



THE MD'S DESK

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Dear Shareholder,

It gives me great pleasure to present the annual report of the Company for the financial year 2010-2011 and share with you the success of the organization. I am pleased to inform you that in the financial year 2011, your company has crossed Rs. 1,000 crore landmark in revenue.

This year your company is celebrating its silver jubilee year. The Company over the years has grown and achieved remarkable change in scale and speed mainly on account of dedication and determination displayed by Vascon's team. Also, the mantra of not sacrificing quality, client satisfaction and corporate culture has worked in favor of us creating our goodwill.

Added to it the various recognitions and awards garnered by us during this period has stood as testimony of hard work, perseverance and passion that has gone behind creating the brand "Vascon".

Despite some pick-up in growth witnessed in the second half of FY2010, the current macro-economic environment seems challenging. This scenario is on account of high inflationary pressures that have led RBI adopting tightening measures by taking frequent interest rate hikes. However, we being present in tier 2 and tier 3 cities and in the affordable housing category, our company has seen minimal slowdown in demand.

We are confident that the Indian economy in coming years will continue its growth momentum. We believe that India's increasing outlay on infrastructure spending coupled with domestic consumption-led growth story is here to stay. And hence we have a positive outlook on all our business segments in future.



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EPC

Our EPC business remains the backbone of the company and Vascon is one of the premier players in Engineering, Procurement and Construction sector with cumulative construction of over 32 million sq. ft.

EPC business has shown an excellent growth year on year on account of improved macro economic conditions. During the last year, your company has executed orders of around 7 million sq. ft. Fresh orders from third party have shown a growth of 33% from Rs. 912 crore in FY10 to Rs. 1,222 crore in FY11. Our revenue from EPC segment is up from Rs. 629 crore in FY10 to Rs. 706 crore in FY11.

The Company has built a reputation for delivering high quality projects and completing them ahead of schedule. During this fiscal we completed construction of a prominent project "Ruby Mills" in Mumbai and would in coming years add on value to new projects in terms of our superior execution skills. The Company intends to expand its clientele in terms of territory and scope of activities.

Real Estate

Your company has been instrumental in launching projects in its established area of Pune and Nashik in FY11. It included launch of "Windermere"- a premium end product offering 0.4 msft for sale. The project has been offered on invitation sale basis and has attracted high amount of interest on account of quality and ambience offered.

The company plans to commence further 8 residential projects with developable area of around 4 msft in FY12. This encompasses a rapidly developing suburb of Chennai with total potential area of development of over 11 million sq ft to be developed in four phases over a period of 6 to 8 years. We believe Chennai is a high growth residential market and we expect this project to deliver healthy volumes once the project is launched.

At Vascon, we are optimistic about the years ahead with our approach on real estate through joint development and joint venture model.

Hospitality

Your company in FY11, as a strategic investment, entered into two premium brands with 26% and 27.5% stake in Hyatt and Holiday Inn in Pune respectively. The Company at the same time exited its entire stake from Vista Do Rio for a consideration of Rs. 15 crore. The Company will continue its investment in hospitality segment to leverage its expertise developed in EPC business.

GMP

Last year your company has acquired GMP Technical Solutions Private Ltd, the leader in modular clean room and office partitions apart from offering HVAC, electrical and building management services (BMS). GMP offers complete solution engineering in clean room modular partitions, HVAC design and supply, integrated building management systems, electric systems and accessories, epoxy and vinyl flooring, and interlocking and access controls.

With the takeover, your company is better positioned to exploit the synergy in other verticals and will also enable the Company to participate in bidding full service contract. The acquisition has enhanced the Company's geographical footprint as GMP has offices in several cities in India and other countries.

To conclude, I'd like to place on record my gratitude to all our shareholders, investors, bankers, financial institutions, lenders, contractors, vendors, suppliers, and above all, our customers who have faith in our company. I would also like to thank each employee of our organization for their unstinted support, hard work and dedication. You all are responsible for making Vascon what it is today.

We shall remain committed to our core strength of quality and delivering results on time.

Yours sincerely,

*R. Vasudevan
Managing Director*