

REPORT ON CORPORATE GOVERNANCE

Philosophy:

As a Company, Vascon believes in good governance in true spirit, beyond merely complying with mandatory requirements. It continues to focus on good corporate governance and its primary objective is to create and adhere to a corporate culture of conscience and consciousness, integrity, transparency and accountability for efficiency and ethical conduct. It ensures not only the long term interest of the shareholders but society at large are being served.

Composition of the Board of Directors:

The strength of Board of Directors as on 31st March, 2012 consists of five directors - one Managing Director, two Non-Executive Directors and two Non-Executive Independent Directors.

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

As on March 31, 2012

Name	Position	Date of Joining	No of Board Meetings held		Attendance at Last AGM	Directorship U/s 275 of the Companies Act, 1956 in other Public Limited Companies	Number of Committee Chairmanships/ Memberships held in other Public Limited Companies		
			No of Board Meetings attended				Committee Membership	Chairmanship	Chairmanship
V. Mohan	Chairman & Independent Director	March, 6, 2007	6	6	Yes	5	1	NIL	
R. Vasudevan	Managing Director	January, 1, 1986	6	6	Yes	NIL	NIL	NIL	
K.G.Krishnamurthy*	Non-Executive Director	June, 21, 2006	6	2	Yes	4	1	NIL	
Ameet Hariani*	Non-Executive Director	September 19, 2007	6	3	Yes	3	3	1	
R. Kannan*	Independent Director	September 19, 2007	6	3	Yes	NIL	NIL	NIL	

1. The directorship/committee membership is based on the latest disclosures received from the Directors.
2. None of the directors is a member of the Board of more than 15 companies in terms of Section 275 of Companies Act, 1956; member of more than 10 committees & chairman of more than 5 committees across all companies in which he is a director.
3. None of the directors are related inter-se.
4. * Were given leave of absence on request.

Board Meetings:

The Board met six times during the financial year 2011-2012. The maximum time gap between two meetings was not more than four calendar months. These were held on May 14, 2011, August 9, 2011, August 11, 2011, November 4, 2011, November 11, 2011 and February 14, 2012.

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

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

Committees of Board:

The Company has Board Level Committees, namely:

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

Audit Committee:

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

During the year the Audit Committee met on May 14, 2011, August 11, 2011, November 11, 2011 and February 14, 2012.

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

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

The Company Secretary acts as Secretary to the Audit Committee.

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

1. If the remuneration to Auditors is not fixed by shareholders and is delegated to the Board then the Audit Committee should make a suitable recommendation to the Board.
2. Where the Audit Committee finds the quality, efficiency and contribution of the Auditor is not satisfactory then, the Audit Committee shall take up the matter with the Auditor and in case he does not resign, the Audit Committee shall find a suitable replacement and recommend his appointment to the Board, including terms & conditions as to remuneration or otherwise.
3. To approve payment to the Auditor for services other than Audit.

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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.

Remuneration/Compensation Committee :

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

During the year the Remuneration/Compensation Committee met on May 14, 2011 and February 14, 2012.

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

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

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

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

1. To discharge the Board's responsibilities relating to compensation to the Company's Executive Directors.
2. To approve and evaluate the Executive Director's compensation plans, policies and programmes of the Company
3. To formulate, administer and adopt the Employees' Stock Option Plan (ESOP) of the Company
4. To determine the quantum of option to be granted under an ESOP per employee and the total number in aggregate.
5. To determine at such intervals, as the Committee considers appropriate, the persons to whom shares or options may be granted.
6. To decide the conditions under which option vested in employees may lapse in case of termination of employment for misconduct.
7. To determine the exercise period within which the employee should exercise the option and that the option would lapse on failure to exercise the option within the exercise period.
8. To determine the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of the employee.
9. To determine the right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period.
10. To determine the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issue, bonus issue, merger, sale of division and others. In this regard the following shall be taken into consideration by the committee-
 - (i) The number and the price of the ESOP shall be adjusted in a manner such that the total value of the ESOP remains the same after the corporate action.
 - (ii) For this purpose global best practices in this area including the procedures followed by the derivatives markets in India and abroad shall be considered.

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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, Solicitors & Advocates in certain matter and a sum of Rs. 17,38,826/- has been paid as professional fees to the said firm during the year ended 31st March, 2012 . Mr. Ameet Hariani, Non Executive Director of Company is the Senior Partner of the said firm. The aforesaid professional fees are not considered material enough to have potential conflict with the interest of the Company. On recommendations of the Compensation/ Remuneration Committee, the Board of Directors of the Company in their meeting held on 8th February, 2011 and Members in their last Annual General Meeting held on 27th September, 2011 have re-appointed Mr. R. Vasudevan as a Managing Director and revised remuneration payable to him subject to the provisions of Section 198, 309 and other applicable provisions of the Companies Act, 1956.

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

Given in the table below are the details of remuneration paid/payable to the directors and their shareholding for the year ended March 31, 2012.

(In Rs.)

Name of Director	R. Vasudevan	V. Mohan	K. G. Krishnamurthy	Ameet Hariani	R. Kannan
Salary Commission & Ex-gratia	48,00,000	NIL	NIL	NIL	NIL
Other perquisites	39,600	NIL	NIL	NIL	NIL
Contribution to PF	14,40,000	NIL	NIL	NIL	NIL
Sitting fees	NIL	90,000	30,000	45,000	45,000
Total	62,79,600	90,000	30,000	45,000	45,000
Shareholding in the Company	9415529	NIL	NIL	NIL	NIL

Shareholders Grievance Committee:

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

During the year Shareholders Grievance Committee met on May 14, 2011, August 11, 2011, November 11, 2011 and February 14, 2012.

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

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

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

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

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

During the year no complaints were received from shareholders/investors.

Details of Compliance Officer

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

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Disclosures

Subsidiary Companies:

During the year, none of the subsidiaries was a material non listed Indian subsidiary of the Company as per the criteria given in Clause 49 of the Listing Agreement.

Policy for Prevention of Insider Trading:

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

Code of Conduct:

The Code of Conduct (the Code) as recommended by the Corporate Governance Committee and adopted by the Board is a comprehensive Code to ensure good governance and provide for ethical standards of conduct on matters including conflict of interest, acceptance of positions of responsibility, treatment of business opportunities and the like. The Code is applicable to all the Directors and the Senior Management Personnel of the Company. An annual affirmation of compliance with the Code has been obtained from all members of the Board and Senior Management Personnel as on March 31, 2012.

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

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

I hereby confirm that:

All members of the Board and Senior Management Personnel of the Company have affirmed compliance with Vascon's Code of Conduct for the financial year 2011-2012.

Mumbai
21st May, 2012

Sd/-
Managing director

General Shareholder Information:

27th Annual General Meeting

Date: 12th September, 2012

Time: 3.30 p.m.

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

Last three Annual General Meetings:

YEAR	DATE AND TIME	VENUE	SPECIAL RESOLUTION (S) PASSED
2008-2009	August 27, 2009 at 12.00 P.M.	The Conference Room of HDFC HI-REF, 6th Floor, Raman House, H T Parekh Marg, 169 Backbay Reclamation, Churchgate, Mumbai 400 020	NIL
2009-2010	July 28, 2010 at 4.00 P.M.	Wisteria Ballroom at Lavender Bough, next to Swaminarayan Temple, 90 Feet Road, Garodia Nagar, Ghatkopar (East), Mumbai 400 077	Pursuant to section 314 of the Companies Act, 1956, & subject to the approval of the Central Government appointment of Mr. Siddharth Vasudevan Moorthy, son of Mr. R. Vasudevan, Managing Director of the Company, to hold an office or place of profit as project controller of the Company on following remuneration with effect from August 1, 2010.
2010-2011	September, 27, 2011 at 3.30 P. M.	Babasaheb Dhanakur Hall, Oricon House, 12, K. Dubhash Marg, Near Jahangir Art Gallery, Kalaghoda, Fort, Mumbai 400 001	NIL

The special resolution in the Annual General Meeting held in 2010 were passed through show of hands.

Financial year:

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

Financial Results on Company's Website:

The annual results of the Company are published in leading newspapers in India, Free Press Journal, Navshakti and also displayed on its website 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:

10th September 2012 to 12th September 2012.

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.

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Master price data:

High, low during each month in last financial year

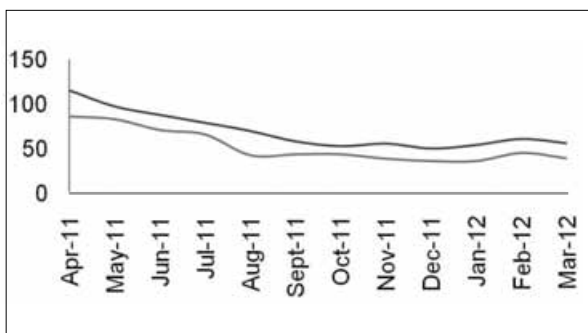
(In Rs.)

Months	Equity Shares			
	BSE		NSE	
	High	Low	High	Low
Apr-11	115.35	86.10	116.90	86.50
May-11	97.35	83.10	97.50	83.30
Jun-11	87.75	71.05	87.85	71.25
Jul-11	78.90	66.00	81.30	67.50
Aug-11	69.70	42.55	69.50	42.35
Sept-11	58.00	43.50	58.05	43.15
Oct-11	52.60	43.60	52.90	43.30
Nov-11	55.50	38.60	52.90	38.45
Dec-11	50.00	36.00	47.90	35.90
Jan-12	54.00	36.00	53.95	35.30
Feb-12	60.80	45.15	59.40	46.90
Mar-12	56.00	39.05	49.85	39.75

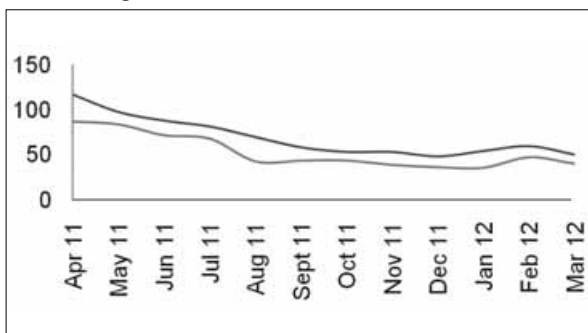
Share Performance

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

BSE: —High—Low Chart A



NSE: —High—Low Chart B



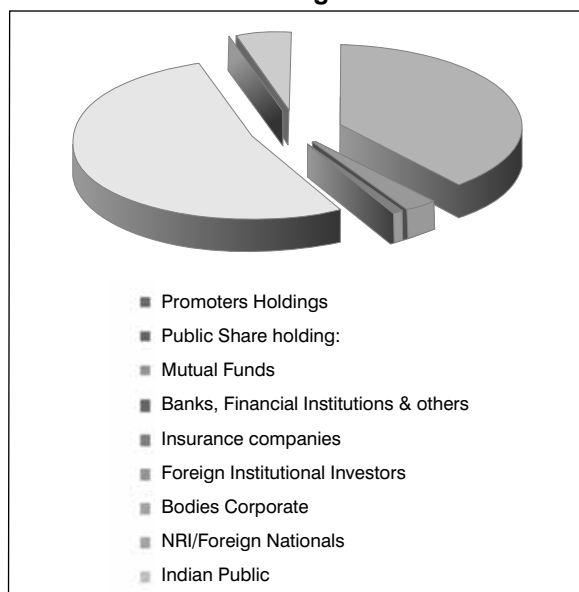
Distribution of shareholding as on 31st March, 2012

Distribution of range of Shares	Shareholders		Equity shares held	
	No. of shareholders	% to Total	Shares	% to Total
001-500	5813	85.1098	714847	0.7931
501-1000	611	8.9458	418102	0.4639
1001-2000	175	2.5622	262547	0.2913
2001-3000	59	0.8638	151019	0.1675
3001-4000	27	0.3953	97108	0.1077
4001-5000	23	0.3367	111104	0.1233
5001-10000	41	0.6005	299633	0.3324
10001-& above	81	1.1859	88081240	97.7208
TOTAL	6830	100	90135600	100

Shareholding pattern as on 31st March, 2012

Category	No. of Shares held	% to Total
Promoters Holdings	34869823	38.69
Public Share holding:		
Mutual Funds	2320332	2.57
Banks, Financial Institutions & others	-	-
Insurance companies	-	-
Foreign Institutional Investors	774523	0.86
Bodies Corporate	47795181	53.03
NRI/Foreign Nationals	12419	0.01
Indian Public	4363322	4.84
Total	90135600	100

Shareholding Pattern





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Stock Code/ Symbol:

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

Registrar and Transfer Agents & Share Transfer System:

Karvy Computershare Private Limited
Plot No. 17 to 24, Vittalrao Nagar, Madhapur
Hyderabad - 500 081
Email: einward.ris@karvy.com
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



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CERTIFICATE ON COMPLIANCE WITH CLAUSE 49 OF THE LISTING AGREEMENT BY VASCON ENGINEERS LIMITED

To the Members of VASCON ENGINEERS LIMITED

I have examined the compliance by VASCON ENGINEERS LIMITED ('the Company') of the requirements under Clause 49 of the Listing Agreement, entered into by the Company with the Stock Exchanges, for the year ended 31st March 2012.

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 : 21st May 2012

CEO and CFO Certification:

The CEO, i.e. the Managing Director or Manager appointed in terms of the Companies Act, 1956 and the CFO i.e. the whole-time Finance Director or any other person heading the finance function discharging that function shall 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 : 21st May 2012