



VASCON[®]
Development with Conscience

Heading towards better future

Annual Report 2013-14



VASCON
Development with Conscience

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Company Information

Board of Directors

V. Mohan
Chairman and Independent Director

R. Vasudevan
Managing Director

K. G. Krishnamurthy
Non-Executive Director

R. Kannan
Independent Director

Key Managerial Personnel

Dr. Santosh Sundararajan
Chief Executive Officer

M. Krishnamurthi
Chief Corporate Affairs and Company Secretary

D. Santhanam
Chief Financial Officer

Board Committees

Audit Committee

V. Mohan
Chairman

R. Kannan
Member

R. Vasudevan
Member

Remuneration Committee

V. Mohan
Chairman

R. Kannan
Member

Investors Grievance Committee

V. Mohan
Chairman

R. Vasudevan
Member

Registered Office

15/16, Hazari Baug, LBS Marg,
Vikhroli (West), Mumbai 400 083
Tel: +91 (22) 25781143
Fax: +91 (20) 26131071
CIN: L70100MH1986PLC038511

Corporate Office

'Phoenix' Bund Garden Road,
Pune- 411 001
Tel: +91 (20) 3056 2100/ 2200
Fax: +91 (20) 26131071

Website

www.vascon.com

Registrar & Transfer Agents

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

Listed On

National Stock Exchange of India Ltd.
Bombay Stock Exchange Limited

Auditors

Anand Mehta & Associates
Chartered Accountant
Firm Registration No. 127305W
31, Mulratna, 1st Floor, 334,
Narshi Natha Street,
Mumbai 400 009.



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Corporate Social Responsibility

Vascon Moorthy Foundation ('VMF') completed 6 years of long and meaningful journey contributing tirelessly towards the well being of community of construction workers, working on Vascon sites and now has put step ahead in April 2014.

Activities undertaken by VMF during the year are as follows:

Oral Hygiene:

Dental Check up camp –At Godrej Horizon Site.

Oral Hygiene is never the priority of the under privileged. Mainly because, dental care is expensive, and requires a number of sittings, hence loss of wages and the burden of travel cost. Oral Hygiene is looked at in isolation and believed that it does not interfere with the other health issues. Smoking and addiction to tobacco is rampant in the community and results in poor oral hygiene. VMF has been focusing on it.

This year VMF have had Oral Hygiene Camp at Godrej Horizon Site, on October 3, 2013. A total of 165 workers were covered. Six people were referred for major and minor dental procedures. This was possible with the help and initiative of Dental College, Bharati Vidyapeeth. We are grateful to Dr. Sujata Pinge, Mr.S.R. Gaikwad and their team.

Immunization:

Preventive Health Care is one of the major components of the extensive Health Care Programme implemented by VMF on all the construction sites. Due to constant mobility the children of inter and intra state migrant workers are left out of the preventive health care programme. 477 children from construction sites have been immunized in the year 2013-2014, against Polio, Triple vaccine, Jaundice, BCG, Measles etc. This has been possible with the help of Niramay an NGO, PMC, PCMC & Zilha Parishad (Z.P.) health Units.

Parents were informed and prepared for the immunization camps. The response was heartening. Doctors and the nursing staff built excellent rapport with the parents and gained their confidence.

HIV & AIDS Awareness Programme:

The inter and intrastate migrant community of the construction workers keeps floating in the urban centers in search of work. This is considered to be a high risk population, as far as, HIV & AIDS is concerned. They have very little awareness about it. To top it all, they have many misconceptions about the illness. With the help of National AIDS Research Institute, VMF Covered 8 Sites for the scientific awareness programme. Forest County, Godrej Horizon, Windermere, SVEC, Ella the earth, Willows, Xotech and Citron a total of 754 workers were covered. It was surprising that many people asked for the referral services available in Pune. They were given referral cards.

After the HIV & AIDS Awareness programme. The request for **the voluntary Testing** came from the community, it was the logical step. VMF organized such camps at sites to facilitate the process. 47 workers came forward for the **Voluntary Testing**. Pre counseling sessions were conducted with the interested participants. Strict confidentiality was maintained. The reports were given to the participants in sealed envelopes after the post testing counseling sessions.

Preventive and Curative Health Camps

In the year 2013-14, VMF focused on the preventive and curative health care of the construction workers, with the help of existing Government health services. Health Units of PCMC, PMC and the Zilha Parishad enthusiastically extended the help. A total of 28 health check up camps were held on all the sites in Pune. Total 2041 Workers benefited from these camps.

Curative aspect of the programme enthused the workers. Getting medicines, vitamin as well as the iron supplements without having to pay for it, was rewarding for the workers. Construction industry is a hazardous industry, cuts and wounds are very common while working on the sites. 813 workers were given T. T. This will be an ongoing programme every month. Post Graduation students of Dept of Preventive and Social Medicine, Bharati Vidyapeeth also participated in the programmes. Dengue and Malaria Checkup camps were held at three sites and 144 workers were covered.

Fight against Blind Faiths:

Forest County – Kharadi

On April 30, 2013, with the help of Andha Shraddha Nirmulan Sammittee, Vascon Moorthy Foundation conducted an awareness program on Blind Faith County, for the community of susceptible and gullible Construction Workers who are the scapegoats and targets of unscrupulous practices. The demonstrations on various issues were eye openers for them. A total of 170 men and women were spellbound. Interesting discussions in small groups followed the programme. Some came forward to narrate their experiences with faith healers and Bhondoo Babas. Another such programme was held at the summer camp for the children.

Activities for Children

Education always being first priority on VMF agenda. Last year VMF has started a hostel for boys at Fulgaon last near, in a joint venture with Ishwarpuram Aashram.

During the year 2013-2014 many recreational activities were held for children.

Magic Show as well as a snake show at Ishwarpuram Hostel, Children from Pulgaon village were invited for the show.

A Recreational Summer Camp for the children:

Summer holidays are eagerly awaited by children. It is of no consequence which background they come from.

Vascon Moorthy Foundation planned a day full of fun and frolic and games for the children from Vascon Construction sites. Magic show, street play, a programme on Blind faiths, delicious snacks and sumptuous meal were the high lights of the day.

Anti child Labor Day:

We as a Nation have been fighting to abolish Child Labor. VMF believe that children should be in schools and not at work places. VMF has been providing educational opportunities to children of construction workers. One such child Bhima Marol is a diploma Engineer and presently working with Vascon Engineers. It is a proud moment for Vascon and VMF family.

Labor Department and the nationwide Campaign against Child Labour organized a programme on June 12, 2013, to acknowledge the initiatives in the direction. Vascon Engineers received 'The Child Labour Free Certificates' for all the sites located in Mumbai and Pune. Ms Ramya Moorthy received the certificates on behalf of VMF and Vascon Engineers. She also distributed the notebooks and stationary to children

Dear Shareholders,

The year 2013-14 has proved to be a mixed bag for the real estate sector. While the first half can be easily classified as sluggish, the next half of the financial year saw a turnaround in economic sentiment with the Lok Sabha elections.

Real estate companies continued to face a series of challenges be it the macro-economic environment or the sluggish growth coupled with continued high prices across most cities led to slowing of demand for real estate. Other factors such as poor sales visibility, weak demand environment, inflation and rising inventory has also led to weakness in real estate sale. The industry was looking forward for a revival in the economy but instead the business sentiment and environment continued to be difficult which created more challenges in the sector.

Weak GDP growth combined with high interest rates and negative consumer and business sentiment resulted in a poor year for the real estate sector. Majority of the developers faced the challenge of low sales and high cost, wherein your company was no exception. Despite all these challenges, your company tried its best to survive this turmoil by focusing on quality contracts and improving EPC order book.

During the year gone by, I take all the setbacks positively as I plan to start afresh with new set of

opportunities and growth. I assure that such a setback will not hamper your company's basic DNA and we will continue to sustain corporate stability and low cost with high quality construction.

With the formation of the new government there is a lot of revival expected in the economy across all the sectors. With the new government clearly underlining the importance of good infrastructure, creating jobs & strong economic policies, I strongly believe that housing sector is bound to grow at a very good pace in the coming financial year.

Your company has gone through tough times but it still remains rooted to its core values of excellent customer service & achieving business objectives while enhancing social responsibility. I would like to thank all our colleagues for their hard work sacrifices & moral support. Together I hope we can script a very strong recovery back to the top.

I am thankful to the Board of Directors for their constant guidance & support. A special thanks to all our stakeholders as well who have stood by us during all these years. I request you to continue having faith in us and I hope that with your support we would make you feel proud in the coming years.

R. Vasudevan

Managing Director

Dear Shareholders,

It is great to have this opportunity to connect with you all once more.

Economically, India has also been through a difficult year and so has your company. But we firmly believe in the adage that tough times don't last, tough companies do! We are foreseeing faster and constructive decision making at the Centre now with the emergence of a new stable government.

The year 2013-14 was once again challenging for your company, it gives new ideas and new opportunities,

- While we have concentrated on acquiring more contracts in the past, from last year onwards, we have focused on design & build contracts. This has enabled us to improve the gross margins and at the same time benefits the client in overall reduction of cost.

We have been able to add Rs 430 crores of new orders in FY 2013-14 from reputed clients like Godrej, Dayanand Medical College, Sheth Creators and UP Housing & Development Board, lucknow.

- We have also put in efforts to improve the cash flow situation of the Company. Some of

the long outstanding debtors like TNLA, HDIL, PRA and Sinhgad Institute bringing in cash flow of over 60 crores.

- The efforts of the Company to rationalize the cost structure has yielded considerable result in the last year bringing down the fixed overhead of the Company by over 25%.

Even though economic sentiment has improved considerably over the last 3-6 months, it would take some time before it gets reflected in your company's financial performance. The year ahead is also going to be challenging but we will use this year to improve our execution in order to fuel growth towards the latter part of the year.

I would like to take this opportunity to thank each and every employee along with the management team for their outstanding support to us during these tough times. I truly believe that the worst is behind us and the coming years would be filled with strong recovery, growth & ultimately prosperity for all of us. I take this opportunity to express my gratitude and heartfelt thanks to the Board of Directors & to all our stakeholders for investing their trust in us. I assure you that your trust will be justified with strong & consistent performances by us in the coming years.

Santosh Sundararajan
Chief Executive Officer



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Directors Report

Dear Members,

We are pleased to present this report with the Audited Annual Accounts of the Company for the year ended March 31, 2014.

1. Financial Results:

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

Particulars	2013-2014	2012-2013	
Total Revenue :	3407.42	4601.37	
Profit before Interest and Depreciation & Taxes			175.87
Less: Interest	362.98	305.72	
Depreciation	107.74	124.58	430.30
Profit Before Exceptional Items, Prior Period Expenses / Income (Net) and Tax	(448.84)		(254.43)
Prior Period Expenses / Income (Net)	-	(0.04)	
Exceptional Items	0.08	(33.59)	(33.63)
Profit Before Tax		(448.76)	(288.06)
Less: Provision for Tax			
Current	-	-	
MAT Credit Entitlement	-	-	
Deferred Tax	-	(20.88)	
Excess / Short provision for Tax of earlier years		-	(20.88)
Net Profit		(448.76)	(308.94)

2. Business Performance:

The company had a yet another challenging year. The difficult market conditions had contributed to the tough environment. Total Revenue for the year is at Rs. 3407.42 million compared to Rs. 4601.37 million for the previous year. The company has incurred a net loss of Rs. 448.76 million in the current year as against a net loss of Rs. 308.94 million in the previous year. The company has taken necessary steps to improve the performance in the next year.

3. Consolidated Results:

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

Consolidated Revenue of Vascon Group is Rs. 6432.39 million as compare to Rs. 7363.11 for the previous period of 12 months.

Net Loss is Rs. 431.91 million for the year.

Diluted Earnings Per Share (EPS) on consolidated basis is Rs. (4.83) for the year.

4. Business Operations & Future Outlook:

The Real Estate business of the Company of the company has a land bank of 505 acres primarily in Maharashtra and Tamil Nadu. This land parcel shall enable the Company to make 43 million sq. ft of saleable area in the coming years with current FSI rules. Out of this area, Construction has commenced in 3.01 million sq. ft across 10 projects. From this area, the Company has sold 1.70 million sq. ft amounting to Rs 7592 million. The balance 1.31 million sq. ft is expected to be sold in next two years to fetch an amount of 7800 million. Presently the company is focusing all its efforts in three to four projects which has additional built up area of 2 million sq. ft to be started in the next 2 years.

Moreover, the Company is also planning to sell some of the non-core assets to generate immediate cash flow. This shall enable the Company to substantially reduce the existing debt, thereby improving the profitability.

5. Dividend:

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



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Directors Report

5. Change In Capital:

(Rs. in Millions)

Increase in Authorised Capital:

Pursuant to the provisions of Section 192A of the Companies Act, 1956 read with Companies (passing of Resolution by Postal Ballot Rules), 2011, an Ordinary Resolution was passed by members of the Company on 4th March, 2014 to increase the Authorised Share Capital and Alteration of the Memorandum of Association of the Company. Accordingly, the Authorized Capital of the Company has been increased from Rs. 100, 00, 00,000 Crores (Rupees Hundred Crores only) divided into 10, 00, 00,000 (Ten Crore) equity shares of Rs. 10/- each to Rs.150, 00, 00,000/- (Rupees One Hundred and Fifty Crores only) divided into 15, 00, 00,000 (Fifteen Crore) equity shares of Rs.10/- (Rupee Ten only) each.

Equity Evolution during the year:

As on March 31, 2014 the paid up Equity Share Capital of the Company was Rs. 90,18,25,500/- consisting of 9,01,82,550 equity shares of Rs.10/- each. The table below gives details of equity evolution of the Company during the year under review:

Table : Shares allotted during 2013-14

Date	Particulars	No. of equity shares of Re.10/- each	Post allotment Equity Share Capital status
February 12, 2014	Allotment pursuant to exercise of Stock Options	2, 400	Rs. 90,18,25,500/- consisting of 9, 01, 82,550 equity shares of Rs.10/- each.

7. Utilisation of IPO Proceeds:

The proceeds of the IPO were to be used for Construction of our EPC contracts and Real Estate Development Projects, repayment of loans, and for general corporate purposes. The summary of utilisation of IPO proceeds are as follows:

Particulars	Amount to be utilized till 31.03.2014	Actual utilizations as on 31.03.2014
a) Construction of our EPC contracts and Real Estate Development Projects	1189.2	1189.2
b) Repayment of debt	361.7	361.7
c) General Corporate purpose	103.4	103.4
d) Issue Expenses	127.7	127.7

8. Subsidiary Companies and Consolidated Financial Statement:

The Company has 14 subsidiaries as on March 31, 2014. We have pleasure in attaching the Consolidated Financial Statement pursuant to clause 32 of the listing agreement entered in to with the stock exchanges and prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India in this regard.

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

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



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Directors Report

9. Directors:

Sub-section (10) of Section 149 of the Companies Act, 2013 (effective 1 April 2014) provides that an Independent Director shall hold office for a term of up to five consecutive years on the Board of a Company; and shall be eligible for re-appointment on passing of a special resolution by the shareholders of the Company. Sub-section (11) of the same section states that no Independent Director shall be eligible for more than two consecutive terms of up to five years each. In addition, sub-section 13 of Section 149 states that the provisions of retirement by rotation as defined in sub-sections (6) and (7) of Section 152 of the Act, shall not apply to such Independent Directors.

The new Clause 49 notified by the SEBI on April 17, 2014, most of which comes into effect from 1 October 2014, states in sub-clause II (B)(2) that any Independent Director “who has already served five years or more in a listed company as on 1 October 2014, shall be eligible for appointment, on completion of his present term, for one more term of up to five years only.”

The appointment of Non-Executive Directors — whose sub-set comprise Independent Directors under the Companies Act, 1956 was a de facto term of three years because one third of such fiduciaries were eligible for retirement by rotation. Therefore, it stands to reason that those Independent Directors who would complete their present three-year term at the ensuing AGM of the Company in July 2014, and are eligible for re-appointment, may be considered by the shareholders for re-appointment for a term of up to five years.

The Board recommends the appointment of Mr. V. Mohan and Mr. R. Kannan as Independent Directors under the provisions of the Companies Act, 2013 and Clause 49 of the Listing

Agreement, not liable to retire by rotation and to hold office for the period of Five years.

The brief profile of all the Independent Directors is given in the Corporate Governance section of the annual report for reference of the shareholders.

Further, pursuant to the provisions of Section 152 of the Companies Act, 2013 (effective 1 April 2014), one-third of the retiring Board members (other than Independent Directors), shall retire every year and if eligible, can be re-appointed, by the shareholders at their meeting.

The respective resolutions to the above referred matters are included in the notice convening the Annual General Meeting of the company scheduled on September 15, 2014.

Retirement by Rotation

Mr. K. G. Krishnamurthy, Non-Executive Director retires by rotation, and being eligible, has offered himself for reappointment. We propose at the ensuing Annual General Meeting, to reappoint Mr. K. G. Krishnamurthy as Independent Director not liable to retire by rotation and to hold office for the period of Five years.

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

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

11. Fixed Deposit:

The Company has accepted deposits without invitation to Public under section 58A of the Companies Act, 1956. The statement in lieu of advertisement signed by the Directors of the



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Directors Report

Company was filed with the Registrar of Companies, Mumbai pursuant to rule 4A (1) of the Companies (Acceptance of Deposits) rule, 1975. Fixed deposits accepted from employees, shareholders and outsiders as on March 31, 2014 stood at Rs. 11,54,37,000/-.

None of the fixed deposits, matured during the year, remained unclaimed or unpaid.

12. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:

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

13. Particulars Regarding Employees:

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

The information required under section 217(2A) of the Companies Act, 1956 and the relevant provisions of Companies Act, 2013, read with the Companies (Particulars of Employees) Rule 1975 as amended, the names and other particulars of employees are required to be set out in the Annexure to the Directors Report. However in terms of section 219 (1)(b)(iv) of the Companies Act, 1956 and the relevant provisions of Companies Act, 2013, the report and accounts are being sent to the shareholders excluding the aforesaid annexure. Any shareholder interested in obtaining copy of the same may write to the Company Secretary.

14. Employee Stock Option Scheme:

During the year under review the Company implemented Employee Stock Option Scheme, 2007 ("the scheme"). The Board is please to inform you that, the said scheme is over now and ESOS, 2013 shall be implemented in the year 2014-15. Disclosures in respect of the scheme in compliance with Clause 12 of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guideline, 1999 are set out in annexure to this report and forms part of this report

15. Directors' Responsibility Statement Pursuant to Section 217(2AA) of the Companies Act, 1956:

- a. The Company has followed all applicable accounting standards in the preparation of annual accounts as recommended by statutory auditors.
- b. 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.
- c. 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.
- d. The annual accounts are prepared on a going concern basis.



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Directors Report

16. Auditors:

Anand Mehta & Associates, Auditors having a firm registration no. 127305W, retire at the forthcoming Annual General Meeting and Deloitte Haskins & Sells LLP having a firm registration no. 117366W/W-100018 have confirmed their eligibility and willingness to accept the offer to act as a Statutory Auditors of the Company and accordingly Board recommends their appointment as Statutory Auditors of the Company for a period of Five years.

17. Auditor's Report:

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

- (i) In respect of Auditor's observation relating to improving the internal audit system, the management has taken necessary action to conduct the internal audit of the company.
- (ii) In respect of Statutory Outstanding referred in the Auditor's Report, we wish to clarify that all dues referred there in have been

paid except the Service Tax and TDS which are partially paid.

- (iii) In respect to Auditors comments on the default in Term Loan from Banks, the management would like to clarify that the amounts have since been paid.

18. Acknowledgement:

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

For Vascon Engineers Limited

Mumbai:
August 12, 2014

V. Mohan
Chairman & Director



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Annexure to Directors' Report

Conservation Of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:

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

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

Foreign Exchange Earnings and Outgo:

(Rs. In Millions)

Particulars	2013-2014	2012-2013
Foreign Exchange Earnings	-	-
Expenditure in Foreign Exchange	-	-

Clause 12: ESOS 2013

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, 2014 under the Employee Stock Option Plan, 2013 (ESOS,2013) of the Company are as under.

Sr. No.	Description	ESOS,2013
1.	Options Granted	22,50,000
2.	The Pricing Formula	The exercise price shall be price not less than the face value per share per option. The exact price payable by the option grantee for each grant would be as specified in the Notice of Option Grant. The Intrinsic Method of Valuation shall be followed.

Sr. No.	Description	ESOS,2013
3.	Option Vested	22,50,000
4.	Option Exercised	None
5.	The Total number of shares arising as a result of exercise of option	N.A.
6.	Options lapsed	None
7.	Variation of terms of Option	
8.	Money realised by exercise of option	N.A.
9.	Total number of options in force	22,50,000
10.	Employee wise details as on March 31, 2013 of options granted to	
i.	Senior Managerial personnel	
	Santosh Sundararajan	7,20,000
	M. Krishnamurthi	1,50,000
	D. Santhanam	1,50,000
	Roopa Mudliar	1,50,000
ii.	Any other employee who received a grant in any one year of option amounting to 5% or more of option granted during that year	None other than mentioned above
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.	None
11.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 "Earning Per Share"	(4.94)
12.	Where the Company has calculated the employees compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used fair value of the options. The impact of this difference on profits and on EPS of the Company.	There is no impact on the profits and EPS
13.	Weighted average exercise prices and weighted average fair values of options separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	N.A.
14.	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information : (a) risk free interest rate (b) expected life (c) expected volatility (d) expected dividends and (e) the price of the underlying share in market at the time of option grant.	N.A.

In accordance with Clause 49 of the Listing Agreement with BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE), the report containing the details of corporate governance systems and processes at Vascon Engineers Limited is as follows:

Philosophy:

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

A. Board of Directors

a. Composition

Composition of Board of Directors of Vascon Engineers Limited as on March 31, 2014 is as mentioned in Table A

Table A

Sr. No.	Name of the Director	Position	Status
1.	V. Mohan	Chairman	Independent Director
2.	R. Vasudevan	Director	Managing Director
3.	K. G. Krishnamurthy	Director	Non-Executive Director
4.	Ameet Hariani*	Director	Non-Executive Director
5.	R. Kannan	Director	Independent Director

* Mr. Ameet Hariani has resigned from the Board of Vascon Engineers Ltd., on May 16, 2014, due to personal reasons.

The Directors of the Company have expertise in the fields of strategy, management, finance, operations, technology, human resource development and economics. The Board provides leadership, strategic guidance, objective and independent views to the Company's management while discharging its

fiduciary responsibilities, thereby ensuring that the management adheres to high standards of ethics, transparency and disclosure.

Each Director informs the Company on an annual basis about the Directorships and Board Committee positions he occupies in other companies including Chairmanships and notifies changes during the term of their directorship in the Company.

Table B gives the composition of Vascon's Board, their positions, relationship with other Directors, date of joining the Board, other Directorships and memberships of Committees held by each of them.

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, 2014

Table B

Name	Position	Date of Joining	Relationship with other Directors	Directorship U/s 275 of the Companies Act, 1956		
				Committees membership	Committees Chairmanship	
V. Mohan	Chairman & Independent Director	March 6, 2007	None	5	1	-
R. Vasudevan	Managing Director	January 1, 1986	None	-	-	-
K. G. Krishnamurthy	Non-Executive Director	June 21, 2006	None	3	1	-
Ameet Hariani	Non-Executive Director	September 19, 2007	None	3	6	1
R. Kannan	Independent Director	September 19, 2007	None	-	-	-



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Report on Corporate Governance

b. Directors Attendance for FY 2014

Sr. No.	Name of the Director	Meetings held during year	Number of Board Meetings Attended	Attendance in Last AGM held on September 12, 2013
1.	V. Mohan	5	5	Present
2.	R. Vasudevan	5	5	Present
3.	K. G. Krishnamurthy	5	4	Absent
4.	Ameet Hariani	5	4	Absent
5.	R. Kannan	5	1	Present

c. Remuneration paid or payable to the Directors for FY 2014:

Sr. No.	Name of the Director	Salary Paid	Sitting Fees Paid	Shareholding in the Company
1.	V. Mohan	-	75,000	-
2.	R. Vasudevan	3,99,99,600	-	94,15,529
3.	K. G. Krishnamurthy	-	60,000	-
4.	Ameet Hariani	-	60,000	-
5.	R. Kannan	-	15,000	-

Profiles of Directors to be appointed as Independent Director

Mr. K. G. Krishnamurthy (DIN: 00012579)

Mr. K.G. Krishnamurthy, Non-Executive Director retires by rotation pursuant to Section 152 of the Companies Act, 2013 and being eligible, offers himself for re-appointment as Independent Director.

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

Mr. Krishnamurthy 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.

Mr. Krishnamurthy is a graduate from IIT Kharagpur with a Management Degree from

Jamnalal Bajaj Institute of Management, Mumbai.

He has vast experience of over two decades in real estate and has been 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 several Companies including HDFC Venture Capital Limited, Vascon Engineers Limited, New Consolidated Construction Co. Ltd., etc. He has been appointed on the Board of GRUH since 2004. He is a member of Shareholders'/ Investors' Grievance Committee of GRUH.

Mr. V. Mohan (DIN: 00071517)

Mr. V. Mohan, holds a bachelor's degree in commerce from the Madras University. He is also a fellow member of the Institute of Chartered Accountants of India. He is a practicing chartered accountant with more than 31 years of experience in the areas of audit and assurance services, company law, tax planning, tax representations and foreign exchange regulations with V Sankar Aiyar & Company, Chartered Accountants, where he is a partner.

Mr. R. Kannan (DIN: 00017321)

Mr. R. Kannan holds a bachelor's degree in commerce from the Mumbai University. He has vast experience in the pharmaceutical industry. He is a Managing Director of Novacare Drug Specialties Private Limited in addition to being appointed on the board of various other companies.



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Report on Corporate Governance

B. Meetings

a. Board Meetings:

The Company plans and prepares the schedule of the Board and Board Committee meetings in advance to assist the Directors in scheduling their program. The schedule of meetings and their agenda are finalized in consultation with the Chairman and Directors of the Company. The agenda are pre-circulated with detailed notes, supporting documents and executive summaries.

Under Indian law, the Board of Directors must meet at least four times a year, with a maximum gap of four months between two Board meetings. Board of Vascon Engineers Limited met Six times during the financial year under review: on May 20, 2013, July 22, 2013, August 13, 2013, November 11, 2013, January 16, 2014 and February 12, 2014.

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

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

b. Committee Meetings

Committees of Board:

The Company has Board Level Committees, namely:

- i. Audit Committee,
- ii. Remuneration / Compensation Committee,
- iii. Shareholders' Grievance Committee

i. Audit Committee:

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

During the year the Audit committee met on May 20, 2013, August 13, 2013, November 11, 2013 and February 12, 2014.

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

Sr. No.	Name	Status	No of meetings attended
1.	Mr. V. Mohan	Chairman & Independent Director	4
2.	Mr. R. Kannan	Independent Director	2
3.	Mr. R. Vasudevan	Managing Director	4

The Company Secretary Mr. M. Krishnamurthi 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, 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.

ii. Remuneration / Compensation Committee:

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

During the year the Remuneration / Compensation Committee met May 20, 2013, August 13, 2013, November 11, 2013 and February 12, 2014.

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

Name	Status	No of meetings attended
Mr. V. Mohan	Chairman & Independent Director	4
Mr. R. Kannan	Independent Director	2
Mr. Ameet Hariani	Non-executive Director	3

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

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

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



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3. To formulate, administer and adopt the Employees' Stock Option Plan (ESOP) of the Company
 4. To determine the quantum of option to be granted under an ESOP per employee and the total number in aggregate.
 5. To determine at such intervals, as the Committee considers appropriate, the persons to whom shares or options may be granted.
 6. To decide the conditions under which option vested in employees may lapse in case of termination of employment for misconduct.
 7. To determine the exercise period within which the employee should exercise the option and that the option would lapse on failure to exercise the option within the exercise period.
 8. To determine the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of the employee.
 9. To determine the right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period.
 10. To determine the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issue, bonus issue, merger, sale of division and others. In this regard the following shall be taken into consideration by the committee -
 - (i) The number and the price of the ESOP shall be adjusted in a manner such that the total value of the ESOP remains the same after the corporate action.
 - (ii) For this purpose global best practices in this area including the procedures followed by the derivatives markets in India and abroad shall be considered.
 11. To determine the grant, vest and exercise of option in case of employees who are on long leave.
 12. To determine the procedure for cashless exercise of options.
 13. To construe and interpret the plan and to establish, amend and revoke rules and regulations for its administration. The Compensation Committee may correct any defect, omission or inconsistency in the plan or option and/or vary/amend the terms to adjust to the situation that may arise.
 14. To approve the transfer of the shares in the name of the employee at the time of exercise of options by such employee under ESOP.
 15. To review and approve any disclosures in the annual report or elsewhere in respect of compensation policies or directors' compensation.
 16. To obtain such outside or professional advice as it may consider necessary to carry out its duties
 17. To invite any employee or such document as it may deem fit for exercising of its functions.
 18. To attend to such matters with respect to the remuneration of senior and other employees as may be submitted to it by the Managing Director.
 19. To attend to any other responsibility as may be entrusted by the Board.
- The Company has no pecuniary relationship or transaction with its Non Executive Director other than payment of sitting fees. The Company has sought the expert legal advice of Hariani & Co,



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Solicitors & Advocates in certain matter and a sum of Rs. 29,28,351.00/- has been paid as professional fees to the said firm during the year ended 31st March, 2014. Mr. Ameet Hariani, Non Executive Director of Company is the Senior Partner of the said firm. The aforesaid professional fees are not considered material enough to have potential conflict with the interest of the Company.

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

iii. Shareholders Grievance Committee

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

During the year the Remuneration / Compensation Committee met May 20, 2013, August 13, 2013, November 11, 2013 and February 12, 2014.

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

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

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

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

1. Transfer / Transmission of shares
2. Issue of duplicate share certificate
3. Review of dematerialized shares and all related matters

4. Non receipt of Annual Report and dividend
5. Monitors expeditious redressed of investors grievance
6. All others matters related to shares / Debentures

c. Annual General Meeting/ Extra Ordinary General Meeting:

Last three Annual General Meetings

The special resolutions in the Annual General Meetings held in 2012 and 2013 were passed through show of hands.

Date and Time	Venue	Special Resolutions Passed
September, 27, 2011 at 3.30 P.M.	B a b a s a h e b Dhanakur Hall, Oricon House, 12, K. Dubhash Marg, Near Jahangir Art Gallery , Kalaghoda, Fort, Mumbai 400001	NIL
September, 12, 2012 at 3.30 P.M.	B a b a s a h e b Dhanakur Hall, Oricon House, 12, K. Dubhash Marg, Near Jahangir Art Gallery , Kalaghoda, Fort, Mumbai 400001	<ol style="list-style-type: none"> 1. To remove the lock in period in respect of the shares already issued / allotted on exercised options or may be issue / allotted in the future on exercise of the options granted pursuant to this Scheme. Pursuant to Clause 22.2A (2) SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guideline, 1999. 2. Pursuant to section 163 of the Companies Act, 1956 to keep the Register of Members, Index of Members, Register & Index of Debenture holders, copies of Annual Return and other related books at the office of the R & T agent, M/s Karvy Computershare Private Limited, situated at Andheri (East) Mumbai - 400 099 in place of registered office of the Company.



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Date and Time	Venue	Special Resolutions Passed
September , 2013 at 4.00 P.M.	Vascon Engineers Limited , Neelkanth Business Park, " C " Wing , 502/503, 5th floor, Near Vidyavihar bus depot, Vidyavihar (West), Mumbai 400 086	<ol style="list-style-type: none"> 1. Resolution for implementation of 'Employees Stock Options Scheme 2013' ('ESOS-2013') 2. Resolution under sub-section (1B) of the section 314 read with Director's Relatives (Office or Place of Profit) Amended Rules, 2011 for appointment of Mr. Siddharth Moorthy to hold an office or place of profit of the Company on the mentioned remuneration 3. Resolution under Article 125 of Articles of Association of the Company to be amended by deleting the word "Jointly" 4. Resolution for granting rights to IDFC to convert the loan amount and other monies due to it ('due amount') into the equity shares of the Company in the event of default of payment of said due amount by the Company as per Loan Agreement between the company and IDFC.

Extra Ordinary General Meeting:

During the year Company circulated an ordinary resolution, by postal ballot to all its members, for Increase in the Authorised Share Capital and Alteration of the Memorandum of Association of the Company. The said resolution was passed with a requisite majority and the results were declared in the newspapers and to the stock exchanges on March 4, 2014.

C. Disclosures to the Members:

a. Policy for Prevention of Insider Trading:

In pursuance of the Securities & Exchange Board

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

b. Code of Conduct:

The Code of Conduct (the 'Code') as recommended by the Corporate Governance Committee and adopted by the Board is a comprehensive Code to ensure good governance and provide for ethical standards of conduct on matters including conflict of interest, acceptance of positions of responsibility, treatment of business opportunities and the like. The Code is applicable to all the Directors & the Senior Management Personnel of the Company. An annual affirmation of compliance with the Code has been obtained from all members of the Board & Senior Management Personnel as on March 31, 2014.

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

In terms of Clause 49 of the Listing Agreement, a declaration signed by the Chief Executive Officer is stated hereunder:



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Report on Corporate Governance

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 2013-2014.

Sd/-

Mumbai Dr. Santosh Sundararajan
May 16, 2014 CEO

D. Shareholders Information

29th Annual General Meeting of Vascon Engineers Limited

Venue : Babasaheb Dhanakur Hall, Orion House, 12, K. Dubhash Marg, Near Jahangir Art Gallery, Kalaghoda, Fort, Mumbai 400001

Date : Monday, September 15, 2014

Time : 4.00 p.m.

Compliance Officer of the Company

Mr. M. Krishnamurthi

Company Secretary

T: +91-20-30562305

F: +91-20-26131071

Email: compliance.officer@vascon.com

Website www.vascon.com

Financial year

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

Financial Results on Company's Website:

The annual results of the Company are published in leading newspapers in India, Free Press

Journal, Navshakti and also displayed on its web site www.vascon.com. Presentations to analysts, as and when made, are immediately placed on the website for the benefit of the shareholders and public at large.

Book Closure

September 11, 2014 to September 15, 2014.

Listing on Stock Exchange:

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

Master Price Data

Company shares are listed on Bombay Stock Exchange and National Stock Exchange. High and Low in the share price during FY 2014 are mentioned below:

Month and Year	BSE		NSE	
	High	Low	High	Low
April 2013	34.10	26.80	34.35	26.55
May 2013	31.25	26.15	31.80	26.55
June 2013	29.90	19.00	30.00	19.00
July 2013	22.40	16.65	22.35	16.70
August 2013	18.95	16.20	18.75	16.10
September 2013	21.95	17.25	22.30	17.05
October 2013	25.15	17.20	25.70	16.75
November 2013	27.45	23.70	27.25	23.50
December 2013	26.30	19.00	26.00	19.40
January 2014	27.35	19.10	27.05	18.85
February 2014	21.00	13.50	20.85	13.55
March 2014	30.65	15.35	31.25	15.05



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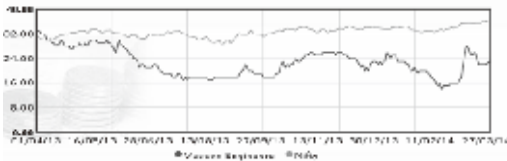
Share Performance

Chart A and Chart B compares Vascon share prices with BSE Sensex and NSE Nifty respectively

Chart A: BSE



Chart B: NSE



Distribution of shareholding of the Company as on 31st March, 2014 is as follows:

No. of Equity Shares held	Shareholders		Equity shares held	
	No. of shareholders	% to Total	No. of Shares	% To Equity
001-500	5041	82.87	630511	0.70
501-1000	580	9.53	405260	0.45
1001-2000	187	3.07	275483	0.31
2001-3000	83	1.36	209528	0.23
3001-4000	27	0.44	97686	0.11
4001-5000	31	0.51	147618	0.16
5001-10000	52	0.85	394231	0.44
10001 & Above	82	1.35	88022233	97.60
Total	6083	100.00	90182550	100.00

Shareholding pattern of the Company as on 31st March, 2014

Category	No. of Shares held	% to Total
Promoters Holdings	34869823	38.67
Public Share holding:	-	-
Mutual Funds	2032518	2.25
Banks, Financial Institutions & others	-	-
Insurance companies	-	-
Foreign Institutional Investors	774523	0.86
Bodies Corporate	48371088	53.64
NRI/Foreign Nationals	23430	0.03
Indian Public	4111168	4.56
Total	90182550	100.00

Investors Complaint

During the year total three complaints were received from shareholders/investors and were resolved.

Investors' complaint status as on 31.3.2014

No. of compliant received	No. of Complaints resolved	No. of complaints pending
03	03	NIL

Details of unclaimed shares

At the being of the year		During the year		At the end of the year	
Aggregate number of shareholders 01.04.2013	Outstanding shares in the suspense account lying at the beginning of the year	Number of shareholder 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	Nil	Nil	Nil	Nil

Stock Code / Symbol:

National Stock Exchange of India Limited – VasconEQ

Bombay Stock Exchange Limited – 533156

ISIN NO: INE893I01013



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Report on Corporate Governance

Registrar and Transfer Agents & Share Transfer System:

Karvy Computershare Private Limited

Plot No. 17 to 24, Vittalrao Nagar, Madhapur
Hyderabad - 500 081

Email: einward.ris@karvy.com

Investor grievance id: einward.ris@karvy.com

Website: www.karvy.com

Contact Person:

S V Raju, Asst. General Manager

SEBI Registration No.: INR000000221

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

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

Address for correspondence

Registered Office:

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

T: +91-22-25781143, F: +91-20-26131071

Corporate Office

'Phoenix', Bund Garden Road, Pune – 411 001,

T: +91-20-30562200/300 F: +91-20-26131071

Compliance Officer

M. Krishnamurthi

Company Secretary

T: +91-20-305662305

F: +91-20-26131071]

email: compliance.officer@vascon.com

Website www.vascon.com

Shareholders' Correspondence:

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

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

Karvy Computershare Private Limited

Plot No. 17 to 24, Vittalrao Nagar

Madhapur, Hyderabad - 500 081

Email: einward.ris@karvy.com

Investor grievance id: einward.ris@karvy.com

Website: www.karvy.com

Contact Person:

S V Raju, Asst. General Manager

SEBI Registration No.: INR000000221

Vascon Engineers Ltd with a strong track record of 28 years in EPC and Real Estate operations has created a number of projects of eminence and splendour on a timely basis. EPC operations span on diverse areas like pharma, hospitals, factory buildings, educational institutional buildings, Government buildings, MES, hospitality building etc. On other hand Real Estate wing is embossing its mark with projects of residential and commercial complexes as well as shopping malls, multiplexes, hospitality properties and IT parks

Macro Economic Review

The Indian economy had been suffering from lower growth and various structural weaknesses as it entered 2013-14 and these continued throughout the fiscal year. Real GDP growth for 2013-14 is estimated to be 4.9% with industrial growth slipping to a paltry 0.7%. Such a significant and sustained slowdown in growth over the last ten quarters has contributed to low business confidence which, in turn, has put a dampener on private sector investment in infrastructure projects. Moreover, the economy has been under serious fiscal pressure. The Government of India (GoI) logged an average fiscal deficit of 5.6% of GDP in the last five years (2008-09 to 2012-13), which was significantly higher than the 3.6% during previous five years (2003-04 to 2007-08). Revised estimates suggest that the fiscal deficit for 2013-14 will be at around 4.6% of GDP. In this backdrop, construction output has almost stagnated. Construction growth, which had already reduced to 1.1% in 2012-13, stayed at low levels of 1.7% in 2013-14.

India's Infrastructure Sector

While the long term requirement for rapid infrastructure development in India remains a vital

necessity, the sector faces several challenges. Apart from various structural problems that plague execution including a slow, almost paralysed government decision-making process, and practical issues with land acquisition as well as the challenges of dealing with social and environmental constraints that arise while developing infrastructure projects, the sector is fundamentally affected by a severe liquidity crunch and a financial squeeze.

Company performance

During the 2013-14, the total turnover on consolidated basis was Rs. 643.24 crores as against Rs. 736.31 crores in 2012-13 resulting in reduction of turnover and profitability due to overall market scenario.

The Company is taking concrete steps for a healthier EPC order book and new launches in the existing Real Estate projects to improve overall revenue and profitability of the company.

- **EPC**

Last year is yet another year of a slow down for EPC operations which contributed Rs. 236.72 crores as against Rs. 349.48 crores in previous year. The Company has taken a conscious call to exit from some of the projects which had been slow moving from a long period of time and was therefore economically unviable to continue on the same commercial terms. The company has become very selective in accepting new orders and focused on value-added projects.

Our EPC order inflow during the year amounted to Rs. 430 crores, Order book as on 31st March 2014 is Rs 1087.93 crores



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Management Discussion and Analysis

Major projects awarded during last year

Dayanand Medical College- Malikpur

During the year the company was awarded an order worth Rs. 35 crores for construction of Nursing college complex at Malikpur, Punjab. The project has already commenced and it is to be handed over in November, 2015.

U.P. Housing and Development Board, Lucknow

During the year the company was awarded order worth Rs 133 crores for construction of Multistoried Flats at Lucknow. Construction to be completed within 36 months.

Sheth Creators

During the year the company was awarded order worth Rs 116 crores for construction of Residential Building at Malad, Mumbai. Construction to be completed within 27 months.

Godrej E City Bangalore

During the year the company was awarded order worth Rs 67 crores for construction of Residential Towers at Doddathoguru Village, Electronic City, Bangalore.

➤ Real Estate

During the year, total revenue from Real Estate was Rs 165.56 crores against 169.34 crores in previous year.

During the year, Company has launched Phase II of "Forest County" at Kharadi, Pune.

Ongoing projects

Xotech

Xotech is situated at Hinjewadi, Pune, which is IT and BT Hub of Pune. Total saleable area of the project is 0.12 msft. The project comprises of smart 2 and 3 BHK apartment, which intends to provide modest and quality solutions to its

buyers. The project is surrounded by a number of IT/BT companies, famous restaurants and hang-out places colleges, bank and Hotels.

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

ELA

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

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

The project will be developed in a span of 2 years.

Windermere

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

The quality apartments comprises apartments of 3000 Sq.ft, 3800 Sq.ft & 8500 sq. ft with its own private swimming pool. The project has latest amenities such as renewable energy system, architectural design that ensure good ventilation and maximum natural light, water, conservation through maximum recycling organic waste management, rain water harvesting, etc.



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Management Discussion and Analysis

The Project is certified as platinum rating project from by 'The Indian green building council' (ICBG) green home the project is designed as a five star rated Eco – housing project.

Forest County (Phase I & II)

This is a mixed development project located in the most rapidly developing area of Pune – Kharadi. The total area of the site is 51.34 acres and will be developed in phases.

The total saleable area of the project is 3.03 msft. The saleable area of phase I & II of the project is 1.36 msft comprises of 2 and 3 BHK apartments with sizes ranging from 1215 Sq.ft to 2720 Sq.ft.

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

Willows – Ph II

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

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

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

Tulip Ph II

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

The project has saleable area of 0.13 msft, comprise of lavish 2,3 and 4 with sizes BHK ranging from 1270 Sq.ft to 2250 Sq.ft.

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

- **Clean Room Partition & BMS Business**

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

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

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

GMP technical solutions have logged in yet another year of growth with revenue of Rs. 217.75 crores in the current year against Rs 183.31 crores in previous year. The margins in this business have been stable and the Company expects to post healthy growth in this segment going forward. As a strategy company is focusing more on Export business.



VASCON
Developers • Engineers

Management Discussion and Analysis

Strength, opportunities, strategy:

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

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

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

The current land bank of the Company comprises of 44 msft of developable area under various stages of planning or construction across various cities and of 41 msft yet to be developed. Unlocking this portfolio in future will add significant value to our real-estate business segment.

Threats, risks, concerns:

In EPC business delay in projects execution, stall of projects due to non payment by developers,

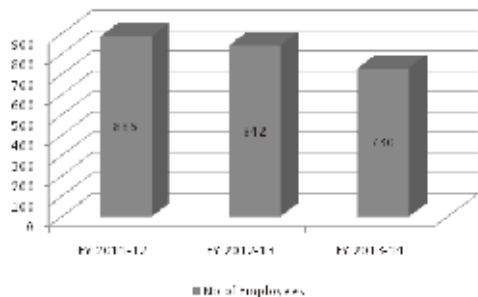
steep cost escalation in inputs affects the execution project and results in significant cost overrun.

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

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

Human resources:

There has been a strenuous effort at right sizing the organisation and creating a lean workforce. This leads us to a promotion of efficient processes, emphasising on reduction in duplication of roles and enhancing the efficiencies of each role. Finally, it has been imperative to have appropriate persons for each role for their contribution to the organisation is maximised.



Internal control system:

The Company's internal control procedures



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Development • Excellence

Management Discussion and Analysis

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

Risk Management:

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

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

Financial Highlights

(Standalone basis)

- During the year 2013-14, the Company reported income of Rs. 340.74 crores
- Earnings before Interest, Depreciation and Tax stood at Rs. 2.19 crores
- Loss before tax from ordinary activities reported at Rs 44.88 crores
- Net Loss stood at Rs 44.88 crores
- Net Debt to Equity stood at 0.44 times

(Consolidated basis)

- During the year 2013-14, the Company reported income of Rs. 643.24 crores
- Earnings before Interest, Depreciation and Tax stood at Rs. 31.01 crores
- Loss before tax from ordinary activities reported at Rs 29.72 crores
- Net Loss stood at Rs 43.19 crores
- Net Debt to Equity stood at 0.47 times .



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Development - Growth

Certificates as per Clause 49 of the Listing Agreement

CEO and CFO Certification Clause 49 (V)

To

The Board of Directors

Vascon Engineers Limited

Mumbai

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

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls and that they have

evaluated the effectiveness of the internal control systems of the company and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.

- (d) We have indicated to the auditors and the Audit committee
- (i) significant changes in internal control during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

Santosh Sundararajan
Chief Executive Office

D. Santhanam
Chief Financial Officer

Place: Mumbai
Date: May 16, 2014

Certificate on Compliance with Clause 49 of the Listing Agreement

To the Members of Vascon Engineers Limited

I have examined the compliance by Vascon Engineers Limited ('the Company') of the requirements under Clause 49 of the Listing Agreement, entered into by the Company with the Stock Exchanges, for the year ended 31st March 2014.

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

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. My examination was limited to procedures adopted, and implementation thereof, by the Company for

ensuring compliance with the conditions of Corporate Governance under Clause 49. The examination is neither an audit nor an expression of opinion on the financial statements of the Company.

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

Dr K R Chandratre
Practising Company Secretary
FCS No. 1370
Certificate of Practice No. 5144
Place: Pune
Date: 16th May, 2014



VASCON
Development • Excellence

Independent Auditors Report

To the Members of Vascon Engineers Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Vascon Engineers Limited (the "Company"), which comprises the Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial performance and cash flows of the company in accordance with the accounting standard notified under the Companies (Accounting Standards) Rules, 2006 as per sub-section (3C) of section 211 of the Companies Act, 1956 of India (the Act) read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from financial misstatements, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards on Auditing issued by the Institute of Chartered Accountants of India. These Standards require that we comply with Ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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

Opinion

6. In our opinion, and to the best of our information and according to the explanation given to us the accompanying financial statements give the



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Independent Auditors Report

information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India and in accordance with the accounting standards referred to in section 211(3C) of the said Act:

- a) In the case of the Balance Sheet , of the state of affairs of the company as at 31st March, 2014;
- b) In the case of the Statement of Profit and Loss, loss for the year ended on that date; and
- c) In case of the Cash Flow Statement, of the cash flows for the year ended on that date

Report on Other Legal and Regulatory Requirements

7 As required by the Companies (Auditor's Report) Order,2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanation given to us, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the Order.

8 **As required by section 227(3) of the Act, we report that:**

- a. We have obtained all the information and explanation which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- b. In our opinion, proper books of accounts as required by laws have been kept by the company so far as appears from our

examination of those books.

- c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
- e. On the basis of written representation received from the directors as on 31st March, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014, from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Act.

For Anand Mehta & Associates

Chartered Accountants
Firm Registration No. 127305W

Kulin V Mehta

Partner
Membership No. 38440

Mumbai : May 16, 2014

ANNEXURE TO AUDITOR'S REPORT

Referred to in paragraph 7 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date on the financial statements for the year ended 31st March, 2014 of Vascon Engineers Limited

- 1)
 - a) The company is maintaining proper records showing full particulars of fixed assets.
 - b) According to the information and explanations given to us, majority of the fixed assets has been physically verified by the management during the year. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
 - c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- 2)
 - a) The company is engaged mainly in the real estate construction and development business. Substantial part of the stock of the company is in form of constructed units and construction work-in-progress. The said stock and stock of other materials have been regularly verified by the management during the year. In our opinion the frequency of verification is reasonable.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management were reasonable and adequate in relation to the size of the company and the nature of its business.
- c) As per the information and explanations given to us, the Company has maintained proper records of inventory and the discrepancies noticed on verification between the physical stock and book records were not material in relation to the operations of the Company.
- 3)
 - a) The Company has granted loan to a Company listed in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs. 14,67,50,537/- and the yearend balance is Rs. 14,67,50,537/-.
 - b) 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.
 - c) According to the information and explanations given to us, the company has been regular in repayment of principal and interest, if any as demanded.
 - d) According to information and explanation given to us, there is no overdue amount for more than Rs. one lakh.
 - e) The Company has taken unsecured loan from a director covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs. 1,00,00,000/- and the year end balance of the loan was Rs. 1,00,00,000/-.



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Annexure to Auditors Report

- f) The rate of Interest and other terms and conditions of such loans are, in our opinion, prima facie, not prejudicial to the interests of the Company.
- g) The loan taken from a party covered in the register maintained under section 301 of the act is considered repayable on demand. According to the information and explanations given to us, the company has been regular in repayment of principal and interest as demanded.
- h) According to information and explanation given to us, there is no overdue amount for more than Rs. one lakh.
- 4) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventories and fixed assets and for sale of goods/services.
- 5)
- a) According to the information and explanation given to us, we are of the opinion that the contracts/arrangements that need to be entered into a register maintained in pursuance of Section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to information and explanation given to us the 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 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) In our opinion and according to the information and explanations given to us, in respect of the deposits accepted by the Company from the public, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA and any other relevant provisions of the Companies Act, 1956 and Rules framed there under as may be applicable. According to the information and explanations given to us, no order has been passed by Company Law Board or the National Company Law Tribunal or any Court or any other Tribunal in regard to the above provisions.
- 7) The Company has implemented an internal audit system, the scope and coverage of which, in our opinion, requires to be further enhanced to commensurate with the size of the Company and nature of its business.
- 8) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been maintained. However, we have not made a detailed examination of the records.
- 9)
- a) According to the information and explanations given to us, *there have been delays in depositing with appropriate authority undisputed statutory dues in respect of Provident Fund, Investor*



Education and Protection Fund, Employee's State Insurance, Income Tax, Wealth-tax, Service Tax, Custom Duty, Cess and other statutory dues as may be applicable. Arrears of outstanding statutory dues for a period more than 6 months from the date they become payable is as under:

Sr. No.	Particulars	Amount	Period	Due Date
1.	P.F.	12,53,921	F. Y. 2013-14	20 th of every following month
2.	Profession Tax	1,27,266	F. Y. 2013-14	20 th of every following month
3.	TDS	2,08,32,703	F. Y. 2013-14	7 th of every following month
4.	Service Tax	12,111,973	F. Y. 2013-14	6 th of every following month

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

Sr. No.	Tax Laws	Forum where dispute is pending	Financial Year / IT (Assessment Year)	Rupees
1	Service Tax	Central Excise Service Tax Appellate Tribunal, New Delhi	2004-05, 2005-06 and 2006-07	3,709,154
2	Service Tax	Central Excise Service Tax Appellate Tribunal, New Delhi	2006-07 and 2007-08	530,008
3	Service Tax	Central Excise Service Tax Appellate Tribunal, Mumbai	2007-08 and 2008-09	317,044
4	Service Tax	Central Excise Service Tax Appellate Tribunal, Mumbai	2007-08 and 2008-09	4,793,967
5	Service Tax	Commissioner of Service Tax (Appeals) Pune III	2006-07	6,988,858
7	Income Tax	ITAT	2009-10	4,64,07,820
8	Value Added Tax (MAHARA SHTRA)	Joint Commissioner of sales tax (appeal-3), Bandra (E), Mumbai.	2005-06	3,057,591

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

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

Nature of Dues	Principal Overdue	Interest Overdue	Period of Delay
Term Loans from banks	0	215,050	One month

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

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

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

15) According to the information and explanations given to us and considering the fact the guarantees are granted in respect of loans availed by two subsidiaries, two joint venture entities and an associate company, the terms



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Annexure to Auditors Report

and conditions of guarantee given by the Company for loans taken by others from banks or financial institutions are not, prima facie, prejudicial to the interest of the Company.

- 16) The Company has raised new term loans during the year. In our opinion and according to information and explanations given to us, on an overall basis, the term loans raised/applied during the year, prima facie, have been applied for the purposes for which they were raised.
- 17) According to the information and explanation given to us and overall examination of the financial statements we report that the no funds raised on short term basis have been used for long term investment.
- 18) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- 19) According to the information and explanation given to us, the Company has created security in respect of assets owned by the Company and a subsidiary and personal guarantee of a director in respect of secured, non-convertible and non-transferable debentures issued by private placement in accordance with the terms of the issue of such debentures.
- 20) The Company has not made any issue of shares, debenture or any other securities to the public during the year under review. Therefore, there is no question of disclosure of end use or verification thereof.

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

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

Kulin V Mehta
Partner
Membership No. 38440

Mumbai; 16th May, 2014



VASCON
Solutions • Services

Balance Sheet as on March 31, 2014

(Amount in Rupees)

Particulars	Note No	March 31, 2014	March 31, 2013
Equity and liabilities			
Shareholders' funds			
Share capital	3	901,825,500	901,801,500
Reserves and surplus	4	5,344,077,569	5,780,119,956
		<u>6,245,903,069</u>	<u>6,681,921,456</u>
Share application money pending allotment	5	-	24,000
Non current liabilities			
Long term borrowings	6	593,963,786	243,229,947
Long term provisions	7	-	-
		<u>593,963,786</u>	<u>243,229,947</u>
Current liabilities			
Short term borrowings	8	2,049,201,294	1,699,499,167
Trade payables	9	1,049,466,501	1,450,387,770
Other current liabilities	10	1,897,263,573	2,046,133,404
Short term provisions	11	83,270,459	72,992,094
		<u>5,079,201,826</u>	<u>5,269,012,435</u>
Total equity and liabilities		<u><u>11,919,068,681</u></u>	<u><u>12,194,187,838</u></u>
Assets			
Non current assets			
Fixed assets	12		
- Tangible assets		456,031,368	508,006,247
- Capital work in progress		7,407,409	5,338,914
Non current investments	13	1,484,752,177	1,467,703,179
Deferred tax assets (net)	14	-	-
Long term loans and advances	15	2,315,367,799	2,418,262,963
Other non current assets	16	405,313,087	320,406,762
		<u>4,668,871,840</u>	<u>4,719,718,065</u>
Current assets			
Current investments	17	545,837,553	504,118,360
Inventories	18	2,355,360,228	2,109,999,221
Trade receivables	19	1,643,713,059	2,311,303,972
Cash and bank balances	20	297,152,012	249,562,125
Short term loans and advances	21	334,045,658	1,097,501,091
Other current assets	22	2,074,088,332	1,201,985,005
		<u>7,250,196,841</u>	<u>7,474,469,773</u>
Total assets		<u><u>11,919,068,681</u></u>	<u><u>12,194,187,838</u></u>

Significant accounting policies 2

The notes referred to above form an integral part of these financial statements 1 - 48

As per our report of even date

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

R. Vasudevan
Managing Director

V. Mohan
Chairman

For and on behalf of the Board of Directors

Dr. Santosh Sundararajan
Chief Executive Officer

Kulin V Mehta
Partner
Membership No. 38440
Mumbai : May 16, 2014

M. Krishnamurthi
Company Secretary & Compliance Officer
Mumbai : May 16, 2014

D. Santhanam
Chief Financial Officer



VASCON
Development • Growth

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

(Amount in Rupees)

Particulars	Note No	March 31, 2014	March 31, 2013
Revenue from operations	23	3,266,706,331	4,338,277,861
Other income	24	140,720,038	263,090,401
Total revenue		3,407,426,369	4,601,368,262
Construction expenses	25	2,941,372,899	3,544,466,126
Purchases of stock-in-trade	26	413,071	231,177,049
Changes in inventories of finished goods, work-in-progress and stock-in-trade	27	(274,882,711)	(197,629,212)
Employee benefit expense	28	453,045,439	469,335,836
Finance costs	29	362,983,572	305,716,598
Depreciation and amortization expense	12	107,742,189	124,584,613
Other expenses	30	265,591,172	378,148,102
Total expenses		3,856,265,630	4,855,799,111
Profit before exceptional and extraordinary items and tax		(448,839,261)	(254,430,849)
Prior period (expenses) / income (net)	31	-	(37,097)
Exceptional items	32	84,173	(33,586,873)
Profit before extraordinary items and tax		(448,755,089)	(288,054,819)
Profit before tax		(448,755,089)	(288,054,819)
Tax expense:	33		
Current tax		-	-
MAT credit entitlement		-	-
Deferred tax		-	20,884,220
Excess / short provision for tax of earlier years		-	-
		-	20,884,220
Profit / (loss) for the year from continuing operations		(448,755,089)	(308,939,039)
Profit / (loss) for the period		<u>(448,755,089)</u>	<u>(308,939,039)</u>
Earnings per equity share:			
Basic		(4.98)	(3.43)
Diluted		(4.94)	(3.43)
Significant accounting policies	2		

The notes referred to above form an integral part of these financial statements 1 - 48

As per our report of even date

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

R. Vasudevan
Managing Director

V. Mohan
Chairman

For and on behalf of the Board of Directors

Dr. Santosh Sundararajan
Chief Executive Officer

Kulin V Mehta
Partner
Membership No. 38440
Mumbai : May 16, 2014

M. Krishnamurthi
Company Secretary & Compliance Officer
Mumbai : May 16, 2014

D. Santhanam
Chief Financial Officer



VASCON
Developers of Excellence

Cash Flow Statement for the year ended March 31, 2014

(Amount in Rupees)

Particulars	March 31, 2014	March 31, 2013
Cash flow from operating activities		
Profit before taxation and prior period adjustments	(448,755,089)	(288,017,722)
Adjustments to reconcile profit before tax to cash provided by operating activities		
- Depreciation / amortisation	107,878,626	124,584,613
- Finance cost	362,983,572	305,716,598
- Dividend income	(5,322,296)	(11,804)
- Employee Compensation Expenses (ESOP)	12,796,875	-
- Reversals of employee stock option compensation	(84,173)	(6,163,298)
- Interest income in respect of financing activities	(132,444,402)	(207,322,353)
- Provision for doubtful debt and advances	7,499,275	26,800,600
- Provision for diminution in value of shares	-	(150,000)
- Provision for unapproved sales	(5,855,690)	(4,353,770)
- Prior period adjustments	-	(37,097)
- (Profit) loss on sale of assets	-	(81,763)
- (Profit) loss on sale of investments	(164,627,948)	39,981,934
Operating Profit before working capital changes	(265,931,250)	(9,054,062)
Adjustments for		
Decrease / (increase) in inventories before capitalisation of borrowing cost	(24,703,511)	354,721,925
Decrease / (increase) in trade receivables	665,947,327	2,123,383
Decrease / (increase) in unbilled revenues and unearned receivables	261,840,137	(218,626,388)
Decrease / (increase) in long term loans and advances	(58,856,990)	(75,268,622)
Decrease / (increase) in short term loans and advances	(63,383,842)	(8,101,380)
Decrease / (increase) in other current assets	(923,564,702)	90,662,141
Increase / (decrease) in current trade payables	(400,921,269)	91,274,603
Increase / (decrease) in provisions	10,349,846	14,498,901
Increase / (decrease) in other current liabilities	(159,012,142)	264,566,467
Cash generated from operations	(958,236,395)	506,796,968
Direct Taxes Paid (Net)	(59,621,668)	(117,803,350)
Net Cash flow from operating activities	(1,017,858,062)	388,993,618
Cash flow from financing activities		
Increase / (decrease) in share capital	24,000	294,000
Payment of dividend and dividend tax	-	(7,465,493)
Increase / (decrease) in share application money received	(24,000)	24,000
Increase / (decrease) in secured borrowings	(340,009,433)	(358,153,477)
Increase / (decrease) in Non Convertible Debentures	650,000,000	
Increase / (decrease) in unsecured borrowings	234,039,651	(426,609,383)
Decrease / (increase) in intercorporate deposits	817,509,447	(58,512,097)
(Increase) / decrease in advances to joint venture, subsidiaries	171,754,169	522,305,679
Interest income	132,444,402	207,322,353
Finance cost including capitalised to qualifying assets	(547,309,471)	(421,354,251)
Net Cash generated / (used) in financing activities	1,118,428,765	(542,148,668)



VASCON
Development • Excellence

Cash Flow Statement for the year ended March 31, 2014

(Amount in Rupees)

Particulars	March 31, 2014	March 31, 2013
Cash flow from investing activities		
Purchase of fixed assets including capital work in progress	(22,515,045)	(51,234,938)
Dividend received	5,322,296	11,804
Proceeds on disposal of fixed assets	6,401,947	1,813,316
Proceeds on disposal of securities/investments	9,047,620	164,867,429
Long Term investments in securities	(96,832,098)	(5,524,420)
Share application money paid	41,439,070	(42,106,970)
Long term investments in fixed deposits with banks	22,736,765	(40,380,809)
Short term investments in liquid mutual funds	(4,887,093)	-
Net Cash generated / (used) in investing activities	(39,286,538)	27,445,412
Net cash inflow / (outflow)	61,284,164	(125,709,638)
Cash and cash equivalents at the beginning of the period	117,578,606	243,288,244
Cash and cash equivalents at the end of the period (Refer note no 20)	178,862,770	117,578,606
Net (decrease) / increase in cash and cash equivalents during the period	61,284,164	(125,709,638)

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

As per our report of even date

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

R. Vasudevan
Managing Director

V. Mohan
Chairman

For and on behalf of the Board of Directors

Dr. Santosh Sundararajan
Chief Executive Officer

Kulin V Mehta
Partner
Membership No. 38440
Mumbai : May 16, 2014

M. Krishnamurthi
Company Secretary & Compliance Officer
Mumbai : May 16, 2014

D. Santhanam
Chief Financial Officer



VASCON
Developers of the Future

Notes to the financial statements as at 31st March, 2014

	(Amount in Rupees)	
	March 31, 2014	March 31, 2013
3 Share capital		
Authorised capital	1,500,000,000	1,000,000,000
150000000 (100000000) equity shares of Rs. 10/- each	<u>1,500,000,000</u>	<u>1,000,000,000</u>
Issued, subscribed and paid up		
90182550 (90180150) equity shares of Rs. 10/- each fully paid up	901,825,500	901,801,500
	<u>901,825,500</u>	<u>901,801,500</u>

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/- per Share. Each holder of the equity share, as reflected in the records of the Company as of the date of the shareholder meeting, is entitled to one vote per share.

The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

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

Description	No of shares	Amount	No of shares	Amount
No of shares outstanding at the beginning of the year	90,180,150	901,801,500	90,135,600	901,356,000
Shares issued on exercise of employee stock options	2,400	24,000	44,550	445,500
No of shares outstanding at the end of the year	<u>90,182,550</u>	<u>901,825,500</u>	<u>90,180,150</u>	<u>901,801,500</u>

Shareholders holding more than 5 percent shares in the Company

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

The Company vide postal ballat dated 4-3-2014 passed resolution for increase in the authorised capital from Rs.100 crores to Rs.150 crores and has filed form 23 with ROC. The corresponding fees payable on increase in authorised capital is pending as on date.



VASCON
Development • Excellence

Notes to the financial statements as at 31st March, 2014

	(Amount in Rupees)	
	March 31, 2014	March 31, 2013
4 Reserves and surplus		
Securities premium		
Balance at the commencement	3,882,800,071	3,881,133,455
Add: additions during the year	89,784	1,666,616
	3,882,889,855	3,882,800,071
Share options outstanding account		
Balance at the commencement	173,955	8,003,869
Add: received during the year	12,796,875	-
Less: deductions during the year	(173,957)	(7,829,914)
	12,796,874	173,955
Surplus		
Balance at the commencement	1,897,145,930	2,206,084,969
Add: net profit/(loss) for the year	(448,755,089)	(308,939,039)
Amount available for appropriation	1,448,390,841	1,897,145,930
Appropriations		
Proposed dividend / provision for dividend	-	-
Dividend tax	-	-
	1,448,390,841	1,897,145,930
	5,344,077,569	5,780,119,956

The Company has provided share based payment schemes 'ESOS - 2007' to its employee. During the period ended March 31, 2014, the 'ESOS - 2007' scheme was lapsed and consequently no further shares will be issued to employee under this scheme:

Description	No of shares	No of shares
Outstanding at the beginning of the year	4,650	213,950
Granted during the year	-	-
Forfeited during the year	(2,250)	(164,750)
Alloted during the year	(2,400)	(44,550)
Outstanding at the end of the year	-	4,650

The Company has provided share based payment schemes to its employee. During the period ended March 31, 2014, the 'ESOS - 2013' scheme was in operation:

Outstanding at the beginning of the year	-	-
Granted during the year	2,250,000	-
Forfeited during the year	-	-
Alloted during the year	-	-
Outstanding at the end of the year	2,250,000	-



(Amount in Rupees)

Note No. 4 : Reserves and surplus

Particulars	March 31, 2014				March 31, 2013			
	Total	Securities premium	Share options outstanding account	Surplus / (Deficit) in statement of profit and loss	Total	Securities premium	Share options outstanding account	Surplus / (Deficit) in statement of profit and loss
Balance at the commencement of Year	5,780,119,956	3,882,800,071	173,955	1,897,145,930	6,095,222,293	3,881,133,455	8,003,869	2,206,084,969
Add: additions / Profit during the year	12,886,659	89,784	12,796,875	-	1,666,616	1,666,616	-	-
Less: deductions / (Loss) during the year	(448,929,045)	-	(173,957)	(448,755,089)	(316,768,953)	-	(7,829,914)	(308,939,039)
Balance at the end of Year	5,344,077,569	3,882,889,855	12,796,874	1,448,390,841	5,780,119,956	3,882,800,071	173,955	1,897,145,930

Notes :

i) ESOP Scheme 2007

Description	No of shares	No of shares
Outstanding at the beginning of the year	4,650	213,950
Granted during the year	-	-
Forfeited during the year	(2,250)	(164,750)
Allotted during the year	(2,400)	(44,550)
Outstanding at the end of the year	-	4,650

The Company has provided share based payment schemes 'ESOS - 2007 to its employee. During the period ended March 31, 2014, the 'ESOS - 2007' scheme was lapsed and consequently no further shares will be issued to employee under this scheme.

ii) ESOP Scheme 2013

Description	No of shares	No of shares
Outstanding at the beginning of the year	-	-
Granted during the year	2,250,000	-
Forfeited during the year	-	-
Allotted during the year	-	-
Outstanding at the end of the year	2,250,000	-

The Company has provided share based payment schemes to its employee. During the period ended March 31, 2014, the 'ESOS - 2013' scheme was in operation.



VASCON
Development • Growth

Notes to the financial statements as at 31st March, 2014

	(Amount in Rupees)	
	March 31, 2014	March 31, 2013
5 Share application money pending allotment		
Share application money received	-	24,000
	<u>-</u>	<u>24,000</u>
	<u>-</u>	<u>24,000</u>
<p>Company has granted stock options to certain employees pursuant to ESOP 2007 scheme. During the year employees have exercised option to purchase 2,400 (2,400) equity shares of Rs. 10/- each. Allotment of shares will be done in the meeting of Board of Directors of the Company and pursuant to the amendment in ESOP scheme the lock in period of three years from the date of allotment of shares is no more applicable.</p> <p>Stock options granted to the employees under the stock options scheme are accounted as per the accounting treatment prescribed by ICAI. Accordingly, the excess of fair value over the exercise price of the options is recognised as deferred employee compensation and is charged to the profit and loss account on straight line basis over the vesting period of the options. The amortised portion of the cost is shown under reserves and surplus. Amortised cost proportionate to options exercised will be transferred to share premium account on allotment of shares.</p>		
6 Long term borrowings		
Secured		
Privately Placed Non Convertible & Non Transferable Debentures		
18.25% Non - Convertible Debentures of Rs 1,00,000/- each	570,000,000	-
	<u>570,000,000</u>	<u>-</u>
Term loans		
- from banks	11,134,947	191,780,983
- from financial institutions	-	-
	<u>11,134,947</u>	<u>191,780,983</u>
Unsecured		
Bonds / debentures		
Term loans		
a) from banks		-
b) from financial institutions		-
Public deposits	1,500,000	33,600,000
Inter corporate deposits	1,331,790	7,737,994
Deposits	-	-
Loans and advances from related parties		
- Subsidiaries	9,997,048	10,110,970
	<u>12,828,838</u>	<u>51,448,964</u>
	<u>593,963,786</u>	<u>243,229,947</u>



VASCON
Development • Excellence

Notes to the financial statements as at 31st March, 2014

	March 31, 2014	(Amount in Rupees) March 31, 2013
A summary of long term borrowings is as follows:		
Secured		
Term loans		
a) From banks	66,886,179	585,510,862
b) from financial institutions	650,000,000	-
Unsecured		
Public deposits	115,436,999	89,300,000
Inter corporate deposits	159,276,551	120,396,253
Deposits	-	-
Loans and advances from subsidiaries	9,997,048	10,110,970
	1,001,596,777	805,318,085
Current portion of long term borrowings	407,632,991	562,088,137
Non current portion of long term borrowings	593,963,786	243,229,947
	-	-

On 18th February 2014, The company had issued 7,300, 18.25% secured non convertible and Non-Transferable debentures of face Value Rs 1,00,000/- each at par against the same we have received subscription through private placement to the extent of 65,00,00,000/-.

Interest Payable is on 15th of each month, the debentures are redeemable from 15th September 2014 to 15th February 2017, This debenture are not listed on stock exchange. The company has not yet created debenture redemption reserve.

Debenture Repayment Schedule

Date of Repayment	Repayment Amt Each Month
15th September 2014 - 15th February 2015	1,00,00,000/-
15th March 2015 - 15th February 2016	2,00,00,000/-
15th March 2016 - 15th February 2017	3,58,33,333/-

7 Long term provisions

a) Provision for employee benefits

Gratuity	-	-
Compensated absences	-	-
	-	-
	-	-

Employee benefit plans

Gratuity:

In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan) covering certain categories of employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Company. The Company provides the gratuity benefit through annual contributions to a fund managed by the Life Insurance Corporation of India (LIC) ('Insurer'). Under this plan, the settlement obligation remains with the Company, although the Insurer administers the plan and determines the contribution premium required to be paid by the Company.



VASCON
Developers of Excellence

Notes to the financial statements as at 31st March, 2014

	March 31, 2014	(Amount in Rupees) March 31, 2013
Changes in present value of obligations		
Present value of obligations as at the beginning of the year	31,612,292	31,840,729
Interest cost	2,278,968	2,094,185
Current service cost	7,323,627	6,560,136
Benefits paid	(6,250,383)	(14,406,527)
Actuarial (gain)/loss on obligations	(4,372,700)	5,523,769
Present value of obligation as at the end of the year	<u>30,591,804</u>	<u>31,612,292</u>
a) <i>Current liability</i>	25,024,657	20,523,437
b) <i>Non-Current liability</i>	5,567,147	11,088,855
Changes in fair value of plan assets		
Fair value of plan assets at the beginning of the year	11,088,855	24,150,585
Expected return on plan assets	728,675	1,550,680
Benefits paid	(6,250,383)	(14,406,527)
Actuarial gain / (loss) on plan assets	-	(205,883)
Fair value of plan assets at the end of the year	<u>5,567,147</u>	<u>11,088,855</u>
Net asset / (liability) recognised in balance sheet	(25,024,657)	(20,523,437)
Expenses recognised in the profit and loss account		
Current service cost	7,323,627	6,560,136
Interest cost	2,278,968	2,094,185
Expected return on plan assets	(728,675)	(1,550,680)
Net actuarial (gain) / loss recognised in the year	<u>(4,372,700)</u>	<u>5,729,652</u>
Expenses recognised in the profit and loss account at the end of the year	4,501,220	12,833,293
Major categories of plan assets (as a % of total plan assets)		
Funds managed by Insurer	100%	100%
The principal assumptions used for the purpose of actuarial valuation are as follows:		
Discount rate	9.20%	8.00%
Rate of increase in employment levels		
first five years	10.00%	10.00%
Thereafter	5.00%	5.00%
Rate of return on plan assets	9.15%	9.15%
Expected average remaining working lives of employees (years)	8.54	8.67
Compensated absences		
Present value of obligation	44,301,939	38,453,313
- <i>Current liability</i>	44,301,939	38,453,313
- <i>Non Current liability</i>		
Fair value of plan assets		
Net asset/ (liability) recognised in balance sheet	(44,301,939)	(38,453,313)

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.



VASCON
Solutions • Services • Support

Notes to the financial statements as at 31st March, 2014

	March 31, 2014	(Amount in Rupees) March 31, 2013
8 Short term borrowings		
Secured		
Cash credit from banks	1,268,114,417	1,067,181,167
Loans repayable on demand from banks	8,100,000	30,418,000
	1,276,214,417	1,097,599,167
Unsecured		
Loans repayable on demand		
a) from banks	-	60,000,000
Less: bills discounted accepted by customers	-	(60,000,000)
	-	-
b) from other parties	766,132,829	601,900,000
	766,132,829	601,900,000
Loans and advances from related parties		
Deposits	-	-
Others loans and advances	-	-
	766,132,829	601,900,000
c) from related parties	6,854,047	
	6,854,047	-
	2,049,201,294	1,699,499,167
Cash Credit from State Bank of India is secured by way of hypothecation of building materials, work in progress, finished flats, book debts and equitable mortgage of specified properties of the Company and other entities including a wholly owned subsidiary, corporate guarantee of other Companies including a wholly owned subsidiary and personal guarantee of the Managing Director of the Company.	1,166,956,053	977,082,577
Cash Credit from Cental Bank of India is secured by way of hypothecation of stock, raw materials, work in progress, finished goods and receivables on pari passu basis with State Bank of India and equitable mortgage of specified properties of two wholly owned subsidiaries, corporate guarantee of two wholly owned subsidiaries and personal guarantee of the Managing Director of the Company.	101,158,364	90,098,590
Term Loan from financial institution is secured by way of specific receivables of the company and other wholly owned subsidiary, Mortgage of Property of other company and personal guarantee of Managing director of company.		30,418,000
Aggregate amount of short term borrowing guranted by director	1,268,114,417	1,097,599,167
The Demand loan from bank is secured against Fixed deposits placed with the bank	8,100,000	



VASCON
Developers • Engineers

Notes to the financial statements as at 31st March, 2014

	March 31, 2014	(Amount in Rupees) March 31, 2013
9 Trade payables (refer note no 41)		
Trade payables	1,049,466,501	1,450,387,770
	<u>1,049,466,501</u>	<u>1,450,387,770</u>
10 Other current liabilities		
Current maturities of long term debt	407,632,991	564,038,737
Interest accrued but not due on borrowings	14,730,331	2,387,230
Interest accrued and due on borrowings	154,029,976	130,041,480
Unpaid dividends*	15,702	15,702
Statutory and other liabilities	195,152,322	210,283,607
Advance from customers	791,489,298	786,953,770
Less: related unbilled revenue	(403,827,611)	(202,602,435)
	<u>387,661,687</u>	<u>584,351,335</u>
Commitment and other deposits	550,484,531	499,992,244
Less: trade receivables	(362,845,636)	(363,217,581)
	<u>187,638,895</u>	<u>136,774,663</u>
Advances / loans from firms / aop in which Company or subsidiary is partner / member	37,271,627	182,173,277
Advances / loans from subsidiary	-	-
Unearned receivables	521,685,156	283,717,257
Less: related debtors	(293,650,854)	(185,899,413)
	<u>228,034,302</u>	<u>97,817,844</u>
Overdrawn Bank Balance due to issue of Cheque	22,060,129	17,669,289
Others	263,035,611	120,580,239
	<u>1,897,263,573</u>	<u>2,046,133,404</u>

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

Interest accrued and due on borrowings from banks paid subsequently	91,923	15,943,659
Interest accrued and due on borrowings from banks not paid	215,050	6,840,049
Interest accrued and due on borrowings from other parties paid Subsequently	-	859,036
Interest accrued and due on borrowings from other parties not paid	153,723,003	106,398,736



VASCON
Development • Excellence

Notes to the financial statements as at 31st March, 2014

	March 31, 2014	(Amount in Rupees) March 31, 2013
11 Short term provisions		
a) Provision for employee benefits (Refer Note No.07)		
Gratuity	25,024,657	20,523,437
Compensated absences	44,301,939	38,453,313
	<hr/>	<hr/>
	69,326,596	58,976,750
b) Others		
Taxation (Net Off Taxes)	4,941,349	5,012,830
Warranty	9,002,514	9,002,514
	<hr/>	<hr/>
	13,943,863	14,015,344
	<hr/>	<hr/>
	83,270,459	72,992,094
	<hr/> <hr/>	<hr/> <hr/>

The activity in the provision for warranty is given below:

Balance at the beginning of the year	9,002,514	4,744,487
Additions during the year	-	8,626,615
Utilisation / transfers	-	(4,368,588)
Balance at the end of the year	<hr/>	<hr/>
	9,002,514	9,002,514
	<hr/> <hr/>	<hr/> <hr/>



VASCON
ENGINEERS LIMITED

Notes to the financial statements as at 31st March, 2014

(Amount in Rupees)

12 Fixed assets

	I. Tangible assets					II. Intangible assets			
	Leasehold land	Freehold land	Buildings	Plant and machinery	Furniture and fixtures	Vehicles	Office equipments	Total	Softwares
Gross carrying value									
As at April 1, 2013	1,678,245	-	171,606,724	551,143,205	38,666,306	15,568,504	51,137,510	829,800,494	39,285,147
Additions	-	-	-	13,366,083	117,157	1,872,440	946,279	16,301,958	3,472,406
Disposals	-	-	-	(12,572,230)	-	(1,664,493)	(9,700)	(14,246,423)	-
As at March 31, 2014	1,678,245	-	171,606,724	551,937,058	38,783,463	15,776,451	52,074,089	831,856,029	42,757,553
Accumulated depreciation									
As at April 1, 2013	293,740	-	32,253,803	218,806,267	19,970,696	11,372,400	39,097,339	321,794,247	39,285,147
Additions	27,690	-	6,967,646	47,050,662	3,451,465	1,071,023	3,306,405	61,874,891	3,472,406
Disposals	-	-	-	(6,497,195)	-	(1,343,769)	(3,512)	(7,844,476)	-
As at March 31, 2014	321,430	-	39,221,449	259,359,734	23,422,161	11,099,654	42,400,232	375,824,661	42,757,553
Capital work in progress	-	-	-	-	-	-	-	7,407,409	-
Intangible assets under development	-	-	-	-	-	-	-	-	-
Net carrying value as at March 31, 2014	-	-	-	-	-	-	-	463,438,778	-
Gross carrying value									
As at April 1, 2012	1,678,245	-	113,325,302	529,856,973	37,017,707	19,110,428	50,274,266	751,262,922	18,196,807
Additions	-	-	58,281,422	22,703,732	1,648,599	-	894,243	83,527,996	21,088,340
Disposals	-	-	-	(1,417,500)	-	(3,541,924)	(31,000)	(4,990,424)	-
As at March 31, 2013	1,678,245	-	171,606,724	551,143,205	38,666,306	15,568,504	51,137,510	829,800,494	39,285,147
Accumulated depreciation									
As at April 1, 2012	265,485	-	26,802,089	165,604,325	15,668,451	12,921,797	34,285,187	255,547,335	18,196,807
Additions	28,255	-	5,451,714	53,334,292	4,302,245	1,567,660	4,821,617	69,505,783	21,088,340
Disposals	-	-	-	(132,350)	-	(3,117,056)	(9,465)	(3,258,871)	-
As at March 31, 2013	293,740	-	32,253,803	218,806,267	19,970,696	11,372,400	39,097,339	321,794,247	39,285,147
Net carrying value as at March 31, 2013	-	-	-	-	-	-	-	508,006,247	-
Capital work in progress	-	-	-	-	-	-	-	5,338,914	-

* Cost of building includes amount paid for shares in Co- Operative Societies/ Companies.
Capital work in progress includes borrowing cost capitalised during the year of Nil (previous year Rs. 1504454/-)



VASCON
Development • Growth

Notes to the financial statements as at 31st March, 2014

	March 31, 2014	(Amount in Rupees) March 31, 2013
13 Non current investments		
- Carried at cost		
Trade:-	-	-
Investment in equity instruments		
a) Subsidiaries		
Greystone Premises Private Limited	65,000	65,000
6500 (6500) Equity Shares of Rs. 10/- Each Fully Paid		
Almet Corporation Limited	147,566,080	147,566,080
58824 (58824) Equity Shares of Rs 100/- Each Fully Paid		
Marathwada Realtors Private Limited	225,106,171	225,106,171
39216 (39216) Equity Shares of Rs 100/- each Fully Paid		
IT Citi Infopark Private Limited	100,000	100,000
10000 (10000) Equity Shares of Rs. 10/- Each Fully Paid		
Wind Flower Properties Private Limited	100,000	100,000
10000 (10000) Equity Shares of Rs. 10/- Each Fully Paid		
Floriana Properties Private Limited	100,000	100,000
10000 (10000) Equity Shares of Rs. 10/- Each Fully Paid		
Marvel Housing Private Limited	100,000	100,000
10000 (10000) Equity Shares of Rs. 10/- Each Fully Paid		
Vascon Dwelling Private Limited	100,000	100,000
10000 (10000) Equity Shares of Rs. 10/- Each Fully Paid		
Vascon Pricol Infrastructures Limited	49,700,000	49,700,000
4970000 (4970000) Equity Shares of Rs. 10/- Each Fully Paid		
GMP Technical Solutions Private Limited	394,062,542	394,062,542
12689 (12689) Equity Shares of Rs. 10/- Each Fully Paid		
Just Homes India Private Limited	60,050,000	50,000
10000 (5000) Equity Shares of Rs. 10/- Each Fully Paid		
	<hr/>	<hr/>
b) Joint ventures	877,049,793	817,049,793
Cosmos Premises Private Limited	36,790,610	36,790,610
177401 (177401) Equity Shares of Rs. 10/- Each Fully Paid		
Marigold Premises Private Limited	-	419,672
Nil (25000) Equity Shares of Rs. 10/- Each Fully Paid		
	<hr/>	<hr/>
	36,790,610	37,210,282



VASCON
Development • Excellence

Notes to the financial statements as at 31st March, 2014

	March 31, 2014	(Amount in Rupees) March 31, 2013
c) Associates		
Mumbai Estates Private Limited 99999 (99999) Equity Shares of Rs. 10/- Each Fully Paid	999,990	999,990
Angelica Properties Private Limited 4710000 (4710000) Equity Shares of Rs. 10/- Each Fully Paid	54,450,000	54,450,000
	55,449,990	55,449,990
Investment in preference shares		
a) Associates		
Angelica Properties Private Limited 462625 (462625) 0.10% Redeemable Non-Cumulative Preference Shares of Rs. 10/- Each Fully Paid	29,608,000	29,608,000
Angelica Properties Private Limited 307800 (307800) Compulsory Convertible Preference Shares of Rs. 10/- Each Fully Paid	12,312,000	12,312,000
	41,920,000	41,920,000
Investment in Government or trust securities		
7 Years National Savings Certificate	20,000	20,000
	20,000	20,000
Investment in partnership firms (Refer Note No 39)		
Ajanta Enterprises		
Capital investment	31,970,000	31,970,000
Cost of investment	461,462,114	495,452,604
Less: amortisation of cost of investment	(42,531,330)	(33,990,490)
	450,900,784	493,432,114
Investment in limited liability partnership		
Vascon Renaissance EPC LLP	65,000	65,000
	65,000	65,000
Investment in association of persons		
Phoenix Venture - AOP	20,000,000	20,000,000
	20,000,000	20,000,000



VASCON
Development • Growth

Notes to the financial statements as at 31st March, 2014

	March 31, 2014	(Amount in Rupees) March 31, 2013
Other investments - Equity instruments		
Quoted		
Corporation Bank Limited 200 (200) Equity Shares of Rs.10/- Each fully paid	16,000	16,000
	<u>16,000</u>	<u>16,000</u>
Unquoted		
The Saraswat Co Operative Bank Ltd 2500 (2500) Equity Shares Of Rs.10/- Each Fully Paid	25,000	25,000
Sahyadri Hospitals Limited 250000 (250000) Equity Shares Of Rs.10/- Each Fully Paid	2,500,000	2,500,000
Core Fitness Private Limited 150 (150) Equity Shares of Rs. 100/- Each Fully Paid	15,000	15,000
	<u>2,540,000</u>	<u>2,540,000</u>
Provision for dimunition in value of shares	-	-
	<u>1,484,752,177</u>	<u>1,467,703,179</u>
Quoted investments		
Book value	16,000	16,000
Market value	55,340	75,750
Unquoted investments		
Book value	1,484,736,177	1,467,687,179



VASCON
Development • Excellence

Notes to the financial statements as at 31st March, 2014

	March 31, 2014	(Amount in Rupees) March 31, 2013
14 Deferred tax assets (net)		
Deferred tax asset	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
In accordance with the provision of AS 22 "Accounting for Taxes on Income", in absence of virtual certainty of the taxable income, for the period no provision for deferred tax assets in respect of carried forward business loss / unabsorbed depreciation has not been made.		
Components of deferred tax assets and liabilities are as follows:		
Difference between book depreciation and depreciation under Income Tax	(15,798,547)	(14,561,702)
Statutory payments	7,732,619	6,341,742
Reserve for doubtful debts and advances	42,495,495	40,178,219
Carried forward capital losses	330,316,568	133,409,278
Net deferred tax asset / (liability)	<u>364,746,135</u>	<u>165,367,537</u>
15 Long term loans and advances		
(Unsecured considered good, unless otherwise stated)		
Capital advances	1,215,613	543,427
Security deposits	1,254,000	8,422,520
Add / (less) : provision for doubtful loans and advances	(1,000,000)	(1,000,000)
	<u>254,000</u>	<u>7,422,520</u>
Advances / loans to subsidiaries	236,595,223	389,993,433
Advances / loans to firms / AOP in which company or subsidiary is partner / member	453,128,673	619,263,422
Project advances	<u>1,452,209,290</u>	<u>1,238,404,989</u>
Intercorporate deposits	171,965,000	162,635,172
	<u>2,315,367,799</u>	<u>2,418,262,963</u>
Summary of long term loans and advances to related parties:		
Advances / loans to subsidiaries	236,595,223	389,993,433
Advances / loans to firms / AOP in which company or subsidiary is partner / member		
- Joint Ventures	453,128,673	619,263,422
Project advances		
- Joint Ventures	-	43,743,911
- Associates	255,300,010	255,300,010
Advances / loans to subsidiaries being advance for projects as required to be contributed by the Company.	-	119,973,312
Project advances being advances / deposits paid to the vendors while acquiring development rights for various projects.	890,161,975	807,982,013



VASCON
Developers • Engineers

Notes to the financial statements as at 31st March, 2014

As per the Agreements, the vendor is entitled to an agreed percentage of sale proceeds of the project as a consideration. No amount is payable if there is no sale. Hence there is no loss to the Company. Since the cost of acquisition of development rights is not ascertainable, the same is not accounted.

In respect of a development project, as per the terms of land purchase agreement with a land vendor, an additional amount equivalent to 40% of sale proceeds will 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.

	March 31, 2014	(Amount in Rupees) March 31, 2013
16 Other non current assets		
(Unsecured Considered Good, Unless Otherwise Stated)		
Balances with banks in long term deposit accounts under banks lien for margin money	-	8,931,209
Balances with banks in long term deposit accounts	88,008	199,287
Advance income tax*	314,680,446	255,130,259
Statutory dues recoverable	90,544,633	56,146,007
	405,313,087	320,406,762
	405,313,087	320,406,762
<i>*Advance Income Tax are after netting of provisions for taxation of Rs. 590686608/- (Rs.549127673/-)</i>		
17 Current investments		
- Carried at lower of cost or fair value		
Investment in equity instruments		
Ascent Hotels Private Limited	266,701,680	266,701,680
6669492 (6669492)Equity Shares of Rs. 10 /- Each Fully Paid		
Viorica Properties Private Limited	250,848,780	214,016,680
16619939(16619939) Equity Shares of Rs. 10/- Each Fully Paid		
Sita Lakshmi Mills Limited	23,400,000	23,400,000
806000 (806000) Equity Shares of Rs 50/- Each Fully Paid		
	540,950,460	504,118,360
Provision for diminution in value of shares	-	-
	540,950,460	504,118,360
Investment in preference shares		
Provision for diminution in value of shares	-	-
	-	-
Investment in Mutual Funds		
IDFC Cash Fund	4,887,093	-
	4,887,093	-
	545,837,553	504,118,360
Aggregate amount of unquoted investments	545,837,553	504,118,360



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Developers • Engineers

Notes to the financial statements as at 31st March, 2014

	March 31, 2014	(Amount in Rupees) March 31, 2013
18 Inventories		
Building materials / tools	601,849,679	673,871,386
Developments	1,753,510,548	1,436,127,835
	<u>2,355,360,228</u>	<u>2,109,999,221</u>

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

19 Trade receivables

a) Debtors

(Unsecured considered good, unless otherwise stated)

Outstanding for period exceeding six months

Considered good	1,427,386,029	944,733,744
	<u>1,427,386,029</u>	<u>944,733,744</u>
Considered doubtful	136,525,875	129,026,600
Add / (less) : provision for doubtful debts	<u>(136,525,875)</u>	<u>(129,026,600)</u>
	-	-

Others considered good

(Less) : provision for unapproved sales

(Less) : commitment deposit received

	450,839,090	1,407,195,661
	(4,335,443)	(10,191,133)
	<u>(362,845,636)</u>	<u>(363,217,581)</u>
	83,658,011	1,033,786,947

b) Retention (accrued but not due)

	426,319,873	578,682,694
	<u>426,319,873</u>	<u>578,682,694</u>

Total debtors

	1,937,363,913	2,557,203,385
--	---------------	---------------

(Less) : related unearned receivables

	(293,650,854)	(185,899,413)
--	---------------	---------------

(Less) : bills discounted accepted by customers

	-	(60,000,000)
	<u>(293,650,854)</u>	<u>(245,899,413)</u>

	<u>1,643,713,059</u>	<u>2,311,303,972</u>
--	----------------------	----------------------

The activity in the provision for unapproved sales is given below:

Balance at the beginning of the year	10,191,133	14,544,903
Additions during the year	377,612	3,653,304
Utilisation / transfers	<u>(6,233,302)</u>	<u>(8,007,074)</u>
Balance at the end of the year	<u>4,335,443</u>	<u>10,191,133</u>

The activity in the provision for doubtful debts is given below:

Balance at the beginning of the year	129,026,600	102,226,000
Additions during the year	29,323,175	39,737,400
Utilisation / reversals	<u>(21,823,900)</u>	<u>(12,936,800)</u>
	<u>136,525,875</u>	<u>129,026,600</u>



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Developers of Excellence

Notes to the financial statements as at 31st March, 2014

	March 31, 2014	(Amount in Rupees) March 31, 2013
20 Cash and bank balances		
a) Cash and cash equivalents		
Balances with banks in current accounts	135,643,974	91,928,050
Balances with banks in deposit accounts with original maturity of less than 3 months	18,965,120	15,064,778
Cheques, drafts on hand	10,000,000	-
Cash on hand	14,253,677	10,585,778
	<u>178,862,770</u>	<u>117,578,606</u>
b) Other bank balances		
Balances with banks in deposit accounts under banks lien for margin money	110,850,624	98,798,113
Balances with banks in short term deposit accounts	7,422,916	33,169,704
Balances with banks in unpaid dividend account	15,702	15,702
	<u>118,289,242</u>	<u>131,983,520</u>
	<u>297,152,012</u>	<u>249,562,125</u>
21 Short term loans and advances (Unsecured considered good, unless otherwise stated)		
Security deposits	116,583,768	132,525,478
Advances / loans to subsidiaries	146,750,537	138,136,338
Intercorporate deposits	-	826,839,275
Others	70,711,353	-
	<u>334,045,658</u>	<u>1,097,501,091</u>
Summary of short term loans and advances to related parties		
Advances / loans to subsidiaries	146,750,537	138,136,338
Intercorporate deposits includes a sum of Rs.Nil (Rs. 71,87,08,752/-) where the borrower has given an undertaking for non disposal of shares acquired from the moneyborrowed from the Company until repayment of the same.		
22 Other current assets (Unsecured considered good, unless otherwise stated)		
Unbilled revenues	1,193,085,098	1,123,483,601
(Less) : related advance payment received	(403,827,611)	(202,602,435)
	<u>789,257,487</u>	<u>920,881,166</u>
Trade Advances	903,617,779	86,519,051
MAT credit entitlement	6,644,000	6,644,000
Prepaid expenses	17,159,224	27,932,549
Other recoverables and receivables	314,872,642	76,031,969
Share application money paid	42,537,200	83,976,270
	<u>2,074,088,332</u>	<u>1,201,985,005</u>



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Notes to the financial statements as at 31st March, 2014

	March 31, 2014	(Amount in Rupees) March 31, 2013
23 Revenue from operations		
Contract revenue recognised / sales (gross)		
- Contract revenue	2,474,911,091	3,493,157,070
- Sale of unit	482,263,941	447,216,765
- Trading sales	4,291,768	240,527,371
- Other sales	32,955,714	41,060,540
Other operating income		
- Rent earned	2,712,677	11,112,686
- Share of profit / (loss) from AOP / Partnership firms (net)	104,943,192	105,203,429
- Profit on sale of long term investment	164,627,948	
	<u>3,266,706,331</u>	<u>4,338,277,861</u>
24 Other income		
Interest income	132,444,402	248,043,727
Dividend income from long term investments - other than trade	5,322,296	11,804
Other non operating income (net of expenses directly attributable to such income)	2,953,340	15,034,870
	<u>140,720,038</u>	<u>263,090,401</u>
25 Construction expenses		
Contract	2,247,924,231	2,989,461,051
Development	472,791,172	380,853,787
Incidental borrowing cost incurred attributable to qualifying assets	220,657,496	174,151,288
	<u>2,941,372,899</u>	<u>3,544,466,126</u>
26 Purchases of stock-in-trade		
Purchases of stock-in-trade	413,071	231,177,049
	<u>413,071</u>	<u>231,177,049</u>
27 Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Developments - unfinished	(274,882,711)	(197,629,212)
	<u>(274,882,711)</u>	<u>(197,629,212)</u>



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Developers • Engineers

Notes to the financial statements as at 31st March, 2014

	(Amount in Rupees)	
	March 31, 2014	March 31, 2013
28 Employee benefit expense		
Salaries and wages	376,287,698	396,005,556
Contribution to provident and other funds	20,072,079	14,118,852
Gratuity	4,501,220	12,833,293
Compensated absence	12,225,831	12,494,667
Staff welfare expenses	27,161,736	33,883,468
Expense on Employee Stock Option Scheme	12,796,875	-
	453,045,439	469,335,836
* Salary includes sum of Rs.3.83 Cr payable to Managing Director for earlier years as approved by central government		
29 Finance costs		
Interest expense	559,044,559	473,652,142
Other borrowing costs	24,596,509	7,720,198
Less : borrowing cost transferred to qualifying assets	(220,657,496)	(175,655,742)
	362,983,572	305,716,598
30 Other expenses		
Advertisement	5,746,363	20,293,327
Bank charges	20,630,920	27,527,674
Brokerage/commission	3,313,945	2,125,227
Bank Gurantee Commission to Managing Director	55,400,000	-
Conveyance	5,270,564	7,168,770
Donations	3,742,684	2,650,456
Electricity charges	6,923,257	20,998,601
Foreign exchange gain / loss (net)	7,566,936	449,714
Insurance	11,900,307	18,789,986
Other expenses	28,600,813	34,093,227
Provision for doubtful debt and advances	7,499,275	26,800,600
Provision for warranty expenses	-	4,258,027
Postage and telephone	7,071,907	12,038,930
Printing and stationery	4,131,922	6,632,972
Rates & taxes	1,319,645	3,011,894
Rent/compensation	34,601,642	61,946,597
Repairs, renovation and maintenance	-	-
Building	1,385,428	741,901
Plant and machinery	42,718	-
Others	6,599,344	18,882,806
Sales promotion expenses	1,592,093	23,606,063
Travelling expenses	4,688,280	5,957,677
Service charges/professional fees/retainership fees	47,563,130	80,173,656
	265,591,172	378,148,102



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Notes to the financial statements as at 31st March, 2014

	March 31, 2014	(Amount in Rupees) March 31, 2013
31 Prior period (expenses) / income (net)		
Prior period expenses / income (net)	-	(37,097)
	<u>-</u>	<u>(37,097)</u>
32 Exceptional items		
Net gain / loss on sale of fixed assets	-	81,763
Net gain / loss on sale of long term investments - other than trade		(39,981,934)
Reversals of employee stock option compensation	84,173	6,163,298
Provision for diminution in value of shares	-	150,000
	<u>84,173</u>	<u>(33,586,873)</u>

a) Reversals of employee stock option compensation

During the year under review, the unexercised outstanding Employee Stock Options aggregating to 2250 (1,64,750) Equity Shares relating to those employees who are no longer associated with the Company have been forfeited and accordingly, the provision for compensation amounting to Rs. 84,173/ (Rs. 61,63,298/-) in respect of the same has been written back as exceptional item.

33 Tax expense

Current tax	-	-
Deferred tax	-	20,884,220
	<u>-</u>	<u>20,884,220</u>

34 Employee stock option plans (ESOP)

The Company has provided share based payment schemes to its employee. During the period ended March 31, 2014, the 'ESOS - 2007' scheme was lapsed on March 31, 2014 and consequently no further shares will be issued to employee under this scheme:

Particulars	Nos	Nos
Outstanding at the beginning of the year	4,650	213,950
Forfeited during the year	(2,250)	(164,750)
Alloted during the year	(2,400)	(44,550)
Outstanding at the end of the year	-	4,650

The Company has provided share based payment schemes to its employee. During the period ended March 31, 2014, the 'ESOS - 2013' scheme was in operation:

Particulars	Nos	Nos
Outstanding at the beginning of the year	-	-
Granted during the year	2,250,000	-
Forfeited during the year	-	-
Alloted during the year	-	-
Outstanding at the end of the year	2,250,000	-



VASCON
Development • Excellence

Notes to the financial statements as at 31st March, 2014

	(Amount in Rupees)	
	March 31, 2014	March 31, 2013
35 Earning per share (EPS)		
Net Profit available for equity share holder	(448,755,089)	(308,939,039)
Weighted average number of equity shares for Basic EPS	90,180,183	90,160,274
Face value per share	10	10
Basic EPS	(4.98)	(3.43)
Weighted average number of equity shares for Diluted EPS	90,922,303	90,162,113
Diluted EPS	(4.94)	(3.43)
36 Commitments		
a) Estimated amount of contracts remaining to be executed on capital accounts and not provided for	4,766,042	5,875,710
b) As per the arrangement with a customer, the assets provided by it for the relevant contract will be acquired by the Company at 50% of the cost at the end of the project. The estimated amount of such commitment at the year end is	18,102,920	18,102,920
c) Uncalled liability on shares partly paid	-	-
	22,868,962	23,978,630
37 Contingent liabilities		
a) Disputed demands for Income Tax	64,460,304	132,574,282
b) Disputed demands for Service Tax	16,339,031	38,971,190
c) Disputed demands for Value Added Tax	3,057,591	3,057,591
d) Performance and financial guarantees given by the Banks on behalf of the Company	1,466,835,949	1,476,669,527
e) Corporate guarantees given for other companies / entities and mobilisation	2,061,200,000	2,061,200,000
f) Claims against the Company not acknowledged as debts	3,609,695,750	3,600,000,000
- In respect of claim against the Company amounting to Rs.360,00,00,000/- (Rs 360,00,00,000/-) by a party who was originally claiming interest in a property, no provision has been considered necessary by the Management in view of the legal opinion that the said claim is not tenable on various grounds.		
- One of our creditor has filed a civil suit claiming of Rs 88,28,380/- as amount due to him, which claim the company is disputing. - Short Levy of Stamp Duty due to misclassification of conveyance deed as development agreement amounting to Rs 8,67,370/- with Joint District Registrar & Collector of Stamps, Pune		



VASCON
Development • Excellence

Notes to the financial statements as at 31st March, 2014

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

The Company's significant leasing arrangements are in respect of operating leases for commercial and residential premises. The Company leases / sub-leases office spaces under 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	March 31, 2014	March 31, 2013
Gross Carrying Amount of Premises	65,991,203	65,991,203
Accumulated Depreciation	20,533,639	18,141,136
Depreciation for the year	2,392,503	2,518,425
Future minimum lease income under non-cancellable operating leases		
a) Not later than 1 year	899,990	4,115,298
b) Later than 1 year and not later than 5 years	-	899,990
c) Later than 5 years	-	-
Income recognised during the year	1,919,833	10,021,467

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

The particulars of significant leases under operating leases are as under

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

Future minimum lease expenses under non-cancellable operating leases

a) Not later than 1 year	926,925	10,072,700
b) Later than 1 year and not later than 5 years	-	32,960,325
c) Later than 5 years	-	-
Expenses recognised during the year	7,863,500	13,880,966

(Amount in Rupees)

March 31, 2014

March 31, 2013

39 The particulars of the partnership firms where the Company is a partner are as follows

Name of the firm	Ajanta Enterprises	
Total capital of the firm	371,208,682	31,124,942
Share of profit / (loss) from partnership firm recognised during the year	148,588,793	114,570,183
Names of the partners	Profit / Loss sharing ratio	
a) Shree Madhur Realtors Private Limited.	20.00%	20.00%
b) Dhiren Popattal Nandu	10.00%	10.00%
c) Raj Bhansali	20.00%	20.00%
d) Vascon Engineers Limited	50.00%	50.00%



VASCON
Developers • Engineers

Notes to the financial statements as at 31st March, 2014

(Amount in Rupees)

March 31, 2014

March 31, 2013

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

I Names of related parties

1. Subsidiaries

- Marvel Housing Private Limited
- Grey Stone Premises Private Limited
- Vascon Dwellings Private Limited
- IT CITI Info Park Private Limited
- Caspia Hotels Private Limited
- Windflower Properties Private Limited
- GMP Technical Solution Private Limited
- Floriana Properties Private Limited
- Vascon Pricol Infrastructure Limited
- Vascon Renaissance EPC Limited Liability Partnership
- Almet Corporation Limited
- Marathawada Realtors Private Limited
- Just Homes (India) Private Limited
- GMP Technical Solutions Middle East (FZE)

2. Joint Ventures

- WeikfieldIT CITI Infopark
- Phoenix Ventures
- Zenith Ventures
- Zircon Ventures
- Marigold Premises Private Limited (Upto 30th September 2013)
- Just Homes (AOP)
- Cosmos Premises Private Limited
- Ajanta Enterprises

3. Associates

- Angelica Properties Private Limited
- Mumbai Estate Private Limited

4. Key Management Personnel

- Mr. R. Vasudevan
- Dr Santosh Sunderrajan

5. Relatives of Key Management Personnel

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



VASCON
Solutions • Services

Notes to the financial statements as at 31st March, 2014

(Amount in Rupees)

	March 31, 2014	March 31, 2013
6. Individuals having significant influence over the Company		
7. Establishments where which individuals in serial number (4), (5) and (6) exercise significant Influence		
- Flora Facilities Private Limited (Formerly known as Flora Premises Private Limited)		
- Vastech Consultants Private Limited		
- Vatsalya Enterprises Private Limited		
- Bellflower Premises Private Limited		
- Cherry Construction Private Limited		
- Stresstech Engineers Pvt Ltd.		
- Sunflower Health Services Private Limited		
- Syringa Engineers Private Limited (Formerly known as Syringa Properties Private Limited)		
- Vascon Infrastructure Limited		
8. Venturer in respect of which Company is associate or joint venture		
- There are no parties under this category.		
 II Related party transactions		
1 Sales and work	295,217,020	353,833,817
Subsidiaries		
Caspia Hotels Private Limited	3,945,255	
GMP Technical Solution Private Limited	1,971,604	7,672,231
Vascon Renaissance EPC Limited Liability Partnership	(777,426)	3,760,825
Vascon Dwellings Private. Limited	560,251	5,778
Windflower Premises Private Limited	1,200,000	
Vascon Pricol Infrastructure Limited	94,615,403	102,969,737
Total	101,515,087	114,408,571
Joint Ventures		
Ajanta Enterprises	44,625,022	99,900,864
Phoenix Ventures	12,644,399	42,117,814
Weikfelds ITCITI Info Park		62,466,472
Zenith Ventures	26,699,893	4,129,609
Zircon Ventures		832,723
Total	83,969,314	209,447,482
Associates		
Angelica Properties Private. Limited.	16,936,435	125,000
	16,936,435	125,000
Key management Personnel		
Mr. R. Vasudevan	8,753,595	13,625,413
Dr. Santosh Sundararajan	3,669,444	6,394,065
	12,423,039	20,019,478



VASCON
Developers • Engineers

Notes to the financial statements as at 31st March, 2014

	March 31, 2014	(Amount in Rupees) March 31, 2013
Enterprise where KMP & Relatives of KMP significant influence		
Flora Facilities Private Limited (Formerly known as Flora Premises Private Limited)	35,075,775	-
Vatsalya Enterprises Private Limited		
Cherry Constructions Private Limited.	45,297,370	
- Sunflower Health Services Private Limited		
Vascon Infrastructure Limited	-	9,833,286
	80,373,145	9,833,286
2 Interest Income	23,093,119	66,739,657
Subsidiaries		
Vascon Dwellings Private Limited	11,277,718	20,300,000
IT CITI Info Park Private Limited	1,599,777	
Vascon Pricol Infrastructures		3,870,183
Grey Stone Premises Private Limited		1,848,100
GMP Technical Solutions Private Limited	9,571,334	10,278,552
	22,448,829	36,296,835
Joint Ventures		
Zenith Ventures		25,574,028
Phoenix Ventures	644,290	4,868,794
Ajanta Enterprises	644,290	30,442,822
3 Dividend Income	5,280,504	
Joint Venture		
Cosmos Premises Private Limited	4,435,025	
Marigold Premises Private Limited	837,775	-
	5,272,800	-
Associates		
Angelica Propertiers Private. Limited.	7,704	
	7,704	
4 Interest Expense	32,412,317	31,426,194
Subsidiaries		
Almet Corporation Limited	646,567	874,798
Marathawada Realtors Private Limited	222,425	3,178,073
	868,992	4,052,871
Joint Venture		
Ajanta Enterprises	26,592,903	27,373,323
	26,592,903	27,373,323



VASCON
Development • Growth

Notes to the financial statements as at 31st March, 2014

	March 31, 2014	(Amount in Rupees) March 31, 2013
Enterprise where KMP & Relatives of KMP significant influence		
Vatsalya Enterprises Private Limited		-
Vastech Consultants Private. Limited.	1,443,245	-
Bellflower Premises Private Limited		-
	<u>1,443,245</u>	<u>-</u>
Relatives of Key Management Personnel		
Mrs. Thangam Moorthy	355,481	
	<u>355,481</u>	<u>-</u>
Key Management Personnel		
Mr. Santosh Sunderrajan	3,151,696	
	<u>3,151,696</u>	<u>-</u>
4 Purchase of Goods / Work	185,504,724	338,885,907
Subsidiaries		
GMP Technical Solution Pvt Ltd	116,037,410	236,783,367
	<u>116,037,410</u>	<u>236,783,367</u>
Joint Ventures		
Marigold Premises Private Limited	42,500,000	
Zenith Ventures	1,777	44,569
	<u>42,501,777</u>	<u>44,569</u>
Enterprise where KMP & Relatives of KMP significant influence		
Bellflower Premises Private Limited	3,600,000	
Vatsalya Enterprises Private Limited	3,600,000	
Syringa Engineers Private Limited	352,927	
Flora Facilities Private Limited	2,033,876	980,906
Stresstech Engineers Private Limited	33,882,203	
Vascon Infrastructure Limited	25,968,309	101,121,633
	<u>69,437,314</u>	<u>102,102,539</u>
Relatives of Key Management Personnel		
Mrs. Lalitha Sundarajan	30,000	
	<u>30,000</u>	<u>-</u>
5 Receiving of Services	150,252,000	47,993,887
Key Management Personnel		
Mr R Vasudevan	121,822,000	4,800,000
Dr Santosh Sunderrajan	23,415,000	29,700,000
	<u>145,237,000</u>	<u>34,500,000</u>
Relatives of Key Management Personnel		
Mr. Siddarth Vasudevan	5,015,000	-
	<u>5,015,000</u>	<u>-</u>



VASCON
Developers • Engineers • Architects

Notes to the financial statements as at 31st March, 2014

	March 31, 2014	(Amount in Rupees) March 31, 2013
Enterprise where KMP & Relatives of KMP significant influence		
Flora Facilities Private Limited		2,078,100
Vastech Consultants Private Limited		11,415,787
		<u>13,493,887</u>
6 Rendering of Services	21,608,496	
Enterprise where KMP & Relatives of KMP significant influence		
Flora Facilities Private Limited	2,631,801	
Vastech Consultants Private Limited	18,976,695	
	<u>21,608,496</u>	
7 Share of Profit from AOP/Firm	148,779,372	121,449,981
Subsidiary		
Vascon Renaissance EPC Limited Liability Partnership		196,312
		<u>196,312</u>
Joint Ventures		
Phoenix Ventures	4,403,755	290,871
Weikfield ITCITI Info Park (AOP)	(4,213,176)	6,392,615
Ajanta Enterprises	148,588,793	114,570,183
	<u>148,779,372</u>	<u>121,253,669</u>
8 Share of Loss from AOP/Firm	43,836,180	4,261,101
Joint Ventures		
Zenith Ventures	43,836,180	704,456
Zircon Ventures		3,556,645
	<u>43,836,180</u>	<u>4,261,101</u>
9 Reimbursement of expenses	2,018,829	
Subsidiary		
Vascon Pricol Infrastructures Limited	281,430	
Windflower Properties private Limited	1,379,978	
Caspia Hotels Private Limited	304,593	
	<u>1,966,001</u>	
Key Management Personnel		
Mr R Vasudevan	3,398	
Dr Santosh Sunderrajan	49,430	
	<u>52,828</u>	
10 Outstanding corporate / bank guarantees given	1,311,200,000	1,311,200,000
Subsidiaries		
Caspia Hotels Private Limited	346,200,000	346,200,000
GMP Technical Solution Private Limited	765,000,000	765,000,000
	<u>1,111,200,000</u>	<u>1,111,200,000</u>
Joint Ventures		
Phoenix Ventures	100,000,000	100,000,000
Cosmos Premises Private Limited	100,000,000	100,000,000
	<u>200,000,000</u>	<u>200,000,000</u>



VASCON
Solutions • Services

Notes to the financial statements as at 31st March, 2014

	(Amount in Rupees)	
	March 31, 2014	March 31, 2013
11 Finance Provided (including equity contributions in cash or in kind)	539,774,638	245,149,510
Subsidiaries		
GMP Technical Solution Private Limited		63,232,063
Floriana Properties Private Limited	63,211	1,600,000
Marvel Housing Private Limited	5,000	59,000
IT Citi Infopark Private Limited	1,412,287	39,291,851
Greystone Premises Private Limited		100,000
Marathawada Realtors Private Limited	1,022,892	
Almet Corporation Limited	160,022	
Vascon Dwellings Private Limited	102,757,749	9,818,907
Vascon Pricol Infrastructure Limited		11,889,000
Just Homes (India) Private Limited	29,869,190	
Windflower Properties Private Limited	5,737,588	5,650,000
	141,027,939	131,640,821
Joint Ventures		
Phoenix Ventures	3,637,712	112,301,100
Zenith Ventures	4,848,445	
Just Homes (AOP)	6,782,044	
Marigold Premises Private Limited	7,934,483	1,207,589
Ajanta Enterprises	220,183,812	
	243,386,496	113,508,689
Associates		
Angelica Propertiers Private. Limited.	13,704,758	
	13,704,758	-
Enterprise where KMP & Relatives of KMP significant influence		
Vascon Infrastructure Limited	20,200,000	
Vastech Consultants Private Limited	6,144,325	
Venus Ventures	87,028,984	
Sunflower Health Services Pvt Ltd	28,282,136	
	141,655,445	
12 Finance availed (including equity contributions in cash or in kind)	482,493,900	749,691,504
Subsidiary		
Almet Corporation Limited	200,000	
Floriana properties Private Limited	182,015	4,000,000
IT Citi Info Park Private Limited	40,263,593	
Greystone Premises Private Limited		67,869,901
Vascon Pricol Infrastructure Limited		1,376,018
Windflower Premises Private Limited	5,737,588	277,179,679
Marvel Housing Private Limited	5,000	3,731,338
GMP Technical Solution Private Limited	957,135	104,674,277
Vascon Dwellings Private Limited	108,049,708	13,202,702
	155,395,039	472,033,915



VASCON
Developers • Engineers

Notes to the financial statements as at 31st March, 2014

	March 31, 2014	(Amount in Rupees) March 31, 2013
Joint Ventures		
Phoenix Venture	171,712	2,657,589
Marigold Premises Private Limited	43,743,911	
Zenith Ventures	201,712,092	55,000,000
Just Homes Associates (AOP)	6,410,099	
Ajanta Enterprises		200,000,000
	<u>252,037,814</u>	<u>257,657,589</u>
Enterprise where KMP & Relatives of KMP significant influence		
Vastech Consultants Private Limited	12,854,047	
Venus Ventures	24,700,000	
Vascon Infrastructure Limited	200,000	20,000,000
	<u>37,754,047</u>	<u>20,000,000</u>
Relatives of Key Management Personnel		
Mrs. Thangam Moorthy	3,000,000	
	<u>3,000,000</u>	
Key Management Personnel		
Dr.Santosh Sunderarjan	34,307,000	
	<u>34,307,000</u>	
13 Outstanding as on		
A) Receivable to Vascon Engineers Limited	1,93,73,40,980	2,13,75,05,716
Subsidiaries	94,71,83,554	92,50,25,229
a) Sundry Debtors		
GMP Technical Solution Private Limited	61,39,043	1,22,07,056
Caspia Hotels Private Limited	2,86,628	
Vascon Dwellings Private Limited	26,12,18,318	26,26,85,720
Vascon Pricol Infrastructure Limited	13,49,42,077	10,40,83,172
Vascon Renaissance EPC Limited Liability Partnership	78,03,381	87,26,350
Windflower Properties Private Limited	12,00,000	
	<u>41,15,89,447</u>	<u>38,77,02,298</u>
b) Loans & Advances / Project Advances		
Floriana Properties Private Limited	6,73,33,724	6,74,52,528
GMP Technical Solution Private Limited	14,67,50,537	13,81,36,338
Just Homes (India) Private Limited	2,98,69,190	
IT Citi Info Park Private Limited	20,40,325	3,92,91,851
Marvel Housing Private Limited		
Vascon Dwellings Private Limited	16,92,61,499	16,32,75,740
Vascon Pricol Infrastructure Limited.	11,97,94,376	11,98,88,449
	<u>53,50,49,651</u>	<u>52,80,44,906</u>
c) Balance in capital and current accounts		
Vascon Renaissance EPC Limited Liability Partnership	65,000	91,88,025
	<u>65,000</u>	<u>91,88,025</u>

	March 31, 2014	(Amount in Rupees) March 31, 2013
d) Expenses reimbursement		
Windflower Premises Private Limited	90,000	90,000
Caspia Hotels Private Limited	3,89,456	
	<u>4,79,456</u>	<u>90,000</u>
Joint Ventures	60,99,70,571	88,22,75,588
a) Sundry Debtors		
Marigold Premises Private Limited	4,41,86,997	10,20,02,696
Just Homes (AOP)	1,45,00,000	1,45,00,000
Phoenix Ventures	6,20,46,408	5,22,18,218
Weikfelds ITCITI Info Park (AOP)		3,87,34,719
Zircon Ventures	6,53,233	9,35,647
	<u>12,13,86,638</u>	<u>20,83,91,280</u>
b) Loans & Advances		
Marigold Premises Private Limited		4,37,43,911
Phoenix Ventures	89,79,084	48,68,794
Weikfelds ITCITI Info Park		
Zenith Ventures		19,68,65,424
	<u>89,79,084</u>	<u>24,54,78,129</u>
c) Balance in capital and current accounts		
Phoenix Ventures	6,00,23,850	4,26,58,127
Weikfield IT Citi Infopark	36,45,61,493	34,68,52,499
Zenith Ventures		42,23,193
Ajanta Enterprises	1,54,55,260	
Zircon Ventures	3,95,64,246	3,46,72,360
	<u>47,96,04,849</u>	<u>42,84,06,179</u>
d) Key Management Personnel		1,69,77,850
Other receivables		
Sundry Debtors		
R Vasudevan		55,96,896
		<u>55,96,896</u>
Services Rendered		
R Vasudevan		1,13,80,954
		<u>1,13,80,954</u>



VASCON
Developers • Engineers

Notes to the financial statements as at 31st March, 2014

	March 31, 2014	(Amount in Rupees) March 31, 2013
Associates	25,67,66,500	26,28,47,800
a) Sundry Debtors		
Angelica Properties Pvt Ltd	14,29,290	75,10,590
	<u>14,29,290</u>	<u>75,10,590</u>
b) Loans & Advances		
Mumbai Estate Private Limited	25,53,00,010	25,53,00,010
	<u>25,53,00,010</u>	<u>25,53,00,010</u>
c) Share Application Money		
Angelica Properties Private Limited	37,200	37,200
	<u>37,200</u>	<u>37,200</u>
Enterprise where KMP & Relatives of KMP significant influence	12,13,18,713	5,03,79,249
a) Sundry Debtors		
Flora Facilities Private Limited (Formerly known as Flora Premises Private Limited)	1,36,64,525	24,41,650
Cherry Constructions Private Limited.	1,51,64,731	
Stresstech Engineers Private Limited		6,36,728
Vascon Infrastructure Limited		4,73,00,871
	<u>2,88,29,256</u>	<u>5,03,79,249</u>
b) Loans & Advances		
Vastech Consultants Private Limited	16,77,154	
Vascon Infrastructure Limited	5,759	
Sunflower Health Services Pvt Ltd	2,82,82,136	
Venus Ventures	6,23,28,984	
Syringa Engineers Private Limited	1,95,424	
	<u>9,24,89,457</u>	
Key Management Personnel		
a) Sundry Debtors	21,01,643	1,42,572
Mr.Santosh Sunderajan	19,93,123	
	<u>19,93,123</u>	
b) Expenses reimbursement		
Mr.Santosh Sunderajan	1,08,520	1,42,572
	<u>1,08,520</u>	<u>1,42,572</u>



VASCON
Developers • Engineers

Notes to the financial statements as at 31st March, 2014

	(Amount in Rupees)	
	March 31, 2014	March 31, 2013
B) Receivable from Vascon Engineers Limited	65,24,48,133	42,97,88,152
Subsidiaries	9,65,24,901	8,33,08,286
a) Security Deposit / other payables		
Caspia Hotels Private Limited		37,70,874
Almet Corporation Limited	78,23,974	71,37,429
Marathawada Realtors Private Limited	21,73,074	29,73,541
	<u>99,97,048</u>	<u>1,38,81,844</u>
b) Expenses Reimbursement		
Vascon Pricol Infrastructure Limited	8,24,076	
	<u>8,24,076</u>	
c) Sundry Creditors		
GMP Technical Solution Pvt Ltd	8,57,03,777	6,94,26,442
	<u>8,57,03,777</u>	<u>6,94,26,442</u>
Joint Ventures	38,36,02,523	15,02,03,211
a) Loans & Advances		
Just Homes (AOP)	36,28,45,636	36,32,17,581
	<u>36,28,45,636</u>	
b) Balance in current account		
Zenith Ventures	2,07,56,887	
Ajanta Enterprises		15,02,03,211
	<u>2,07,56,887</u>	<u>15,02,03,211</u>
Key Management Personnel	9,32,05,001	66,75,180
a) For Services Received		
Mr. R Vasudevan	8,95,18,732	66,75,180
Dr. Santosh Sunderrajan	30,01,891	
Siddharth Vasudevan	6,84,378	
	<u>9,32,05,001</u>	<u>66,75,180</u>
Associates	1,98,95,242	3,36,00,000
a) Security Deposit / Other Payables		
Angelica Properties Private Limited	1,98,95,242	3,36,00,000
	<u>1,98,95,242</u>	<u>3,36,00,000</u>
Enterprise where KMP & Relatives of KMP significant influence	5,92,20,467	13,73,56,475
a) Sundry Creditors		
Flora Facilities Private Limited (Formerly known as Flora Premises Private Limited)	10,84,625	4,11,706
Vatsalya Enterprises Private Limited	10,46,942	
Syringa Engineers Private Limited		2,97,697
Stresstech Engineers Private Limited	1,04,94,214	1,42,26,097
Bellflower Premises Private Limited	11,34,719	
Vascon Infrastructures Limited		5,53,40,597
Vastech Consultants Private Limited		21,00,726
	<u>1,37,60,500</u>	<u>7,23,76,823</u>



VASCON
Developers • Engineers

Notes to the financial statements as at 31st March, 2014

	March 31, 2014	(Amount in Rupees) March 31, 2013
Loans/(Advances)		
Vascon Infrastructure Limited		2,00,00,000
Vastech Consultants Private Limited	81,52,967	
	<u>81,52,967</u>	<u>2,00,00,000</u>
b) Advance from Customers		
Vascon Infrastructure Limited		2,91,769
Sunflower Helath Services Pvt Ltd.		2,40,00,000
Cherry ConstructionsPrivate Limited.		20,42,883
		<u>2,63,34,652</u>
d) Deposits Recd.		
Relatives of Key Management Personnel		
Mrs. Thangam Moorthy	30,00,000	
	<u>30,00,000</u>	
e) Key Management Personnel		
Dr.Santosh Sunderarjan	3,43,07,000	
	<u>3,43,07,000</u>	<u>1,86,45,000</u>

41 The Company has amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, [MSMED Act] as at March 31, 2013. The disclosure pursuant to the said Act is as under:

Particulars

Principal amount payable to suppliers at the year end	6,50,590	6,73,481
Amount of interest paid by the Company in terms of Section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the specified under the MSMED	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting year	-	-

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

42 Auditors' Remuneration

Audit Fee	30,00,000	30,00,000
Tax Audit	6,00,000	6,00,000
Other Services	2,40,000	3,20,800
Total	<u>38,40,000</u>	<u>39,20,800</u>

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



VASCON
Development • Excellence

Notes to the financial statements as at 31st March, 2014

(Amount in Rupees)

March 31, 2014

March 31, 2013

43 Details of Earnings & Expenditure In Foreign Currency

Earnings on account of

Sales/Work	-	6,48,89,000
Total	<u>-</u>	<u>6,48,89,000</u>

Expenditure on account of

Purchase of Spares/ materials	7,66,72,875	12,52,90,000
Purchase of services	1,30,580	6,05,242
Purchase of Fixed Assets	38,22,552	-
Total	<u>8,06,26,007</u>	<u>12,58,95,242</u>

44 Disclosure of particulars of contract revenue as required by Accounting Standard 7

Contract Revenue Recognised	2,47,49,11,091	3,49,31,57,070
Contract Expenses Recognised	2,24,79,24,231	2,98,94,61,051
Recognised Profit	22,69,86,860	50,36,96,020
Contract Cost Incurred	2,24,79,24,231	2,98,94,61,051
Progress Billing	1,99,46,50,959	2,67,37,06,319
Unbilled Contract Revenue Recognised	91,66,95,540	1,01,97,30,943
Unearned Revenue	43,64,35,409	20,02,80,192
Advances from Customers	46,15,58,897	47,08,56,549
Contract Cost Incurred and Recognised Profit	2,47,49,11,091	3,49,31,57,070
Gross Amount Due from Customer	1,84,30,99,554	2,42,50,95,004
Retention	42,63,19,873	57,86,82,694

45 Based on the guiding principles enunciated in paragraph 4 of Accounting Standard - 17 (AS - 17), 'Segment Reporting', if a single financial report contains both consolidated financial statements and the separate financial statements of the parent, disclosure required by AS 17 is given in consolidated financial statements.

46 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.



VASCON
Development • Excellence

Notes to the financial statements as at 31st March, 2014

- 47 Other additional information required by schedule VI of the Companies Act, 1956 are not applicable to the company for the year.
- 48 Corresponding figures for previous periods presented have been regrouped, where necessary, to conform to the current year classification.

As per our report of even date

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

R. Vasudevan
Managing Director

V. Mohan
Chairman

For and on behalf of the Board of Directors

Dr. Santosh Sundararajan
Chief Executive Officer

Kulin V Mehta

Partner
Membership No. 38440
Mumbai : May 16, 2014

M. Krishnamurthi

Company Secretary & Compliance Officer
Mumbai : May 16, 2014

D. Santhanam

Chief Financial Officer



VASCON
Infrastructure Development Solutions

Notes to the financial statements as at 31st March, 2014

Disclosure regarding long term borrowings

Name of the lender	Terms of repayment of loans					Guaranteed by directors or others		
	Period of maturity with respect to Balance Sheet date	Outstanding amount	Number of installments due	Amount of installments due	Overdue amount*		Paid subsequently	Rate of interest
Long term borrowings								
I. Secured								
a) Privately Placed Non Convertible & Non Transferable Debentures	Debtenture Redeemable every month. Starting from 15th September 2014 and ending 15th February 2017	65,00,00,000				18.25%	Equitable mortgage of specific properties belonging to the Company and a wholly owned subsidiary, specific receivables of the Project, and exclusive charge on escrow account and Debt Service Reserve Account and related investments thereof. First charge of TDR certificate acquired for the project.	Irrevocable and unconditional guarantee by Managing Director
18.25% Non - Convertible Debentures, Non Transferable of Rs 1,00,000/- each								
b) Term loans								
- from banks								
The Saraswat Co Operative Bank Ltd	Payment of principal 78 equally monthly instalments alongwith interest. Last instalment due in August 2017	1,57,54,951			2,15,050	14.50%	Equitable mortgage of office no.502 & 503 ("C" Wing), Neelkanth Business Park, Vidya Vihar , Mumbai	
HDFC Bank Limited	Payment of equated monthly instalments of Rs 3,899/- to Rs 7,54,129/-. Last instalment will be due in January 2015	52,97,894				8.25% to 12.25%	Hypothecation of machinery financed by them	



VASCON
Engineering & Construction

Notes to the financial statements as at 31st March, 2014

Disclosure regarding long term borrowings

Name of the lender	Terms of repayment of loans					Guaranteed by directors or others		
	Period of maturity with respect to Balance Sheet date	Outstanding amount	Number of installments due	Amount of installments due	Overdue amount*		Paid subsequently	Rate of interest
Long term borrowings								
Kotak Mahindra Bank Limited	Payable in 24 monthly equal installments commencing from April 2013. Last installments due in March 2015.	4,58,33,333					15.50%	1st and exclusive charge on office No.9, 3rd floor, Phoenix Complex, Bund Garden road, Pune & Office No.608 & 609, 6th Floor, Nucleus, Sadhuvaswani Chowk, Pune
II. Unsecured								
a) Public deposits (accepted for a period of 400 days)								
- Due within next 12 months	Within next 12 months	11,39,36,999					12.50%	
- Due after next 12 months	After 12 months	15,00,000					12.50%	
b) Inter corporate loans								
IBM India Pvt Ltd	Repayable in quarterly installments. Last installment due in April 2016.	1,34,99,882					13% to 13.54%	
Leverage Finance & Securities P.Ltd	Repayable on March 31, 2014	2,50,00,000			6,65,753		12.00%	
Yester Investment Pvt Ltd	Repayable on March 31, 2014	7,50,00,000			19,97,460		12.00%	
Conamore Reosrts Pvt Ltd	Repayable on March 31, 2014	4,57,76,669					11.00%	



VASCON
Engineering & Construction

Notes to the financial statements as at 31st March, 2014

Disclosure regarding long term borrowings

Name of the lender	Period of maturity with respect to Balance Sheet date	Terms of repayment of loans					Nature of security	Guranteed by directors or others
		Outstanding amount	Number of installments due	Amount of installments due	Overdue amount*	Paid subsequently		
Long term borrowings								
c) Loans and advances from related parties								
- Subsidiaries								
Almet Corporation Limited	Repayable on March 31, 2014	78,23,974					9.00%	
Marathwada Realtors Private Limited	Repayable on March 31, 2014	21,73,074					9.00%	
		1,00,15,96,777			95,43,990			

* Interest accrued and due not paid as on 31st March, 2014 disclosed as current liabilities (Refer note No.10)



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Notes to the financial statements as at 31st March, 2014

(Amount in Rupees)

Particulars	March 31, 2014		March 31, 2013	
	Total amount outstanding	Long Term	Total amount outstanding	Long Term
Secured				
Debtentures				
Privately Placed Non Convertible & Non Transferable Debtentures	650,000,000	570,000,000	-	-
18.25% Non - Convertible Debtentures of Rs 1,00,000/- each (refer note I(a) below)	650,000,000	570,000,000	80,000,000	-
Term loans				
- from banks (refer note I(b) below)	66,886,179	11,134,947	585,510,862	393,729,878
	66,886,179	11,134,947	585,510,862	393,729,878
Secured Total (A)	716,886,179	581,134,947	585,510,862	393,729,878
Unsecured				
Public deposits (refer note II(a) below)	115,436,999	1,500,000	89,300,000	55,700,000
Inter corporate deposits (refer note II(b) below)	159,276,551	1,331,790	120,396,253	112,658,259
Loans and advances from related parties- Subsidiaries (refer note II(c) below)	9,997,048	9,997,048	10,110,970	-
Unsecured Total (B)	284,710,598	12,828,838	219,807,223	168,358,259
Total Borrowings (A+B)	1,001,596,777	593,963,786	805,318,085	562,088,137

On 18th February 2014, The company had issued 7,300, 18.25% secured non convertible and Non-Transferable debtentures of face Value Rs 1,00,000/- each at par against the same we have received subscription through private placement to the extent of 65,00,00,000/-.

Interest Payable is on 15th of each month, the debtentures are redeemable from 15th September 2014 to 15th February 2017, This debtenture are not listed on stock exchange. The company has not yet created debtenture redemption reserve.



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Notes to the financial statements as at 31st March, 2014

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

Name of the Subsidiary	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014	Vascon Pricol Infrastructures Ltd	Greystone Premises Private Limited	GMP Technical Solutions Private limited	Almet Corporation Limited	Marathawada Realtors Pvt Ltd	Just Homes (India) Pvt. Ltd	GMP Technical Solutions Middle East (FZE)
Marvel Housing Private Limited	March 31, 2014	January 2, 2006								March 31, 2014	March 31, 2014
Vascon Dwellings Private Limited	March 31, 2014	April 1, 2006	10000		April 2, 2007	January 3, 2008	August 8, 2010	November 4, 2011	November 4, 2011	August 31, 2013	May 2, 2013
IT-CITI Infor-Park Private Limited	March 31, 2014	April 2, 2006	10000		April 2, 2007	January 3, 2008	August 8, 2010	November 4, 2011	November 4, 2011	August 31, 2013	May 2, 2013
Floriana Properties Private Limited	March 31, 2014	August 28, 2008	10000		April 2, 2007	January 3, 2008	August 8, 2010	November 4, 2011	November 4, 2011	August 31, 2013	May 2, 2013
Wind Flower Properties Private Limited	March 31, 2014	November 2, 2006	10000		April 2, 2007	January 3, 2008	August 8, 2010	November 4, 2011	November 4, 2011	August 31, 2013	May 2, 2013
Caspia Hotels Private Limited	March 31, 2014	September 8, 2009	7000		April 2, 2007	January 3, 2008	August 8, 2010	November 4, 2011	November 4, 2011	August 31, 2013	May 2, 2013
IT-CITI Infor-Park Private Limited	March 31, 2014	April 2, 2006	10000		April 2, 2007	January 3, 2008	August 8, 2010	November 4, 2011	November 4, 2011	August 31, 2013	May 2, 2013
Vascon Dwellings Private Limited	March 31, 2014	April 1, 2006	10000		April 2, 2007	January 3, 2008	August 8, 2010	November 4, 2011	November 4, 2011	August 31, 2013	May 2, 2013
IT-CITI Infor-Park Private Limited	March 31, 2014	April 2, 2006	10000		April 2, 2007	January 3, 2008	August 8, 2010	November 4, 2011	November 4, 2011	August 31, 2013	May 2, 2013
Floriana Properties Private Limited	March 31, 2014	August 28, 2008	10000		April 2, 2007	January 3, 2008	August 8, 2010	November 4, 2011	November 4, 2011	August 31, 2013	May 2, 2013
Wind Flower Properties Private Limited	March 31, 2014	November 2, 2006	10000		April 2, 2007	January 3, 2008	August 8, 2010	November 4, 2011	November 4, 2011	August 31, 2013	May 2, 2013
Caspia Hotels Private Limited	March 31, 2014	September 8, 2009	7000		April 2, 2007	January 3, 2008	August 8, 2010	November 4, 2011	November 4, 2011	August 31, 2013	May 2, 2013
Vascon Pricol Infrastructures Ltd	March 31, 2014	April 2, 2007	4970000		April 2, 2007	January 3, 2008	August 8, 2010	November 4, 2011	November 4, 2011	August 31, 2013	May 2, 2013
Greystone Premises Private Limited	March 31, 2014	January 3, 2008	6500		April 2, 2007	January 3, 2008	August 8, 2010	November 4, 2011	November 4, 2011	August 31, 2013	May 2, 2013
GMP Technical Solutions Private limited	March 31, 2014	August 8, 2010	12689		April 2, 2007	January 3, 2008	August 8, 2010	November 4, 2011	November 4, 2011	August 31, 2013	May 2, 2013
Almet Corporation Limited	March 31, 2014	November 4, 2011	58824		April 2, 2007	January 3, 2008	August 8, 2010	November 4, 2011	November 4, 2011	August 31, 2013	May 2, 2013
Marathawada Realtors Pvt Ltd	March 31, 2014	November 4, 2011	39216		April 2, 2007	January 3, 2008	August 8, 2010	November 4, 2011	November 4, 2011	August 31, 2013	May 2, 2013
Just Homes (India) Pvt. Ltd	March 31, 2014	August 31, 2013	10000		April 2, 2007	January 3, 2008	August 8, 2010	November 4, 2011	November 4, 2011	August 31, 2013	May 2, 2013
GMP Technical Solutions Middle East (FZE)	March 31, 2014	May 2, 2013	1		April 2, 2007	January 3, 2008	August 8, 2010	November 4, 2011	November 4, 2011	August 31, 2013	May 2, 2013
Name of the Subsidiary											
Financial year ending of the Subsidiary	March 31, 2014	January 2, 2006			April 2, 2007	January 3, 2008	August 8, 2010	November 4, 2011	November 4, 2011	August 31, 2013	May 2, 2013
Date from which they became subsidiary	March 31, 2014	January 2, 2006			April 2, 2007	January 3, 2008	August 8, 2010	November 4, 2011	November 4, 2011	August 31, 2013	May 2, 2013
a) Number of shares held by the company in the subsidiary at the end of financial year of holding company.	10000										
b) Extent of interest of holding Company at the end of the financial year of subsidiary company.	100%										85%
The net aggregate amount of subsidiary companies profit/(loss) so far as it concerns the members of holding company:											
a) Not dealt with in the holding company's accounts											
i) For the financial year ended Mar 31, 2014	(76049)				(1537688)	(1056306)	48457940	(1599615)	(1194791)	-6523593	7058298
ii) For the previous year of the subsidiary company since it became holding company's subsidiary.	524355				17750491	(27868335)	162447506	(3107113)	(65169)	0	0
b) Dealt with in the holding company's accounts											
i) For the financial year ended Mar 31, 2014	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



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Notes to the financial statements as at 31st March, 2014

Exemption

Sr. no.	Particulars	Marvel Housing Private Limited	Vascon Dwellings Private Limited	IT-CITI InfoPark Private Limited	Floriana Properties Private Limited	Wind Flower Properties Private Limited	Caspia Hotels Private Limited	Vascon Pricol Infrastructure Limited	Greystone Premises Private Limited	GMP Technical Solutions Private Limited	Almet Corporation Limited	Marathawada Realtors Pvt Ltd	Just Homes (India) Pvt. Ltd	GMP Technical Solutions Middle East (FZE)
		2013-2014	2013-2014	2013-2014	2013-2014	2013-2014	2013-2014	2013-2014	2013-2014	2013-2014	2013-2014	2013-2014	2013-2014	2013-2014
1	Capital	100000	100000	100000	100000	100000	180000000	71000000	100000	149300	5882400	3921600	100000	2450985
2	Reserves & Surplus (adjusted for debit balance in P & L Account, when applicable)	(3327881)	(24964950)	98671347	(3536234)	501787	(4771258)	22557132	(34824120)	775611514	34416617	69889607	94432161	7058298
3	Share Application money						0							
4	Total Liabilities	3385503	532524703	4647573	67409201	9397479	155866922	424558356	35192422	1067154734	3324097	5267064	49481400	18697371
5	Total Assets	157622	507659753	103418920	63972967	9999266	331095664	518115489	468302	1842915548	43623114	79078271	144013561	28206854
	Investments (except in case of investment in the subsidiaries)													
6	A. Long term (Non Trade investment)													
	B. Current investment													
	a. unquoted equity shares													
	b. unquoted equity shares													
	c. units													
	Total Current Investment													
	Total Investment (A+B)													
	Turn over (incl other Income)	0	178683691	2278718	0	6580563	0	84499220	0	2273760577	753082	1313267	206185	50035862
	Profit Before Tax	(76049)	(11647219)	602425	(80679)	101467	(805934)	14002	(1056306)	74943820	(1657127)	(1115531)	(6523593)	7058298
	Provision for Tax	0	0	(1574331)	9455	19341	0	1551690	0	26485880	(57512)	79260	0	0
	Profit/(Loss) After Tax	(76049)	(11647219)	2176755	(90134)	82126	(805934)	(1537688)	(1056306)	48457940	(1599615)	(1194791)	(6523593)	7058298
	Proposed Dividend (excluding tax on Dividend)													

Note:

- The annual accounts of the above subsidiary companies are open for inspection by any investor at the company corporate office.
- During the year the company has purchased the balance shares of Almet Corporation Limited making this company 100% subsidiary.
- By a general circular (No.2/2011 dated February 8, 2011), the Ministry of Corporate Affairs, Government of India, under Section 212(8) of the Companies Act, 1956, has permitted companies to not attach copies of the Balance Sheets and Profit and Loss Accounts, Directors' Report, Auditors' Reports and other documents of all their subsidiaries, to the Accounts. The Company has acted accordingly. The annual accounts of the above subsidiary companies are open for inspection by any investor at the Company Corporate office.



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Notes to the financial statements as at 31st March, 2014

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

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

No	Name of the entity	Balance as on		Maximum Balance during	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
A Loans and advances in the nature of loan to subsidiaries					
1	Floriana Properties Private Limited	6,73,33,724	6,98,52,528	6,73,33,724	6,98,52,528
2	Marvel Housing Private Limited	-	36,72,338	5,000	36,72,338
3	Vascon Dwellings Private Limited	16,92,61,499	14,63,59,535	16,81,33,727	14,63,59,535
4	Windflower Properties Private Limited	-	27,15,29,680	46,87,588	27,15,29,680
5	It City Infopark Private Limited	15,99,777	3,92,91,854	3,92,91,854	3,92,91,854

B Loans & Advances in the nature of loan to Associates (Associates are considered as defined in AS -23 issued by ICAI)

There are no transactions of loans and advances to associates.

C Loans & Advances in the nature of loan where there is no repayment schedule or repayment beyond seven years

1	Almet Corporation Limited	78,23,974	-	78,23,974	-
2	Marathwada Realtors Private Limited	21,73,074	-	21,73,074	-

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



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Notes to the financial statements as at 31st March, 2014

Annexure referred to in Note No. 46

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

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 / (Loss)	Less : Share of tax	Closing Balance of Investment Asset / (Liability)	Loans given
Zircon Ventures	Refer note below	4,60,60,410	64,96,164	3,95,64,246	-	-	3,95,64,246	-
Phoenix Ventures	10% of the total project Cost as project management Fees and 50% of remaining Profit	14,85,37,484	8,85,13,635	5,56,20,095	65,65,327	21,61,572	6,00,23,850	89,79,084
Zenith Ventures	Refer note below	6,33,592	2,13,90,479	2,30,79,293	(4,38,36,180)	-	(2,07,56,887)	-
Weikfield IT City Infor Park (AOP)	Refer note below	43,32,25,378	6,86,63,885	36,87,74,669	(38,48,476)	3,64,700	36,45,61,493	-
Cosmos Premises Private Limited	43.83% Share of Profits	10,08,81,960	6,40,91,350	3,67,90,610	-	-	3,67,90,610	-
Ajanta Enterprises	50% Share of Profits	60,92,69,720	65,38,06,752	(19,31,25,825)	22,95,33,366	8,09,44,573	(4,45,37,032)	-

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

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



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Notes to the financial statements as at 31st March, 2014

1. The Company overview

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

2. Significant accounting policies

2.1 Basis of Preparation of Financial Statements

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

The company has also reclassified the previous year figures in accordance with the requirement applicable in the current year.

2.2 Use of Estimates

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

2.3 Tangible Asset, Intangible asset and capital work in progress

- a) Tangible asset are stated at cost less accumulated depreciation and Impairment losses, if any. Cost comprises the purchase price and any attributable / allocable incidental cost of bringing the asset to its working condition for its intended use.
- b) Intangible assets are recognized as an asset only if it fulfills the criteria, for recognizing Intangible Assets, specified in AS 26



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Notes to the financial statements as at 31st March, 2014

"Intangible Assets" issued by the ICAI. Intangible asset are stated at cost less accumulated amortization and impairment losses. cost comprises the acquisition price , development cost and attributable /allocable cost of bringing the asset to its working condition for its intended use.

- c) Assets under installation or under construction as at the Balance sheet date are shown as Capital work in progress and are stated at cost less impairment losses. Cost comprises of expenditure incurred in respect of capital projects under development and includes any attributable / allocable cost and other incidental expenses. Revenues earned if any, before capitalization from such capital project are adjusted against capital work in progress.
- d) Borrowing cost relating to acquisition / construction /development of tangible asset and capital work in progress which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such asset are ready to be put to use.

2.4 Impairment

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

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

Recoverable amount is determined:

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

2.5 Depreciation / Amortisation

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

2.6 Investments

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



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Notes to the financial statements as at 31st March, 2014

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

2.7 Recognition of Revenue / Cost

a) Construction contracts

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

The Company provides for cost to be incurred during warranty period for servicing warranties on the completed projects. Such amount, net

of the obligations on account of sub-contractors, is determined on the basis of technical evaluation and past experience of meeting such costs.

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

b) Real estate development

(i) Completed Units

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

(ii) Units Under Development

(A) Projects which have commenced on or before March 31, 2012

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

The percentage completion is determined based on actual costs incurred thereon by the Company to total estimated cost with



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Notes to the financial statements as at 31st March, 2014

reference to the saleable area. Cost for this purpose includes cost of land / development rights, construction and development costs of such properties borrowing costs and overheads, as may be applicable.

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

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

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

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

- (a) The underlying significant risk and rewards of ownership are transferred to the purchaser.
- (b) All critical approvals necessary for commencement of the project are obtained .
- (c) Reasonable level of development is reached when project cost incurred excluding land cost and borrowing cost exceeds 25% of the project cost excluding land cost and borrowing cost.
- (d) Atleast 25% of the estimated project area are secured by contracts or agreement with the buyers.
- (e) Atleast 10% of the total revenue as per agreements of sale are realised at the reporting date in respect of each of the

contracts and there are no outstanding defaults of the payment terms in such contracts.

- (f) Certainty of recoverability of the balance consideration.

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

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

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

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

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



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Notes to the financial statements as at 31st March, 2014

- d) Interest Income – Interest income is recognized on time proportion basis taking into account the amounts invested and the rate of interest.
- e) Dividend Income – Dividend income is recognized as and when the right to receive the same is established.
- f) Rental Income - Income from letting-out of property is accounted on accrual basis- as per the terms of agreement and when the right to receive the rent is established.
- g) Income from services rendered is recognised as revenue when the right to receive the same is established.
- h) Profit on sale of investment is recorded upon transfer of title by the Company. It is determined as the difference between the sale price and the then carrying amount of the investment.

2.8 Inventories

- a) Stock of Materials, etc.
Stock of materials, etc. has been valued at lower of cost or net realisable value. The cost is determined on Weighted Average method.
- b) Development Work
 - (i) Development - Completed Units
Finished goods comprising of constructed units ready for sale are valued at lower of cost and net realisable value.
 - (ii) Development - Units under construction
The unit under construction to the extent not recognised as sales under the revenue recognition policy adopted by the Company is

carried at lower of cost or net realisable value on the basis of technical estimate certified by the Managing Director / Technical Experts.

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

2.9 Employee Benefits

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

2.10 Borrowing Cost

Borrowing cost include interest , commitment charges , amortization of ancillary cost , amortization of discounts/ premium related to borrowing , finance charges in respect of asset acquired on finance leases and exchange difference arising from foreign currency borrowings , to the extent they are regarded as adjustment to interest costs
Borrowing cost that are attributable to the acquisition , construction or production a qualifying asset are capitalized/inventoried as



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Notes to the financial statements as at 31st March, 2014

cost of such asset till such time the asset is ready for its intended use or sale. a qualifying asset is an asset that necessarily requires substantial period of time to get ready for its intended use or sale. All other borrowing cost are recognized as an expense in the period in which they are incurred.

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

2.11 Leases

- a) Assets acquired on leases where a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to statement of profit and loss on accrual basis.
- b) Assets leased out under operating leases are capitalized. Rental income recognized on accrual basis over the lease term.

2.12 Contingent Liabilities and Assets

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

- b) A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably may not, require an outflow of resources.
- c) Where there is a possible obligation such that likelihood of outflow of resources is remote, no provision or disclosure is made.
Contingent assets as on the balance sheet, if any, are neither recognized nor disclosed in the financial statements.

2.13 Taxes on Income

- a) Taxes on Income are accounted in accordance with AS – 22 “ Taxes on Income”. Taxes on Income comprise both current tax and deferred tax.
- b) Provision for current tax for the year is determined considering the disallowance, exemptions and deductions and/or liabilities / credits and set off available as laid down by the tax law and interpreted by various authorities.
- c) Deferred tax is the tax effect of timing difference representing the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period(s). This is measured using substantively enacted tax rate and tax regulation.
- d) Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay income tax under the normal provisions during the specified period, resulting in utilization of MAT credit. In the year



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in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement.

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

2.14 Amortization

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

2.15 Joint Venture Projects

- a) Jointly Controlled Operations:- In respect of joint venture contracts in the nature of jointly controlled operations, the assets controlled, liabilities incurred, the share of income and expenses incurred are recognised in the agreed proportions, as may be belonging to the Company, under respective heads in the financial statements.
- b) Jointly Controlled Entities :-
 - i) Integrated Joint Ventures :-
Company's share in profits or losses of

Integrated Joint Ventures is accounted on determination of the profits or losses by the joint venture.

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

ii) Incorporated Jointly Controlled Entities :-

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

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

2.16 Segment reporting

a) Identification of Segments

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

b) Inter segment Transfers

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

c) Allocation of Common Costs

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



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Notes to the financial statements as at 31st March, 2014

- d) Unallocated Items
Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under Unallocated Items.
- e) Segment policies
The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

2.17 Employee Stock Option Scheme

In accordance with the Securities and Exchange Board of India guidelines, the excess of the market price of shares, at the date of grant of options under the Employee Stock Option scheme, over the exercise price is treated as employee compensation and amortised over the vesting period.

2.18 Provisions

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

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

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

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

2.19 Foreign currency transaction

- a) Initial Recognition
Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- b) Conversion
Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.
- c) Exchange Difference
All exchange differences arising on settlement and conversion on foreign currency transactions are included in the profit and loss account, except in cases where they relate to the acquisition of fixed assets from outside India, in which case they are adjusted in the cost of the corresponding assets.



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2.20 Earning Per Share

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

2.21 Cash and cash equivalents

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

2.22 Exceptional items

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

of their scale and nature are disclosed in the income statement and related notes as exceptional items.

2.23 Events occurring after Balance Sheet date

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

TO THE BOARD OF DIRECTORS OF VASCON ENGINEERS LIMITED

We have audited accompanying consolidated financial statements of Vascon Engineers Limited (“the Company”) and its subsidiaries, joint ventures and associates (‘collectively referred as ‘Group’) which comprises the Consolidated Balance Sheet as at 31st March, 2014 and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that gives a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting standards notified under the Companies Act, 1956 (“the Act”) read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentations of the consolidated financial statements that gives a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion of these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards

require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

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

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

Opinion

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

- i. In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;



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Independent Auditors Report on Consolidated Financial Statements

- ii. In the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date; and
- iii. In the case of the Consolidated Cash Flow Statements, of the cash flows of the Group for the year ended on that date.

Other Matters

We did not audit the financial statements of 2 subsidiaries included in the consolidated financial results, whose consolidated financial statements reflect total assets (after eliminating intra group transactions) of Rs. 1,22,76,00,585/- as at 31st March, 2014 as well as net total revenue of Rs. 4,71,88,803/- (after eliminating intra group transactions) for the year ended 31st March, 2014. These financial statements of a subsidiary have been audited by the other auditors.

This financial statements and other financial information have been audited by other auditor whose reports have been furnished to us, and our opinion on the financial results, to the extent they have been derived from such financial statement is based solely on the report of such other auditors.

We did not audit the financial statements of entities mentioned herein below included in the consolidated financial results, whose consolidated financial statements reflect total assets (after eliminating intra group transactions) of Rs. 59,04,39,209/- as at 31st March, 2014 as well as net total loss of Rs. 2,50,23,868/- (after eliminating intra group transactions) for the year ended 31st March, 2014. These financial statements of same have not been audited by the other auditors.

Particulars	Numbers	Assets Amount (Rs.)	Profit / (Loss) Amount (Rs.)
Subsidiary	1	2,13,99,060/-	NIL
Joint Venture	2	56,90,40,149/-	2,07,57,311/-
Associates	2	NIL	(4,57,81,179)/-
Total		59,04,39,209/-	(2,50,23,868)/-

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

For Anand Mehta & Associates

Chartered Accountants
Firm Registration No. 127305W

Kulin V Mehta Partner
Membership No. 38440

Mumbai : May 16, 2014



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Consolidated Balance Sheet as at March 31, 2014

(Amount in Rupees)

Particulars	Note No	March 31, 2014	March 31, 2013
EQUITY AND LIABILITIES			
Shareholders' Fund :			
a) Share Capital	1	901,825,500	901,801,500
b) Reserves and Surplus	2	5,695,536,098	6,232,818,390
		6,597,361,598	7,134,619,890
Share application money pending allotment	3	-	24,000
Minority Interest		154,307,744	121,645,613
Non Current Liabilities			
a) Long Term Borrowings	4	774,218,833	460,352,635
b) Deferred Tax Liabilities (net)	29 (III) (2) (I)	2,744,600	3,342,193
c) Other Long Term Liabilities	5	51,282,160	51,796,432
d) Long Term Provisions	6	17,007,393	12,615,003
		845,252,987	528,106,263
Current Liabilities			
a) Short Term Borrowings	7	2,364,727,687	1,993,565,158
b) Trade Payables	8	1,421,923,530	1,736,539,848
c) Other Current Liabilities	9	2,818,850,074	3,112,344,430
d) Short Term Provisions	10	174,223,026	156,010,439
		6,779,724,317	6,998,459,875
Total equity and liabilities		14,376,646,646	14,782,855,641
ASSETS			
Non Current Assets			
a) Fixed Assets	11		
- Tangible assets		1,146,287,854	1,294,689,667
- Intangible assets		731,760,225	752,539,855
		1,878,048,079	2,047,229,521
- Intangible assets under development		-	-
- Capital work in progress		253,901,819	223,084,840
		2,131,949,899	2,270,314,361
b) Non Current Investments	12	148,119,895	177,199,424
c) Deferred Tax Asset (Net)	29 (III) (2) (I)	20,012,404	16,498,284
d) Long Term Loans & Advances	13	2,112,925,430	2,197,759,959
e) Other Non Current Assets	14	523,467,489	469,981,083
		4,936,475,117	5,131,753,111
Current Assets			
a) Current Investments	15	545,837,552	475,142,791
b) Inventories	16	3,549,264,005	3,526,597,639
c) Trade Receivables	17	2,269,463,616	2,700,924,200
d) Cash and bank balances	18	497,647,252	458,945,231
e) Short Term Loans & Advances	19	211,968,382	982,370,778
f) Other Current Assets	20	2,365,990,723	1,507,121,891
		9,440,171,530	9,651,102,529
Total Assets		14,376,646,647	14,782,855,641
Notes to Accounts	29		

As per our report of even date

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

R. Vasudevan
Managing Director

V. Mohan
Chairman

For and on behalf of the Board of Directors

Dr. Santosh Sundarajan
Chief Executive Officer

Kulin V Mehta
Partner
Membership No. 38440
Mumbai : May 16, 2014

M. Krishnamurthi
Company Secretary & Compliance Officer
Mumbai : May 16, 2014

D. Santhanam
Chief Financial Officer



VASCON
Solutions • Services

Consolidated Statement of Profit and Loss for the Year Ended March 31, 2014

(Amount in Rupees)

Particulars	Note No	March 31, 2014	March 31, 2013
INCOME			
Revenue from operations	21	6,254,917,558	7,076,073,056
Other Income	22	177,475,679	287,033,544
Total revenue		6,432,393,237	7,363,106,600
EXPENDITURE			
Construction expenses/Cost of material consumed	23	4,667,238,245	4,854,422,105
Purchases of stock-in-trade	24	413,071	231,777,049
Changes in inventories of finished goods, work-in-progress and stock-in-trade	25	(25,364,366)	301,772,936
Employee benefit expense	26	802,067,300	772,969,759
Finance costs	27	419,727,775	331,938,828
Depreciation and amortization expense	11	187,700,225	205,392,785
Operating and Other Expenses	28	677,963,268	680,845,889
Total expenses		6,729,745,518	7,379,119,351
Profit before exceptional and extraordinary items and tax		(297,352,281)	(16,012,751)
Exceptional items	29 (III) (2) (u)	84,173	(58,831,015)
Profit before extraordinary items and tax		(297,268,108)	(74,843,766)
Prior period (expenses)/income (net)		98,233	2,727,372
Extraordinary items			-
Profit before tax		(297,169,876)	(72,116,394)
Less: Tax Expense			
Current		138,636,793	94,489,612
MAT credit entitlement		-	(6,571,880)
Deferred Tax Expenses/(Gain)		(3,470,673)	16,291,182
Excess/short provision for tax of earlier years		(429,707)	(5,851,754)
		134,736,413	98,357,160
Profit/(loss) for the year from continuing operations		(431,906,288)	(170,473,554)
Profit/(loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
Profit/(loss) from discontinuing operations (after tax)		-	-
Profit/(loss) for the period		(431,906,288)	(170,473,554)
Minority Share of Losses/(Profits)		(7,254,642)	3,303,324
Balance available for appropriation		(439,160,931)	(167,170,229)
Less: Appropriations			
Transfer to Reserves		1,197,926	-
Dividend Paid/Proposed		5,188,939	-
Provision for Tax on Dividend		135,908	-
		6,522,772	-
Surplus for the Year Carried to Balance Sheet		(445,683,703)	(167,170,229)
Earnings Per Share (Equity Shares, Par Value of Rs. 10/- Each)			
Basic Earnings Per Share		(4.87)	(1.85)
Diluted Earnings Per Share		(4.83)	(1.85)
Notes to Accounts	29		

As per our report of even date

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

R. Vasudevan
Managing Director

V. Mohan
Chairman

For and on behalf of the Board of Directors

Dr. Santosh Sundararajan
Chief Executive Officer

Kulin V Mehta
Partner
Membership No. 38440
Mumbai : May 16, 2014

M. Krishnamurthi
Company Secretary & Compliance Officer
Mumbai : May 16, 2014

D. Santhanam
Chief Financial Officer



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Developers of Excellence

Consolidated Cash Flow Statement for the Year Ended March 31, 2014

(Amount in Rupees)

PARTICULARS	March 31, 2014	March 31, 2013
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Taxation	(297,169,876)	(72,116,395)
Adjustments to reconcile profit before tax to cash provided by operating activities		
- Depreciation/Amortisation	187,700,225	205,392,785
- Borrowing Cost	419,727,775	331,938,828
- Dividend Income	(4,776,428)	(815,992)
- Interest income	(129,953,472)	(216,463,622)
- Provision for Doubtful Debt	23,617,138	39,492,167
- Employee Compensation Expenses (ESOP)	12,796,875	
- Prior Period Adjustments	98,233	2,727,372
- (Profit) Loss on Sale of Assets	-	(38,922)
- (Exceptional Items)	(84,173)	(6,163,298)
- (Profit) Loss on Sale of Investments/Subsidiary	-	39,981,934
Operating Profit before working capital changes	<u>211,956,297</u>	<u>323,934,857</u>
Adjustments for		
Decrease/(Increase) in Inventories before Capitalisation of Borrowing Cost	193,099,368	477,619,750
Decrease/(Increase) in Sundry Debtors	369,635,230	(171,940,976)
Decrease/(Increase) in Loans and Advances/other Current Assets	(1,088,445,484)	166,030,522
Increase/(Decrease) in Current Liabilities and Provisions	(401,071,098)	718,891,223
Cash generated from operations	<u>(714,825,687)</u>	<u>1,514,535,377</u>
Direct Taxes Paid (Net)	(157,619,412)	(257,427,743)
Net Cash flow from operating activities	<u>(872,445,099)</u>	<u>1,257,107,634</u>
B CASH FLOW FROM FINANCING ACTIVITIES		
Increase/(Decrease) in Share Capital	23,998	294,000
Increase/(Decrease) in Secured Loans	450,927,806	(260,147,166)
Increase/(Decrease) in Unsecured Loans	136,379,254	(523,894,476)
Share Application money received (ESOP)	(24,000)	24,000
Payment of dividend and dividend tax	-	(7,465,489)
Interest Income	129,953,472	216,463,622
Interest Paid Including Capitalised to Qualifying Assets	(649,641,427)	(508,640,117)
Inter Corporate Deposit/advances to joint venture	936,823,885	(73,169,229)
Net Cash generated/(used) in financing activities	<u>1,004,442,987</u>	<u>(1,156,534,854)</u>



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Consolidated Cash Flow Statement for the Year Ended March 31, 2014 (Contd.)

(Amount in Rupees)

PARTICULARS	March 31, 2014	March 31, 2013
C CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(231,723,740)	(156,162,023)
Dividend Income	4,776,428	815,992
Proceeds on Disposal of fixed assets	104,842,145	2,183,278
Proceeds on Disposal of Securities/investments	-	143,419,043
Investment in securities	(2,014,254)	(39,914,783)
Long Term investments in securities	-	5,366,670
Share application money paid	41,439,070	(42,106,970)
Long term investments in fixed deposits with banks	(50,551,105)	(43,000,571)
Net Cash generated/(used) in investing activities	<u>(133,231,456)</u>	<u>(129,399,364)</u>
D NET CASH INFLOW/(OUTFLOW) (A+B+C)	<u>(1,233,568)</u>	<u>(28,826,586)</u>
Cash and cash equivalents at the beginning of the period	307,710,493	336,537,079
Cash and Cash equivalents pursuant to addition in Subsidiary	-	
Cash and Cash equivalents pursuant to change of Subsidiary status to joint Ventures, Associate to joint venture, Joint Venture to Associate, Joint Venture to Subsidiary & sale of Joint Venture	10,615,516	-
Cash and cash equivalents at the end of the period	<u>295,861,409</u>	<u>307,710,493</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	<u>(1,233,568)</u>	<u>(28,826,586)</u>
Reconciliation of cash and bank balances		
Cash And Bank Balances	497,647,252	458,945,231
Less: Balances with scheduled bank in deposit accounts	(201,785,843)	(151,234,738)
Add: Mutual fund Investment	-	
Cash and cash equivalents at the end of the period	<u>295,861,409</u>	<u>307,710,493</u>

As per our report of even date

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

R. Vasudevan
Managing Director

V. Mohan
Chairman

For and on behalf of the Board of Directors

Dr. Santosh Sundararajan
Chief Executive Officer

Kulin V Mehta
Partner
Membership No. 38440
Mumbai : May 16, 2014

M. Krishnamurthi
Company Secretary & Compliance Officer
Mumbai : May 16, 2014

D. Santhanam
Chief Financial Officer



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Notes to the Financial Statements

PARTICULARS	(Amount in Rupees)	
	March 31, 2014	March 31, 2013
Note No. 1		
Share Capital		
Authorised		
150,000,000 (100,000,000) Equity Shares of Rs. 10/- Each	1,500,000,000	1,000,000,000
	<u>1,500,000,000</u>	<u>1,000,000,000</u>
Issued And Subscribed		
90182550 (90180150) equity shares of Rs. 10/- each	901,825,500	901,801,500
	<u>901,825,500</u>	<u>901,801,500</u>
Note No. 2		
Reserves & Surplus		
Securities Premium Reserve		
Balance at the Commencement	3,939,839,531	3,938,172,915
Add/Less: Consolidation Adjustment	(438,747)	
Add: Received during the period	89,784	1,666,616
	<u>3,939,490,568</u>	<u>3,939,839,531</u>
General Reserve		
Balance at the Commencement	10,744,999	10,745,000
Add: Transferred from Profit and Loss Account	1,197,926	-
Add/Less: Consolidation Adjustment	(13,042,925)	
	<u>(1,100,000)</u>	<u>10,745,000</u>
Capital Reserve		
Balance at the Commencement	131,155,051	128,455,051
Add: Created during the period	-	2,700,000
Add/Less: Consolidation Adjustment	(117,363,102)	
	<u>13,791,949</u>	<u>131,155,051</u>
Share Options Outstanding Account		
Employee Stock Options Outstanding	173,955	8,003,869
Add: received during the year	12,796,875	-
Less: deductions during the period	(173,957)	(7,829,914)
	<u>12,796,874</u>	<u>173,955</u>
Profit & Loss Account		
(As per Annexed Profit & Loss Account)		
Balance Brought Forward	2,201,382,730	2,318,075,084
Add/Less: Consolidation Adjustment	(25,142,319)	-
	<u>2,176,240,411</u>	<u>2,318,075,084</u>
Add: Profit Transferred from Profit & Loss Account	(445,683,703)	(167,170,231)
	<u>1,730,556,708</u>	<u>2,150,904,853</u>
	<u>5,695,536,098</u>	<u>6,232,818,390</u>
Note No. 3		
Share application money pending allotment		
Share application money received	-	24,000
	<u>-</u>	<u>24,000</u>



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Notes to the Financial Statements

PARTICULARS	(Amount in Rupees)	
	March 31, 2014	March 31, 2013
Note No. 4		
Long Term Borrowings		
Secured		
Bonds/debentures		
Privately Placed Non Convertible & Non Transferable Debentures 18.25% Non - Convertible Debentures of Rs. 1,00,000/- each	570,000,000	-
Term Loans		
a) From Banks	163,826,414	370,081,626
b) From Financial Institutions	-	-
	<u>163,826,414</u>	<u>370,081,626</u>
Unsecured		
Public Deposits	1,500,000	33,600,000
Inter corporate deposits	32,330,589	-
Deposits	-	1,118,000
Loans and advances from related parties	12,175,796	14,111,749
Other loans and advances	<u>(5,613,966)</u>	<u>41,441,260</u>
	<u>40,392,419</u>	<u>90,271,009</u>
	<u>774,218,833</u>	<u>460,352,635</u>
<hr/>		
Note No. 5		
Other Long Term Liabilities		
Project Advances	51,282,160	49,307,957
Commitment and other deposits	-	2,488,475
	<u>51,282,160</u>	<u>51,796,432</u>
<hr/>		
Note No. 6		
Long Term Provisions		
Provision for employee benefits		
For Gratuity	241,828	187,312
For Compensated Absences	16,765,565	12,427,691
	<u>17,007,393</u>	<u>12,615,003</u>



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Notes to the Financial Statements

PARTICULARS	(Amount in Rupees)	
	March 31, 2014	March 31, 2013
Note No. 7		
Short Term Borrowings		
Secured		
Cash Credit From Banks	1,484,380,498	1,249,582,251
Loans repayable on demand		
a) From Bank/Financial Institution	<u>8,100,000</u>	<u>31,857,403</u>
	1,492,480,498	1,281,439,654
Unsecured		
Loans repayable on demand		
a) From Bank	-	60,000,000
Less: bills discounted accepted by customers	-	(60,000,000)
b) From Other Parties	<u>853,246,869</u>	<u>692,573,259</u>
	853,246,869	692,573,259
Loans and advances from related parties	(5,998,083)	-
Deposits	-	-
Others loans and advances	<u>24,998,403</u>	<u>19,552,245</u>
	<u>19,000,320</u>	<u>19,552,245</u>
	<u>2,364,727,687</u>	<u>1,993,565,158</u>

Note No. 8

Trade Payables

Trade payables	<u>1,421,923,530</u>	<u>1,736,539,848</u>
	<u>1,421,923,530</u>	<u>1,736,539,848</u>



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Notes to the Financial Statements

PARTICULARS	(Amount in Rupees)	
	March 31, 2014	March 31, 2013
Note No. 9		
Other Current Liabilities		
Current maturities of long term debt	458,104,181	581,962,007
Interest accrued but not due on borrowings	8,520,263	2,393,811
Interest accrued and due on borrowings	178,628,018	136,325,103
Unpaid dividends	15,702	15,702
Statutory and other liabilities	239,240,621	260,861,162
Advance from customers	1,229,290,221	1,475,991,103
(Less) : Related Unbilled Contract Revenue	<u>(535,352,422)</u>	<u>(204,976,202)</u>
	693,937,799	1,271,014,902
Commitment and Other Deposits#	573,641,091	503,775,105
Less: long term trade receivables	<u>(362,845,636)</u>	<u>(363,217,581)</u>
	210,795,455	140,557,524
Advances/Loans from Firms/AOP In Which Company or Subsidiary Is Partner/Member	(29,996,148)	-
Unearned receivables	885,525,476	666,152,262
(Less) : Related Debtors	<u>(411,816,328)</u>	<u>(294,449,377)</u>
	473,709,148	371,702,885
Overdrawn bank balance due to issue of cheques	24,472,232	18,445,061
Other Liabilities	483,005,842	258,451,195
Payables for Expenses.	78,416,961	70,615,080
	<u>2,818,850,074</u>	<u>3,112,344,430</u>
<hr/>		
Note No. 10		
Short Term Provisions		
For Taxation (Net of Advance Tax)	84,219,383	75,557,742
For Warranty	9,002,514	9,002,514
Gratuity	35,086,600	31,146,939
Compensated absences	45,914,529	40,303,244
	<u>174,223,026</u>	<u>156,010,439</u>



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Infrastructure & Construction

Notes to the Financial Statements

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2014

Note No. 11 FIXED ASSETS

PARTICULARS	GROSS BLOCK						DEPRECIATION				NET BLOCK	
	OPENING	Adjustment*	ADDITION	DEDUCTION	CLOSING	OPENING	Adj*	ADDITION/ AMORTISATION	DEDUCTION	CLOSING	March, 2014	March, 2013
	Amount In Rupees											
(A) TANGIBLE ASSETS												
1 LEASEHOLD LAND	18,706,620	(5,106,286)	-	-	13,602,332	3,995,528	(2,874,202)	225,842	-	1,347,168	12,255,163	14,713,091
2 LEASEHOLD IMPROVEMENTS	-	11,439,957	12,713,905	-	24,153,862	-	3,821,548	4,774,701	-	8,396,249	15,757,613	163,073,551
3 LAND	163,073,551	-	-	14,114,232	146,959,319	-	-	-	-	-	146,959,319	-
4 PREMISES	680,211,812	(9,058,757)	11,795,522	99,157,376	693,761,202	170,724,726	(2,690,493)	34,476,491	16,510,845	185,999,879	407,781,323	519,487,087
5 PLANT & MACHINERY	932,589,243	(2,129,233)	62,028,834	12,781,606	973,707,239	408,851,997	(1,796,872)	85,330,703	6,633,527	485,752,301	493,954,938	523,737,246
6 FURNITURE & FIXTURES	96,416,477	1,181,146	5,830,639	3,173,853	100,254,609	39,737,684	5,080,040	10,226,123	2,222,218	52,821,428	47,433,181	56,678,993
7 ELEC. FITTINGS	-	-	-	-	-	-	-	-	-	-	-	-
8 MOTORVEHICLE	22,152,533	141,435	6,242,891	3,859,717	24,677,142	15,067,736	226,918	2,335,723	3,102,474	14,527,903	10,149,239	7,084,797
9 AIR-CONDITIONER	0	-	-	-	0	-	-	-	-	-	0	0
10 OFFICE EQUIPMENTS	53,919,328	(616,457)	1,007,418	789,608	53,519,681	40,717,284	(183,619)	3,537,796	565,181	43,596,280	10,013,400	13,201,043
(B) INTANGIBLE ASSETS												
1 Goodwill/Consolidation	815,825,578	-	21,694,453	-	837,520,031	65,087,440	-	42,531,330	-	107,628,770	729,891,261	750,728,138
2 SOFTWARES	44,071,713	-	4,464,076	-	48,536,589	42,265,588	16,323	4,402,036	-	46,863,947	1,852,642	1,806,133
Total	2,836,987,856	(4,148,197)	125,788,737	133,876,391	2,824,712,005	786,457,784	1,399,643	187,840,745	29,034,246	946,863,926	1,878,048,079	2,050,510,078
Capital Work in Progress											253,901,919	223,084,840
PREVIOUS YEAR	2,642,251,097	1,317	197,496,622	6,023,137	2,833,636,888	584,892,258	121	205,392,785	3,978,782	786,406,383	2,047,229,822	2,057,358,838

*Adjustment on account of change in Subsidiary and Joint Venture



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Notes to the Financial Statements

PARTICULARS	(Amount in Rupees)	
	March 31, 2014	March 31, 2013
Note No. 12		
Non Current Investments		
Associates		
Angelica Properties Private Limited 4710000 (4710000) Equity Shares of Rs. 10/- Each Fully Paid	13,994,902	59,776,081
	<u>13,994,902</u>	<u>59,776,081</u>
Investment in preference shares		
Associates		
Angelica Properties Private Limited 462625 (462625) 0.10% Redeemable Non-Cumulative Preference Shares of Rs. 10/- Each Fully Paid	29,532,111	29,539,815
Angelica Properties Private Limited 307800 (307800) Compulsory Convertible Preference Shares of Rs. 10/- Each Fully Paid	12,312,000	12,312,000
Rose Premises Private Limited 50,00,000 (50,00,000) 0.1% Redeemable cumulative preference shares of Rs. 10/- each fully paid	-	25,000,000
	<u>41,844,111</u>	<u>66,851,815</u>
Investment in Government or trust securities		
7 Years National Savings Certificate	20,000	20,000
	<u>20,000</u>	<u>20,000</u>
Investment in partnership firms, LLP, AOP & Joint Venture		
Capital Investment In Partnership Concerns, LLP, AOP & Joint Ventures	89,704,882	47,995,528
	<u>89,704,882</u>	<u>47,995,528</u>
Other investments		
Quoted		
Corporation Bank Limited 200 (200) Equity Shares of Rs.10/- Each fully paid.	16,000	16,000
	<u>16,000</u>	<u>16,000</u>
Unquoted		
The Saraswat Co-Op Bank Limited 2500 (2500) Equity Shares Of Rs.10/- Each Fully Paid	25,000	25,000
Sahyadri Hospital Limited 250000 (250000) Equity Shares Of Rs.10/- Each Fully Paid	2,500,000	2,500,000
Core Fitness Private Limited 150 (150) Equity Shares of Rs. 100/- Each Fully Paid	15,000	15,000
	<u>2,540,000</u>	<u>2,540,000</u>
	<u>148,119,895</u>	<u>177,199,424</u>



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Notes to the Financial Statements

(Amount in Rupees)

PARTICULARS	March 31, 2014	March 31, 2013
Note No. 13		
Long Term Loans and Advances		
(Unsecured considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
Capital advances	1,215,613	786,037
Duties Paid under protest	6,300,000	6,300,000
Security deposits	90,256,650	158,833,988
Add/(less) : provision for doubtful loans and advances	<u>(3,500,000)</u>	<u>(2,250,000)</u>
	86,756,650	156,583,988
Advances/Loans to Subsidiaries/Parent	(89,998)	-
Advances/Loans to Firms/AOP In Which Company or Subsidiary Is Partner/Member	(8,334,795)	-
Advance against development/work/purchases	940,154	-
Project Advances	1,415,081,624	1,313,049,142
Add/(less) : provision for doubtful loans and advances	<u>-</u>	<u>-</u>
	1,416,021,778	1,313,049,142
Intercompany deposits	611,056,182	721,040,792
	<u>2,112,925,430</u>	<u>2,197,759,959</u>

Note No. 14

Other Non-current Assets

Prepaid expenses	-	-
Advance Income Tax (Net of Provision)	388,782,808	360,708,841
Statutory dues recoverable	122,019,894	87,737,146
Balances with banks in long term deposit accounts under banks lien for margin money	9,805,448	17,815,768
Balances with banks in long term deposit accounts	88,008	1,138,269
Other recoverables and receivables	<u>2,771,330</u>	<u>2,581,059</u>
	<u>523,467,489</u>	<u>469,981,083</u>



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Notes to the Financial Statements

PARTICULARS	(Amount in Rupees)	
	March 31, 2014	March 31, 2013
Note No. 15		
Current Investments		
Trade		
Quoted	-	-
Unquoted		
Ascent Hotels Private Limited	266,701,680	266,701,680
6669492 (6669492) Equity Shares of Rs. 10/- Each Fully Paid		
Viorica Properties Private Limited	250,848,780	185,041,111
16619939 (16619939) Equity Shares of Rs. 10/- Each Fully Paid		
Sita Lakshmi Mills Limited	23,400,000	23,400,000
806000 (806000) Equity Shares of Rs 50/- Each Fully Paid	<u>540,950,460</u>	<u>475,142,791</u>
Provision for diminution in value of shares	-	-
	<u>540,950,460</u>	<u>475,142,791</u>
Mutual Funds - Debt	<u>4,887,092</u>	-
	<u>4,887,092</u>	-
	<u>545,837,552</u>	<u>475,142,791</u>

1. The mode of valuation of investments in securities/properties is given in the Note No III 1 (F) of Note No 29

Note No. 16 Inventories

Materials/Tools/Stock for Resale/W.I.P/Finished Goods	751,008,230	868,785,071
Developments	2,797,138,957	2,656,867,860
House Keeping and Kitchen Material	<u>1,116,818</u>	<u>944,707</u>
	<u>3,549,264,005</u>	<u>3,526,597,639</u>



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Notes to the Financial Statements

(Amount in Rupees)

PARTICULARS	March 31, 2014	March 31, 2013
Note No. 17		
Debtors And Unbilled Revenues		
a) Debtors		
(Unsecured Considered Good, Unless Otherwise Stated)		
A) Outstanding For Period Exceeding Six Months Considered Good#	1,365,270,421	1,268,461,458
	<u>1,365,270,421</u>	<u>1,268,461,458</u>
Considered Doubtful	191,218,622	170,283,798
Add/(Less) : Provision For Doubtful Debts	<u>(193,147,591)</u>	<u>(170,283,798)</u>
(Refer Note III 2 (o) (a) of Note No 29)	(1,928,969)	-
B) Others - Considered Good	1,104,908,516	1,387,186,401
(Less) : provision for unapproved sales (Refer Note III 2 (o) (b) of Note No 29)	<u>(4,335,443)</u>	<u>(10,191,133)</u>
	1,100,573,073	1,376,995,268
(Less) : Related Unearned Receivables	(411,816,328)	(291,736,560)
(Less) : Bills Discounted Accepted by Customers	-	(60,000,000)
(Less) : Commitment Deposit Received	<u>(362,845,636)</u>	<u>(363,217,581)</u>
	<u>(774,661,964)</u>	<u>(714,954,141)</u>
b) Retention (Accrued but not due)	580,211,055	770,421,614
	<u>580,211,055</u>	<u>770,421,614</u>
	<u>2,269,463,616</u>	<u>2,700,924,200</u>

Note No. 18

Cash And Bank Balances

a) Cash and cash equivalents		
Cash On Hand	18,309,555	19,936,633
Balances With Scheduled Banks In Current Accounts*	227,033,353	161,965,210
Balances with banks in deposit accounts with original maturity of less than 3 months	40,518,502	125,808,650
Cheques, drafts on hand	10,000,000	-
	<u>295,861,409</u>	<u>307,710,493</u>
b) Other bank balances		
Balances with banks in deposit accounts under banks lien for margin money	187,137,725	115,907,033
Balances with banks in short term deposit accounts	14,632,416	35,312,003
Balances with banks in unpaid dividend account	15,702	15,702
	<u>201,785,843</u>	<u>151,234,738</u>
	<u>497,647,252</u>	<u>458,945,231</u>



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Notes to the Financial Statements

PARTICULARS	(Amount in Rupees)	
	March 31, 2014	March 31, 2013
Note No. 19		
Short Term Loans and Advances		
Short Term Loans and Advances		
(Unsecured Considered Good Unless Otherwise Stated)		
Security deposits	139,953,841	153,694,290
Advances/loans to subsidiaries	-	-
Intercorporate Deposits	-	826,839,275
Other	72,014,541	1,837,213
	<u>211,968,382</u>	<u>982,370,778</u>
Add/(Less) : Provision For Doubtful Loans and Advances	-	-
	<u><u>211,968,382</u></u>	<u><u>982,370,778</u></u>

Note No. 20

Other Current Asset

Unbilled revenues	1,433,569,715	1,153,566,870
(Less) : related advance payment received	<u>(535,352,422)</u>	<u>(204,237,689)</u>
	898,217,293	949,329,181
Advance Against Development/Work/Purchases	952,494,774	149,459,735
MAT credit entitlement	14,805,667	13,215,880
Prepaid Expenses	20,753,118	34,594,402
Other Recoverables and Receivables	437,182,671	276,546,424
Share application money paid	42,537,200	83,976,270
	<u>2,365,990,723</u>	<u>1,507,121,891</u>



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Notes to the Financial Statements

(Amount in Rupees)

PARTICULARS	March 31, 2014	March 31, 2013
Note No. 21		
Income From Operations		
Contract Revenue/Sales Revenue (Gross)		
<i>(Refer Note III (1) (G) of Note No 29)</i>		
- Sale of Unit/Land	1,600,923,621	1,659,729,358
- Contract Revenue	2,333,481,971	3,218,825,207
- Trading Sales & Other Sales	37,061,632	281,631,928
- Manufacturing Sales	2,177,535,438	1,832,715,737
- Hotel Revenue	54,601,324	54,758,964
Other Operating Income		
- Rent/Compensation/Maintenance	16,743,890	35,697,368
- Share Of Profit/(Loss) From AOP/Firms/LLP	(8,124,310)	(11,918,605)
- Profit on sale of long term investment	88,475,171	-
- Share of Profit/(Loss) from Associates	<u>(45,781,179)</u>	<u>4,633,101</u>
	<u>6,254,917,558</u>	<u>7,076,073,056</u>

Note No. 22

Other Income

Interest income	129,953,472	216,463,622
Dividend income	4,776,428	815,992
Foreign exchange gain	34,605	16,312,605
Miscellaneous income	25,914,860	38,112,507
Other non operating income (net of expenses directly attributable to such income)	<u>16,796,314</u>	<u>15,328,818</u>
	<u>177,475,679</u>	<u>287,033,544</u>

Note No. 23

Construction Expenses/Cost of Material Consumed

Contract	2,168,607,490	2,624,959,896
Cost of Material Consumed	1,312,340,152	1,197,200,528
Development	956,376,951	855,560,392
Incidental borrowing cost incurred attributable to qualifying assets	<u>229,913,652</u>	<u>176,701,289</u>
	<u>4,667,238,245</u>	<u>4,854,422,105</u>



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Notes to the Financial Statements

PARTICULARS	(Amount in Rupees)	
	March 31, 2014	March 31, 2013
Note No. 24		
Purchases of Stock-in-trade		
Purchases of stock-in-trade	413,071	231,777,049
	<u>413,071</u>	<u>231,777,049</u>
<hr/>		
Note No. 25		
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-trade		
Materials/Tools/Stock for Resale/W.I.P/Finished Goods	115,078,842	355,918,963
Developments	(140,271,097)	(54,062,387)
House Keeping and Kitchen Material	(172,111)	(83,640)
	<u>(25,364,366)</u>	<u>301,772,936</u>
<hr/>		
Note No. 26		
Employee Benefit Expense		
Salaries and wages	675,531,519	648,274,591
Contribution to provident and other funds	36,522,231	29,128,913
Gratuity	10,653,643	23,148,680
Compensated Absence	21,012,162	19,637,755
Staff Welfare & Other Expenses	45,550,869	52,779,819
Expense on Employee Stock Option Scheme	12,796,875	-
	<u>802,067,300</u>	<u>772,969,760</u>
<hr/>		
Note No. 27		
Finance Costs		
Interest On:		
Fixed Loans		
Interest expense	627,289,702	548,461,294
Other borrowing costs	42,811,890	11,803,435
	<u>670,101,591</u>	<u>560,264,729</u>
Less : Borrowing Cost Transferred To Qualifying Assets	<u>250,373,816</u>	<u>228,325,901</u>
	<u>419,727,775</u>	<u>331,938,828</u>



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Notes to the Financial Statements

PARTICULARS	(Amount in Rupees)	
	March 31, 2014	March 31, 2013
Note No. 28		
Operating and Other Expenses		
Advertisement	17,959,930	27,741,334
Bank Charges	20,703,619	38,853,741
Bad Debts	26,551,755	10,770,326
Bank Gurantee Commission to Managing Director	55,400,000	-
Brokerage/Commission	61,330,889	11,951,460
Conveyance	5,527,585	24,135,882
Donations	3,784,935	3,060,449
Electricity Charges	10,928,028	24,774,063
Foreign exchange loss	27,606,483	6,772,189
Insurance	18,202,508	23,238,588
Loss on Sale of FA	71,266	-
Other Expenses	98,102,852	89,957,154
Other Operating Expenses	7,965,280	9,002,425
Parking and game shop expenes	321,181	793,985
Provision For Doubtful Debt And Advances <i>(Refer Note No III (2) (o) of Note No 29)</i>	23,617,138	39,492,167
Provision For Warranty Expenses	-	4,258,027
Post, Telephone And Telegram	18,988,951	22,251,957
Printing And Stationery	13,537,190	13,979,105
Rates & Taxes	14,670,265	13,179,377
Rent/Compensation	68,502,025	81,348,130
Repairs, Renovation And Maintenance		
Building	4,293,051	11,125,914
Plant and Machinery	3,338,920	3,854,402
Others	13,023,269	25,762,835
Sales Promotion Expenses	6,029,538	39,956,935
Travelling Expenses	62,697,576	41,480,560
Service Charges/Professional Fees/Retainers	94,809,035	113,104,884
	<u>677,963,268</u>	<u>680,845,889</u>

Note NO. 29

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2014 AND STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED ON THAT DATE

(I) Nature of Operations

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

(II) Principle of Consolidation

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

- (a) The accompanying Consolidated Financial Statements are prepared under the historical cost convention on an accrual basis of accounting in conformity with accounting principles generally accepted in India to reflect the financial position of the company its Subsidiaries and Joint Ventures.
- (b) Others:
 - (i) In respect of Subsidiary Companies, the Financial Statements have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and unrealised profits/losses on intra-group transactions in accordance with the Accounting Standard- (AS)-21 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India (ICAI).
 - (ii) In case of Joint Venture Companies, the Financial Statements have been consolidated in accordance with the AS-27 'Financial Reporting of Interests in Joint Ventures' issued by the ICAI.
 - (iii) In case of associates where the Company directly or indirectly through subsidiaries holds more than 20% of equity, Investment and has significant influence in associates are accounted for using equity method in accordance with the AS-23 "Accounting for investments in associates in consolidated financial statements" issued by the ICAI.
 - (iv) Investments other than its subsidiaries, joint ventures and associates have been accounted in accordance with AS-13 on "Accounting for Investments" issued by the ICAI.
 - (v) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviation if any have been made in consolidated financial statements and are prepared in the same manner as the Company's unconsolidated financial statements.



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Notes to the Financial Statements

- (vi) The excess of the cost to the company of its investments in the subsidiaries over the Company's portion of equity on the acquisition date is recognised in the Consolidated Financial Statements as Goodwill. The Company's portion of the equity in the subsidiaries as at the date of acquisition is determined after realigning the material accounting policies of the subsidiaries to that of the parent and adjusting the charge/(reversal) on account of realignment to the accumulated reserves and surplus of the subsidiaries at the date of acquisition.
- (vii) Minority Interest's share of net profit/loss of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- (viii) Minority Interest's share of net assets of the consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the company's shareholders.
- (ix) The Subsidiary companies, Associates and Joint Ventures considered in Consolidated Financial Statement are as under:

Name of the company	Relationship	Country of Incorporation	Shareholding As at 31st March, 2014
Marvel Housing Private Limited	Subsidiary	India	100.00%
Vascon Dwelling Private Limited	Subsidiary	India	100.00%
IT-Citi Infopark Private Limited	Subsidiary	India	100.00%
Greystone Premises Private Limited	Subsidiary	India	65.00%
Vascon Pricol Infrastructure Limited	Subsidiary	India	70.00%
Floriana Properties Private Limited	Subsidiary	India	100.00%
Windflower Properties Private Ltd	Subsidiary	India	100.00%
Caspia Hotel Private Limited	Step Subsidiary	India	70.00%
GMP Technical Solutions Private Limited	Subsidiary	India	85.00%
GMP Technical Solutions Middle East (FZE),	Step Subsidiary	UAE (Sharjah)	100.00%
Almet Corporation Limited	Subsidiary	India	100.00%
Marathawada Realtors Private Limited	Subsidiary	India	100.00%
Just Homes (India) Pvt. Ltd	Subsidiary	India	100.00%
Vascon Renaissance LLP	Subsidiary (LLP)	India	65.00%
Phoenix Ventures	Joint Venture	India	50.00%
Weikfield IT Citi Info Park	Joint Venture	India	Refer Note III 2 (k)
Zenith Ventures	Joint Venture	India	Refer Note III 2 (k)
Zircon Ventures	Joint Venture	India	Refer Note III 2 (k)
Cosmos Premises Private Limited	Joint Venture	India	43.83%
Ajanta Enterprises	Joint Venture	India	50.00%
Angelica Properties Private Limited	Associates	India	26.00%
Mumbai Estate Private Limited	Associates	India	44.44%

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



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Notes to the Financial Statements

Name of the company	Country of Incorporation	Shareholding As at 31st March, 2014
Ascent Hotels Private Limited	India	21.79%
Sita Lakshami Mills Limited	India	26.00%
Viorica Properties Private Limited	India	29.76%

(III) Notes to Account

1 Statement of Significant Accounting Policy

A. Basis of Preparation of Financial Statement

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

B. Use of estimates

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

C. Tangible Asset, Intangible asset and capital work in progress

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

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

Assets under installation or under construction as at the Balance sheet date are shown as Capital work in progress and are stated at cost less impairment losses. Cost comprises of expenditure incurred in respect of capital projects under development and includes any attributable/allocable



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Notes to the Financial Statements

cost and other incidental expenses. Revenues earned if any, before capitalization from such capital project are adjusted against capital work in progress.

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

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

D. Impairment

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

- (a) the provision for impairment loss, if any and
- (b) the reversal of impairment loss recognized in previous period, if any

Impairment loss is recognized when carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

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

E. Depreciation/Amortisation

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

F. Investments

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

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

G. Recognition of Revenue/Cost

(a) Construction contracts

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

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

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

(b) Real estate development

(a) Completed Units

Revenue from sale of units is recognised as and when the underlying significant risk and rewards of ownership are transferred to the purchaser

(b) Units Under Development

(A) Projects which have commenced on or before March 31, 2012

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

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

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

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

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

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

- (a) The underlying significant risk and rewards of ownership are transferred to the purchaser.
- (b) All critical approvals necessary for commencement of the project are obtained .
- (c) Reasonable level of development is reached when project cost incurred excluding land cost and borrowing cost exceeds 25% of the project cost excluding land cost and borrowing cost.
- (d) Atleast 25% of the estimated project area are secured by contracts or agreement with the buyers.
- (e) Atleast 10% of the total revenue as per agreements of sale are realised at the reporting date in respect of each of the contracts and there are no outstanding defaults of the payment terms in such contracts.
- (f) Certainty of recoverability of the balance consideration.

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

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

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

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

- (c) Share of Profit/Loss from Partnership firm/Association of Person is recognised as income during the relevant period on the basis of accounts made-up audited or unaudited as the

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

- (d) Interest Income : Interest income is recognized on time proportion basis taking into account the amounts invested and the rate of interest.
- (e) Dividend Income : Dividend income is recognized as and when the right to receive the same is established.
- (f) Rental Income : Income from letting-out of property is accounted on accrual basis- as per the terms of agreement and 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.
- (i) Profit on sale of investment is recorded upon transfer of title by the Company. It is determined as the difference between the sale price and the then carrying amount of the investment.
- (j) Room and restaurant revenue

Room Revenue has been recognized as and when the room is let out to the Customer and the same is taken into records. Restaurant sales is recognised as and when the sale of Food and Beverages is effected.

H. Inventories

- (a) Stock of Material, etc

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

- (b) Development work

- (i) Development : Completed Units

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

- (ii) Development : Units under construction

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

- (c) Stock of Trading Goods

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



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I. Employee Benefits

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

J. Borrowing Cost

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

Borrowing cost that are attributable to the acquisition, construction or production a qualifying asset are capitalized/inventoried as cost of such asset till such time the asset is ready for its intended use or sale. a qualifying asset is an asset that necessarily requires substantial period of time to get ready for its intended use or sale. All other borrowing cost are recognized as an expense in the period in which they are incurred.

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

K. Leases

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

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

L. Contingent Liabilities and Assets

(a) A provision is recognized when

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

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

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

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

M. Taxes on Income

- (a) Taxes on Income are accounted in accordance with AS-22 "Taxes on Income". Taxes on Income comprise both current tax and deferred tax.
- (b) Provision for current tax for the year is determined considering the disallowance, exemptions and deductions and/or liabilities/credits and set off available as laid down by the tax law and interpreted by various authorities.
- (c) Deferred tax is the tax effect of timing difference representing the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period(s). This is measured using substantively enacted tax rate and tax regulation.
- (d) Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay income tax under the normal provisions during the specified period, resulting in utilization of MAT credit. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement.

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

N. Amortization

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

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

P. Segment Reporting

The Company has disclosed business segment as the primary segment. Segment have been identified taking into account the nature of the activity, the differing risks & returns, the organisational substructure. The companies operation predominantly relate to EPC activity.



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Other business segments reported are Real Estate Development, Hotel & Manufacturing & BMS. The company operates only in India. As such there are no reportable geographical segments.

Q. 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.

R. Earnings Per Share

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

S. Employee Stock Option Scheme

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

T. Provisions

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



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

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

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

U. Cash and Cash equivalents

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

W. Exceptional items

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

X. Events occurring after Balance Sheet date

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

2 Other Notes

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

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

Particulars	2013-14 Rs.	2012-13 Rs.
Income Tax	171,276,122	158,801,444
Service Tax , VAT & Excise Duty	57,327,942	65,150,735
Others	-	8,169,765



Notes to the Financial Statements

(b) Other Contingent liabilities:

Particulars	(Amount in Rupees)	
	2013-14	2012-13
A. Bank guarantee		
(i) for other companies	-	-
(ii) Performance and financial guarantees given by the Banks on behalf of the Company	1,793,149,505	1,894,229,421
B. Corporate guarantees given for other companies/entities and mobilisation	2,407,400,000	1,544,670,000
Claims against the Company not acknowledged as debt	3,619,295,750	3,604,800,000

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

One of our creditor has filed a civil suit claiming of Rs 88,28,380/- as amount due to him, which claim the company is disputing.

Short Levy of Stamp Duty due to misclassification of conveyance deed as development agreement amounting to Rs. 8,67,370/- with Joint District Registrar & Collector of Stamps, Pune.

Uncalled Liability on Partly Paid Up Shares

Others

-
-

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

Particulars	2013-14	2012-13
Amount	297,038,496	263,787,936

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

(d) Particulars of Construction Contract

Particulars	2013-14	2012-13
Contract Revenue Recognised	2,324,716,270	3,240,316,128
Contract Expenses Recognised	2,112,733,721	2,817,878,000
Recognised Profit	211,982,548	422,438,128
Contract Cost Incurred	2,112,733,721	2,817,878,000
Progress Billing	1,784,815,250	2,364,247,712
Unbilled Contract Revenue	976,336,428	1,019,711,947
Unearned Revenue	436,435,409	143,643,531
Advances from Customers	461,558,897	462,559,731
Contract Cost Incurred and Recognised Profit	2,324,716,270	3,240,316,128
Gross Amount Due from Customer	1,402,144,394	1,920,521,699
Retention	426,319,873	578,682,694

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



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(f) Earning per share

Particulars	(Amount in Rupees)	
	2013-14	2012-13
Net Profit after tax available for distribution to Equity Shareholders before Provision for Contingency (Net of Tax)	(439,160,931)	(167,170,230)
Net Profit after tax available for distribution to Equity Shareholders after Provision for Contingency (Net of Tax)	(439,160,931)	(167,170,230)
Weighted average number of shares outstanding for Basic EPS	90,180,183	90,160,274
Face Value per share	10	10
Earning Per Share - Basic	(4.87)	(1.85)
Weighted average number of shares outstanding for Diluted EPS	90,922,303	90,162,113
Earning Per Share - Diluted	(4.83)	(1.85)

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

(h) Loans and advances includes an amount of Rs. 96,03,00,285/- (Rs. 114,28,88,743/-) paid as advances/deposits to the vendors for acquiring land/development rights for various projects under Single Joint Venture agreements. As per such Agreements the Group has to work out the consideration for acquisition of land/development rights on the basis of sale proceeds at the time of receipts of the such proceeds of the developed area, in other words, no amount is payable if there is no sale. There is no event of any loss by the Group or by the vendor since as such the liability is not presently quantifiable.

(i) Sales turnover for the period ended includes revenues from construction contracts, sale of developed units, sale of materials, consultancy services and room revenue.

(j) The profit for the period ended includes net income/(expense) of Rs. 98,233/- Previous year (Rs. 27,27,372/-) in respect of prior years.

(k) The Consolidated Financial Statements includes share of assets and liabilities of Zircon Ventures, Weikfield ITCITI Infopark and Zenith Ventures, the Jointly Controlled Entities (JCE) where in the share of the Company's assets and liabilities in such JCE are considered for consolidation based on the specific allocation of such assets and liabilities which relate to the Company as per the arrangement with the Joint Venture Partners.

(l) Deferred tax Asset/(Liability) arising due to timing difference comprise of:

Particulars	(Amount in Rupees)	
	2013-14	2012-13
1. Depreciation	14,826,998	(3,719,935)
2. Statutory Payment - Gratuity/Leave Encashment	-	6,453,587
3. Reserve for Doubtful debts	772,500	506,245
4. Disallowance u/s 40a	1,668,306	42,908,766
5. Brought Forward business Losses & Capital Losses	-	133,820,504
Net Deferred Tax Asset/(Liability)	17,267,804	179,969,166
Deferred Tax Liability	2,744,600	3,342,193
Deferred Tax Assets	20,012,404	16,498,284

In absence of a reasonable certainty of setting off brought forward losses, the deferred tax asset amounting to Rs. 46,99,78,201/- (Rs. 19,58,93,024/-) has not been recognized.



(m) Leases

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

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

Particulars	2013-14	2012-13
Gross Carrying Amount of Premises	65,991,203	124,133,521
Accumulated Depreciation	20,533,639	26,108,645
Depreciation for the period ended	2,392,503	4,968,374

Future minimum lease income under non-cancellable operating leases:

Particulars	2013-14	2012-13
A) Not later than 1 year	899,990	10,097,758
B) Later than 1 year and not later than 5 years	-	10,343,611
C) Later than 5 years	-	5,907,692
Income recognised during the period	1,919,833	18,696,068

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	2013-14	2012-13
A) Not later than 1 year	926,925	10,072,700
B) Later than 1 year and not later than 5 years	-	32,960,325
C) Later than 5 years	-	-
Expenses recognised during the period	7,863,500	13,880,966

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

(n) Disclosure Relating to Provisions

Particulars	(Amount in Rupees)	
	2013-14	2012-13
a Provision for Doubtful Debts		
Opening Balance	170,283,798	152,722,461
Add: Provision during the period ended	45,441,038	53,803,617
	215,724,836	206,526,079
Less: Utilisation/Transferred to Bad Debts	21,775,145	36,242,281
Closing Balance	193,949,690	170,283,798
b Provision for Unapproved Sales		
Opening Balance	10,191,133	14,544,903
Add: Provision during the period ended	377,612	3,653,304
	10,568,745	18,198,207
Less: Utilisation/Transfers	6,233,302	8,007,074
Closing Balance	4,335,443	10,191,133
c Provision for Warranty		
Opening Balance	9,002,513	4,744,487
Add: Provision during the period ended	-	8,626,615
	9,002,513	13,371,102
Less: Utilisation/Transfers	-	4,368,588
Closing Balance	9,002,513	9,002,513



Notes to the Financial Statements

- (o) The Company has provided share based payment schemes to its employee. During the period ended March 31, 2014, the 'ESOS - 2007' scheme was lapsed on March 31, 2014 and consequently no further shares will be issued to employee under this scheme:

Particulars	2013-14	2012-13
Outstanding at the beginning of the year	4,650	213,950
Granted during the period	-	-
Forfeited during the period	(2,250)	(164,750)
Allotted during the period	(2,400)	(44,550)
Outstanding at the end of the period	-	4,650

The Company has provided share based payment schemes to its employee. During the period ended March 31, 2014, the 'ESOS - 2012' scheme was in operation:

Particulars	2013-14	2012-13
Outstanding at the beginning of the year	-	-
Granted during the period	2,250,000	-
Forfeited during the period	-	-
Allotted during the period	-	-
Outstanding at the end of the period	2,250,000	-

- (p) Share of Joint Venture in Consolidated Financial statement are as under.

Profit and Loss Account Items For The year Ended March 31, 2014

Particulars	2013-14	(Amount in Rupees) 2012-13
INCOME		
Revenue From Operation	677,640,699	602,678,023
Other Income	23,612,287	(14,875,740)
EXPENSES		
Cost of Sales	504,131,962	430,048,244
Personnel Expenses	9,831,681	13,013,895
Financial Expenses	7,893,551	9,628,476
Depreciation/Amortisation	8,912,369	10,832,334
Operating & Other Expenses	39,871,154	61,848,482
Provision For Taxation		
Current	108,394,983	57,957,781
Deferred tax expenses/(gain)	43,447	963,964
Excess/(Short) Provision W/Back/(Off)	(215,800)	(156,437)
Appropriation		
Dividend on Preference Shares	5,188,939	-
Dividend Tax	135,908	-
Transfer to General Reserve	1,333,834	-

Balance sheet Items As At March 31, 2014

Long Term Borrowing	22,666,110	53,952,818
Deferred Tax Liability	2,744,600	3,342,193
Other Long Term Liabilities	-	2,488,475
Long Term Provisions	287,934	187,312
Short Term Borrowings	91,133,156	92,112,662
Trade Payables	100,251,902	99,423,855
Other Current Liabilities	381,831,488	472,028,544
Short Term Provisions	77,627,959	59,430,145
Fixed Assets	525,777,584	676,507,383
Non Current Investment	(507,691,394)	(477,696,606)
Deferred Tax Asset	772,500	772,500
Long Term Loans & Advances	(98,360,578)	(143,136,630)
Other Non Current Assets	5,522,054	938,982



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Current Investment	-	-
Inventories	425,680,696	603,103,014
Trade Receivables	168,670,763	16,489,975
Cash and Cash Equivalents	43,370,331	44,798,163
Short Term Loans & Advances	1,287,107	16,341,132
Other Current Assets	167,469,857	241,375,141

(q) During the previous year ended March 31, 2013 accounts of a joint venture were consolidated on the basis of unaudited accounts as certified by management. The difference between such figures and audited accounts subsequently made available have been appropriately adjusted during the current year by decrease in reserve.

(r) 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 for the year ended March 31, 2014.

The accounts of Vascon Renaissance EPC Limited Liability Partnership, subsidiary of the company have not been reviewed for the year ended March 31, 2014 as of balance sheet date by us 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 reviewed for the period ended March 31, 2014 as of balance sheet date by us and have been consolidated on the basis of the accounts as certified by the management.

The accounts of Cosmos Premises Private Limited, Ajanta Enterprises, joint ventures of the company have not been reviewed for the year ended March 31, 2014 as of balance sheet date by us and have been consolidated on the basis of the accounts as certified by the management.

(s) Primary Segment information (business segment) as required in AS 17 "Segment Reporting", in respect of which disclosures have been made are given in the Annexed Statement.

(t) Note on litigation in Vista Annexs Project

The company has purchased the property bearing S. no. 84/1b/2 (part) admeasuring about 7942 sq mt , Nashik at Rs 2,14,36,400/- from the owners namely Shri. Khanderao Khode & other through their POA holder M/s. Sanklecha Construction Nashik by executing Development agreement along with irrevocable Power of Attorney. One of the co-owner has filed a regular civil suit court of civil judge Nashik requesting for effecting partition of the suit property and to declare various documents executed by the owner with M/s. Sanklecha Construction vis-à-vis M/s. Vascon Dwelling Pvt. Ltd. as illegal null & void. The Company has taken the possession of the said suit property .The Matter is pending in the Court of Civil judge Nashik.

(u) Exceptional items

Particulars	(Amount in Rupees)	
	2013-14	2012-13
Net gain/loss on sale of fixed assets	-	38,922
Net gain/loss on sale of long term investments - other than trade	-	(39,981,934)
Reversals of employee stock option compensation	84,173	6,163,298
Capital WIP written off	-	(25,201,301)
Provision for diminution in value of shares	-	150,000
Reversals of provisions	-	-
Compensation on litigation settlement	-	-
	84,173	(58,831,015)



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Notes to the Financial Statements

- a) Reversals of employee stock option compensation
- During the previous year ended March 31, 2014 the unexercised outstanding Employee Stock Options aggregating to 2,250 Equity Shares relating to those employees who are no longer associated with the Company have been forfeited and accordingly, the provision for compensation amounting to Rs. 84173/- (Rs. 61,63,298/-) in respect of the same has been written back as exceptional item.
- b) Discontinued operation
- During the previous year ended March 31, 2014 the assets of one of the subsidiary of the company was impaired on account of termination of the contract with the joint venture partner and accordingly the expenditure of Rs. Nil (Rs. 2,52,01,301/-) incurred by the said subsidiary in respect of the same joint venture was written off.
- (v) The levy of Maharashtra Value Added Tax (MVAT) in respect of Real Estate Development sales has been subject to considerable legislative amendments, litigation and administrative action. During the pendency of special leave petition before the Hon'ble Supreme Court against the earlier Hon'ble Mumbai High Court decision, a decision has been pronounced by the Hon'ble Mumbai High Court and the matter has not reached finality.
- The Industry, accounting and legal fraternity is examining the implications of the decisions and the way the liability will be worked out under various options provided. In view of such uncertainties, the management has been advised that in the present scenario it is difficult to correctly determine MVAT liability payable in respect of real estate development sales executed during the period 20th June, 2006 to 31st March, 2010. The Company is currently in process of ascertaining the exact applicability of these pronouncements, contractual ability to collect MVAT from past customers and the mechanism of collection of MVAT in respect of real estate development sales executed during the period 20th June, 2006 to 31st March, 2010.
- (w) These interim financial statements are prepared by following the same accounting policies as those followed in the annual financial statements for the year ended March 31, 2014.
- (x) Corresponding figures for previous periods presented have been regrouped, where necessary, to conform to the current year classification.

As per our report of even date

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

R. Vasudevan
Managing Director

V. Mohan
Chairman

For and on behalf of the Board of Directors

Dr. Santosh Sundararajan
Chief Executive Officer

Kulin V Mehta
Partner
Membership No. 38440
Mumbai : May 16, 2014

M. Krishnamurthi
Company Secretary & Compliance Officer
Mumbai : May 16, 2014

D. Santhanam
Chief Financial Officer



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Notes to the Financial Statements

SCHEDULE 1 A LIST OF RELATED PARTIES AND NATURE OF RELATIONSHIPS

Particulars	Financial Year Ended	
	March 31, 2014	March 31, 2013
Nature of Relationship	Name of Party	Name of Party
Joint Venture	Phoenix Ventures	Phoenix Ventures
	Weikfields ITCITI Infopark (AOP)	Weikfields ITCITI Infopark (AOP)
	Zenith Ventures	Zenith Ventures
	Zircon Ventures	Zircon Ventures
	Just Homes (India) Pvt. Ltd. (Upto 29th September 2013)	Just Homes (India) Pvt. Ltd.
	Marigold Premises Pvt. Ltd. (Upto 30th September 2013)	Marigold Premises Pvt. Ltd.
	Cosmos Premises Pvt. Ltd.	Cosmos Premises Pvt. Ltd.
	Ajanta Enterprises	Ajanta Enterprises
Key Management Personnel	Mr. R. Vasudevan	Mr. R. Vasudevan
	Dr. Santosh Sunderrajan	Dr. Santosh Sunderrajan
Relatives of Key Management Personnel	Mrs. Lalitha Vasudevan	Mrs. Lalitha Vasudevan
	Mrs. Thangam Moorthy	Mrs. Thangam Moorthy
	Mrs. Lalitha Sundarrajan	Mrs. Lalitha Sundarrajan
	Mr. Siddarth Vasudevan	Mr. Siddarth Vasudevan
	Ms. Soumya Vasudevan	Ms. Soumya Vasudevan
Associates	Angelica Properties Pvt. Ltd.	Angelica Properties Pvt. Ltd.
	Mumbai Estate Pvt. Ltd.	Mumbai Estate Pvt. Ltd.
Enterprise where key management personnel and their relatives exercise significant influence	Flora Facillites Private Limited (Formerly known as Flora Premises Private Limited)	Flora Facillites Private Limited (Formerly known as Flora Premises Private Limited)
	Vastech Consultants Pvt. Ltd.	Vastech Consultants Pvt. Ltd.
	Vatsalya Enterprises Pvt. Ltd.	Vatsalya Enterprises Pvt. Ltd.
	Bellflower Premises Pvt. Ltd.	Bellflower Premises Pvt. Ltd.
	Syringa Engineers Private Limited (Formerly known as Syringa Properties Private Limited)	Syringa Engineers Private Limited (Formerly known as Syringa Properties Private Limited)
	Vascon Infrastructure Limited	Vascon Infrastructure Limited
	Stresstech Engineers Pvt. Ltd.	Cherry Construction Private Limited
	Cherry Construction Private Limited	Sunflower Premises Private Limited
	Sunflower Premises Private Limited	



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Notes to the Financial Statements

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

Particulars	(Amount in Rupees)	
	2013-14	2012-13
Sales		
Joint Venture	28,634,711	71,009,339
Associates	16,936,435	125,000
Key Management Personnel	12,423,039	37,939,612
Relatives of KMP	-	-
Establishment where KMP and their relatives exercise significant influence	80,373,145	9,833,286
Purchases & Labour Charges		
Joint Venture	21,250,000	-
Key Management Personnel	-	-
Relatives of KMP	30,000	-
Associates	-	-
Establishment where KMP and their relatives exercise significant influence	69,437,314	102,102,539
Rendering Of Services		
Joint Venture	-	-
Key Management Personnel	145,237,000	34,500,000
Relatives of KMP	5,015,000	-
Associates	-	-
Establishment where KMP and their relatives exercise significant influence	21,608,496	13,493,887
Rental/Hire Charges Paid		
Joint Venture	-	-
Key Management Personnel	-	-
Relatives of KMP	-	-
Associates	-	-
Establishment where KMP and their relatives exercise significant influence	-	-
Rent/Dividend Income		
Joint Venture	2,362,759	-
Key Management Personnel	-	-
Relatives of KMP	-	-
Associates	7,704	-
Establishment where KMP and their relatives exercise significant influence	-	-
Dividend Paid		
Joint Venture	-	-
Key Management Personnel	-	-
Relatives of KMP	-	-
Associates	-	-
Establishment where KMP and their relatives exercise significant influence	-	-
Purchase of Fixed Assets		
Joint Venture	-	-
Key Management Personnel	-	-
Relatives of KMP	-	-
Associates	-	-
Establishment where KMP and their relatives exercise significant influence	-	-
Sale of Fixed Assets		
Joint Venture	-	-
Key Management Personnel	-	-
Relatives of KMP	-	-



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Notes to the Financial Statements

Particulars	(Amount in Rupees)	
	2013-14	2012-13
Associates	-	-
Establishment where KMP and their relatives exercise significant influence	-	-
Interest Paid		
Joint Venture	13,296,452	13,686,662
Key Management Personnel	3,151,696	-
Relatives of KMP	355,481	-
Associates	-	-
Establishment where KMP and their relatives exercise significant influence	1,443,245	-
Interest Income		
Joint Venture	322,145	2,434,397
Key Management Personnel	-	-
Relatives of KMP	-	-
Associates	-	-
Establishment where KMP and their relatives exercise significant influence	-	-
Amounts Written Off		
Joint Venture	-	-
Key Management Personnel	-	-
Relatives of KMP	-	-
Associates	-	-
Establishment where KMP and their relatives exercise significant influence	-	-
Reimbursement of expenses		
Key Management Personnel	52,828	-
Finance Provided (including loans and equity contributions in cash or in kind)		
Joint Venture	115,878,004	56,754,345
Key Management Personnel	-	-
Relatives of KMP	-	-
Associates	13,704,758	-
Establishment where KMP and their relatives exercise significant influence	54,626,461	-
Finance Availed (including loans and equity contributions in cash or in kind)		
Joint Venture	85,856	269,690,994
Key Management Personnel	34,307,000	-
Relatives of KMP	3,000,000	-
Associates	-	-
Establishment where KMP and their relatives exercise significant influence	13,054,047	20,000,000
Balances as on 31.12.2013 and 2013		
Amount Due To Company		
Joint Venture	35,512,746	101,416,810
Key Management Personnel	2,101,643	5,596,896
Relatives of KMP	-	-
Associates	256,766,500	262,847,800
Establishment where KMP and their relatives exercise significant influence	30,707,592	89,742,521
Amount Due From Company		
Joint Venture	-	-
Key Management Personnel	127,512,001	36,701,134
Relatives of KMP	3,000,000	-
Associates	19,895,242	33,600,000
Establishment where KMP and their relatives exercise significant influence	21,913,466	81,853,029



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