corporation Limited	-		53,73,753	
	Marathawada Realtors Private Limited	-		2,27,48,860	
	John Fowler Ophthalmics Private Limited	-		9,10,24,268	
iii)	Associates		1,82,88,890		5,25,90,000
	Ajanta Enterprises	-		96,00,000	
	Mumbai Estate Private Limited	1,82,88,890		4,00,00,000	
	Vascon Infrastructure Limited	-		29,90,000	
13	Finance Availed (including equity contributions in cash or in kind)				
i)	Key Management Personnel		10,00,000		5,87,57,880
	Mr R Vasudevan	10,00,000		5,87,57,880	
ii)	Joint Ventures		4,39,74,154		-
	Viorica Properties Private Limited	4,39,74,154			



## TRANSACTIONS WITH RELATED PARTY

### 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, 2010		March 31, 2009	
		Party Details	Gross Total	Party Details	Gross Total
iii)	Associates Angelica Properties Private Limited		-		-
ii)	Relatives of Key Management Personnel Mrs. Lalitha Vasudevan Mr. Siddarth Vasudevan Sowmya Vasudevan		-	1,67,14,528 27,58,856 27,58,856	2,22,32,240
iii)	Enterprise Vatsalya Enterprises Private Limited Bellflower Premises Private Limited		-	3,45,45,496 55,71,712	4,01,17,208
14	Outstanding as on March 31, 2010				
i)	A) Receivable to Vascon Engineers Limited Subsidiaries		1,63,46,00,605		1,44,12,59,921
	a) Sundry Debtors				
	Greystone Premises Private Limited			11,83,736	
	Vascon Dwellings Private Limited	36,12,81,062		28,84,79,523	
	Vascon Pricol Infrastructure Limited	8,450		-	
	Windflower Properties Private Limited	1,92,53,734		1,92,53,734	
	b) Loans & Advances				
	Calypso Premises Private Limited	45,03,30,003		44,39,67,824	
	Floriana Properties Private Limited	5,93,99,877		1,75,95,702	
	Greystone Premises Private Limited	6,69,56,737		6,45,25,000	
	IT CITI Info Park Private Limited			94,781	
	Marvel Housing Private Limited	55,48,30,450		34,95,55,534	
	Rose Premises Private Limited			9,01,60,266	
	Vascon Dwellings Private Limited	4,14,97,548		8,85,11,180	
	Vascon Pricol Infrastructure Limited	7,64,11,211		7,65,79,211	
	Windflower Properties Private Limited	1,31,533		13,53,430	
	c) Share Application Money		45,00,000		-
	Vascon Pricol Infrastructure Limited	45,00,000			
ii)	Joint Ventures		1,26,77,13,691		69,31,83,341
	a) Sundry Debtors				
	Cosmos Premises Private Limited	87,883		11,83,419	
	Marigold Premises Private Limited	16,10,90,371		16,40,52,285	
	Phoenix Ventures	10,21,59,989		9,97,32,216	
	Weikfelds ITCITI Info Park (AOP)	3,26,49,047		13,62,04,780	
	Zenith Ventures	5,69,17,418		5,69,17,419	
	Zircon Ventures	2,19,180		70,85,410	
	Ajanta Enterprises	1,99,25,922			
	Viorica Properties Private Limited				
	b) Loans & Advances				
	Almet Corporation Limited	34,82,118		31,79,381	
	Cosmos Premises Private Limited			5,00,000	
	John Fowler Ophthalmics Private Limited	28,98,737		26,45,612	
	Just Homes (India) Private Limited			3,33,935	
	Marathawada Realtors Private Limited	52,32,263		47,80,688	
	Marigold Premises Private Limited	4,51,93,911		4,51,93,911	
	Phoenix Ventures	2,04,17,390		90,00,000	
	Viorica Properties Private Limited			5,41,64,598	
	Ajanta Enterprises	1,88,27,859			
	Rose Premises Private Limited	9,52,30,142			
	Zenith Ventures	12,94,06,287			
	c) Share Application Money				
	Viorica Properties Private Limited	37,00,000		10,00,00,000	



## TRANSACTIONS WITH RELATED PARTY

### 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, 2010		March 31, 2009	
		Party Details	Gross Total	Party Details	Gross Total
	d) Balance in current accounts				
	Phoenix Ventures	6,03,163		14,13,000	
	Weikfield IT Citi Infopark	49,90,31,937			
	Zircon Ventures	7,06,40,074		67,96,687	
iii)	Associates		28,50,83,310		25,23,32,259
	a) Sundry Debtors				
	Ajanta Enterprises			1,99,25,922	
	Vascon Infrastructure Ltd	4,96,35,000			
	b) Loans & Advances				
	Ajanta Enterprises			1,36,69,137	
	Mumbai Estate Private Limited	23,54,11,110		21,87,00,000	
	c) Share Application Money				
	Angelica Properties Private Limited	37,200		37,200	
iv)	Enterprise		54,41,650		42,333
	a) Sundry Debtors				
	Flora Premises Private Limited	54,41,650			
	b) Loans & Advances				
	Flora Premises Private Limited			42,333	
i)	B) Receivable from Vascon Engineers Limited				
	Subsidiaries		12,61,736		1,25,00,000
	a) Security Deposit				
	Rose Premises Private Limited			1,25,00,000	
	Greystone Premises Private Limited	12,61,736			
ii)	Joint Ventures		1,17,00,921		18,04,21,156
	a) Advance from Customers				
	Viorica Properties Private Limited			15,63,404	
	Zircon Ventures			78,277	
	b) Sundry Creditors				
	Just Homes (India) Private Limited			1,00,000	
	Marigold Premises Private Limited			33,72,530	
	Weikfelds ITCITI Info Park			23,99,002	
	Rose Premises Private Limited	58,701			
	c) Balance in current account				
	Zenith Ventures	11,70,606		10,88,419	
	Ajanta Enterprises	1,04,71,614		1,04,15,571	
	Weikfield IT Citi Infopark			16,14,03,953	
iii)	Key Management Personnel		1,45,05,738		6,58,53,756
	a) For Services Received				
	R Vasudevan	1,45,05,738		56,61,323	
	b) Unsecured Loans				
	R Vasudevan			6,01,92,433	
iv)	Relatives of Key Management Personnel				
	a) Payable for Expenses		-		4,08,080
	Mrs. Lalitha Vasudevan			4,08,080	



## TRANSACTIONS WITH RELATED PARTY

### 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, 2010		March 31, 2009	
		Party Details	Gross Total	Party Details	Gross Total
v)	Associates		20,83,00,000		7,43,91,760
	a) Advance from Customers				
	Angelica Properties Private Limited	83,00,000		4,87,00,559	
	Vascon Infrastructure Limited			1,31,91,201	
	b) Security Deposit / Other Payables				
	Vascon Infrastructure Limited			1,25,00,000	
	Angelica Properties Private Limited	20,00,00,000			
vi)	Enterprise		48,86,436		4,25,50,978
	a) Sundry Creditors				
	Vastech Consultants Private Limited	48,86,436		14,54,321	
	b) Loan Taken				
	Vatsalya Enterprises Private Limited			3,53,88,913	
	Bellflower Premises Private Limited			57,07,744	

### 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

Amount in Rupees

No	Name of the entity	Balance as on March 31,		Maximum Balance during the year	
		2010	2009	2010	2009
A	Loans & Advances in the nature of loan to subsidiaries				
1	Floriana Properties Private Limited	5,93,99,877	1,75,95,702	5,93,99,877	6,52,75,000
2	IT Citi Infopark Private Limited	0	94,781	0	34,95,55,534
3	Marvel Housing Private Limited	55,18,05,534	34,95,55,534	55,18,05,534	10,26,60,266
4	Vascon Dwellings Private Limited	4,14,97,548	8,85,11,180	8,15,11,180	19,12,39,139
5	Windflower Properties Private Limited	13,53,430	13,53,430	13,53,430	49,53,430
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 Corpotation Limited	34,82,118	31,79,381	34,82,118	31,79,381
2	John Fowler Ophthalmics Private Limited	28,98,737	26,45,612	28,98,737	26,45,612
3	Marathawada Realtors Private Limited	52,32,263	47,80,688	52,32,263	47,80,688

- There are no transactions of loans and advances to subsidiaries, associate fi rms/ 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.
- There are no Investment by loanee in share of parent or subsidiary where Company made loan or advances in the nature of loan.



AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED MARCH 31, 2010

## NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

### ANNEXURE REFERRED TO IN NOTE NO. 3.14 OF THE NOTES FORMING PART OF ACCOUNTS FOR THE PERIOD ENDED ON 31ST MARCH 2010

#### DISCLOSURE OF PARTICULARS OF CONTRACT REVENUE AS REQUIRED BY ACCOUNTING STANDARD 7

		Amount in Rupees	
NO	PARTICULARS	March 31, 2010	March 31, 2009
1	Contract Revenue Recognised	6,45,50,73,695	4,92,63,45,698
2	Contract Expenses Recognised	5,33,59,07,715	3,78,18,89,426
3	Recognised Profit	1,11,91,65,980	1,14,44,56,271
4	Contract Cost Incurred	5,33,59,07,715	3,78,18,89,426
5	Progress Billing	5,82,65,84,404	4,62,55,93,755
6	Unbilled Contract Revenue Recognised	94,35,22,388	64,90,84,434
7	Unearned Receivables	31,50,33,097	34,83,32,491
8	Advances from Customers	57,09,30,986	26,12,80,840
9	Contract Cost Incurred and Recognised Profit	6,45,50,73,695	4,92,63,45,698
10	Gross Amount Due from Customer	1,61,96,58,638	1,47,42,74,024

### ANNEXURE REFERRED TO IN NOTE NO. 3.15 OF THE NOTES FORMING PART OF ACCOUNTS FOR THE PERIOD ENDED ON 31ST MARCH 2010

#### 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	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	Less : Share of tax	Closing Balance of Investment Asset/(Liability)	Loans given
Zircon Ventures	Refer note below	16,08,07,871	9,01,67,797	67,96,687	10,01,74,184	3,63,30,796	7,06,40,075	-
Phoenix Ventures	10% of the total project Cost as project management Fees and 50% of remaining Profit	9,14,48,322	7,08,45,159	2,14,13,000	(8,09,837)	-	2,06,03,163	2,04,17,390
Zenith Ventures	Refer note below	22,63,72,280	22,75,42,886	(10,88,419)	(82,187)	-	(11,70,606)	12,94,06,287
Weikfield IT City Info Park (AOP)	Refer note below	51,15,90,624	1,25,58,687	49,90,64,355	(32,418)	-	49,90,31,937	-
Just Home India Private Limited	50% Share of Profits	17,81,56,738	3,25,08,877	50,000	-	-	50,000	-
Marigold Premises Private Limited	50% Share of Profits	30,58,66,759	14,15,13,305	4,19,672	-	-	4,19,672	4,51,93,911
Viorica Properties Private Limited	32.68% Share of Profits	24,38,78,504	14,61,94,042	7,42,75,000	-	-	7,42,75,000	-
Cosmos Premises Private Limited	43.83% Share of Profits	10,57,13,310	4,30,53,082	3,67,90,610	-	-	3,67,90,610	-
Almet Corporation Limited	49% Share of Profits	2,36,61,212	17,51,089	5,23,73,208	-	-	5,23,73,208	34,82,118
Marathawada Realtors Private Limited	49% Share of Profits	4,02,48,261	39,82,322	8,09,95,440	-	-	8,09,95,440	52,32,263
John Fowler Ophthalmics Private Limited	49% Share of Profits	10,35,83,521	29,24,361	17,70,48,535	-	-	17,70,48,535	28,98,737
Ajanta Enterprises	30% Share of Profits	4,88,42,753	1,27,02,155	3,61,96,641	(56,043)	-	3,61,40,598	1,88,27,859
Rose Premises Private Limited	50% Share of Profits	15,30,16,123	13,39,84,518	2,00,00,000	-	-	2,00,00,000	9,52,30,142

Note: Share of assets and liabilities of Zircon Ventures, Weikfield ITCIT 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)



AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED MARCH 31, 2010

## NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

ANNEXURE REFERRED TO IN NOTE NO. 3.17 OF THE NOTES FORMING PART OF ACCOUNTS FOR THE PERIOD ENDED ON 31ST MARCH 2010

### 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	Amount in Rupees	
	March 31, 2010	March 31, 2009
Gross Carrying Amount of Premises	3,67,35,020	3,67,35,020
Accumulated Depreciation	73,28,762	57,81,064
Depreciation for the year	15,47,698	16,29,156
Future minimum lease income under non-cancellable operating leases		
a) Not later than 1 year	52,75,440	89,51,580
b) Later than 1 year and not later than 5 years	24,21,700	76,97,140
c) Later than 5 years	-	-
Income recognised during the period	3,59,09,934	3,83,03,397

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 payments under non-cancellable operating leases

a) Not later than 1 year	52,75,440	36,35,658
b) Later than 1 year and not later than 5 years	24,21,700	-
c) Later than 5 years	-	-





AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED MARCH 31, 2010

## NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

### Annexure referred to in Note No. 3.18 of the notes forming part of accounts for the period ended on 31st March 2010 Particulars of investments purchased and sold during the year

Particulars	March 31, 2010			March 31, 2010			March 31, 2009		
	No of Units	Cost of Purchase	Sales	No of Units	Sales	No of Units	Cost of Purchase	No of Units	Sales
SBI Premier Liquid Fund Super Institutional Daily Dividend	-	-	-	-	-	1,59,48,168.4525	16,00,00,000	1,59,48,168.4525	16,00,00,000
UTI Liquid Cash Plan Institutional	-	-	-	-	-	98,092.5220	10,00,00,000	98,092.5220	10,00,00,000
IDFC Floating Rate Fund	-	-	-	-	-	99,94,503.0230	10,00,00,000	99,94,503.0230	10,00,00,000
IDFC Floating Rate Fund	-	-	-	-	-	57,46,839.2380	5,75,00,000	57,46,839.2380	5,75,00,000
SBI Magnum Insta Cash Fund	-	-	-	-	-	10,66,666.6667	2,00,00,000	10,66,666.6667	2,00,00,000
Birla Sun Life Cash Plus Inst. Prem.	49,90,702.2825	5,00,04,342	49,90,702.2825	49,90,702.2825	5,00,04,342	-	-	-	-
Birla Sun Life Saving Fund Inst.	50,03,401.3821	5,00,68,037	50,03,401.3821	50,03,401.3821	5,00,68,037	-	-	-	-
DSP BlackRock Liquidity Fund-Inst.	1,00,115.2350	10,01,52,560	1,00,115.2350	1,00,115.2350	10,01,52,560	-	-	-	-
HDFC Cash Management Fund Saving	3,76,09,891.1323	40,00,33,846	3,76,09,891.1323	40,00,33,846	40,00,33,846	-	-	-	-
HDFC Cash Management Fund Treasury	3,99,28,285.7648	40,05,40,599	3,99,28,285.7648	3,99,28,285.7648	40,05,40,599	-	-	-	-
ICICI Prudential Liquid Super Inst. Plan	4,99,931.9580	5,00,04,244	4,99,931.9580	4,99,931.9580	5,00,04,244	-	-	-	-
IDFC Cash Fund - Super Inst Plan C	1,79,96,938.2114	18,00,14,374	1,79,96,938.2114	1,79,96,938.2114	18,00,14,374	-	-	-	-
IDFC MM Fund - TP Super Inst Plan C	1,80,34,168.8727	18,03,68,740	1,80,34,168.8727	1,80,34,168.8727	18,03,68,740	-	-	-	-
Kotak Liquid Institutional	16,35,681.5360	2,00,01,277	16,35,681.5360	16,35,681.5360	2,00,01,277	-	-	-	-
Kotak Floater Long Term	19,90,140.0762	2,00,60,214	19,90,140.0762	19,90,140.0762	2,00,60,214	-	-	-	-
Principal Floating Rate Fund FMP	30,02,838.6604	3,00,65,322	30,02,838.6604	30,02,838.6604	3,00,65,322	-	-	-	-
Reliance Liquidity Fund	1,99,95,359.4946	20,00,15,581	1,99,95,359.4946	1,99,95,359.4946	20,00,15,581	-	-	-	-
Reliance Money Manager Fund	2,00,061.0650	20,02,88,414	2,00,061.0650	2,00,061.0650	20,02,88,414	-	-	-	-
SBI Magnum Insta Cash Fund	20,896,636.1755	350,024,925	20,896,636.1755	20,896,636.1755	350,024,925	-	-	-	-
SBI SHF Ultra ST Inst Plan	35,046,651.8609	350,676,798	35,046,651.8609	35,046,651.8609	350,676,798	-	-	-	-
BNPP Money Fund Super Inst.	14,859,518.0312	150,011,292	14,859,518.0312	14,859,518.0312	150,011,292	-	-	-	-
TATA Liquid Super High Invest. Fund	44,865,9770	50,004,029	44,865,9770	44,865,9770	50,004,029	-	-	-	-
TATA Floater Fund	4,996,784.4065	50,145,730	4,996,784.4065	4,996,784.4065	50,145,730	-	-	-	-
UTI Money Market Fund	14,950,6730	15,001,287	14,950,6730	14,950,6730	15,001,287	-	-	-	-
UTI Floating Rate Fund STP Inst Div	15,008,9110	15,020,478	15,008,9110	15,008,9110	15,020,478	-	-	-	-



## NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED MARCH 31, 2010

ANNEXURE REFERRED TO IN NOTE NO. 3.19 OF THE NOTES FORMING PART OF ACCOUNTS FOR  
THE PERIOD ENDED ON 31ST MARCH 2010

DISCLOSURE OF PARTICULARS OF "EMPLOYEE BENEFITS" AS REQUIRED BY ACCOUNTING  
STANDARD 15

Amount in Rupees

Particulars	March 31, 2010	March 31, 2009
Gratuity Plan Valuation		
Summary Of Key Results		
Present Value of obligation	1,70,86,466	1,49,27,420
Fair Value of plan assets	1,37,46,427	1,14,34,963
Net Asset/ (Liability) recognised in balance sheet	(33,40,039)	(34,92,457)
No. of Employees	741	632
Total monthly Salary in Rupees	99,40,959	83,88,634
Average past service	3.00	2.78
Average Age	33.26	32.79
I.Assumptions :		
Discount Rate	8.10%	7.20%
Rate of increase in compensation levels		
First five years	15.00%	15.00%
Thereafter	5.00%	5.00%
Rate of Return on Plan Assets	9.15%	9.15%
Expected Average remaining working lives of employees (years)	8.71	8.82
II.Table Showing changes in present value of obligations:		
Present Value of obligations as at the beginning of the year	1,49,27,420	94,87,085
Acquisition adjustment	-	-
Interest Cost	10,55,526	7,00,141
Past Service Cost	-	-
Current Service Cost	50,01,354	48,13,067
Curtailment Cost/(credit)	-	-
Settlement Cost /(credit)	-	-
Benefits paid	(5,34,673)	(3,03,753)
Actuarial (gain)/loss on obligations	(33,63,161)	2,30,880
Present Value of obligation as at the end of the end of the year	1,70,86,466	1,49,27,420



AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED MARCH 31, 2010

## NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

ANNEXURE REFERRED TO IN NOTE NO. 3.19 OF THE NOTES FORMING PART OF ACCOUNTS FOR  
THE PERIOD ENDED ON 31ST MARCH 2010

### DISCLOSURE OF PARTICULARS OF "EMPLOYEE BENEFITS" AS REQUIRED BY ACCOUNTING STANDARD 15

Amount in Rupees

Particulars	March 31, 2010	March 31, 2009
III. Table Showing changes in Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning of the year	1,14,34,963	1,05,92,361
Acquisition adjustment	-	-
Expected Return on Plan Assets	11,52,049	10,30,298
Contributions	28,46,137	16,39,200
Benefits paid	(5,34,673)	(3,03,753)
Actuarial gain / (loss) on Plan assets	(11,52,049)	(15,23,143)
Fair Value of Plan Assets at the end of the year	1,37,46,427	1,14,34,963
IV. Actuarial Gain / Loss Recognized		
Actuarial gain/(loss) for the year - obligations	33,63,161	(2,30,880)
Actuarial (gain)/loss for the year-Plan Assets	11,52,049	15,23,143
Total(gain)/loss for the year	(22,11,112)	17,54,023
Actuarial (gain)/loss recognized in the year	(22,11,112)	17,54,023
Unrecognized Actuarial(gain)/losses at the end of year	-	-
V. The Amounts To Be Recognized In Balance Sheet And Statement Of Profit And Loss		
Present Value of obligations as at end of the year	1,70,86,466	1,49,27,420
Fair Value of plan assets as at the end of the year	1,37,46,427	1,14,34,963
Funded status	(33,40,039)	(34,92,457)
Unrecognized actuarial (Gain) / Losses	-	-
Net assets / (liabilities) recognized in Balance Sheet	(33,40,039)	(34,92,457)
VI. Expenses Recognized In The Statement Of Profit And Loss		
Current Service Cost	50,01,354	48,13,067
Past service Cost	-	-
Interest Cost	10,55,526	7,00,141
Expected return on Plan assets	(11,52,049)	(10,30,298)
Curtailment Cost / (credit)	-	-
Settlement Cost / (credit)	-	-
Net Actuarial (Gain) / Loss recognized in the year	(22,11,112)	17,54,023
Expenses recognized in the statement of Profit And Loss at the end of the period	26,93,719	62,36,933



AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED MARCH 31, 2010

## NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

ANNEXURE REFERRED TO IN NOTE NO. 3.19 OF THE NOTES FORMING PART OF ACCOUNTS FOR  
THE PERIOD ENDED ON 31ST MARCH 2010

### DISCLOSURE OF PARTICULARS OF "EMPLOYEE BENEFITS" AS REQUIRED BY ACCOUNTING STANDARD 15

Amount in Rupees

Particulars	March 31, 2010	March 31, 2009
VII. Major Categories Of Plan Assets (As A % Of Total Plan Assets)		
Funds managed by Insurer	100.00%	100.00%
Compensated Absences Valuation		
Particulars		
Summary Of Key Results		
Present Value of obligation	2,80,84,932	2,44,97,039
Fair Value of plan assets	-	-
Net Asset/ (Liability) recognised in balance sheet	(2,80,84,932)	(2,44,97,039)
No. of Employees	741	632
Total Monthly Gross in Rupees	1,92,11,913	1,62,07,263
Total monthly CTC in Rupees	2,16,97,287	1,83,04,533
Total Leave Balance in days	19,067	15,442
Average past service	3.00	2.78
Average Age	33.26	32.79
I. Assumptions :		
Discount Rate	8.10%	7.20%
Rate of increase in compensation levels		
First five years	15.00%	15.00%
Thereafter	5.00%	5.00%
Expected Average remaining working lives of employees (years)	8.71	8.82

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.



<b>I</b>	
<b>Registration Details</b>	
Registration No.	<input type="text"/> 3 <input type="text"/> 8 <input type="text"/> 5 <input type="text"/> 1 <input type="text"/> 1
State Code	<input type="text"/> 1 <input type="text"/> 1 <input type="text"/>
Balance Sheet Date	<input type="text"/> 3 <input type="text"/> 1
Date	<input type="text"/> 0 <input type="text"/> 3
	<input type="text"/> 2 <input type="text"/> 0 <input type="text"/> 1 <input type="text"/> 0
	Month Year
<b>II.</b>	
<b>Capital Raised during the year (Amount in Thousands)</b>	
Public Issue	<input type="text"/> 0 <input type="text"/> 0 <input type="text"/> 0 <input type="text"/> 1 <input type="text"/> 7 <input type="text"/> 8 <input type="text"/> 2
Rights Issue	<input type="text"/> 0 <input type="text"/> 0 <input type="text"/> 0 <input type="text"/> 0 <input type="text"/> N <input type="text"/> I <input type="text"/> L
Bonus Issue	<input type="text"/> 0 <input type="text"/> 0 <input type="text"/> 0 <input type="text"/> 0 <input type="text"/> N <input type="text"/> I <input type="text"/> L
Private Placement	<input type="text"/> 0 <input type="text"/> 0 <input type="text"/> 0 <input type="text"/> 0 <input type="text"/> N <input type="text"/> I <input type="text"/> L
<b>III.</b>	
<b>Position of Mobilisation and Development of Funds (Amounts in Thousands)</b>	
Total Liabilities	<input type="text"/> 7 <input type="text"/> 9 <input type="text"/> 1 <input type="text"/> 0 <input type="text"/> 5 <input type="text"/> 8 <input type="text"/> 8
Total Assets	<input type="text"/> 7 <input type="text"/> 9 <input type="text"/> 1 <input type="text"/> 0 <input type="text"/> 5 <input type="text"/> 8 <input type="text"/> 8
Sources of Funds	
Paid-up-Capital	<input type="text"/> 0 <input type="text"/> 9 <input type="text"/> 0 <input type="text"/> 0 <input type="text"/> 1 <input type="text"/> 6 <input type="text"/> 1
Reserves & Surplus	<input type="text"/> 5 <input type="text"/> 5 <input type="text"/> 3 <input type="text"/> 7 <input type="text"/> 4 <input type="text"/> 6 <input type="text"/> 3
Secured Loans	<input type="text"/> 1 <input type="text"/> 4 <input type="text"/> 0 <input type="text"/> 5 <input type="text"/> 2 <input type="text"/> 3 <input type="text"/> 4
Unsecured Loans	<input type="text"/> 0 <input type="text"/> 0 <input type="text"/> 6 <input type="text"/> 7 <input type="text"/> 7 <input type="text"/> 3 <input type="text"/> 0
Application of Funds	
Net Fixed Assets	<input type="text"/> 0 <input type="text"/> 4 <input type="text"/> 6 <input type="text"/> 5 <input type="text"/> 9 <input type="text"/> 0 <input type="text"/> 0
Investments	<input type="text"/> 2 <input type="text"/> 0 <input type="text"/> 6 <input type="text"/> 8 <input type="text"/> 6 <input type="text"/> 3 <input type="text"/> 4
Net Current Assets	<input type="text"/> 5 <input type="text"/> 3 <input type="text"/> 6 <input type="text"/> 7 <input type="text"/> 8 <input type="text"/> 3 <input type="text"/> 1
Misc. Expenditure	<input type="text"/> 0 <input type="text"/> 0 <input type="text"/> 0 <input type="text"/> 0 <input type="text"/> N <input type="text"/> I <input type="text"/> L
Accumulated Losses	<input type="text"/> 0 <input type="text"/> 0 <input type="text"/> 0 <input type="text"/> 0 <input type="text"/> N <input type="text"/> I <input type="text"/> L
Deferred Tax Asset	<input type="text"/> 0 <input type="text"/> 0 <input type="text"/> 0 <input type="text"/> 8 <input type="text"/> 2 <input type="text"/> 2 <input type="text"/> 2
<b>IV.</b>	
<b>Performance of Company (Amount in Thousands)</b>	
Turnover	<input type="text"/> 7 <input type="text"/> 1 <input type="text"/> 4 <input type="text"/> 7 <input type="text"/> 7 <input type="text"/> 2 <input type="text"/> 1
Total Expenditure	<input type="text"/> 6 <input type="text"/> 5 <input type="text"/> 1 <input type="text"/> 8 <input type="text"/> 2 <input type="text"/> 9 <input type="text"/> 4
<input type="text"/> <input type="text"/> +	Profit/Loss before Tax
<input type="text"/> <input type="text"/> +	<input type="text"/> 0 <input type="text"/> 6 <input type="text"/> 2 <input type="text"/> 9 <input type="text"/> 4 <input type="text"/> 2 <input type="text"/> 7
(Please tick Appropriate box + for Profit - for Loss)	Profit/Loss after Tax
Earning per share in Rs.	<input type="text"/> 0 <input type="text"/> 4 <input type="text"/> 3 <input type="text"/> 6 <input type="text"/> 6 <input type="text"/> 1 <input type="text"/> 7
Dividend rate %	N I L
<b>V.</b>	
<b>Generic Names of Three Principal Products/Services of Company (as per monetary terms)</b>	
Item Code No.	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N A
(ITC Code)	
Product Description	C O N T R A C T O R &
	D E V E L O P E R
Item Code No.	<input type="text"/> <input type="text"/> <input type="text"/> N A
(ITC Code)	
Product Description	T R A D I N G



# RELATING TO COMPANY'S INTEREST IN SUBSIDIARY COMPANIES

## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Name of the Subsidiary	Amount in Rupees								
	1	2	3	4	5	6	7	8	9
<b>Marvel Housing Private Limited</b>	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010
<b>Financial year ending of the Subsidiary</b>	January 2, 2006	April 1, 2006	April 2, 2006	May 31, 2006	August 25, 2008	November 2, 2006	September 8, 2009	April 2, 2007	January 4, 2008
a) Number of shares held by the company in the subsidiary at the end of financial year of holding company.	10000	10000	10000	9460000	10000	10000	7000	4970000	6500
b) Extent of interest of holding Company at the end of the financial year of subsidiary company.	100%	100%	100%	63%	100%	100%	70%	70%	65%
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, 2010	(5,578,293)	(31,763,712)	7,027,555	(648,325)	(2,840,060)	(18,744,421)	(2,106,424)	(1,096,247)	(675,236)
ii) For the previous year of the subsidiary company since it became holding company's subsidiary	413,710	(4,202,616)	69,549,977	(4,454,269)	(525,373)	36,503,566	(88,047)	(368,094)	(4,908,537)
<b>b) Dealt with in the holding company's accounts</b>									
i) For the financial year ended Mar 31, 2010	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

# Based on unaudited figures as certified by the management.

\* During the year one of our subsidiary Vascon Pricol Infrastructures Ltd. has acquired 100% stake in Caspia Hotels Pvt. Ltd. consequent to that the same has become subsidiary of our company For VASCON ENGINEERS LIMITED

<b>R VASUDEVAN</b>	<b>V MOHAN</b>	<b>M KRISHNAMURTHI</b>	<b>D SANTHANAM</b>
MANAGING DIRECTOR	CHAIRMAN	COMPANY SECRETARY AND COMPLIANCE OFFICER	CHIEF FINANCIAL OFFICER
Mumbai, Dated: 10 <sup>th</sup> May, 2010			

## INFORMATION ON THE FINANCIALS OF SUBSIDIARIES

As on 31st March, 2010  
(Amount in Rupees)

Name of the Subsidiary	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turn over*	Profit Before Tax	Provision for Tax	Profit After Tax	Proposed Dividend
Marvel Housing Private Limited	100,000	-	557,391,510	557,391,510	552,224,402	-	(5,579,275)	-	(5,579,275)	-
Vascon Dwellings Private Limited	100,000	-	943,194,265	943,194,265	-	118,811,928	(31,763,712)	-	(31,763,712)	-
IT-CITI InfoPark Private Limited	100,000	76,577,531	221,782,284	221,782,284	63,000	14,573,406	9,904,955	2,877,400	7,027,555	-
Calypso Premises Private Limited #	150,133,300	-	806,040,040	806,040,040	-	-	(648,325)	-	(648,325)	-
Floriana Properties Private Limited	100,000	-	60,430,495	60,430,495	-	-	(2,840,060)	-	(2,840,060)	-
Wind Flower Properties Private Limited	100,000	17,759,145	338,181,062	338,181,062	-	2,159,611	(18,744,421)	-	(18,744,421)	-
Caspia Hotels Private Limited	100,000	-	16,278,437	16,278,437	-	-	(2,018,378)	-	(2,018,378)	-
Vascon Pricol Infrastructures Ltd	71,000,000	-	184,054,649	184,054,649	100,000	-	(728,153)	-	(728,153)	-
Greystone Premises Private Limited	100,000	-	102,043,901	102,043,901	-	18,292	(675,236)	-	(675,236)	-

NOTE: FULL ANNUAL ACCOUNTS OF THE SUBSIDIARIES ARE AVAILABLE FOR INSPECTION AT THE CORPORATE OFFICE OF THE COMPANY AND WILL BE SENT TO EVERY MEMBER ON REQUEST FREE OF COST.

# Based on unaudited figures as certified by the management

\* Including other Income



**The Board of Directors of  
VASCON ENGINEERS LIMITED**

We have audited the attached Consolidated Balance Sheet of the Vascon Engineers Limited and its subsidiaries, Joint Ventures, associates (collectively called as "the Group"), as at 31st March, 2010, and also the Consolidated Profit & Loss Account and the Consolidated Cash flow Statement for the year ended as on that date annexed thereto. These financial statements are the responsibility of the Group's management and have been prepared by the management on the basis of separate Financial Statements and Other Financial Information regarding components. Our responsibility is to express an opinion on these Financial Statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free from any material misstatements. An audit includes examining on test basis evidence supporting the amount of disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statement of Three (P.Y Three) Joint Venture Entities, Whose financial statement reflects total asset of Rs.34,18,22,387/- (p.y Rs. 32,95,20,772/-) as at 31st march 2010, the total net profit of Rs. 4766211/- (P.Y net loss Of Rs. 2336281/-) for the year then ended. These financial statements and other financial information have been audited by other auditors whose report has been furnished to us, and our opinion is based solely on the report of other auditors.

The financial statement of three (P.Y nil) Joint venture , whose financial statement reflected the total assets of Rs 45,11,76,339/- (P.Y nil) as at March 31,2010 and net profit of Rs 11,27,31,114/- (P.Y nil) for the year ended on that date are not audited as of the date of this audit report and have been included in the consolidated Financial Statements

The financial statement of a subsidiary company , whose financial statement reflected the total assets of Rs 80,09,57,446/- (P.Y 96,76,14,709/-) as at March 31,2010 and net loss of Rs 6,28,325/- (P.Y 6,51,604/-) for the year ended on that date are not audited as of the date of this audit report and have been included in the consolidated Financial Statements.

The financial statements of two (One) associates for the year ended march 31,2010 are not audited as of the date of this report and share of profit/ loss (net) of Rs 2,43,79,224/- (loss of Rs. 1,00,000/-) has been considered in the profit and loss account based on such un audited statement of accounts.

We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, " Consolidated Financial Statements", Accounting Standard (AS) 23, "Accounting for investment in Associates" and Accounting Standard (AS) 27, "Financial reporting of Interest in Joint Ventures" issued by the Institute of Chartered Accountant of India.

Based on the audit and on the consideration of report of other auditor and to the best of our information and according to the explanations given to us the said Consolidated Balance Sheet, Profit and Loss Account and Cash Flow Statement read together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. In the case of Balance Sheet, of the State of affairs of the Group as at 31st March, 2010;
- ii. II. In the case Profit and Loss Account, of the Profit of the Group for the year ended on that date; and
- III. In the case of Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date

For Anand Mehta & Associates

CHARTERED ACCOUNTANTS

**KUSAI GOAWALA**

PARTNER

MEMBERSHIP NO. 39062

Firm Registration No. 127305W

MUMBAI : DATED May 10, 2010



# CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2010

(Amount in Rupees)

Particulars	Schedules	March 31, 2010	March 31, 2009
<b>SOURCES OF FUNDS</b>			
1) Share Holders Fund :			
a) Capital	1	900,160,500	759,153,730
b) Reserves and Surplus	2	5,710,868,994	3,149,276,544
		<u>6,611,029,494</u>	<u>3,908,430,274</u>
2) Minority Interest		73,786,732	74,264,072
3) Loan Funds:			
a) Secured Loans	3	1,778,721,642	1,386,695,573
b) Unsecured Loans	4	389,450,226	1,119,252,859
		<u>2,168,171,867</u>	<u>2,505,948,432</u>
4) Deferred Tax Liability		2,061,500	1,555,717
		<u>8,855,049,594</u>	<u>6,490,198,494</u>
<b>APPLICATION OF FUNDS</b>			
1) Fixed Assets	5		
a) Gross Block		1,775,847,132	1,198,753,542
b) Less: Depreciation / Amortisation		<u>274,622,831</u>	<u>225,546,538</u>
c) Net Block		1,501,224,301	973,207,004
d) Capital Work in Progress		269,103,638	134,551,700
Including Capital Advances		<u>1,770,327,939</u>	<u>1,107,758,704</u>
2) Investments	6	1,674,153,674	806,782,214
3) Deferred Tax Asset (Net)		8,662,435	4,018,433
4) Current Assets, Loans and Advances			
a) Inventories	7	3,229,884,116	2,963,704,665
b) Debtors and Unbilled Revenues	8	2,693,654,764	2,411,909,362
c) Cash and Bank Balances	9	490,388,366	262,853,839
d) Loans and Advances	10	2,857,137,741	2,665,128,738
		<u>9,271,064,987</u>	<u>8,303,596,604</u>
Less: Current Liabilities and Provisions			
a) Current Liabilities	11	3,585,400,505	3,481,213,306
b) Provisions	12	283,758,936	250,744,155
		<u>3,869,159,441</u>	<u>3,731,957,461</u>
Net Current Assets		5,401,905,546	4,571,639,143
		<u>8,855,049,594</u>	<u>6,490,198,494</u>
Notes to Accounts	20		

## AS PER OUR REPORT OF EVEN DATE

For Anand Mehta & Associates  
CHARTERED ACCOUNTANTS  
Kusai Goawala  
PARTNER  
MEMBERSHIP NO. 39062  
Firm Registration No. 127305W  
MUMBAI : DATED - May 10, 2010

## FOR VASCON ENGINEERS LIMITED

R. Vasudevan  
MANAGING DIRECTOR

V. Mohan  
CHAIRMAN

M. Krishnamurthi  
COMPANY SECRETARY  
AND COMPLIANCE OFFICER  
MUMBAI : DATED - May 10, 2010

D Santhanam  
CHIEF FINANCIAL OFFICER



FOR THE YEAR ENDED MARCH 31, 2010

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Amount in Rupees)

Particulars	Schedules	March 31, 2010	March 31, 2009
<b>INCOME</b>			
Income from Operations	13	7,989,856,591	5,554,938,602
Less: Value Added Tax Collected		(280,444,230)	(181,878,818)
Service Tax Collected		(155,932,211)	(166,524,644)
Luxury Tax Collected		(5,233,928)	(11,788,659)
Income from Operations (Net)		7,548,246,223	5,194,746,481
Interest Earned	14	68,796,253	45,845,886
Other Income	15	66,153,408	6,655,078
		7,683,195,884	5,247,247,446
<b>EXPENDITURE</b>			
Materials and other direct expenses	16	5,911,202,589	3,716,883,883
Personnel Expenses	17	394,183,291	336,305,552
Operating and Other Expenses	18	301,515,212	311,547,365
Financial Expenses	19	234,141,250	284,829,556
Provision for Contingency		-	200,000,000
Depreciation / Amortisation	5	78,219,858	81,879,765
		6,919,262,199	4,931,446,122
<b>Profit Before Taxation</b>		763,933,685	315,801,324
Less: Provision for Taxation			
Current		246,049,006	121,926,712
Fringe Benefit Tax		-	4,054,305
Deferred Tax Expenses / (Gain)		(4,120,939)	(2,462,716)
		241,928,067	123,518,301
<b>Profit After Tax</b>		522,005,618	192,283,023
Excess/(Short) Provision W/back / (Off)		252,270	(5,487,686)
Prior Period Adjustments - Income / (Expenses)		10,232,955	-
Minority Share of Losses / (Profits)		450,926	(23,809)
		10,936,150	(5,511,495)
Less: Appropriations			
Transfer to Reserves		1,009,500	-
Dividend Paid / Proposed		-	330,138
Provision for Tax on Dividend		84,975	-
		1,094,475	330,138
<b>Surplus for the Year Carried to Balance Sheet</b>		531,847,293	186,441,390
Earnings Per Share (Equity Shares, Par Value of Rs. 10/- Each)			
Basic Earnings Per Share Before Provision for Contingency (Net of Tax)		6.71	4.26
Diluted Earnings Per Share Before Provision for Contingency (Net of Tax)		6.69	4.25
Basic Earnings Per Share After Provision for Contingency (Net of Tax)		6.71	2.49
Diluted Earnings Per Share After Provision for Contingency (Net of Tax)		6.69	2.48
Notes to Accounts	20		

AS PER OUR REPORT OF EVEN DATE

For Anand Mehta & Associates

CHARTERED ACCOUNTANTS

Kusai Goawala

PARTNER

MEMBERSHIP NO. 39062

Firm Registration No. 127305W

MUMBAI : DATED - May 10, 2010

FOR VASCON ENGINEERS LIMITED

R. Vasudevan  
MANAGING DIRECTOR

V. Mohan  
CHAIRMAN

M. Krishnamurthi  
COMPANY SECRETARY  
AND COMPLIANCE OFFICER  
MUMBAI : DATED - May 10, 2010

D Santhanam  
CHIEF FINANCIAL OFFICER



FOR THE YEAR ENDED MARCH 31, 2010

## CONSOLIDATED CASH FLOW STATEMENT

(Amount in Rupees)

Particulars	March 31, 2010	March 31, 2009
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before Taxation	763,933,685	315,801,324
Adjustments to reconcile profit before tax to cash provided by operating activities		
- Depreciation / Amortisation	78,219,858	81,881,811
- Excess short prov. w/back	252,270	(5,487,686)
- Borrowing Cost	234,141,250	284,829,556
- Dividend Income	(3,690,471)	(3,124,230)
- Employee Compensation Expenses (ESOP)	4,158,745	4,158,745
- Interest income	(68,796,253)	(45,845,886)
- Provision for Doubtful Debt	11,999,932	19,422,998
- Prior Period Adjustments	10,232,955	-
- (Profit) Loss on Sale of Assets	(63,203)	-
- (Profit) Loss on Sale of Investments	(4,394,925)	(221,128)
Operating Profit before working capital changes	1,025,993,841	651,415,504
Adjustments for		
Decrease / (Increase) in Inventories before Capitalisation of Borrowing Cost	(322,366,160)	(641,227,375)
Decrease / (Increase) in Sundry Debtors	(293,745,334)	35,603,624
Decrease / (Increase) in Loans and Advances	345,419,090	(284,537,526)
Increase / (Decrease) in Current Liabilities and Provisions	99,147,887	826,429,344
Cash generated from operations	854,449,324	587,683,571
Direct Taxes Paid (Net)	(177,983,960)	(200,272,321)
<b>Net Cash flow from operating activities</b>	<b>676,465,364</b>	<b>387,411,250</b>
<b>B CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase / (Decrease) in Share Capital	1,782,000,000	501,701,384
Increase / (Decrease) in Secured Loans	392,026,069	1,111,128,699
Increase / (Decrease) in Unsecured Loans	(228,099,729)	(1,888,640,633)
Share Premium received by Joint Venture	9,613,503	-
Share Issue Expenses (IPO)	(127,732,728)	-
Interest Income	68,796,253	45,845,886
Interest Paid Including Capitalised to Qualifying Assets	(290,310,327)	(284,829,556)
Increase / (Decrease) in Inter Corporate Deposit / advances to joint venture	(508,263,119)	-
<b>Net Cash generated / (used) in financing activities</b>	<b>1,098,029,920</b>	<b>(514,794,220)</b>
<b>C CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(154,086,736)	(233,079,559)
Dividend Income	3,690,471	3,124,230
Proceeds on Disposal of fixed assets	52,337,820	13,357,228
Proceeds on Disposal of Securities/investments	(713,337,644)	437,550,000
Consideration paid on acquisition of Joint Venture	-	(111,646,881)
Long Term investments in securities	78,166,111	(289,925,175)
Share application money paid	(63,200,000)	-
Long term investments in fixed deposits with banks	(197,919,515)	-
<b>Net Cash generated / (used) in investing activities</b>	<b>(994,349,494)</b>	<b>(180,620,157)</b>
<b>D NET CASH INFLOW / (OUTFLOW) (A + B + C)</b>	<b>780,145,790</b>	<b>(308,003,126)</b>
Cash and cash equivalents at the beginning of the period	262,853,839	571,741,675
Cash and Cash equivalents pursuant to change of Subsidiary status to joint Ventures and Associate to joint venture	(3,895,410)	884,710
Cash and cash equivalents at the end of the period	1,046,895,039	262,853,839
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD</b>	<b>780,145,790</b>	<b>(308,003,126)</b>
<b>Reconciliation of cash and bank balances</b>		
Cash And Bank Balances	490,388,366	262,853,839
Less: Balances with scheduled bank in deposit accounts	(197,919,515)	-
Add: Mutual fund Investment	754,426,188	-
Cash and cash equivalents at the end of the period	1,046,895,039	262,853,839

AS PER OUR REPORT OF EVEN DATE

For Anand Mehta & Associates  
CHARTERED ACCOUNTANTS

Kusai Goawala

PARTNER

MEMBERSHIP NO. 39062

Firm Registration No. 127305W

MUMBAI : DATED - May 10, 2010

FOR VASCON ENGINEERS LIMITED

R. Vasudevan  
MANAGING DIRECTOR

V. Mohan  
CHAIRMAN

M. Krishnamurthi  
COMPANY SECRETARY  
AND COMPLIANCE OFFICER  
MUMBAI : DATED - May 10, 2010

D Santhanam  
CHIEF FINANCIAL OFFICER



AS AT MARCH 31, 2010

## SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(Amount in Rupees)

Particulars	March 31, 2010	March 31, 2009
<b>Schedule No. 1</b>		
<b>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
	<u>1,000,000,000</u>	<u>1,000,000,000</u>
<b>Issued And Subscribed</b>		
9,00,16,050 (75,915,373) Equity Shares Of Rs. 10/- Each	900,160,500	759,153,730
	<u>900,160,500</u>	<u>759,153,730</u>

Out Of The Above:

55,622,353 (55,622,353) Equity Shares of Rs.10/- each are Allotted As Fully Paid-Up By Way of Bonus Shares by Capitalising Free Reserves of the Company.

16,50,000 (16,50,000) Equity Shares of Rs.10/- each are Allotted As Fully Paid-Up to Employees of the Company Pursuant to the Employee Stock Option Scheme 2007.

<b>Schedule No. 2</b>		
<b>Reserves &amp; Surplus</b>		
Share Premium Account		
Balance At The Commencement	1,918,298,397	1,449,603,683
Add: Received During The Year	2,152,309,637	468,694,714
Less: IPO Issue Expenses	<u>(127,732,728)</u>	
	<u>3,942,875,305</u>	<u>1,918,298,397</u>
General Reserve		
Balance At The Commencement	4,865,000	4,865,000
Add: Transferred from Profit and Loss Account	1,009,500	-
	<u>5,874,500</u>	<u>4,865,000</u>
Capital Reserve		
Balance At The Commencement	101,221,440	101,221,441
Add: Created during the year	<u>-</u>	<u>-</u>
	<u>101,221,440</u>	<u>101,221,441</u>
Employee Stock Options		
(Refer Note 3.25 of Schedule 20)		
Employee Stock Options Outstanding	12,476,235	12,476,235
Less: Deferred Employee Compensation Outstanding	<u>-</u>	<u>(4,158,745)</u>
	<u>12,476,235</u>	<u>8,317,490</u>
Profit & Loss Account		
(As per Annexed Profit & Loss Account)		
Balance Brought Forward	1,116,574,219	930,132,826
Less: Capitalisation By Way Of Bonus Shares	<u>-</u>	<u>-</u>
	<u>1,116,574,219</u>	<u>930,132,826</u>
Add: Profit Transferred From Profit & Loss Account	531,847,295	186,441,390
	<u>1,648,421,514</u>	<u>1,116,574,216</u>
	<u>5,710,868,994</u>	<u>3,149,276,544</u>



AS AT MARCH 31, 2010

## SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(Amount in Rupees)

Particulars		March 31, 2010	March 31, 2009
<b>Schedule No. 3</b>			
<b>Secured Loans</b>	Notes		
Term Loans			
a) From Banks	1	1,314,518,538	147,800,165
b) From Financial Institutions	2	167,159,594	679,051,471
Cash Credit From Banks	3	297,043,509	559,843,937
		<u>1,778,721,642</u>	<u>1,386,695,573</u>

- 1 (a). An amount of Rs. 73345027/- (Rs. 61992992/-) is secured by way of hypothecation of vehicles / assets financed by them.

(b). An amount of Rs. 939153650/- (Rs. 246097755/-) 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.

This includes an amount of Rs. 615575613/- (Rs. 46863049/-) which is personally guaranteed by the Managing Director and other Directors and individuals associated with the company and Rs. 189654999/- (Rs. Nil/-) where the Managing Director is liable as co-borrower, and Rs. 29543596/- (Rs. Nil/-) is guaranteed by way of Corporate Guarantee of Joint Venturer.

(c) An amount of Rs. 302019864/- (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.

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.
3. Cash Credit from bank 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, pledge of fixed deposits with bank and corporate guarantee of the other Company and personal guarantee of the Managing Director of the Company.

### Schedule No. 4

#### Unsecured Loans

##### a) Long Term

Public Deposits	38,834,452	445,000
Security Deposits	21,106,149	83,008,805
15% Convertible Debentures (Refer Note 3.11 Of Schedule 20)	-	501,702,904
From Companies	<u>319,890,358</u>	<u>531,596,150</u>
	379,830,958	1,116,752,859

##### b) Short Term

From Others	-	2,500,000
From Companies	<u>9,619,268</u>	<u>-</u>
	9,619,268	2,500,000
	<u>389,450,226</u>	<u>1,119,252,859</u>



AS AT MARCH 31, 2010

## SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

Amount in Rupees

### SCHEDULE NO. 5 FIXED ASSETS

No	PARTICULARS	OPENING	GROSS BLOCK				DEPRECIATION				NET BLOCK		
			Adj *	ADDITION	DEDUCTION	CLOSING	OPENING	Adj *	ADDITION	DEDUCTION	CLOSING	March 2010	March 2009
(A) TANGIBLE ASSETS													
1	LEASEHOLD LAND	11,569,193	-	1,688,810	-	13,258,003	177,212	-	30,021	-	207,233	13,060,770	11,391,981
2	LAND	22,764,661	(2,089,743)	70,955,207	-	91,630,125	-	-	-	-	-	91,630,125	22,764,661
3	PREMISES	438,247,196	(113,073,976)	100,694,437	58,266,074	367,601,583	68,263,110	(11,968,403)	12,999,752	6,521,558	62,772,901	304,828,682	369,984,086
4	PLANT & MACHINERY	352,360,167	(6,900,530)	49,915,121	-	395,374,757	80,282,410	(1,607,444)	39,102,361	-	117,777,328	277,597,430	272,077,757
5	FURNITURE & FIXTURES	70,201,506	(9,639,520)	12,517,574	130,642	72,948,919	22,772,702	(2,896,614)	8,138,625	18,852	27,995,861	44,953,058	47,428,804
6	ELEC. FITTINGS	15,430,665	(2,948,488)	12,471	-	12,494,648	6,461,468	(775,067)	1,632,335	-	7,318,735	5,175,912	8,969,197
7	MOTOR VEHICLE	31,554,869	(2,711,667)	1,575,258	1,731,627	28,686,833	15,952,187	(790,816)	3,569,017	1,456,989	17,273,399	11,413,434	15,602,682
8	AIR-CONDITIONER	5,062,154	-	620,482	124,000	5,558,636	2,377,546	-	386,332	15,769	2,748,109	2,810,527	2,684,608
9	OFFICE EQUIPMENT'S	38,285,039	(1,167,232)	6,997,114	40,590	44,074,331	22,036,451	(709,988)	5,457,553	5,148	26,778,869	17,295,463	16,248,587
10	OTHER CONSTR. ASSETS	1,884,121	-	-	-	1,884,121	452,400	-	199,153	-	651,553	1,232,568	1,431,721
11	OTHER ASSETS	709,672	-	39,472	-	749,144	493,243	-	57,249	-	550,490	198,654	216,429
(B) INTANGIBLE ASSETS													
1	Goodwill on Consolidation	204,406,491	-	526,621,187	-	731,027,678	-	-	-	-	-	731,027,678	204,406,491
2	SOFTWARES	6,277,810	(422,554)	4,693,098	-	10,548,354	6,277,810	(422,554)	4,693,098	-	10,548,354	-	-
	Total	1,198,753,543	(138,953,709)	776,340,230	60,292,933	1,775,847,131	225,546,538	(19,170,887)	76,265,495	8,018,316	274,622,831	1,501,224,300	973,207,003
	Capital Work in Progress											269,103,638	134,551,700
	PREVIOUS YEAR	861,989,138	3,229,304	151,951,352	22,822,742	994,347,052	151,671,916	1,003,710	81,872,015	9,001,105	225,546,538	768,800,513	710,317,220

\* Adjustment on account of change in Subsidiary and Joint Venture



AS AT MARCH 31, 2010

## SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(Amount in Rupees)

Particulars	March 31, 2010	March 31, 2009
<b>Schedule No. 6</b>		
<b>Investments</b>		
<b>Investments - Long Term</b>		
<b>Trade :-</b>		
<b>Others :-</b>		
<b>Quoted</b>		
Corporation Bank Limited	16,000	16,000
200 (200) Equity Shares of Rs.10/- Each fully paid.	16,000	16,000
Aggregate Market Value of Quoted Investments Rs. 96110/-(Rs. 35970/-)		
<b>Unquoted :-</b>		
<b>Investment in Other Shares</b>		
The Saraswat Co-Op Bank Limited	10,000	10,000
1000 (1000) Equity Shares Of Rs.10/- Each Fully Paid		
Sahyadri Hospital Limited	2,500,000	2,500,000
250000 (250000) Equity Shares Of Rs.10/- Each Fully Paid		
BPAP Realty Private Limited	50,000	50,000
(Formerly known as Promo Builders Private Limited)		
5000 (5000) 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		
Angelica Properties Private Limited	62,476,098	-
4710000 (4710000) Equity Shares of Rs. 10/- Each Fully Paid		
Angelica Properties Private Limited	195,939,815	237,608,000
3062625 (3712625) 0.10% Redeemable		
Non-Cumulative Preference Shares of Rs. 10/- Each Fully Paid		
Angelica Properties Private Limited	12,312,000	12,312,000
307800 (307800) Compulsory Convertible		
Preference Shares of Rs. 10/- Each Fully Paid		
Aster Premises Private Limited	100,000	100,000
10000 (10000) Equity Shares of Rs. 10 /- Each Fully Paid		
Vascon Infrastructure Limited	48,872,495	28,226,224
48000 (48000) Equity Shares of Rs 10/- Each Fully Paid		
	322,275,408	280,821,224



AS AT MARCH 31, 2010

## SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(Amount in Rupees)

Particulars	March 31, 2010	March 31, 2009
UNQUOTED :-PARTLY PAID		
PBAP Realty Private Limited (Formerly known as Promo Builders Private Limited) 100000 (100000) Equity Shares of Rs. 10/- Each Rs. 1/- Paid Up	100,000	100,000
	100,000	100,000
	-	4,572,614
	-	4,572,614
<b>Mutual Funds - Equity</b>		
<b>Others</b>		
Immovable Properties	74,908	595,913
Capital Investment In Partnership Concerns & Joint Ventures	180,258,513	165,730,598
	180,333,421	166,326,511
<b>Investments - Current</b>		
<b>Trade</b>		
<b>Quoted</b>	-	-
<b>Unquoted</b>		
Ascent Hotels Private Limited 5294492 (5294492) Equity Shares of Rs. 10 /- Each Fully Paid	211,701,680	211,701,680
N.V. Projects Private Limited 1300000 (1300000) Equity Shares of Rs 10/- Each Fully Paid	32,350,000	32,350,000
N.V. Projects Private Limited 688426 (402450) Preference Shares of Rs 100/- Each Fully Paid	149,550,977	87,494,185
Sita Lakshmi Mills Limited 806000 (806000) Equity Shares of Rs 50/- Each Fully Paid	23,400,000	23,400,000
	417,002,657	354,945,865
<b>Mutual Funds - Debt</b>		
Unutilised funds out of the proceeds of the IPO (Refer Note III (2) (q) of Schedule 20	754,426,188	-
	754,426,188	-
	1,674,153,674	806,782,214

1. The mode of valuation of investments in securities/properties is given in the Note No III 1 (F) of Schedule 20

2. Particulars of investments purchased and sold during the year is given in the Note No III 2 (K) of Schedule 20





AS AT MARCH 31, 2010

## SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(Amount in Rupees)

Particulars	March 31, 2010	March 31, 2009
<b>Schedule No. 7</b>		
<b>Inventories</b>		
<b>Stock At Close:-</b>		
Materials / Tools / Stock for Resale	408,004,851	175,360,840
Developments - Unfinished Refer Note No111(2)(w) of Schedule 20)	2,820,737,244	2,786,916,699
House Keeping and Kitchen Material	1,142,021	1,427,126
	<u>3,229,884,116</u>	<u>2,963,704,665</u>
<b>Schedule No. 8</b>		
<b>Debtors And Unbilled Revenues</b>		
<b>a) Debtors</b>		
(Unsecured Considered Good, Unless Otherwise Stated)		
A) Outstanding For Period Exceeding Six Months		
Considered Good#	1,036,705,147	1,037,870,703
Considered Doubtful	66,073,258	55,360,356
	<u>1,102,778,405</u>	<u>1,093,231,059</u>
B) Others - Considered Good	739,587,473	828,740,217
	<u>1,842,365,878</u>	<u>1,921,971,276</u>
Add / (Less) : Provision For Doubtful Debts (Refer Note III 2 (r) (a) of Schedule 20)	(66,073,258)	(55,360,356)
	<u>1,776,292,620</u>	<u>1,866,610,920</u>
<b>b) Unbilled Revenues</b>	917,362,144	545,298,442
(Refer Note III 1 (G) (a) of Schedule 20)		
	<u>2,693,654,764</u>	<u>2,411,909,362</u>
(Refer Note III 2 (T) of Schedule 20)		
<b>Schedule No. 9</b>		
<b>Cash And Bank Balances</b>		
Cash On Hand	14,119,979	23,234,312
Balances With Scheduled Banks In Current Accounts*	278,348,872	109,129,670
Balances With Scheduled Banks In Deposit Accounts#	197,919,515	130,489,857
	<u>490,388,366</u>	<u>262,853,839</u>

\*Includes Rs. 160484730/- (Rs.Nil/-) unutilised monies out of the proceeds of the IPO.

#Includes Rs. 185725257/- (Rs. 109161787/-) under banks lien for margin money deposits.



AS AT MARCH 31, 2010

## SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(Amount in Rupees)

Particulars	March 31, 2010	March 31, 2009
<b>Schedule No. 10</b>		
<b>Loans And Advances</b>		
(Unsecured Considered Good Unless Otherwise Stated)		
Advances / Loans to Firms / AOP In Which Company or Subsidiary Is Partner / Member	20,283,510	30,878,824
Advance Against Development / Work / Purchases	492,223,527	177,602,088
Project Advances	1,165,421,703	987,981,015
Intercompany Deposits	186,093,260	176,862,069
Prepaid Expenses	28,130,937	16,920,157
Deposits (Includes Rs. 10,00,000/- (Rs. 10,00,000/- Doubtful Of Recovery)	158,842,838	206,995,659
Advance Income Tax (Net of Provision)	74,772,246	108,807,272
Other Recoverables and Receivables	733,619,720	960,081,654
	<u>2,859,387,741</u>	<u>2,666,128,738</u>
Add / (Less) : Provision For Doubtful Loans and Advances	(2,250,000)	(1,000,000)
	<u>2,857,137,741</u>	<u>2,665,128,738</u>
<b>Schedule No. 11</b>		
<b>Current Liabilities</b>		
Sundry Creditors	1,123,503,750	776,566,768
Advance Payment Received	1,188,772,208	1,523,236,145
Commitment and Other Deposits#	675,464,207	469,295,094
Advances / Loans from Firms / AOP In Which Company or Subsidiary Is Partner / Member	121,590,288	309,996,296
Unearned Receivables	278,848,676	279,560,562
Overdraft Balance In Current Account With Scheduled Bank	8,318,521	11,857,868
Interest Accrued But Not Due	2,207,934	17,834,578
Share Application Money / Preference Share Capital	32,320,970	40,799,536
Other Liabilities	154,373,951	52,066,459
	<u>3,585,400,505</u>	<u>3,481,213,306</u>
(Refer Note III2 (U) of Schedule 20)		
<b>Schedule No. 12</b>		
<b>Provisions</b>		
For Taxation (Net of Advance Tax)	47,883,055	17,973,974
For Gratuity	3,705,604	4,129,561
For Compensated Absences	28,452,040	24,919,219
For Unapproved Sales (Refer Note III 2 (r) of Schedule 20)	1,806,951	3,721,401
Provision For Warranty	1,911,286	-
For Contingency (Refer Note III 2 (r) of Schedule 20)	200,000,000	200,000,000
	<u>283,758,936</u>	<u>250,744,155</u>



FOR THE YEAR ENDED MARCH 31, 2010

## SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

(Amount in Rupees)

Particulars	March 31, 2010	March 31, 2009
<b>Schedule No. 13</b>		
<b>Income From Operations</b>		
Contract Revenue Recognised / Sales (Gross)		
Refer Note III (1) (G) of Schedule 20		
- Sale of unit	1,019,661,599	264,588,320
- Contract Revenue	6,612,838,558	4,819,288,717
- Trading Sales	6,254,516	101,417,904
- Other Sales	86,872,897	37,459,152
- Hotel Revenue	97,223,999	153,180,461
Other Operating Income		
- Rent / Compensation / Maintenance	79,598,300	116,469,803
- Share Of Profit / (Loss) From AOP / Firms	5,073,243	35,280,413
- Share of Profit from Associates	82,333,478	27,253,832
	<u>7,989,856,591</u>	<u>5,554,938,602</u>
<b>Schedule No. 14</b>		
<b>Interest Earned</b>		
Interest received on intercorporate deposits, from subsidiary and associate companies and others	48,413,043	36,685,083
Interest on income tax refund	9,888,970	308,282
Interest on bank fixed deposits	10,082,303	8,210,835
Other Interest	411,937	641,686
	<u>68,796,253</u>	<u>45,845,886</u>
<b>Schedule No. 15</b>		
<b>Other Income</b>		
Dividend Income from long term investments - other than trade	3,664	1,524,330
Dividend Income from current investments - other than trade	3,686,807	1,599,900
Profit On Sale Of Fixed Assets (Net)	63,203	-
Profit On Sale Of Investments (Net) Long Term - other than trade	4,394,925	221,128
Foreign Exchange Gain / (Loss)	22,581	209,438
Profit on Sale of Subsidiary / Joint Venture	22,175,322	-
Remission of Liability	33,596,710	-
Miscellaneous Income	2,210,196	3,100,282
	<u>66,153,408</u>	<u>6,655,078</u>



FOR THE YEAR ENDED MARCH 31, 2010

## SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

(Amount in Rupees)

Particulars	March 31, 2010	March 31, 2009
<b>Schedule No. 16</b>		
<b>Materials and other direct expenses</b>		
Opening Inventory: -		
Materials / Tools / Stock for Resale	175,360,840	148,580,022
Developments - Unfinished	2,786,916,699	2,155,252,206
(Refer Note No III (2) (w) of Schedule 20)		
House Keeping and Kitchen Material	1,427,126	1,457,172
	<u>2,963,704,665</u>	<u>2,305,289,400</u>
<b>Add: -</b>		
Purchase Of Materials And Labour During The Year	5,665,319,451	4,090,612,387
Expenses For Development	802,880,403	329,294,864
Land Cost on account of remission of liability	18,534,448	-
Allocation Of Borrowing Cost To Development	31,171,158	78,451,367
	<u>6,517,905,459</u>	<u>4,498,358,618</u>
<b>Less :-</b>		
Transferred to fixed assets / capital wip	109,763,527	-
Vat / Cenvat / Service Tax Input Credit	230,759,893	123,059,470
	<u>340,523,419</u>	<u>123,059,470</u>
Less :- Closing Inventory :-		
Materials / Tools / Stock for Resale	408,004,851	175,360,840
Developments - Unfinished (Refer Note No III (2) (w) of Schedule 20)	2,820,737,244	2,786,916,699
House Keeping and Kitchen Material	1,142,021	1,427,126
	<u>3,229,884,116</u>	<u>2,963,704,665</u>
	<u>5,911,202,589</u>	<u>3,716,883,883</u>
<b>Schedule No. 17</b>		
<b>Personnel Expenses</b>		
Salaries and Bonus	344,489,681	269,400,737
Gratuity	2,926,151	5,312,043
Compensated Absence	5,261,285	16,063,838
Contribution To Provident And Other Defined Contribution Funds	9,993,335	10,189,330
Staff Welfare & Other Expenses	27,354,094	31,180,859
Employee Compensation Expenses	4,158,745	4,158,745
	<u>394,183,291</u>	<u>336,305,552</u>



FOR THE YEAR ENDED MARCH 31, 2010

## SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

(Amount in Rupees)

Particulars	March 31, 2010	March 31, 2009
<b>Schedule No. 18</b>		
<b>Operating and Other Expenses</b>		
Advertisement	5,401,477	6,356,956
Bank Charges	15,410,283	5,496,009
Bad Debts	7,827,621	8,444,584
Brokerage / Commission	4,124,110	17,877,201
Conveyance	8,205,515	9,591,055
Donations	5,898,314	2,684,572
Electricity Charges	16,431,205	10,592,521
Insurance	19,889,359	14,388,024
Other Expenses	17,308,501	11,516,292
Other Operating Expenses	6,783,865	4,952,636
Parking and game shop expenses	4,924,494	3,883,558
Provision For Doubtful Debt And Advances	11,999,932	19,422,998
Refer Note No III (2) (r) of Schedule 20	-	-
Provision For Warranty Expenses	1,911,286	-
Post, Telephone And Telegram	9,521,863	8,763,630
Printing And Stationery	6,387,795	6,732,495
Rates & Taxes	7,454,359	5,569,075
Rent/Compensation	39,074,746	43,581,973
Repairs, Renovation And Maintenance	-	-
Building	16,079,502	32,529,805
Plant and Machinery	503,298	2,412,553
Others	8,571,097	8,051,122
Sales Promotion Expenses	5,116,938	5,097,265
Travelling Expenses	9,269,326	11,219,851
Share Issue Expenses	2,010,747	559,393
Service Charges/Professional Fees/Retainers	71,409,576	71,823,796
	<u>301,515,212</u>	<u>311,547,365</u>
<b>Schedule No. 19</b>		
<b>Financial Expenses</b>		
<b>Interest On: -</b>		
<b>Fixed Loans</b>		
- Convertible Debentures	30,720,724	52,163,355
- Term Loans	126,381,860	63,275,422
- Others	2,889,987	-
- Public Deposits	1,397,007	6,172
	<u>161,389,578</u>	<u>115,444,949</u>
<b>Other Loans</b>		
- Banks	65,756,914	49,974,378
- Others	42,067,051	242,583,163
	<u>107,823,965</u>	<u>292,557,540</u>
<b>Sub Total</b>	<u>269,213,543</u>	<u>408,002,489</u>
Add: Other Charges		
Guarantee Commission To Managing Director	-	10,400,000
Debenture Issue Expenses	-	501,910
Processing Charges	21,096,785	9,439,289
	<u>290,310,327</u>	<u>428,343,688</u>
Less : Borrowing Cost Transferred To Qualifying Assets	56,169,078	143,514,132
	<u>234,141,250</u>	<u>284,829,556</u>



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE.

## NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2010 AND

### SCHEDULE NO. 20

#### (I) NATURE OF OPERATIONS

- (i) 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.



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE.

## NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2010 AND

(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, 2010
Marvel Housing Private Limited	Subsidiary	India	100.00%
Vascon Dwelling Private Limited	Subsidiary	India	100.00%
IT-City Infopark Private Limited	Subsidiary	India	100.00%
Greystone Premises Private Limited	Subsidiary	India	65.00%
Vascon Pricol Infrastructure Limited	Subsidiary	India	70.00%
Calypso Premises Private Limited	Subsidiary	India	63.00%
Florian Properties Private Limited	Subsidiary	India	100.00%
Windflower Properties Private Ltd	Subsidiary	India	100.00%
Caspia Hotel Private Limited	Subsidiary	India	70.00%
Just Homes (I) Private Limited	Joint Venture	India	50.00%
Marigold Premises Private Limited	Joint Venture	India	50.00%
Phoenix Ventures	Joint Venture	India	50.00%
Rose Premises Private Limited	Joint Venture	India	50.00%
Viorica Properties Private Limited	Joint Venture	India	32.68%
Weikfield IT City Info Park	Joint Venture	India	Refer Note III 2 (i)
Zenith Ventures	Joint Venture	India	Refer Note III 2 (i)
Zircon Ventures	Joint Venture	India	Refer Note III 2 (i)
Almet Corporation Limited	Joint Venture	India	49.00%
John Fowler Ophthalmics Private Limited	Joint Venture	India	49.00%
Marathawada Realtors Private Limited	Joint Venture	India	49.00%
Cosmos Premises Private Limited	Joint Venture	India	43.83%
Ajanta Enterprises	Joint Venture	India	30.00%
Vascon Infrastructure Limited	Associates	India	24.00%
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, 2010
Ascent Hotels Private Limited	India	26.00%
N V Projects Private Limited	India	26.00%

### (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 principles (GAAP) requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements. Actual results could differ from those

estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

##### C. Fixed Assets and Capital Work in Progress

Fixed assets are stated at cost of acquisition or construction, after reducing accumulated depreciation till the date of the

Balance Sheet. The cost of an item of fixed asset comprises of its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price further adjusted by CENVAT credit and includes borrowing cost relating to any specific borrowing attributable to the acquisition of the fixed assets as per the provisions of AS - 16 "Borrowing Cost" issued by the ICAI.

Assets under installation or under construction as at the Balance sheet date are shown as Capital work in progress. Advances paid towards acquisition of assets are also included under Capital work in progress.

Intangible assets are recognised only if it meets with all the criteria specified in AS - 26 "Intangible Assets" issued by the ICAI. In other cases such expenditure is written off during the period in which it is incurred.

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

##### D. Impairment

The assets are tested for impairment and the provision, if applicable, is made wherever considered necessary based on economic utility of the asset as determined in accordance with the principles as laid down in AS - 28 "Impairment of Assets" issued by the ICAI.

##### E. Depreciation / Amortisation

Depreciation on fixed assets has been provided under written down value method at the rates and manner prescribed in schedule XIV to the Companies Act, 1956. Cost of lease rights of land has been amortized over a period of lease term. Software in nature of intangible asset has been amortised fully in the year in which the same is ready for use.

##### F. Investments

Investment are classified into current investments and long term investments. Current investments are carried at the lower of cost or fair value. Long



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE.

## NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2010 AND

term investments are carried at cost less provision made to recognise any decline in the value of such investments, other than temporary, in the opinion of the management. Any reduction in carrying amount and any reversals of such reductions are charged or credited to the profit and loss account.

### G. Recognition of Revenue / Cost

(a) Revenue from fixed price construction contracts is recognised on the percentage completion method. 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 estimate contract amount, as the case may be, and acknowledged by the contractee. Future expected loss, if any, is recognised 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 under "Debtors" and billing in excess of contract revenue has been reflected under "Liabilities" in the balance sheet.

The Company provides for warranties and expected cost for completed projects, based on technical evaluation and past experience of meeting such cost net of the obligations on account of subcontracts.

- (b) Revenue from sale of units is recognised as and when the underlying significant risk and rewards of ownership are transferred to the purchaser and when there is no uncertainty of the amount of consideration that will be derived and it is not unreasonable to expect ultimate collection. However, in case where the seller is obligated to perform any substantial acts after the transfer of all significant risks and rewards of ownership, revenue is recognised on proportionate basis as the acts are progressively performed, by applying the percentage of completion method as explained in AS - 7 (revised 2002), "Construction Contracts" issued by the ICAI.
- (c) Share of Profit/Loss from Partnership firm/ Association of Person is recognized as income on year-to-year basis on the basis of accounts made-up 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 recognised 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.

### 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

The development work in progress represents progressive cost of work remaining incomplete/unsold as at close of the year, valued at lower of cost or net realisable value on the basis of technical estimate certified by the Managing Director / Expert. Finished goods comprising of constructed units ready for sale are valued at lower of cost and net realisable value.

#### (c) Stock of Trading Goods

Stock of Resale has been stated at cost or net realizable whichever is less. The cost is determined on weighted average method.

### I. Retirement 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 P.F., Super Annuation fund etc are charged to Revenue as and when incurred.

### J. Borrowing Cost

Interest and other costs in connection with the borrowing of the funds to the extent related / attributed to the acquisition / construction of qualifying assets, if any, are capitalized up to the date when such assets are ready for its intended use and other borrowing costs are charged to Profit & Loss Account. Advances/deposits given to the





PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE.

## NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2010 AND

vendors under the contractual arrangement for acquisition of qualifying assets is considered for the purpose of capitalization of borrowing cost.

### K. Leases

Lease rentals in respect of assets acquired under operating lease are charged to the Profit and Loss Account as incurred. Lease rentals in respect of assets given under operating lease are credited to the Profit and Loss Account as accrued.

### L. Contingent Liabilities and Assets

Contingent liabilities, if any, have been disclosed by way of note to balance sheet. Provision has been made in respect of those, which have materialized after the year-end but before finalization of accounts and have material effect on balance sheet date.

### M. Taxes on Income

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

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.

Deferred tax being 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.

Fringe Benefit Tax is recognised in accordance with the relevant provisions of the Income Tax Act, 1961 and the Guidance note on Fringe Benefits Tax issued by the ICAI

### 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. In respect of the expenses relating to proposed public issue of shares is appropriated from Share Premium Account.

Expenses relating to issue of debentures are being written off in the year the same are incurred.

### O. Segment Reporting

The Company's operation predominantly consist of construction / project activities. Hence there are no reportable segments under Accounting Standard - 17. During the year under the report, the Company has engaged in its business only within

India and not in any other country. The conditions prevailing in India being uniform, no separate geographical disclosures are considered necessary.

### 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

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue and share split.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares except where the results are anti-dilutive.

### 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



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE.

## NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2010 AND

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

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions 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 in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

## 2 OTHER NOTES

### (a) Contingent Liabilities for Income tax & Service Tax

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	2009-10 Rs.	2008-09 Rs.
Income Tax	40,292,555	22,929,643
Service Tax	18,133,336	9,961,823

### (b) In view of the Delhi High Court decision Company has neither recovered nor paid with th government treasury the service tax

on lease rental amounting to Rs. 2,98,139/- (Nil/-). However the same if payable will be recoverable from the respective tenants,hence it will have no impact on Profit for the year.

### (c) Other Contingent liabilities:

Particulars	2009-10 Rs.	2008-09 Rs.
A. Bank guarantee		
(i) for other companies	-	-
(ii) for Performance	1,120,155,335	378,530,963
B. Corporate Guarantee	56,170,000	250,000,000
Claims against the Company not acknowledged as debt (Refer Note (r) below)	2,492,583,351	1,954,710,453
Uncalled Liability on Partly Paid Up Shares	900,000	900,000

### (d) Estimated amount of contracts remaining to be executed on capital account and not provided for,

net of advances are as given here under :

Particulars	2009-10 Rs.	2008-09 Rs.
Amount	100,749,597	414,517,616

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 Rs.3,71,02920/- (Rs. 3,55,67814/-).

### (e) Particulars of Construction Contract

Particulars	2009-10 Rs.	2008-09 Rs.
Contract Revenue Recognised	6,138,227,392	4,102,134,164
Contract Expenses Recognised	5,064,462,612	3,079,609,676
Recognised Profit	1,073,764,780	1,022,524,488
Contract Cost Incurred	5,064,462,612	3,079,609,676
Progress Billing	5,220,865,248	3,871,410,347
Unbilled Contract Revenue Recognised	917,362,144	510,284,379
Unearned Receivables	278,848,676	279,560,562
Advances from Customers	570,930,986	260,108,287
Contract Cost Incurred and Recognised Profit	6,138,227,392	4,102,134,164
Gross Amount Due from Customer	1,069,289,308	573,810,117

### (f) Loans advances and Sundry Debtors

Particulars	2009-10 Rs.	2008-09 Rs.
(a) Loans and Advances include an amount due from Pvt. Ltd Companies where Directors are interested as director/member	-	-
(b) Sundry Debtors include an amount due from Pvt. Ltd Companies where Directors are interested as director/member	23,956,366	41,459,184

### (g) Earning per share

Particulars	2009-10 Rs.	2008-09 Rs.
Net Profit after tax available for distribution to Equity Shareholders before Provision for Contingency (Net of Tax)	532,856,793	319,141,392
Provision for Contingency	-	(200,000,000)
Tax on Provision for Contingency	-	67,300,000
Net Profit after tax available for distribution to Equity Shareholders after Provision for Contingency (Net of Tax)	532,856,793	186,441,392
Weighted average number of shares outstanding for Basic EPS	79,416,323	74,911,609
Face Value per share	10	10
Earning Per Share - Basic (before Provision for Contingency (Net of Tax))	6.71	4.26
Earning Per Share - Basic (after Provision for Contingency (Net of Tax))	6.71	2.49
Weighted average number of shares outstanding for Diluted EPS	79,679,480	75,174,765
Earning Per Share - Diluted (before Provision for Contingency (Net of Tax))	6.69	4.25
Earning Per Share - Diluted (after Provision for Contingency (Net of Tax))	6.69	2.48



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE.

## NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2010 AND

- (h) The particulars of Related Party transaction as required by AS - 18 issued by the ICAI is given in the Annexed Statement
- (i) Loans and advances includes an amount of Rs. 70,46,02,284/- (Rs. 63,79,56,579/-) 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.
- (j) Sales turnover for the year includes revenues from construction contracts, sale of developed units, sale of materials, consultancy services and room revenue.
- (k) The profit for the year includes net (income)/expense of Rs. (1,64,91,944/- Previous year (Rs. 32,87,320/-) in respect of prior years.
- (l) The Consolidated Financial Statements includes share of assets and liabilities of Zircon Ventures, Weikfield ITCIT 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.
- (m) During the year company has disposed 50% share of its subsidiary Rose Premises Private Limited and consequent the such sale the company become the joint venture entity. The effect of disposal 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;

	2009-10	2008-09
Reduction in Share of Profit / Loss	1,758,211	(175,024)
Reduction in share of Assets	153,016,183	164,042,194
Realisation of profit on Fixed Assets	16,322,127	-

- (n) Deferred tax Asset /(Liability) arising due to timing difference comprise of

Particulars	2009-10 Rs.	2008-09 Rs.
1. Depreciation	(11,126,744)	(12,104,906)
2. Statutory Payment - Gratuity	1,106,881	1,187,086
3. Reserve for Doubtful debts	22,325,064	18,816,985
4. Disallowance u/s 40a	-	267,242
5. Brought Forward Losses	(3,604,219)	(3,604,219)
Net Deferred Tax Asset / (Liability)	8,700,983	4,562,188
Deferred Tax Liability	2,061,500	19,577,614
Deferred Tax Assets	8,662,435	26,810,621

In absence of a reasonable certainty of setting off brought forward losses, the deferred tax asset amounting to Rs. 44,25,161 (Rs. 43,11,258) has not been recognized.

- (o) 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	2009-10 Rs.	2008-09 Rs.
Gross Carrying Amount of Premises	94,877,338	36,735,020
Accumulated Depreciation	8,136,227	5,781,064
Depreciation for the year	2,355,163	1,629,156

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

Particulars	2009-10 Rs.	2008-09 Rs.
A) Not later than 1 year	7,010,858	8,951,580
B) Later than 1 year and not later than 5 years	10,660,324	7,697,140
C) Later than 5 years	9,990,333	-
Income recognised during the period	36,570,852	38,303,397

Lease Expenses 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	2009-10 Rs.	2008-09 Rs.
A) Not later than 1 year	5,275,440	3,635,658
B) Later than 1 year and not later than 5 years	2,421,700	-
C) Later than 5 years	-	-

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

- (p) During the year one of our subsidiary company Vascon Pricol Infrastructure Limited has acquired 100% stake in Caspia Hotels Privated Limited consequent to that the same has become subsidiary of our company.

During the year the company has sold 20,00,000 no. of shares of Rose Premises Pvt. Ltd.. With this sale of shares Rose Premises Pvt. Ltd. ceases to be a subsidiary w.e.f. August 03, 2009 and continues to be a joint venture.



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE.

## NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2010 AND

- (q) Details of issue proceeds received, utilised and unutilised through public issue (IPO) as on 31st March, 2010:

Particulars	Amount, Rs	Amount, Rs
Proceeds from Initial Public Offer		1,782,000,000
Less: Payment towards IPO Expenses (Net of Service Tax Input Credit availed of Rs. 8967216/-)		127,732,729
Net Proceeds from Initial Public Offer		1,654,267,271
Less: Utilisation of Funds:		
a) Payment towards prepayment of loan	361,682,463	
b) Construction of EPC Contract and Real Estate Development Project	5,803,123	
c) General corporate purposes (Refer Note Below)	103,400,000	
Total of Utilisation of Funds (a+b+c)		470,885,586

Balance Unutilised money from IPO Proceeds Represented By:		1,183,381,685
a) Investment in Mutual Fund - Debt	752,028,259	
b) Amount utilised towards temporary reduction of Cash Credit	264,318,699	
c) Balance lying current account with scheduled banks	167,034,727	
		1,183,381,685

- (r) Disclosure Relating to Provisions

### a Provision for Doubtful Debts

Particulars	2009-10	2008-09
Opening Balance	55,360,356	45,579,206
Add: Provision during the year	17,344,207	19,422,998
	72,704,562	65,002,204
Less: Utilisation / Transferred to Bad Debts	6,631,304	9,641,848
Closing Balance	66,073,258	55,360,356

### b Provision for Unapproved Sales

Particulars	2009-10	2008-09
Opening Balance	3,721,401	5,107,054
Add: Provision during the year	969,550	3,721,401
	4,690,951	8,828,455
Less: Utilisation / Transfers	2,884,000	5,107,054
Closing Balance	1,806,951	3,721,401

### c Provision for Warranty

Particulars	2009-10	2008-09
Opening Balance	-	-
Add: Provision during the year	1,911,286	-
	1,911,286	-
Less: Utilisation / Transfers	-	-
Closing Balance	1,911,286	-

### d Provision for Contingency

Particulars	2009-10	2008-09
Opening Balance	200,000,000	-
Add: Provision during the year	-	200,000,000
	200,000,000	200,000,000
Less: Utilisation / Transfers	-	-
Closing Balance	200,000,000	200,000,000

- (s) During the previous year shares of following Companies have become fully paid and by virtue of which these Companies have become joint venture of the Company.

Name of the Company	%
Almet Corporation Limited	49%
John Fowler Ophthalmics Private Limited	49%
Marathwada Realtors Private Limited	49%

- (t) Details of Provision for Contingency

The Company had entered into a development agreement with a party in March 2007 pursuant to which a property which the Company had undertaken to develop with a vendor was assigned to the party for being developed on certain terms and conditions contained in the said development agreement. In the Company's account for the year ended 31st March 2007 since the property undertaken by the Company was accounted as purchases and the subsequent transaction entered into with the party was recognized as sales; a profit of Rs.20,00,00,000/- on this transaction was taken as surplus in the profit and loss account. During the year ended March 31, 2009 a member of a predecessor in title of the company trespassed and illegally entered into possession of the subject property. Consequently the party has sought to annul the entire arrangement. Arbitration proceedings were instituted during the year ended March 31, 2009. The proceedings are pending. The company's stand is that the member's action is illegal since it has the effect of making the entire transaction a nullity.

However, without prejudice to the Company's rights and privilege arising under the agreements, by way of prudence, profit on the transaction recognized in the accounts for the year ended 31st March 2007 is recognized as provision for contingency and included in the provisions in the accounts for the year ended March 31, 2009. Further no provision is considered necessary in respect of claim of Rs. 248,77,83,351/- plus interest (Previous Year Rs.195,47,10,453/-) on the company, as in the management's opinion the said claim is not tenable. In any event, as per advice received by the Company the liability if any, would be on the member precedent in title, and not on the Company in view of the members illegal action.

Sundry Debtors includes an amount of Rs. 56,50,00,000/- (Rs. 56,50,00,000/-) receivable from the party for which provision has not been considered necessary in view of the corresponding matching liability payable to the vendor and the contingency provision.



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE.

## NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2010 AND

- (u) The Company has provided share based payment schemes to its employee. During the year ended 31st March 2010, the "ESOS - 2007" scheme was in operation. 3,33,500 options were outstanding at the beginning and end of the year. No options were granted or exercised during the year.
- (v) As per the terms of an 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.
- (w) Stock of Development includes cost amounting to Rs. 853960/- (Rs. 26476740/-) in respect of units which are charged to a lender for financing the cost paid to the Company by the individual buyers as advance against booking of Units.
- (x) The particulars of employee benefits as required under AS 15 "Accounting for Employee Benefits" issued by the ICAI are given in the Annexed Statement.
- (y) Share of Joint Venture in Consolidated Financial statement are as under.

### Profit and Loss Account Items For The Period Ended March 31st 2010

PARTICULARS	March 10	March 09
<b>INCOME</b>		
Income From Operation	632,861,922	157,288,808
Interest Earned	18,267,502	15,744,085
Other Income	36,358,327	2,972,750
<b>EXPENSES</b>		
Cost of Sales	424,444,992	47,508,213
Personnel Expenses	15,721,649	5,889,741
Operating & Other Expenses	52,122,235	49,800,868
Financial Expenses	27,145,207	652,295
Depreciation / Amortisation	14,841,342	4,384,556
Provision For Taxation		
Current	45,971,606	11,904,512
Fringe Benefit Tax	-	99,116
Deferred tax expenses / (gain)	269,280	(785,479)
Excess/(Short) Provision W/Back / (Off)	(1,779,491)	89,364
Appropriation		
Dividend on Preference Shares	500,000	(330,138)
Dividend Tax	84,975	-
Transfer to General Reserve	1,009,500	-

AS PER OUR REPORT OF EVEN DATE  
For Anand Mehta & Associates  
CHARTERED ACCOUNTANTS  
Kusai Goawala  
PARTNER  
MEMBERSHIP NO. 39062  
Firm Registration No. 127305W  
MUMBAI : DATED - May 10, 2010

### Balance sheet Items As At March 31st 2010

PARTICULARS	March 10	March 09
Secured Loans	248,716,307	59,559,986
Unsecured Loans	233,403,060	168,731,284
Deferred Tax Liability	755,124	1,831,807
Fixed Assets	575,667,253	198,519,873
Investment	151,432,029	143,764,705
Deferred Tax Asset/(Liability)	439,914	1,768,596
Inventories	408,968,056	552,174,675
Sundry Debtors	92,206,314	80,191,980
Cash & Bank Balances	49,539,523	31,492,392
Loans & Advances	886,901,705	744,920,753
Current Liabilities	441,635,080	1,107,721,039
Provisions	40,156,412	58,854,056

- (z) The financial statements of subsidiaries, joint ventures and associates used in the consolidation are drawn upto the same reporting dates as off the company i.e year ended March 31, 2010.

The accounts of Calypso Premises Private Limited a subsidiary company have not been audited for the year ended March 31, 2010 as of balance sheet date and have been consolidated on the basis of the accounts as certified by the management.

The accounts of Angelica Premises Private Limited, Mumbai Estate Private Limited, associates of the company have not been audited for the year ended March 31, 2010 as of balance sheet date and have been consolidated on the basis of the accounts as certified by the management.

The accounts of Cosmos Premises Private Limited, Zircon ventures and Phoenix Venture a joint venture of company have not been audited for the year ended March 31, 2010 as of balance sheet date and have been consolidated on the basis of the accounts as certified by the management.

### (aa) Managerial Remuneration

Particulars	2009-10 Rs.	2008-09 Rs.
Salary & Ex-gratia	11,100,000	8,820,000
Commission	21,591,600	4,841,400
Other Benefits & Allowances	750,000	1,538,333
Contribution to PF	1,058,400	1,070,400
Approximate monetary value of Perquisite in kind as per I.T. Act	-	-
<b>TOTAL</b>	<b>34,500,000</b>	<b>16,270,133</b>

### FOR VASCON ENGINEERS LIMITED

R. Vasudevan  
MANAGING DIRECTOR

V. Mohan  
CHAIRMAN

M. Krishnamurthi  
COMPANY SECRETARY  
AND COMPLIANCE OFFICER  
MUMBAI : DATED - May 10, 2010

D Santhanam  
CHIEF FINANCIAL OFFICER



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

Particulars	Financial Year Ended	
	March 31, 2010	March 31, 2009
Nature of Relationship	Name of Party	Name of Party
<b>Joint Venture</b>	Phoenix Ventures Weikfeild ITCITI Infopark (AOP) Zenith Ventures Zircon Ventures Just Homes (India) Pvt. Ltd. Marigold Premises Pvt. Ltd. Viorica Properties Pvt Ltd Cosmos Premises Pvt Ltd Almet Corporation Limited John Fowler Ophthalmics Private Limited Marathawada Realtors Private Limited Rose Premises Private Limited Ajanta Enterprises	Phoenix Ventures Weikfeild ITCITI Infopark (AOP) Zenith Ventures Zircon Ventures Just Homes (India) Pvt. Ltd Marigold Premises Pvt. Ltd Viorica Properties Pvt Ltd Cosmos Premises Pvt Ltd Almet Corporation Limited John Fowler Ophthalmics Pvt Ltd Marathawada Realtors Pvt Ltd
Key Management Personnel	Mr. R. Vasudevan	Mr. R. Vasudevan
Relatives of Key Management Personnel	Mrs. Lalitha Vasudevan Late Mr. N. R. Moorthy Mrs. Thangam Moorthy Mrs. Lalitha Sundarajan Mr. Siddarth Vasudevan Ms. Soumya Vasudevan	Mrs. Lalitha Vasudevan Late Mr. N. R. Moorthy Mrs. Thangam Moorthy Mrs. Lalitha Sundarajan Mr. Siddarth Vasudevan Ms. Soumya Vasudevan
Associates	Angelica Properties Pvt Ltd Mumbai Estate Pvt Ltd Vascon Infrastructure Limited	Angelica Properties Pvt Ltd Syringa Properties Pvt Ltd Ajanta Enterprises Mumbai Estate Pvt Ltd
Enterprise where key management personnel and their relatives exercise significant influence	Flora Premises Pvt Ltd Vastech Consultants Pvt Ltd Vatsalya Enterprises Pvt Ltd Bellflower Premises Pvt Ltd	Flora Premises Pvt Ltd Vastech Consultants Pvt Ltd Vatsalya Enterprises Pvt Ltd



## SCHEDULE - 1B DETAILS OF TRANSACTIONS WITH RELATED PARTIES

Particulars	2009- 10	2008- 09	Particulars	2009- 10	2008- 09
<b>Sales</b>			<b>Interest Paid</b>		
Joint Venture	187,615,081	462,238,443	Joint Venture	912,057	-
Key Management Personnel	-	-	Key Management Personnel	3,576,758	7,070,548
Relatives of KMP	-	-	Relatives of KMP	1,044,644	2,104,200
Associates	231,705,019	197,387,521	Associates	-	-
Establishment where KMP and their relatives exercise significant influence	5,500,000	1,532,779	Establishment where KMP and their relatives exercise significant influence	2,456,493	5,091,744
<b>Purchases &amp; Labour Charges</b>			<b>Interest Income</b>		
Joint Venture	-	2,449,002	Joint Venture	10,104,689	8,734,348
Key Management Personnel	-	-	Key Management Personnel	-	-
Relatives of KMP	-	-	Relatives of KMP	-	-
Associates	-	-	Associates	-	-
Establishment where KMP and their relatives exercise significant influence	-	1,233,000	Establishment where KMP and their relatives exercise significant influence	-	-
<b>Rendering Of Services</b>			<b>Particulars</b>	<b>2009- 10</b>	<b>2008- 09</b>
Joint Venture	-	-	Amounts Written Off		
Key Management Personnel	33,000,000	25,420,733	Joint Venture	280,850	440,680
Relatives of KMP	-	-	Key Management Personnel	-	-
Associates	-	-	Relatives of KMP	-	-
Establishment where KMP and their relatives exercise significant influence	18,662,789	11,108,887	Associates	-	-
<b>Rental/Hire Charges Paid</b>			Establishment where KMP and their relatives exercise significant influence	-	-
Joint Venture	-	-	<b>Finance Provided (including loans and equity contributions in cash or in kind)</b>		
Key Management Personnel	-	-	Joint Venture	49,868,328	51,366,280
Relatives of KMP	-	-	Key Management Personnel	-	-
Associates	-	-	Relatives of KMP	-	-
Establishment where KMP and their relatives exercise significant influence	-	-	Associates	18,288,890	42,990,000
<b>Rent/Dividend Income</b>			Establishment where KMP and their relatives exercise significant influence	-	-
Joint Venture	250,000	-	<b>Finance Availed (including loans and equity contributions in cash or in kind)</b>		
Key Management Personnel	-	-	Joint Venture	29,603,400	-
Relatives of KMP	-	-	Key Management Personnel	1,000,000	117,515,684
Associates	68,185	-	Relatives of KMP	-	44,572,328
Establishment where KMP and their relatives exercise significant influence	-	-	Associates	-	-
<b>Purchase of Fixed Assets</b>			Establishment where KMP and their relatives exercise significant influence	-	69,090,992
Joint Venture	-	-	<b>Balances as on 31.03.2010 and 2009</b>		
Key Management Personnel	-	-	Amount Due To Company		
Relatives of KMP	-	-	Joint Venture	279,958,999	429,324,184
Associates	-	-	Key Management Personnel	-	-
Establishment where KMP and their relatives exercise significant influence	-	-	Relatives of KMP	-	-
<b>Sale of Fixed Assets</b>			Associates	285,083,310	218,737,200
Joint Venture	-	-	Establishment where KMP and their relatives exercise significant influence	5,441,650	42,333
Key Management Personnel	-	-	<b>Amount Due From Company</b>		
Relatives of KMP	-	-	Joint Venture	29,351	5,166,575
Associates	-	-	Key Management Personnel	14,505,738	65,674,756
Establishment where KMP and their relatives exercise significant influence	-	-	Relatives of KMP	-	408,080
			Associates	208,300,000	74,391,760
			Establishments where KMP and their relatives exercise significant influence	4,886,436	35,954,544



## SCHEDULE - 1B DETAILS OF TRANSACTIONS WITH RELATED PARTIES

(Amount in Rupees)

Particulars		March 31, 2010		March 31, 2009	
Sr. No	Nature of Transactions/Relationships/ Major Parties	Party Details	Gross Total	Party Details	Gross Total
1	Sales and Work				
i)	Joint Ventures		49,88,03,968		46,22,38,443
	Cosmos Premises Private Limited	-		6,87,400	
	Marigold Premises Private Limited	2,66,411		2,06,244	
	Phoenix Ventures	11,49,711		3,18,87,379	
	Viorica Properties Private Limited	2,15,01,391		5,83,94,838	
	Weikfeilds ITCITI Info Park	16,46,97,568		37,10,62,583	
ii)	Associates		23,17,05,019		19,73,87,521
	Angelica PropertiersPrivate. Limited.	17,17,05,019		19,73,87,521	
	Vascon Infrastructure Limited	6,00,00,000			
iii)	Enterprises		55,00,000		15,32,779
	Flora Premises Private Limited	55,00,000		-	
	Vastech Consultants Private Limited	-		15,32,779	
2	Interest Income				
i)	Joint Ventures		1,01,04,689		87,34,348
	Almet Corporation Limited	1,71,551		1,21,643	
	Just Homes (I) Private. Limited.	-		1,66,968	
	John Fowler Ophthalmics Private Limited	1,43,438		93,529	
	Marathawada Realtors Private Limited	2,55,893		2,05,984	
	Viorica Properties Private Limited	-		65,77,088	
	Rose Premises Private Limited	76,37,703		-	
	Ajanta Enterprises	18,96,105		15,69,137	
3	Dividend Income				
i)	Joint Venture		2,50,000		-
	Marigold Premises Private Limited	2,50,000			
ii)	Associates		68,185		-
	Angelica Properties Private Limited	68,185		-	
4	Interest Expense				
i)	Key management Personnel		35,76,758		70,70,548
	Mr R Vasudevan	35,76,758		70,70,548	
ii)	Joint Ventures		9,12,057		-
	Viorica Properties Private Limited	9,12,057		-	
iii)	Relatives of Key Management Personnel		10,44,644		21,04,200
	Mrs. Lalitha Vasudevan	10,23,479		20,12,612	
	Mrs. Thangam Moorthy	21,165			
	Mr. Siddarth Vasudevan	-		45,794	
	Sowmya Vasudevan	-		45,794	
iv)	Enterprise		24,56,493		50,91,744
	Vatsalya Enterprises Private Limited	21,15,321		48,54,724	
	Vastech Consultants Private. Limited	-		2,37,020	
	Bellflower Premises Private Limited	3,41,172			
5	Purchase Expenses				
i)	Joint Ventures		-		24,49,002
	Weikfeild ITCITI Info Park (AOP)	-		23,99,002	
	Just Homes (I) Private Limited	-		50,000	
ii)	Enterprises		-		12,33,000
	Flora Premises Private. Limited			12,33,000	
6	Receiving of Services				
i)	Key Management Personnel		3,30,00,000		2,54,20,733
	Mr R Vasudevan	3,30,00,000		2,54,20,733	





## SCHEDULE - 1B DETAILS OF TRANSACTIONS WITH RELATED PARTIES

(Amount in Rupees)

Particulars		March 31, 2010		March 31, 2009	
Sr. No	Nature of Transactions/Relationships/ Major Parties	Party Details	Gross Total	Party Details	Gross Total
ii)	Enterprise Vastech Consultants Private Limited	1,86,62,789	1,86,62,789	1,11,08,887	1,11,08,887
7	Amounts written off				
i)	Joint Ventures Cosmos Premises Private Limited	2,80,850	2,80,850	4,40,680	4,40,680
8	Finance Provided (Including equity contributions in cash or in kind)				
i)	Joint Ventures		4,98,68,328		5,13,66,280
	Cosmos Premises Private Limited	-		2,47,530	
	Just Homes (I) Private Limited	33,033		5,50,000	
	Phoenix Ventures	57,08,695		1,12,50,000	
	Viorica Properties Private Limited	4,24,11,600		2,97,18,750	
	Zenith Ventures	-		-	
	Rose Premises Private Limited	-		-	
	Ajanta Enterprises	17,15,000		96,00,000	
	Almet Corporation Limited	-		-	
	Marathwada Realtors Private Limited	-		-	
	John Fowler Ophthalmics Private Limited	-		-	
ii)	Associates		1,82,88,890		4,29,90,000
	Ajanta Enterprises	-		-	
	Mumbai Estate Private Limited	1,82,88,890		4,00,00,000	
	Vascon Infrastructure Limited	-		29,90,000	
9	Finance Availed (Including equity contributions in cash or in kind)				
i)	Key Management Personnel Mr R Vasudevan	10,00,000	10,00,000	11,75,15,684	11,75,15,684
ii)	Joint Ventures Viorica Properties Private Limited	2,96,03,400	2,96,03,400	-	-
iii)	Relatives of Key Management Personnel		-		4,45,72,328
	Mrs. Lalitha Vasudevan	-		3,34,29,056	
	Mr. Siddarth Vasudevan	-		55,71,636	
	Sowmya Vasudevan	-		55,71,636	
iv)	Enterprise Vatsalya Enterprises Private Limited Bellflower Premises Private Limited	- -	-	6,90,90,992 -	6,90,90,992
10	Outstanding as on March 31, 2010				
A)	Receivable to Vascon Engineers Limited				
i)	Joint Ventures		17,79,45,246		28,73,25,631
	a) Sundry Debtors				
	Cosmos Premises Private Limited	49,364		6,64,726	
	Marigold Premises Private Limited	8,05,45,186		8,20,26,143	
	Phoenix Ventures	5,10,79,995		4,98,66,108	
	Weikfelds ITCITI Info Park (AOP)	3,23,22,557		13,48,42,732	
	Ajanta Enterprises	1,39,48,145		1,99,25,922	
	b) Loans & Advances		9,95,22,913		7,94,98,553
	Almet Corporation Limited	17,75,880		16,21,484	
	Cosmos Premises Private Limited	-		2,80,850	
	John Fowler Ophthalmics Private Limited	14,78,356		13,49,262	
	Just Homes (India) Private Limited	-		1,66,968	
	Marathwada Realtors Private Limited	26,68,454		24,38,151	
	Marigold Premises Private Limited	2,25,96,956		2,25,96,956	
	Phoenix Ventures	1,02,08,695		45,00,000	
	Viorica Properties Private Limited	-		3,28,75,746	
	Ajanta Enterprises	1,31,79,501		1,36,69,137	
	Rose Premises Private Limited	4,76,15,071		-	



## SCHEDULE - 1B DETAILS OF TRANSACTIONS WITH RELATED PARTIES

(Amount in Rupees)

Particulars		March 31, 2010		March 31, 2009	
Sr. No	Nature of Transactions/Relationships/ Major Parties	Party Details	Gross Total	Party Details	Gross Total
	c) Share Application Money Viorica Properties Private Limited	24,90,840	24,90,840	6,25,00,000	6,25,00,000
ii)	Associates				
	a) Sundry Debtors Vascon Infrastructure Ltd	4,96,35,000	4,96,35,000	-	-
	b) Loans & Advances Mumbai Estate Private Limited	23,54,11,110	23,54,11,110	21,87,00,000	21,87,00,000
	c) Share Application Money Angelica Properties Private Limited	37,200	37,200	37,200	37,200
ii)	Enterprise				
	a) Sundry Debtors Flora Premises Private Limited	54,41,650	54,41,650	-	-
	a) Loans & Advances Flora Premises Private Limited	-	-	42,333	42,333
B) Receivable from Vascon Engineers Limited					
i)	Joint Ventures				
	a) Advance from Customers Viorica Properties Private Limited	-	-	10,55,298	10,55,298
	b) Sundry Creditors Just Homes (India) Private Limited Marigold Premises Private Limited Weikfelds ITCITI Info Park Rose Premises Private Limited	- - - 29,351	29,351	50,000 16,86,265 23,75,012 -	41,11,277
ii)	Key Management Personnel				
	a) For Services Received R Vasudevan	1,45,05,738	1,45,05,738	54,82,323	54,82,323
	b) Unsecured Loans R Vasudevan	-	-	6,01,92,433	6,01,92,433
iii)	Relatives of Key Management Personnel				
	a) Payable for Expenses Mrs. Lalitha Vasudevan	-	-	4,08,080	4,08,080
iv)	Associates				
	a) Advance from Customers Angelica Properties Private Limited Vascon Infrastructure Limited	83,00,000 -	83,00,000	4,87,00,559 1,31,91,201	6,18,91,760
	b) Security Deposit / Other Payables Vascon Infrastructure Limited Angelica Properties Private Limited	- 20,00,00,000	20,00,00,000	1,25,00,000 -	1,25,00,000
v)	Enterprise				
	a) Sundry Creditors Vastech Consultants Private Limited	48,86,436	48,86,436	5,65,631	5,65,631
	b) Loan Taken Vatsalya Enterprises Private Limited	-	-	3,53,88,913	3,53,88,913

### NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty – Fifth Annual General Meeting of the Members of the Company will be held at Wisteria Ballroom, Lavender Bough, next to Swaminarayan Temple, 90 Feet Road, Garodia Nagar, Ghatkopar (East), Mumbai – 400 077 on Wednesday, 28<sup>th</sup> July, 2010 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, 2010 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. K G Krishnamurthy, 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 reappointed 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, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of sub-section (1B) of the section 314 and other applicable provisions of the Companies Act, 1956, or any amendments or substitution thereof and subject to the approval of the Central Government and such other approvals as may be necessary, the consent of the Company be and is hereby accorded to 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.

- A) Salary : Rs. 100,000/- per month, in the slab of Rs. 100,000/- to Rs. 500,000/- ;
- B) LTA : One month's salary;
- C) Rent free furnished accommodation or housing rent allowance of 50 % of Basic 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.
- G) Membership of such prestigious clubs as business exigency may warrant including entrances and admission fees.

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.

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."

By Order of the Board of Directors

Mumbai, 10th May,2010

M. Krishnamurthi,  
Company Secretary

**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.
1. The Explanatory Statement pursuant to section 173 of the Companies Act, 1956 is annexed hereunder and forms part of the Notice.
  2. The Register of Members and Share Transfer Books of the Company will be closed from Tuesday, 20<sup>th</sup> July, 2010 to Wednesday, 28<sup>th</sup> July, 2010 (both days inclusive)
  3. 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



4. For effecting changes in address/bank details/ECS (Electronic Clearing Service) mandate, members are requested to notify:
  - (i) the R&T Agent of the Company, viz. Karvy, if shares are held in *physical* form; and
  - (ii) their respective Depository Participant (DP), if shares are held in *electronic* form.
5. 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.
6. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries at an early date so that the desired information may be made available at the meeting.
7. 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.
8. Members attending the Annual General Meeting are requested to bring with them the following
  - a) Members holding shares in dematerialized form- the details of their DP and Client ID Numbers.
  - b) Members holding shares 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.
9. No compliment or gift of any nature will be distributed at the Annual General Meeting.



## ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956.

The following Explanatory Statement sets out, all material facts relating to the business mentioned in Item No. 2 and 4 mentioned in the accompanying Notice.

### ITEM NO. 2

Mr. K.G. Krishnamurthy, director retires by rotation pursuant to Section 255 & 256 of the Companies Act, 1956 and being eligible, offers himself for re-appointment.

Mr. K.G. Krishnamurthy is the Managing Director & CEO of HDFC Property Ventures Limited (HPVL). Prior to that, he was employed with HDFC Ltd. as Senior General Manager – Technical Services

He has played a major role in HPVL's successful closure of India's first real estate venture fund scheme, HDFC India Real Estate Fund with a corpus of 1.20 billion dollars.

He is a graduate from IIT Kharagpur with a management degree from Jamnalal Bajaj Institute of Management, Mumbai. He has a vast experience of over two decades in real estate and is widely consulted by the industry on real estate matters. He has offered his services to the Asian Development Bank - to develop a housing package for Project Affected Persons under Karnataka Urban Infrastructure Project and to the US AID to build-up a mortgage market in Sri Lanka.

Besides his responsibilities within the HDFC group, he is on the board of Tata Housing Development Company Ltd., GRUH Finance Ltd., HDFC Venture Capital Ltd., New Consolidated Construction Co. Ltd., Indian Association for Savings and Credit, L&T Urban Infrastructure Ltd, Ascent Construction Pvt. Ltd. and Matoshree Sahil Infrastructure Pvt. Ltd

He has been a director on our Board since June 21, 2006 and does not hold any equity shares in the company.

None of the directors, except Mr. K.G. Krishnamurthy, is concerned or interested in this resolution.

Directors recommend the resolution for your approval.

### ITEM NO. 4

It is proposed that Mr. Siddharth Vasudevan Moorthy, son of Mr. R. Vasudevan, the Managing Director of the Company, be appointed as Project Controller of the Company as per terms and conditions mentioned in the Special Resolution.

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. Prior to joining us, he was working with Sysma Construction Pte. Limited, Singapore. He has over three years of experience in the construction industry. He looks after 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

None of the directors, except Mr. R. Vasudevan, is concerned or interested in this resolution.

Directors recommend the resolution for your approval.

By Order of the Board of Directors

Mumbai, 10<sup>th</sup> May, 2010

M. Krishnamurthi,  
Company Secretary





Registered Office: 15/16, Hazari Baug, L.B.S. Marg, Vikhroli (W), Mumbai 400 083, Tel: (91 22) 2578 1143 Fax: (91 20) 26131071

### ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

REGD.FOLIO NO. .... DP ID 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 Wednesday, the 28th July, 2010.

SIGNATURE OF THE MEMBER/PROXY .....

NOTE: 1. Only Members/ Proxy whose names are registered with the Company will be allowed to attend the meeting and are requested to bring this Attendance Slip duly filled in and signed with them when they come to the meeting.  
2. No attendance slip will be issued at the time of meeting.

-----CUT HERE-----

### FORM OF PROXY

REGD.FOLIO NO. .... DP ID NO.....CLIENT ID NO .....

I/We..... of.....

.....being a Member/Members of Vascon

Engineers Limited, hereby appoint

of..... or failing him/her

.....of.....

.....as my/ our Proxy to attend and vote for me/us and

on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday, the 28th July, 2010 and at any adjournment thereof.

Signed this .....day of....., 2010.

Affix  
Re. 1  
Revenue  
Stamp

Signature(s) of Shareholder(s)

NOTE: 1. This form should be signed across the revenue stamp as per the specimen signature(s) recorded with the Company and all the alterations made therein should be initialed.  
2. The Proxy need not be a Member.  
3. This form must be sent to the Registered Office of the Company not less than 48 hours before the meeting.







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



**VASCON®**  
Engineering Possibilities

**CORPORATE OFFICE**

Phoenix, Bund Garden Road, Camp, Pune - 411001, India.

Tel. : +91 20 30562100 / 118 Fax: +91 20 2613 1071

Email : [corporate@vascon.com](mailto:corporate@vascon.com) / [sales@vascon.com](mailto:sales@vascon.com)

