



PRESS RELEASE

Vascon Engineers Ltd: Q4 FY 2012

Highlights of Consolidated Financials for Q4 FY12

- Revenue at Rs.180.73 crore
- EBITDA at Rs. 7.39 crore
- PAT at Rs. 5.64 crore

Highlights of Consolidated Financials for FY12

- Revenue at Rs. 712.12 crore
- EBITDA at Rs. 82.71 crore
- PAT at Rs. 15.50 crore

- Net Debt at Rs. 345.68 crore & Net Debt Equity Ratio at 0.47
- Launch of Nature Springs and ELA residential projects in Pune.
- EPC order book of Rs. 5,063 crore and backlog of Rs. 3,424 crore
- Bagged BAI award and AESA award for Vista project and Hyatt hotel respectively in Q4 FY 12

JOS

Pune, May 21, 2012: The Company operated in a challenging macro-economic environment during the year FY11-12. The Indian construction sector lost pace during the year largely due to higher interest rate, policy uncertainty and deferment of capital expenditure.

The Reserve Bank of India raised benchmark interest rates on multiple occasions since March 2010 which increased the overall cost of borrowing thus affecting the overall performance of the sector and resulting FY 12 being one of the worst year for the entire sector.

Companies have suffered elongated working capital cycles due to delays in realizing payments from clients, piling work-in progress due to delayed certification by clients and the need to support sub-contractors to ensure continuity in project execution. Labour shortages and government welfare schemes have resulted in higher labour costs. Slower pace of execution and higher input and labor costs affected the operating profits of various companies in the sector.

Vascon has yet been able to survive the turmoil and maintain its operating margins despite inflationary pressures. With the RBI taking initial steps towards rate cut and lowering of inflation, the Company expects FY 12-13 to offer a more conducive environment in terms of various growth indicators.

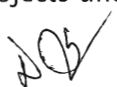
The Company, on a consolidated basis recorded revenue of Rs. 180.73 crore for Q4FY12 as against Rs. 394.89 crore in the corresponding quarter last year. Similarly, EBITDA for Q4FY12 was reported Rs. 7.39 crore compared to Rs. 55.80 crore in the corresponding quarter last year and Profit after tax for Q4FY12 was Rs. 5.64 crore as compared to Rs. 28.67 crore in the corresponding quarter last year.

The Company, on a consolidated basis for the financial year 2011-12 recorded a top line of Rs. 712.12 crore, EBITDA of Rs. 82.71 crore and PAT of Rs 15.50 crore.

EPC Segment:

The current EPC order book is at Rs. 5,063 crore and Order backlog is at Rs. 3,424 crore out of which 71% of order backlog i.e. Rs. 2,441 crore is from third party EPC contracts.

Our EPC business has been witnessing a slowdown since past few quarters. However, the Company is in the process of making all efforts to settle down challenges being faced in respect of order execution. We have faced slowdown in some of our projects resulting in lowering the EPC revenue run rate which we are confident of recovering through current projects under execution and projects under pipeline in FY13.



The Company has managed its operations in an extremely challenging environment and is well on track to achieve its historical EPC revenue run rate back in the near future.

Real Estate Segment:

During Q4FY12, company has sold the area totaling 47,421 sq. ft. The cumulative area sold around 1.65 million sq. ft. amounting to sale value of around Rs. 700 crore of which attributable to Vascon is around Rs. 383 crore. The average sales realization per sq ft has been consistent in the current quarter. Also, the collection has been on track in comparison with the previous quarters. The total area under construction in residential segment is 2.55 million sq. ft.

Company has launched one residential project – Nature Spring at Talegaon near Pune during the last quarter. The total saleable area of the project is 2.5 million sq ft. and the same will be developed in phases. The first phase will be 0.25 million sq. ft. residential development with 1, 2 & 3 BHK of 750 sq. ft. to 1,630 sq. ft. The township will have amenities like swimming pool, gym, community hall, kids play area, market etc and are expected to be developed over a period of 2.5 years.

Company has launched another residential project – ELA in Hadapsar, Pune with saleable area of around 0.12 million sq. ft. in the month of April 2012. It is residential project with 2 & 2½ BHK with size ranging from 1,115 sq. ft. to 1,595 sq. ft. The project will have all the latest amenities and is expected to be completed over the period of 2 yrs.

Company's commitment to timely execution and adoption of newer construction technologies is its core strength.

In the next few months the Company has planned launches at Chennai, Coimbatore, Nashik in a price range of Rs 3000–5000 per sq. ft. targeting mid price segment. These areas are the epicenters of progress and with economic activity buzzing in; the Company is all set to harness the demand.

GMP Technical Solutions:

This sector has been delivering a consistent growth and generating steady revenue and margin which is expected to remain stable going forward. The Company has been successful in bidding joint turnkey contracts like ESIC hospital, BPTP residential project, Sankara Eye Hospital etc., achieving the synergies of acquisition.



Arbitration closure for Sansara hotel Pvt. Ltd.:

The dispute with respect to the sale of development rights of Sansara hotel Pvt. Ltd. leading to the claim by them of Rs. 248.7 crore under arbitration has now been resolved and settled among the parties of dispute vide consent term agreed between the parties. The said consent terms are under process of being filed with arbitral tribunal. The company has been legally advised that in view of consent term being executed between parties to dispute, no dispute now exist with respect to Sansara hotel Pvt. Ltd. and accordingly provision for contingency of Rs. 20 crore has been reversed.

Profit on Sale of Investments:

During the last Quarter, the Company sold shares of its Joint Venture Company Rose Premises Private Limited as a strategic spin offs with 100% profit.

Outlook:

Gradual upswing is expected in the year 2012-13 with increasing government focus on the sector. The RBI has already taken its first step in this direction. The right policy initialization from the government, inflation containment and improved fiscal situation will be the key in reviving the growth and bringing back the economy on an inclusive growth path.

The performance of the Company will have strong linkage to the above, which we believe would position the Company to achieve its growth in the near future.

Awards & Recognition:

The Company during the current quarter has been the winner of BAI Award (Builder's Association of India) in Best Building of the year in Group Housing Residential Category for its Vista residential project in Nashik and AESA Award in Juries Recommendation Award 2012 for Planning & Service category for Hyatt hotel in Pune.



About Vascon Engineers:

Vascon Engineers Ltd. (VEL) is engaged in EPC services and Real Estate Projects with a track record of 26 years. EPC operations are in a number of states and union territories in India, providing high quality and innovative projects on a timely basis. EPC operations are focused on building construction in diverse areas like pharma, hospitals, factory buildings, educational institution buildings, Government buildings, MES, hospitality building etc. Real Estate projects comprises of residential and office complexes as well as shopping malls, multiplexes, hospitality properties and IT parks.

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