



October 6, 2017

**The Manager
Listing & Compliance Department
BSE Limited**

Phirozee Jeejeebhoy Towers
Dalal Street, Mumbai – 400001

Scrip code: 533156

**The Manager
Listing & Compliance Department
National Stock Exchange of India Limited**

Exchange Plaza, Bandra – Kurla Complex
Bandra (E) Mumbai – 400051

Scrip code: VASCONEQ

Sub: Submission of Annual Report of Vascon Engineers Limited for Financial Year 2016-17

Ref: Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015,

Dear Sir/Madam,

Pursuant to regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith a copy of Annual Report for the financial year 2016-17 being approved and adopted in the 32nd Annual General Meeting of the Company held on 28th September, 2017.

You are requested to take the same on record

Thanking you,

For Vascon Engineers Limited

M. Krishnamurthi
Company Secretary & Compliance Officer

Enclosures: As above

VASCON ENGINEERS LTD.

Corporate Office: Vascon Weikfield Chambers, Vascon Weikfield IT City Infopark, Pune-Nagar Road, Viman Nagar, Pune - 14.

Tel.: +91 20 3056 2100/200/300, Fax: +91 20 3056 2600, Web: www.vascon.com

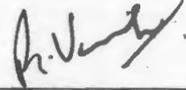
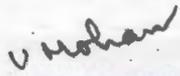
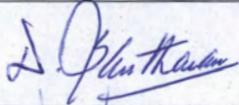
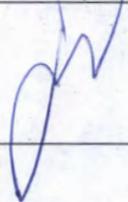
Registered Office: 15/16 Hazari Baugh, L B S Marg, Vikhroli (W) Mumbai - 83. CIN: L70100MH1986PLC038511

EPC | INDUSTRIAL | RESIDENTIAL | COMMERCIAL | IT PARKS | INSTITUTES | CLEAN ROOM SOLUTIONS

This document is signed electronically

Form A

(For audit report with unmodified opinion)

| | | |
|----|---|--|
| 1. | Name of the Company | Vascon Engineers Limited |
| 2. | Annual Financial Statements for the year ended | March 31 st , 2017 |
| 3. | Type of Audit Observation | Unmodified |
| 4. | Frequency of Observation | Not Applicable |
| 5. | To be signed by | |
| | ➤ Mr. R. Vasudevan, Managing Director |  |
| | ➤ Mr. V Mohan, Audit Committee Chairman |  |
| | ➤ Mr. D. Santhanam, Chief Financial Officer |  |
| | ➤ Mr. Hemant Joshi, Partner at Deloitte Hanskins & Sells LLP, Statutory Auditor |  |

32nd ANNUAL
REPORT

2016-17



VASCON

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Corporate Information

Board of Directors

V. Mohan

Chairman and Independent Director

R. Vasudevan

Managing Director

K. G. Krishnamurthy

Independent Director

Sowmya Vasudevan Moorthy

Non Executive Director

Mukesh Malhotra

Independent Director

Key Managerial Personnel

Dr. Santosh Sundararajan

Chief Executive Officer

M. Krishnamurthi

Company Secretary & Compliance Officer

D. Santhanam

Chief Financial Officer

Committees of Board of Directors

Audit Committee

V. Mohan, Chairman

K.G. Krishnamurthy, Member

R. Vasudevan, Member

Mukesh Malhotra, Member

Nomination & Remuneration Committee

K.G. Krishnamurthy, Chairman

V. Mohan, Member

Sowmya Vasudevan Moorthy, Member

Mukesh Malhotra, Member

Stakeholders Grievance Committee

K.G. Krishnamurthy, Chairman

R. Vasudevan, Member

V. Mohan, Member

Mukesh Malhotra, Member

Corporate Social Responsibility Committee

R. Vasudevan, Chairman

V. Mohan, Member

Sowmya Vasudevan Moorthy, Member

Risk Management Committee

V. Mohan, Chairman

R. Vasudevan, Member

Sowmya Vasudevan Moorthy, Member

Rights Issue Committee

V. Mohan, Chairman

R Kannan, Member

R. Vasudevan, Member

Restructuring Committee

R. Vasudevan, Chairman

Sowmya Vasudevan Moorthy, Member

M. Krishnamurthi, Member

Santosh Sundararajan, Member

D. Santhanam, Member

Office Addresses

Registered Office

15/16, Hazari Baug, LBS Marg, Vikhroli (West),

Mumbai - 400 083

Tel: +91 (22) 25781143

Fax: +91 (20) 26131071

Corporate Office

Vascon Weikfield Chambers, Behind Hotel Novotel,

Opposite Hyatt Hotel, Pune - Nagar Road, Pune-411014.

Tel: +91 (20) 30562 100/ 200

Fax: +91 +91 20 30562600.

Major Branch Locations**Bangalore**

C/O Godrej E-City, Doddethogar,
Village-Bettadaspura Main Road,
Electronic City, Phase-1, Pin code - 560100.

Utter Pradesh

Sector 18, Everest Enclave, Vrindavan Yogana 4,
Raibareli Road, Lucknow, U P, Pin code - 226 025.

Chennai

No. 91, 3rd Floor, Opposite to "Pothys",
G.N. Chetty Road, Chennai - 17.

Ludhiana

Old Dayanand Medical College & Hospital,
Hambran Road, Civil Lines, Near Fountain Chowk,
Opposite Lovely Sweet, Ludhiana - 141001 (India).

Mumbai

Neelkanath Business park, 'C' wing,
502, 5th floor, Near Vidyavihar, Bus Stop,
Nathani Road, Vidyavihar (W), Mumbai - 400 086

Pune

Vascon Weikfield Chamber, Behind Hotel Novotel,
Opposite Hyatt Hotel, Pune-Nagar Road Pune - 411 014.

Goa

511, Shiv Tower, 5th Floor, Patto Plaza,
Panji, Goa - 403 001

Registrar & Share Transfer Agents**Karvy Computershare Private Limited**

Karvy Selenium, Tower B, Plot 31-32,
Gachibowli, Financial District,
Nanakramguda, Hyderabad - 500 032
Telephone: +91 40 6716 2222

Listed On

National Stock Exchange of India Limited (NSE)
BSE Limited (BSE)

Bankers & Lenders

State Bank of India
ICICI Bank Limited
HDFC Bank Limited
Standard Chartered Bank
The Hong Kong and Shanghai Banking
The Saraswat Co Operative Bank Ltd

Legal Advisors

M/s Hariani & Company

Auditors**Deloitte Haskins & Sells LLP**

(Firm Registration no. 117366W/W-100018)
706, B Wing, 7th floor, ICC Trade Tower,
Senapati Bapat Road, Pune, Maharashtra, 411 016

WEBSITE : www.vascon.com

CIN: L70100MH1986PLC038511

MESSAGE BY MANAGING DIRECTOR

Dear Members,

These are very exciting and dynamic times for your Company and it is my privilege to share with you the developments during the year and the strategy for growth. It feels great to say that your Company is strategically marching ahead to match steps with our rapidly growing economy. At this point of time, when Government focuses on Affordable housing and we are staring at the huge growth opportunity, we feel capitalizing the Balance Sheet is the best possible solution to take growth on fast track.

In last 2 years, your Company has raised Rs. 100 crores through Right issue to recapitalize the Balance Sheet. Your Company has realized around Rs. 70 crores through monetization of identified and has received Rs. 27 crores from Income Tax refund till date. Further, your Company has realized significant receivable from various Projects by continuous follow-up with clients. The cash generated was mainly used to repay high interest bearing debt and repayment of statutory liabilities.

Even currently, we continue our efforts of monetizing the rest of identified assets. Some of the assets on which we are making efforts of monetization are Aurangabad Land, Commercial Property in Kaledonia, Andheri, our stake in Goa Hotel, Few

Flats in Vista - Nasik Projects and ELA – Pune Project. We estimate market value of over Rs. 100 crores for these assets. We will expedite the process and try to monetize these assets at the earliest to generate cashflow.

Your Company is preparing to capitalize on the huge opportunity in Affordable Housing in India. Your Company will be targeting large affordable housing civil contracts from Government as well as from Private Developers where financial closure is achieved, with a clear focus on profitability and indulge in projects with positive cash flow. In the Real Estate space, your Company is looking to launch couple of affordable housing projects in Katwi and Talegaon in Pune in the current financial year, with an inventory mix of 1RK, 1BHK and compact 2BHKs.

I thank all employees along with the management team who have been with the Company during the difficult times and have worked hard to see the current transformation. I am thankful to the Board of Directors for their able and constant guidance and support. I thank our shareholders, who have been our greatest strength, for their unflinching support to all our initiatives.

Thank you.

R. Vasudevan,
Managing Director

MESSAGE BY CHIEF EXECUTIVE OFFICER

Dear Members,

As we commence a new financial year 2017-18, I feel happy to say that we are now ready to embark the huge growth opportunity available in front of us. We have made sincere efforts in the last two years to optimize costs across all business segments and strengthen our Balance Sheet. It feels great to say that we have made important progress in our business plan.

In the last two years, we have raised around Rs 100 crores through right issue and Rs 70 crores through monetization of identified assets. This has helped us to reduce high interest bearing debt as well as some statutory liabilities. We are continuing with our efforts of monetizing the rest of identified assets and expect to generate over Rs. 100 crores of cashflow from those.

Government policies are expected to play a big role in improving housing sector. The Union Budget played its part by according Infrastructure Status to the affordable housing sector. This will enable developers operating in this segment to raise loans at a cheaper rate, akin to other infrastructure projects. With industry status, banks will be willing to lend more to projects in the affordable housing segment and thus create larger access to funds.

We have prepared comprehensive strategies to approach affordable housing sector in EPC as well as Real Estate segment. We very well understand that we have to maintain discipline in our bidding and execution of the project. We aim to generate positive cashflow from the project in both EPC as well as Real Estate projects.

In our EPC business, we will be focusing on large and high value civil contracts offered by Government as well as reputed Private Developers. Many states government is promoting Affordable housing projects in their state and allocated budgets for the same. Our preference will be work on those projects. Our focus and strategy for the third party EPC contract will be to complete the project in planned time and cost and generate positive cashflow from the project.

In Real Estate Business, we will be launching couple of affordable housing projects in Katwi and Talegaon in Pune in the current financial year. The target customers segment will be self employed and low salaried personnel with fast moving product mix of 1 RK, 1 BHK and compact 2 BHK apartments. The strategy is to generate better cashflow in each project with liquidating significant inventory at launch of the project.

I would like to take this opportunity to thank all employees and the management team for supporting the Company during the difficult times. I sincerely convey my gratitude to the Board of Directors for their able guidance. I also thank the banks who have stood with us in these difficult times. My sincere gratitude to our shareholders for their continuous support and valuable suggestions.

We are confident of delivering much better performance going forward.

Thank you.

Dr. Santosh Sundararajan,
Chief Executive Officer

REPORT OF BOARD OF DIRECTORS

Dear Members,

We have pleasure in presenting the 32nd Annual Report on the business and operations of the Company together with the audited results for the financial year ended March 31, 2017.

1. Financial Highlights

Table 1 gives the financial highlights of the Company for FY2017 as compared to the previous financial year, on consolidated and standalone basis.

Table 1

| Particulars | Consolidated | | Standalone | |
|---|----------------------|----------------------|----------------------|----------------------|
| | FY 2017 | FY 2016 | FY 2017 | FY 2016 |
| Net Sales /Income from Business Operations | 4,963,451,419 | 5,880,452,174 | 2,166,027,494 | 3,212,469,201 |
| Other Income | 580,132,458 | 268,166,190 | 504,066,678 | 341,526,249 |
| Total Income | 5,543,583,877 | 6,148,618,364 | 2,670,094,172 | 3,553,995,450 |
| Profit /(loss)before Interest and Depreciation | 510,846,326 | 614,901,524 | 451,036,297 | 538,998,759 |
| Less Interest | 327,377,189 | 381,117,232 | 319,976,134 | 379,250,828 |
| Profit /(loss)before Depreciation | 183,469,137 | 233,784,292 | 131,060,163 | 159,747,931 |
| Less Depreciation and amortisation | 156,439,517 | 154,433,213 | 73,344,790 | 79,431,962 |
| Profit / (loss) after depreciation and Interest | 27,029,620 | 79,351,079 | 57,715,373 | 80,315,968 |
| Exceptional Item | | | | |
| Less Current Income Tax | 8,579,725 | 19,329,202 | - | 1,404,735 |
| Less Previous year adjustment of Income Tax | 36,470,723 | 128,197 | 12,448,911 | 69,410 |
| Less Deferred Tax | (30,120,061) | (32,214,612) | - | - |
| Net Profit after Tax | 12,099,234 | 92,108,292 | 45,266,462 | 78,841,823 |
| Remeasurement of Benefit liabilities/(Assets) | 6,124,002 | 5,332,168 | 5,833,849 | 1,688,260 |
| Income Tax relating to items that will not be reclassified to profit & loss account | (95,925) | (1,204,676) | 0 | 0 |
| Total Comprehensive Income | 18,127,311 | 96,235,784 | 51,100,311 | 80,530,083 |
| Less Minority share of profits / losses | (7,892,614) | 7,660,248 | N A | N A |
| Dividend (including Interim if any and final) | 0 | 0 | 0 | 0 |
| Net Profit after dividend and Tax | 26,109,925 | 88,575,536 | 51,100,311 | 80,530,083 |
| Earnings per share (Basic) | 0.12 | 0.60 | 0.28 | 0.56 |
| Earnings per Share(Diluted) | 0.12 | 0.60 | 0.28 | 0.56 |

Notes: FY2017 represents fiscal year 2016–17, from 1 April 2016 to 31 March 2017, and analogously for FY2016 and other such labeled years.

2. Indian Accounting Standards

The Ministry of Corporate Affairs (MCA), vide its notification in the Official Gazette dated February 16, 2015, notified the Indian Accounting Standards (Ind AS) applicable to certain classes of companies. Ind AS has replaced the existing Indian GAAP prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. For our Company Ind AS is applicable from April 1, 2016 and IGAAP as the previous GAAP.

The reconciliations and descriptions of the effect of the transition from IGAAP to Ind AS have been provided in Note 26 in the notes to accounts in the standalone and consolidated financial statements.

3. Business Performance

The total standalone sales for FY 2017 are Rs. 2,166,027,494 compared to Rs.3,212,469,201 for FY 2016. The Company made a PAT of Rs. 45,266,462 in FY 2017 compared to Rs.78,841,823 in FY 2016.

4. Consolidated Results

The turnover of the Company was Rs 4,963,451,419 in FY 2017 against Rs 5,880,452,174 in FY 2016. Profit after tax before Minority Interest for FY 2017 was Rs. 12,099,234 as compared to Rs 92,108,292 in FY 2016.

5. Business Operations & Future Outlook

The company is refocusing on its core area of operations, Viz., EPC and Real Estate. In view of the Government's emphasis on affordable housing, your company has a sharp focus on this segment. While procuring the contract, the company lay emphasis on the priority of the project to the clients, the importance of value add in the project, and a special focus on affordable housing segment. The company has done extensive research on this area and has developed a special expertise on execution of such projects.

We foresee that the quality developers shall have an edge over others due to more stringent regulatory changes in this area. Growth in the Indian economy and likely reduction in interest rates, pickup in housing segment can be expected. With the Government emphasis on Housing for All and development of affordable housing, your Company shall look for favorable opportunities in this niche segment. We also have identified two projects in Talegoan for launch in the current financial year.

6. Transfer to Reserves

The Company has not proposed to transfer any amount to the General Reserve.

7. Dividend

Considering the Cash Flow Situation, we do not recommend any dividend for the year under review.

8. Share Capital

The Company has allotted 30,000 equity shares of Rs. 10/- each fully paid on May 17, 2016 under Employee Stock Option Scheme, 2014 ('ESOS, 2014'). The Company has further allotted 6,323,470 equity shares of Rs. 20/- each fully paid on 31st March, 2017 (including premium of Rs. 10 each) under Employee Stock Option Scheme, 2015 ('ESOS, 2015'), All the allotted equity shares rank pari passu in all respects with the existing Equity Shares of the Company.

The total paid-up share of the Company has increased to Rs.1,676,601,860 consisting of 167,660,186 equity shares of Rs. 10 each fully paid up on the date of this Report. However the trading approval for shares allotted on 31st March 2017 was received on 4th May, 2017.

9. Issuance of Compulsorily Convertible Debentures:

The Company decided to issue compulsorily Convertible Debentures to Manan Finserve Private Ltd. and Vinca Rose Farms & Properties LLP for an amount of Rs. 110 crores. The shareholders approved the issue at the Extra Ordinary General meeting held on 24th May, 2017. The CCD were to be converted into Equity Shares within 18 months at a conversion rate of Rs. 45.60 per Equity Share of Rs. 10/- each fully paid up.

However, the investors developed difference of opinion with the company over the strategic direction. After due consideration, the CCD issue has been cancelled on 11th June 2017.

10. Utilization of Right Issue Proceeds

The proceeds of Rights Issue were used for Repayment/pre-payment, in full or part, of certain identified loans availed by our Company, Finance the construction of our Ongoing Projects and General corporate purposes. The summaries of utilization of Net Right Issue Proceeds are as follows:

(Rs in Lakhs)

| Sr. No | Particulars | Amount to be utilized | Actual Utilizations as on 31/03/2017 |
|--------|---|-----------------------|--------------------------------------|
| 1 | Repayment/ pre-payment, in full or part, of certain identified loans availed by our Company | 6,200 | 6,200 |
| 2 | Finance the construction of our Ongoing Projects | 2,800 | 2,759 |
| 3 | General corporate purposes | 1,000 | 1,000 |

11. Fixed Deposits

The details of deposits accepted during the year FY 2017 under review are as below:

| Sr. No. | Particulars | Amount (in Rs.) |
|---------|--|-----------------|
| 1 | Amount accepted during the year | Rs. 3,500,000 |
| 2 | Amount remained unpaid or unclaimed as at the end of the year. | None |
| 3 | Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved. i) at the beginning of the year ii) maximum during the year iii) at the end of the year | No |

12. Change in the Nature of Business, if any

During the year, there was no change in the nature of business of the Company or any of its subsidiaries.

13. Material Changes and Commitments affecting the Financial Position of the Company

There are no material changes affecting the financial position of the Company subsequent to the close of the FY 2017 till the date of this report except the cancellation of the issue of CCD to an extent of Rs. 110 crores and

Merger of 11 subsidiaries with Vascon Engineers Limited has been approved by NCLT. The certified copy of the order was received on 26th July, 2017.

14. Adequacy of Internal Financial Controls with Reference to the Financial Statements

The Board has adopted systems, policies and procedures for efficient conduct of business, operations, safeguarding its assets and prevention of frauds. This ensures accuracy and completeness of accounting records and its timely preparation.

15. Subsidiaries, Associates and Joint Ventures

The Company has seventeen subsidiaries and three joint venture companies and one Associate as on March 31, 2017.

As per Section 129(3) of the Companies Act, 2013, where the Company has one or more subsidiaries, it shall, in addition to its financial statements, prepare a consolidated financial statement of the Company and of all subsidiaries in the same form and manner as that of its own and also attach along with its financial statement, a separate statement containing the salient features of the financial statement of its subsidiaries.

In accordance with the above, the consolidated financial statement of the Company and all its subsidiaries and joint ventures prepared in accordance with Accounting Standards 21 and 27 as specified in the Companies (Accounts) Rules, 2014, form part of the annual report. Further, a statement containing the salient features of the financial statement of our subsidiaries and joint ventures in the prescribed Form AOC-1, is attached as “Annexure I” to the Board’s Report. This statement also provides the details of the performance and financial position of each subsidiary.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements and related information of the subsidiaries, where applicable, will be available for inspection during regular business hours at the Company’s registered office in Mumbai, India. These will also be available on our website at <http://vascon.com/investor.asp>.

16. Particulars of Loans, Guarantees Or Investments

The Company makes investments or extends loans/ guarantees to its wholly owned subsidiaries for their business purpose. Details of loans, guarantees and investments covered under Section 186 of the Companies Act, 2013, along with the purpose for which such loan or guarantee is proposed to be utilized by the recipient, form part of the notes to the financial statements provided in this annual report.

17. Corporate Governance and Additional Shareholders’ Information

A detailed report on the corporate governance systems and practices of the Company is given separately in this annual report.

A certificate from the Secretarial Auditors of the Company confirming compliance with the conditions of corporate governance is attached to the report on corporate governance.

18. Awards and Recognitions:

During F.Y. 2016-17, your Company received following awards:

1. 2nd Estrade Real Estate Awards and Inaugural Built Awards, 2016 for Forest County Project
2. Safety Awards- 2016 -Certification of Appreciation for Godrej E-City, Bangalore
3. Early adaptation of cloud technology- Transformers 2016 award

19. Management Discussion and Analysis

A detailed report on the Management Discussion and Analysis in terms of the provisions of Regulation 34 of the SEBI (Listing Regulations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), is provided as a separate chapter in the annual report.

20. Board of Directors and Key Management Personnel

The Board of Directors appointed Mr. Amit Parsuramka as Additional Director of the Company, categorized as Executive and Non-Independent Director on 24th May 2017. However, vide letter dated 20th July, 2017, Mr. Amit Parsuramka resigned from the post of Additional Director on account of his personal and unavoidable circumstances.

Mr. R. Vasudevan, retires by rotation at the forthcoming 32nd AGM and being eligible, seeks re-appointment.

The brief profile of Mr. R. Vasudevan covered under Report of Governance which forms a part of this report.

All the Independent Directors have submitted declarations that each of them meets the criteria of Independence as laid down u/s 149 (a) of the Act and Regulation 16(1)(b) of LODR Regulations and there had been no change in the circumstances which affects their status as independence Director.

Key Managerial Personnel (KMPs)

For the purposes of the provisions of section 203(1) (i) of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the following officers of the Company are hereby designated as the Key Managerial Personnel of the Company with effect from 1 April 2014:

1. Dr. Santosh Sundararajan, Chief Executive Officer;
2. Mr. D. Santhanam, Chief Financial Officer;
3. Mr. M. Krishnamurthi, Company Secretary & Compliance Officer.

These officers are in the service of the Company for more than a decade.

A. Board Evaluation

As per provisions of the Companies Act, 2013 and Regulation 17(10) of the Listing Regulations, an evaluation of the performance of the Board of Directors and Members of the Committees was undertaken. Schedule IV of the Companies Act states that the performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the Director being evaluated.

Accordingly, the evaluation of all the Directors individually and the Board as a whole including members of Committees was conducted based on the criteria and framework adopted by the Board. The contribution and impact of individual Directors and Committee Members was reviewed through a peer evaluation, on parameters such as level of engagement and participation, flow of information, independence of judgment, conflicts resolution and their contribution in enhancing the Board's overall effectiveness. None of the Independent Directors are due for reappointment.

B. Number Of Board Meetings

The Board of Directors met five times during the year, including a separate meeting of Independent Directors. Details of Board meetings are laid out in Corporate Governance report, which forms a part of this annual report.

21. Appointment Of Directors And Remuneration Policy

The assessment and appointment of members to the Board is based on a combination of criterion that includes ethics, personal and professional stature, domain expertise and specific qualification required for the position. The potential Board member is also assessed on the basis of independence criteria defined in Section 149(6) of the Companies Act, 2013 and Regulation 16(1) (b) of the Listing Regulations.

In accordance with Section 178(3) of the Companies Act, 2013, Regulation 9(4) of the Listing Regulations and on recommendations of the Nomination and Remuneration Committee, the Board adopted a remuneration policy for Directors, Key Management Personnel and Senior Management. The **policy** is attached as an annexure to the Corporate Governance report.

22. Audit Committee

The Audit Committee of the Board of Directors consists of three Independent Directors and one Whole Time Director. Presently, the Committee comprises of Mr. V. Mohan, Chairman of the Committee and Independent Director, Mr. K. G. Krishnamurthy, Independent Director and Mr. Mukesh Malhotra, Independent Director and Mr. R. Vasudevan, Managing Director

The Board has accepted all recommendations made by the Audit Committee during the year.

23. Business Risk Management

The Company has a Risk Management Committee of the Board, consisting of three Directors. The details of the Committee and its terms of reference are set out in the

Corporate Governance section, which forms a part of this Report.

The Audit and Risk Management Committees review the key elements of the Company's business, finance, operations and compliance risk(s) and respective mitigation strategies. The Risk Management Committee review the risk identification and management process developed by management to confirm it is consistent with the Corporation's strategy and business plan.

During FY 2017, focus areas of the management and the Board included progress on strategy execution, quality and regulatory, while process safety and health continued to remain a priority for the Company.

24. Directors' Responsibility Statement

In terms of Section 134(5) of the Companies Act, 2013, your Directors state that:

1. Applicable accounting standards have been followed in the preparation of the annual accounts;
2. Accounting policies have been selected and applied consistently. Judgments and estimates made 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 FY 2017 and of the profit of the Company for that period;
3. Proper and sufficient care has been taken to maintain adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. Annual accounts have been prepared on a going concern basis;
5. Adequate internal financial controls for the Company to follow have been laid down and these are operating effectively; and
6. Proper and adequate systems have been devised to ensure compliance with the provisions of all applicable laws and these systems are operating effectively.

25. Related Party Transactions

In accordance with Section 134(3) (h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of contract or arrangement entered into by the Company with related parties referred to in Section 188(1) in Form AOC-2 is attached as "**Annexure II**".

The details of related party disclosures form part of the notes to the financial statements provided in this annual report.

26. Vigil Mechanism / Whistle Blower Policy

The Company has Whistle-Blower policy (Whistle-Blower/Vigil Mechanism) to report concerns. Under this policy, provisions have been made to safeguard persons who use this mechanism from victimization.

An Independent member of Audit Committee is the Chief

of Vigil Mechanism. The policy also provides access to the chairperson of the Audit Committee under certain circumstances. The details of the procedure are also available on the Company's website http://vascon.com/investor_services.asp

27. Auditors

Statutory Auditors

The Members of the Company at their 29th Annual General Meeting (AGM) held on September 15, 2014, approved the appointment of M/s. Deloitte Haskins & Sells LLP, (Firm Registration no. 117366W/W-100018) Chartered Accountants, as Statutory Auditors of the Company, to hold office for five years, from the conclusion of the 29th AGM.

In terms of first proviso of Section 139 of the Companies Act, 2013, the appointment of the auditors is subject to ratification by the shareholders at every subsequent AGM. Accordingly, the statutory auditors, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, have confirmed their eligibility under Section 141 of the Companies Act, 2013, Rule 4 of the Companies (Audit and Auditors) Rules, 2014 and SEBI Listing Regulations.

The Audit Committee and the Board of Directors recommend the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, as statutory auditors of the Company from the conclusion of the 32nd AGM till the conclusion of the 33rd AGM, to the shareholders for ratification.

Secretarial Auditor

Pursuant to Section 204 of the Companies Act, 2013 and the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, Mr. K. D. Rane, of K.D. Rane & Associates, practicing Company Secretary was appointed to conduct the secretarial audit of the Company for FY 2017. The Secretarial Audit Report for FY 2017 is attached as "**Annexure III**".

For FY 2018, based on the consent received from K.D. Rane & Associates, Practicing Company Secretary and on the recommendations of the Audit Committee, the Board has appointed K D Rane & Associates, Practicing Company Secretary, as Secretarial Auditor of the Company for FY 2018.

Cost Auditor

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Amendment Rules, 2014, the Company maintains the cost audit records. Your Board has, on the recommendation of the Audit Committee, appointed Mrs. Varsha S. Limaye, Cost Accountants (Membership No.12358) as cost auditors of the Company for the FY-2018 at a remuneration of Rs. 2, 50,000/- (Rupees Two Lacs Fifty Thousand Only) plus service tax as may be applicable. The provisions also require that the remuneration of the cost auditors be ratified by the shareholders.

28. Board's Response on Auditors Qualification, Reservation Or Adverse Remark Or Disclaimer Made

There are no qualifications, reservations or adverse remarks made by the statutory auditors in their report or by the Practicing Company Secretary in the secretarial audit report.

During the year, there were no instances of frauds reported by auditors under Section 143(12) of the Companies Act, 2013.

Auditors' emphasis matter on the report:-

1) Auditors' comment on delay in payment of statutory dues and loans, in their Annexure to the Report:-

Reply: The Company is planning to liquidate some of its non-core assets to the extent of around Rs. 100 cr. This cashflow shall enable Company to pay dues online.

Practising Company Secretary observation:-

1. Form MGT-14 not filed within prescribed time:-

Reply: Company took note and necessary action shall be taken.

29. Significant and Material Orders Passed by the Courts/Regulators

During FY 2017, there were no significant and/or material orders, passed by any Court or Regulator or Tribunal, which may impact the going concern status or the Company's operations in future.

30. Corporate Social Responsibility Initiatives

Vascon has been early adopter of Corporate Social Responsibility initiatives. The Company works with Vascon Moorthy Foundation ('VMF') towards improving healthcare, supporting child education and many such activities for the welfare of the Society.

As per Section 135 of the Companies Act, 2013, the Company has a Corporate Social Responsibility (CSR) Committee of its Board of Directors. Our Corporate Social Responsibility Committee comprises Mr. R. Vasudevan, Chairman of the Committee, Mr. V. Mohan, Member and Ms. Sowmya Vasudevan Moorthy, Member.

During the year, the Committee monitored the implementation and adherence to the CSR policy. Our CSR policy provides a constructive framework to review and organize our social outreach programs in the areas of health, livelihood and education. The policy enables a deeper understanding of outcome focused social development through diverse collaborations.

The Report on CSR activities of the Company is attached as "**Annexure IV**".

31. Information Required Under Sexual Harassment Of Women At Workplace (Prevention, Prohibition & Redressal) Act, 2013

The Company has zero tolerance for sexual harassment

at workplace and has adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under for prevention and redressal of complaints of sexual harassment at workplace. The Company is committed to providing equal opportunities without regard to their race, caste, sex, religion, color, nationality, disability, etc. All women associates (permanent, temporary, contractual and trainees) as well as any women visiting the Company's office premises or women service providers are covered under this Policy.

All employees are treated with dignity with a view to maintain a work environment free of sexual harassment whether physical, verbal or psychological.

During the Fiscal 2017, the Company has not received any complain on sexual harassments.

32. Transfer of unpaid and unclaimed amounts to Investor Education And Protection Fund ('IEPF')

Pursuant to the provisions of the Companies Act, the declared dividends, which remained unpaid or unclaimed for a period of seven years, shall be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government.

33. Employees Stock Option Schemes

During the year, there has been no material change in the Employees Stock Option Scheme, 2014, the Employees Stock Option Scheme, 2015 and Employees Stock Option Scheme, 2016 (all collectively referred as 'the Schemes'). The Schemes are in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014 and the details as required under the said Regulations are available on website of the Company <http://vascon.com/investor.asp>.

The applicable disclosures as stipulated under SEBI guidelines with regard are attached as "Annexure V".

34. Particulars of Employees

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are attached as "Annexure VI".

In terms of Section 197(12) of the Companies Act, 2013, read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of limits set out in said rules forms part of the annual report.

Considering the first proviso to Section 136(1) of the

Companies Act, 2013, the Annual Report, excluding the aforesaid information, is being sent to the members of the Company and others entitled thereto. The said information is available for inspection at the registered office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. Any shareholder interested in obtaining a copy thereof, may write to the Company Secretary in this regard.

35. Conservation of Energy, Research and Development, Technology Absorption, Foreign Exchange Earnings and Outgo

The particulars as prescribed under Section 134(3) (m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 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.

36. Foreign Exchange Earnings and Outgo:

| Particulars | FY 2017 | FY 2016 |
|---------------------------------|-------------|-------------|
| Foreign Exchange Earning | 150,592,607 | 177,685,780 |
| Expenditure in Foreign Exchange | 49,308,603 | 25,629,062 |

37. Risk Management

The Company has implemented Risk Management Policy in accordance with the provisions of the Act & Listing Regulations. The Company has introduced several improvements to Risk Management & processes to drive a common integrated view of risk and optimal risk mitigation responses.

This integration is aligned with audit universe to the extent relevant.

38. Extract of the Annual Return

The details forming part of the extract of the annual return in Form MGT-9 is attached as "Annexure VII".

39. Acknowledgement

Your Directors place on record their sincere appreciation for the significant contribution made by our employees through their dedication, hard work and commitment, as also for the trust reposed on us by our clients. We also acknowledge the support extended to us by the analysts, bankers, government agencies, media, customers, suppliers, shareholders and investors at large.

For and on behalf of the Board of Directors

V. Mohan
Chairman

Place: Pune
Date: August 10, 2017

ANNEXURE I AOC - 1

Statement Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014 in prescribed FORM AOC-1 relating to Subsidiary, Associate and Jointly Controlled Companies

PART-A Subsidiary

| Name of the subsidiary | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | Share capital | Reserves & surplus | Total assets | Total Liabilities | Investments | Turnover | Profit before taxation | Provision for taxation | Profit after taxation | Proposed Dividend | % of shareholding |
|--|---|---|---------------|--------------------|---------------|-------------------|-------------|---------------|------------------------|------------------------|-----------------------|-------------------|-------------------|
| Marvel Housing Private Limited | No | Not Applicable | 100,000 | (5,594,256) | 39,230,386 | 44,724,642 | - | 5,726,744 | (2,086,746) | - | (2,086,746) | - | 100% |
| Vascon Dwelling Private Limited | No | Not Applicable | 100,000 | (55,621,867) | 268,643,329 | 324,165,196 | - | 6,488,382 | (15,093,606) | 3,037,182 | (18,130,788) | - | 100% |
| IT-City Infopark Private Limited | No | Not Applicable | 100,000 | 97,836,967 | 125,167,545 | 27,230,578 | 24,155,416 | 6,152 | (108,276) | - | (108,276) | - | 100% |
| Greystone Premises Private Limited | No | Not Applicable | 100,000 | (34,494,693) | 15,717 | 34,410,410 | - | 987,608 | 954,915 | 178,625 | 776,290 | - | 100% |
| Vascon Pricol Infrastructure Limited | No | Not Applicable | 71,000,000 | (68,346,247) | 101,700,943 | 89,047,190 | 100,000 | 73,334,550 | 5,636,411 | 1,074,020 | 4,562,391 | - | 100% |
| Floriara Properties Private Limited | No | Not Applicable | 100,000 | (3,776,286) | 63,960,874 | 67,637,160 | - | - | (33,808) | - | (33,808) | - | 100% |
| Windflower Properties Private Ltd | No | Not Applicable | 100,000 | (2,041) | 6,717,349 | 6,619,390 | - | 56,333 | 23,636 | 287,802 | (264,166) | - | 100% |
| GMP Technical Solutions Private Limited | No | Not Applicable | 149,300 | 779,157,902 | 2,355,455,114 | 1,576,147,912 | 5,051,707 | 2,595,774,486 | (53,937,558) | (4,144,435) | (49,793,123) | - | 85% |
| GMP Technical Solutions Middle East (FZE) | No | United Arab Emirates Diram (AED), Exchange Rate : 17.66 | 2,352,000 | 7,056,763 | 32,743,651 | 23,334,888 | - | 790 | (4,041,384) | - | (4,041,384) | - | 85% |
| GMP Technical Services (LLC) | No | United Arab Emirates Diram (AED), Exchange Rate : 17.66 | 5,307,596 | 14,532,122 | 65,660,222 | 45,820,504 | - | 135,586,967 | 7,422,862 | - | 7,422,862 | - | 85% |
| Almet Corporation Limited | No | Not Applicable | 5,882,400 | 30,210,516 | 41,039,485 | 4,946,569 | - | 764,525 | (1,023,189) | 261,212 | (1,284,401) | - | 100% |
| Marathawada Realtors Private Limited | No | Not Applicable | 3,921,600 | 63,599,672 | 75,308,396 | 7,787,124 | - | 137,750 | (2,063,991) | - | (2,063,991) | - | 100% |
| Just Homes (India) Private Limited | No | Not Applicable | 100,000 | 90,959,518 | 140,230,221 | 49,170,703 | 86,498,904 | 373,081 | (131,099) | 860,268 | (991,367) | - | 100% |
| Angelica Properties Private Limited | No | Not Applicable | 23,231,550 | 36,792,178 | 64,507,738 | 4,484,010 | - | 7,814,552 | 5,338,565 | 1,070,676 | 4,267,889 | - | 100% |
| Sansara Developers Private Limited | No | Not Applicable | 27,400,000 | 719,078,042 | 1,243,487,109 | 497,009,066 | - | - | (306,033) | - | (306,033) | - | 100% |
| Shreyas Strategists Private Limited | No | Not Applicable | 100,000 | (55,511,655) | 720,748,738 | 776,160,393 | 720,577,395 | - | (577,953) | - | (577,953) | - | 100% |
| Sunflower Real Estate Developers Private Limited | No | Not Applicable | 10,000,000 | (49,136,296) | 416,247,582 | 455,383,878 | - | 161,595,494 | 26,669,524 | - | 26,669,524 | - | 100% |

PART-B Associates and Joint Ventures

| Name of associates/Joint Ventures | Latest audited Balance Sheet Date | Shares of Associate/Joint Ventures held by the company on the year end | | Description of how there is significant influence | Reason why the associate/joint venture is not consolidated | Net worth attributable to shareholding as per latest audited Balance Sheet | Profit/Loss for the year Considered in Consolidation | Profit/Loss for the year Not Considered in Consolidation |
|------------------------------------|-----------------------------------|--|--|---|---|--|--|--|
| | | No. | Amount of Investment in Associates/Joint Venture | | | | | |
| Associates | | | | | | | | |
| Mumbai Estate Private Limited | 31.03.2016 | 99,999 | 999,990 | 44.44% | Value of Investment Nil as per Equity Method of Accounting for Investments in Associates. | (4,421,058) | | |
| Jointly Controlled Entities | | | | | | | | |
| Phoenix Ventures | 31.03.2017 | Not Applicable | 20,000,000 | 50% | Joint Control over economic activity of the entity | 88,926,235 | (8,724,383) | |
| Cosmos Premises Private Limited | 31.03.2016 | 177,401 | 36,790,610 | 43.83% | Joint Control over economic activity of the entity | 82,159,801 | 7,778,469 | |
| Ajanta Enterprise | 31.03.2016 | Not Applicable | 427,293,552 | 50% | Joint Control over economic activity of the entity | 254,305,798 | 85,814,781 | |

ANNEXURE-II FORM AOC-2

Pursuant to Clause (h) of sub-section(3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014

Form for Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto

1. Details of contracts or Arrangements or Transactions not at Arm's Length Basis: None

| Sr. No | Particulars | Details |
|--------|---|-----------------------|
| 1 | Name(s) of the related party and nature of relationship | Not Applicable |
| 2 | Nature of contracts/arrangement/transaction | |
| 3 | Duration of the contracts/arrangements or transaction | |
| 4 | Salient terms of the contracts or arrangements or transactions including the value, if any | |
| 5 | Justification for entering into such contracts or arrangements or transactions | |
| 6 | Date of approval by Board | |
| 7 | Amount paid as advances, if any | |
| 8 | Date on which the special resolution was passed in General Meeting as required under the first proviso to Section 188 | |

2. DETAILS OF CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS AT ARMS LENGTH BASIS:

| Name of Related Party | Nature of Relationship | Duration of Contract | Salient Terms | Amount in Rupees |
|--|--|----------------------|------------------|------------------------------|
| Sunflower Real Estate Developers Pvt Ltd | Subsidiary | FY2017 | Sales and work | 10,593,643 |
| Phoenix Ventures | Joint Ventures | FY2017 | | 37,769,263 |
| Ajanta Enterprises | Joint Ventures | FY2017 | | 67,651,924 |
| Flora Facilities Pvt Ltd (Formerly known as Flora Premises Pvt Ltd) | Enterprise where KMP's & Relatives of KMP's have significant influence | FY2017 | | 13,644,706 |
| Cherry Constructions Pvt Ltd | Enterprise where KMP's & Relatives of KMP's have significant influence | FY2017 | | 24,183,403 |
| Vascon Dwellings Pvt Ltd | Subsidiary | FY2017 | Interest Recd | 8,968,126 |
| Vascon Pricol Infrastructures Ltd | Subsidiary | FY2017 | | 10,953,085 |
| Sunflower Real Estate Developers Pvt Ltd., | Subsidiary | FY2017 | | 49,309,946 |
| GMP Technical Solutions Pvt Ltd | Subsidiary | FY2017 | | 17,558,413 |
| GMP Technical Solutions Pvt Ltd | Subsidiary | FY2017 | | Commission Recd 2,879,400 |
| Ajanta Enterprises | Joint Ventures | FY2017 | PMC | 30,386,177 |
| Cosmos Premises Pvt Ltd | Joint Ventures | FY2017 | Dividend Recd | 8,785,100 |
| Almet Corporation Ltd | Subsidiary | FY2017 | Interest Expense | 764,525 |
| Angelica Properties Pvt Ltd | Subsidiary | FY2017 | | 5,908,432 |
| Marathwada Realtors Pvt Ltd | Subsidiary | FY2017 | | 137,010 |
| Ajanta Enterprises | Joint Ventures | FY2017 | | 2,363,291 |
| Stresstech Engineers Pvt Ltd | Enterprise where KMP's & Relatives of KMP's have significant influence | FY2017 | | 73,788 |
| Vastech Consultants Pvt Ltd | Enterprise where KMP's & Relatives of KMP's have significant influence | FY2017 | 1,002,160 | |
| D Santhanam- HUF | Enterprise where KMP's & Relatives of KMP's have significant influence | FY2017 | 125,000 | |
| Flora Facilities Pvt Ltd | Enterprise where KMP's & Relatives of KMP's have significant influence | FY2017 | 8,326,870 | |
| M. Krishnamurthi (HUF) | Enterprise where KMP's & Relatives of KMP's have significant influence | FY2017 | 149,350 | |
| Siddarth Vasudevan | Relatives of KMP | FY2017 | 135,450 | |
| Sailaxmi Santhanam Mudaliar | Relatives of KMP | FY2017 | 50,000 | |
| Aiswarya Santhanam Mudaliar | Relatives of KMP | FY2017 | 77,550 | |
| Thangam Moorthy | Relatives of KMP | FY2017 | 175,960 | |
| Dr Santosh Sundararajan | KMP | FY2017 | 2,187,927 | |
| D Santhanam | KMP | FY2017 | 408,990 | |

| | | | | |
|-------------------------------------|--|--------|------------------------|------------|
| GMP Technical Solution Pvt Ltd | Subsidiary | FY2017 | Purchase of Goods/work | 43,604,844 |
| Flora Facilities Pvt Ltd | Enterprise where KMP's & Relatives of KMP's have significant influence | FY2017 | Rent | 23,759,614 |
| Stresstech Engineers Pvt Ltd | Enterprise where KMP's & Relatives of KMP's have significant influence | FY2017 | Purchase of Goods/work | 16,546,851 |
| Vastech Consultants & Engineers LLP | Enterprise where KMP's & Relatives of KMP's have significant influence | FY2017 | Purchase of Goods/work | 1,696,992 |
| Marvel Housing Pvt Ltd | Subsidiary | FY2017 | Receiving of services | 4,906,912 |
| R Vasudevan | KMP | FY2017 | | 12,598,523 |
| Dr Santosh Sundararajan | KMP | FY2017 | | 112594646 |
| D.Santhanam | KMP | FY2017 | | 12227076 |
| M.Krishnamurthi | KMP | FY2017 | | 11063290 |
| Siddarth Vasudevan | Relatives of KMP | FY2017 | | 13,722,840 |
| Shilpa Sivram | Relatives of KMP | FY2017 | | 64,000 |
| Aiswarya Santhanam | Relatives of KMP | FY2017 | | 52,000 |
| Lalitha Sundararajan | Relatives of KMP | FY2017 | | 15,000 |
| K Jeyanthy | Relatives of KMP | FY2017 | | 21,000 |
| Vastech Consultants Pvt Ltd | Enterprise where KMP's & Relatives of KMP's have significant influence | FY2017 | | 4,514,834 |
| D Santhanam-HUF | Enterprise where KMP's & Relatives of KMP's have significant influence | FY2017 | | 8,000 |

ANNEXURE III

FORM NO. MR.3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Vascon Engineers Limited
15/16, Hazari Baug, LBS Marg
Vikhroli (West), Mumbai 400 083.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Vascon Engineers Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March 2017 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2017 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment. Provisions relating to Foreign Direct Investment and External Commercial Borrowings were not applicable to the Company during the Audit Period;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**Not Applicable to the Company during the Audit Period**);
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not Applicable to the Company during the Audit Period**);
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not Applicable to the Company during the Audit Period**); and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not Applicable to the Company during the Audit Period**).

No law is specifically applicable to the Company.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, except in respect of one instance of the power exercised by the Board during the Audit Period for investment of the Company's funds, Form MGT-14 as required under section 117(3)(g) read with section 179(3)(e) of the Act to be filed with the Registrar, has not been filed within the time specified under section 403 of the Act.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the Audit Period the Company has-

- (i) Approved the scheme of amalgamation for merger of Vascon Pricol Infrastructures Limited, Vascon Dwellings Private Limited, Wind Flower Properties Private Limited, Floriana Properties Private Limited, IT-Citi Infopark Private Limited, Greystone Premises Private Limited, Just Homes (India) Private Limited, Shreyas Strategists Private Limited, Sansara Developers India Private Limited, Sunflower Real Estate Developers Private Limited and Angelica Properties Private Limited with the Company, through postal ballot.

Kulbhushan D Rane
FCS No. 30644, CP No 11195

Place: Pune
Date: 10 August, 2017

**ANNEXURE IV
ANNUAL REPORT ON CORPORATE SOCIAL
RESPONSIBILITY (CSR)**

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

The Board has approved the CSR Policy of the Company. It can be viewed at http://vascon.com/investor_services.asp

The Report on CSR activities of the Company is mentioned at Exhibit 1.

2. The Composition of the CSR Committee:

The CSR Committee was constituted by the Board of Directors at its meeting held on October 20, 2014 and it has been reconstituted by the Board on November 7, 2015 as below:

- Mr. R. Vasudevan, Whole time Director,
- Mr. V. Mohan, Member
- Ms. Sowmya Vasudevan Moorthy, Member

3. Average net profit of the company for last three financial years: N.A.

The Company had incurred losses in FY 2014 and 2015 and thus NA.

4. Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above): N.A
5. Details of CSR spent during the financial year:
 - i. Total amount to be spent for the financial year: N.A.
 - ii. Amount unspent, if any; N.A.
 - iii. Manner in which the amount spent during the financial year: N.A.

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report: N.A.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company:

This is to inform that the implementation and monitoring of CSR Policy is in compliance with the CSR objectives and Policy of the Company.

R. Vasudevan,
Managing Director and
Chairman of CSR Committee

EXHIBIT 1: CSR ACTIVITIES REPORT

Vascon Moorthy Foundation ('VMF') completed 9 years of long and meaningful journey contributing tirelessly towards the well being of community of construction workers, working on Vascon sites.

Activities undertaken by VMF during the year are as follows:

Eye checkup Camp:

Eye Check up camp at Windermere site Koregaon park: Construction industries are hazardous mainly because of dust from cement and other materials used on site. These dust particles may be harmful to eyes and due to poor financial condition of the workers their negligence regarding the same; they avoid getting their regular eye checkups. VMF has been focusing on it and organized eye checkup camps at Windermere site Koregaon Park 17th Dec 2016 in association with H.V.Desai Eye Hospital, Mohamadwadi, Hadapsar. Total 54 workers took benefit of eye check up camp including children. Eight workers received spectacles at a concessional rate. Doctors of H.V. Desai Eye Care Hospital also explained to the labourers about the care to be taken during welding. We are grateful to Dr. Priyanka Chalak Dr. Swapnil Gaikwad & team of H.V. Desai Eye Care Hospital for their valuable time spent with our labourers.

Immunization:

Prevention is better than cure!

Preventive Health Care is one of the major components of the extensive Health Care Program implemented by VMF on all the construction sites. Due to continuous migration, labourers and their children are deprived of preventive health care program. 105 children from construction sites have been immunized in the year 2016-2017, against Polio, Triple vaccine, Jaundice, BCG, Measles etc. It has been possible with the help of Niramay NGO,PMC, health department. Parents of these children are convinced for immunization camps. The response to these camps was overwhelming. Doctors and the nursing staff built excellent rapport with the parents and gained their confidence.

HIV & AIDS Awareness Programme:

Construction sites Labour's continuously keep wandering 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 and have many misconceptions about the illness. VMF staff covered 1 Site in Pune city for the scientific HIV/AIDS awareness programme at Take point site Kharadi pune and 1 at Hotel Taj Gateway Shirdi site, a total of 160 workers were covered including female. It was very good that many people asked for the referral services available in city. They were given the address of Voluntarily counseling and testing (VCTC) center. They were also provide the addressee of the Anti Retroviral Treatment (ART) centers. After the HIV & AIDS Awareness programme, condom demonstration shown to male workers and condom distributed.

De-addiction: Alcohol and Drug Abuse, lowers self-image, causes financial stresses, and tears families apart. Most of the construction workers consuming alcohol, chews tobacco and Gutka. To make them aware about the side effects of these addictions, VMF conducted an awareness program on de-addiction at Godrej site Undri. Total 49 labourers attended the program.

HPV awareness program for female workers:

Cervical cancer is a major problem in women after the age of 40 years. HPV is named for the warts (papillomas) some HPV types can cause.

Some HPV types can lead to cancer. Men and women can get cancer of mouth/ throat, and anus/rectum caused by HPV infections. Men can also get penile HPV cancer. In women, HPV infection can also cause cervical, vaginal, and vulvar HPV cancers. But there are vaccines that can prevent infection with the types of HPV that most commonly cause cancer.

VMF conducted HPV awareness program for the female workers of Forest County site. Total 55 female worker attended the program and 3 of them got tested in the clinic. This camp was organized by VMF with the help of PRAYAS NGO, Pune.

Tuberculosis awareness program:

Tuberculosis is the number one health problem in India. Tuberculosis (TB) is a disease caused by germs that are spread from person to person through the air. A person with TB can die if they do not get treatment. Due to communicable disease, there is need to create the awareness among workers. VMF conducted T.B. awareness program for the workers at Windermere site Koregaon park. Total 50 male and female workers attended the program. One of the worker refer for diagnosis and treatment of T.B to Rajiv Gandhi Hospital (PMC).

Preventive and Curative Health Camps:

In the year 2016-17, VMF focused on the preventive and curative health care of the construction workers, with the help of existing Government health services.

A total of 48 health checkup camps were held on all the sites in Pune. Total 1805 Workers benefited from these camps. Curative aspect of the programme enthused the workers. Getting medicines, vitamins as well as iron supplements free of cost was rewarding for them. Construction industry is a hazardous industry; cuts and wounds are very common while working on sites. Total 641 workers were given T. T. This will be an ongoing programme every month. In these health camps 30 children got Deworming doses and 23 children received Vitamin A doses. Teams of PMC and PCMC Health department from various hospitals come to site on regular basis. Anemia is one of the sever problem in women, during the health camp most of the female workers received iron and folic acid supplements,

Crèches/ Day Care Centers on Construction Sites:

Since construction industry is hazardous, safety of children on construction sites is very important. Both the husband and wife work on the site and there is nobody to look after the children at home. If women stay at home they will lose out on opportunities to earn wages, which is important for them to earn their living. Vascon Moorthy Foundation runs Day are Centers at construction sites with the help of Tara Mobile Creches and Ashakiran Shelter Foundation at 3 sites to take care of children at creches and women are assured that they have left their children at a safe place and can go to work with a calm mind. In creches children get nutritional food, toys to play, animated movies for entertainment and of course they get pre primary formal education too.

Dental Checkup Camp for Children:

The development of the children's teeth is one of the important aspect. Due to negligence by the parent, many children faced the problem of gums, cavity and unhealthy teeth, Hence VMF organized Dental checkup camp for the children at forest County site at activity center (Creche) with the help of INDIAN DENTAL ASSOCIATION EAST BRANCH. Dr. Bhushan Bangar and team.

Team examine around 62 children's from age group of 6 month to 14 years.

Child Right's:

The child is one of the most important asset of the Nation. All children and young people have a right of education, Health, Survival and Protection. VMF staff conducted "Child right's awareness session" with children of Forest county site.

Education:

Education has been always VMF's first priority. In order to get continuous education to children of ever- migrating construction site workers, VMF enrolled three student of 10th std to Hari Uddhav Dhotre School, Pulgaon.

In the academic year 2016-2017, Two of them successfully passed the 10th standard exam in 1st class with distinction.

Star Site Competition for Best maintained Labour camp for workers

VMF conducting Star site competition at all India level every year. The purpose of this competition is to motivate the site staff to provide the better hygiene, safe drinking water facility, healthy environment and better living condition to improve the labourers quality of life. VMF staff done the periodic visit to all the sites to guide the site regarding maintaining of labor camp.

Ramya Siddharth Moorthy
Trustee

VASCON ENGINEERS LIMITED

ANNEXURE – V : EMPLOYEES STOCK OPTION SCHEME

The details of stock options as on 31 March 2017 under the Vascon Employee Stock Option Scheme 2015 ('ESOS, 2015') and Vascon Employee Stock Option Scheme 2016 ('ESOS, 2016') are as under:

| Sr. No. | Description | ESOS, 2015 | ESOS, 2016 | | | | | | | | | | | | | | | | | | | | | | | | |
|----------------------|---|---|--|----------------|----------------|--|----------------|--|----------------|----------------|----------------|----------------|----------------------|----------|-----------|-----------|-----------|------------------|---------|----------|---------|---------|-------------|---------|----------|---------|---------|
| 1. | Total Options granted | 6,400,000 | 6,400,000 | | | | | | | | | | | | | | | | | | | | | | | | |
| 2. | Pricing formula | Fair value | Fair value | | | | | | | | | | | | | | | | | | | | | | | | |
| 3. | Options vested as at 31 March 2017 | 6,400,000 | - | | | | | | | | | | | | | | | | | | | | | | | | |
| 4. | Total options exercised | 6,323,470 | - | | | | | | | | | | | | | | | | | | | | | | | | |
| 5. | Total number of shares arising as a result of exercise of options | 6,323,470 | - | | | | | | | | | | | | | | | | | | | | | | | | |
| 6. | Total Options lapsed | N.A. | NIL | | | | | | | | | | | | | | | | | | | | | | | | |
| 7. | Variation of terms of Options | N.A. | N.A. | | | | | | | | | | | | | | | | | | | | | | | | |
| 8. | Total Money realized by exercise of options | 126,469,400 | - | | | | | | | | | | | | | | | | | | | | | | | | |
| 9. | Total number of options in force | 76,530 | 6,400,000 | | | | | | | | | | | | | | | | | | | | | | | | |
| 10. | Employee-wise details of options granted during the year to: | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Senior managerial Personnel | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <table border="1"> <thead> <tr> <th rowspan="2">Name</th> <th colspan="2">ESOS, 2015</th> <th colspan="2">ESOS, 2016</th> </tr> <tr> <th>Exercise Price</th> <th>No. of Options</th> <th>Exercise Price</th> <th>No. of Options</th> </tr> </thead> <tbody> <tr> <td>Santosh Sundararajan</td> <td>Rs. 20/-</td> <td>33,44,750</td> <td>Rs. 20/-</td> <td>33,44,750</td> </tr> <tr> <td>M. Krishnamurthi</td> <td>Rs. 20/</td> <td>2,50,000</td> <td>Rs. 20/</td> <td>250,000</td> </tr> <tr> <td>D Santhanam</td> <td>Rs. 20/</td> <td>2,50,000</td> <td>Rs. 20/</td> <td>250,000</td> </tr> </tbody> </table> | | Name | ESOS, 2015 | | ESOS, 2016 | | Exercise Price | No. of Options | Exercise Price | No. of Options | Santosh Sundararajan | Rs. 20/- | 33,44,750 | Rs. 20/- | 33,44,750 | M. Krishnamurthi | Rs. 20/ | 2,50,000 | Rs. 20/ | 250,000 | D Santhanam | Rs. 20/ | 2,50,000 | Rs. 20/ | 250,000 |
| Name | ESOS, 2015 | | ESOS, 2016 | | | | | | | | | | | | | | | | | | | | | | | | |
| | Exercise Price | No. of Options | Exercise Price | No. of Options | | | | | | | | | | | | | | | | | | | | | | | |
| Santosh Sundararajan | Rs. 20/- | 33,44,750 | Rs. 20/- | 33,44,750 | | | | | | | | | | | | | | | | | | | | | | | |
| M. Krishnamurthi | Rs. 20/ | 2,50,000 | Rs. 20/ | 250,000 | | | | | | | | | | | | | | | | | | | | | | | |
| D Santhanam | Rs. 20/ | 2,50,000 | Rs. 20/ | 250,000 | | | | | | | | | | | | | | | | | | | | | | | |
| 11. | Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <table border="1"> <thead> <tr> <th rowspan="2">Name</th> <th colspan="2">Exercise Price</th> <th colspan="2">No. of Options</th> </tr> <tr> <th>ESOS, 2015</th> <th>ESOS, 2016</th> <th>ESOS, 2015</th> <th>ESOS, 2016</th> </tr> </thead> <tbody> <tr> <td>Santosh Sundararajan</td> <td>Rs. 20/-</td> <td>Rs. 20/-</td> <td>3,344,750</td> <td>3,344,750</td> </tr> </tbody> </table> | | Name | Exercise Price | | No. of Options | | ESOS, 2015 | ESOS, 2016 | ESOS, 2015 | ESOS, 2016 | Santosh Sundararajan | Rs. 20/- | Rs. 20/- | 3,344,750 | 3,344,750 | | | | | | | | | | |
| Name | Exercise Price | | No. of Options | | | | | | | | | | | | | | | | | | | | | | | | |
| | ESOS, 2015 | ESOS, 2016 | ESOS, 2015 | ESOS, 2016 | | | | | | | | | | | | | | | | | | | | | | | |
| Santosh Sundararajan | Rs. 20/- | Rs. 20/- | 3,344,750 | 3,344,750 | | | | | | | | | | | | | | | | | | | | | | | |
| 12. | 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. | Dr. Santosh Sundararajan | Dr. Santosh Sundararajan | | | | | | | | | | | | | | | | | | | | | | | | |
| 13. | Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 33 IND AS Earnings Per Share | 0.28 | 0.56 | | | | | | | | | | | | | | | | | | | | | | | | |
| 14. | Method used to account for ESOS | Accounted on the basis of Fair Value Method | Accounted on the basis of Fair Value Method | | | | | | | | | | | | | | | | | | | | | | | | |
| 15. | Weighted-average exercise prices and weighted-average fair values of options for options whose exercise price either equals or exceeds or is less than the market price of the stock | Exercise Price: Rs. 20/- Weighted Average fair value of the option: Rs. 8.30/- | Exercise Price: Rs. 20/- Weighted Average fair value of the option: Rs. 13.95/- | | | | | | | | | | | | | | | | | | | | | | | | |
| 16. | Description of the method and significant assumptions used during the year to estimate the fair values of options | Binomial lattice Model | Black Scholes Model | | | | | | | | | | | | | | | | | | | | | | | | |
| 17. | Risk-free interest rate | 8.40% | 6.90% | | | | | | | | | | | | | | | | | | | | | | | | |
| 18. | Expected life | 1 Year | 1 Year | | | | | | | | | | | | | | | | | | | | | | | | |
| 19. | Expected volatility | 67.42% | 57.60% | | | | | | | | | | | | | | | | | | | | | | | | |
| 20. | Expected dividends | 2% | - | | | | | | | | | | | | | | | | | | | | | | | | |
| 21. | The price of the underlying share in market at the time of option grant | 21.40 | 28.46 | | | | | | | | | | | | | | | | | | | | | | | | |

ANNEXURE – VI : REMUNERATION OF MANAGERIAL PERSONNEL

Information in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- a) The ratio of remuneration of each director to the median remuneration of the employees of the Company, the percentage increase in remuneration of each director, CEO, CFO and CS, for FY2017 and comparison of the remuneration of each Key Managerial Personnel (KMP) against the performance of the Company:

| Name | Designation | Ratio of Remuneration to the Median Remuneration of Employees | % Increase in Remuneration During FY 2017 | Comparison of Remuneration KMPs' Against Performance of the Company |
|----------------------|-----------------------------------|---|---|---|
| V. Mohan | Chairman and Independent Director | **Not Applicable | - | - |
| R. Vasudevan | Managing Director | 35 | | Revenue -0.55% Net profit-26.51% |
| K. G. Krishnamurthy | Independent Director | **Not Applicable | - | - |
| Sowmya Moorthy | Non Executive Director | **Not Applicable | - | - |
| Mukesh Malhotra | Director | **Not Applicable | - | - |
| Amit Parsuramka* | Additional Director | - | - | - |
| Santosh Sundararajan | CEO | 122 | 23.38% | Revenue -1.95% Net profit- 93.45% |
| M. Krishnamurthi | CS | 17 | Nil | Revenue 0.28% Net profit -13.30% |
| D. Santhanam | CFO | 20 | Nil | Revenue -0.33% Net profit- 15.50% |

*Mr. Amit Parsuramka was appointed as Additional Director w.e.f. 24th May, 2017

** No remuneration is paid to Non executive directors, except sitting fees for attending board meetings. KMPs includes our CEO, CFO and CS. Remuneration does not include perquisite value of ESOS

The percentage increase in the median remuneration of employees in the financial year is 1.39%. Company has total 482 permanent employees at the end of Financial Year. There is a down trend in remuneration paid to employees by Rs. 9157 for F.Y. 2017 as compared to F.Y. 2016. The standalone revenue in FY 2017 decreased by Rs.10464 Lakhs and EBIDITA decreased by of Rs. 880 Lakhs.

The remuneration philosophy of the Company is to provide market competitive compensation which drives a high performance culture. Every year, the salary increments are based on benchmarking with similar profiled organisations and market competitiveness. The variable component is paid out to an employee on the basis of performance of the Company, the corresponding business unit or function and his/her own performance.

The total remuneration of KMPs increase by Rs.8.24 Lakhs while the revenue in FY 2017 decreased by Rs.10464 Lakhs and EBIDITA decreased by Rs. 880 Lakhs. The increase in the remuneration of managerial personnel is reflecting due to the arrears paid for past year and in case of Dr. Santosh Sundararajan it is due to the terms and conditions mentioned in the letter of appointment, which is according to the Remuneration policy of the Company.

- b) There is a downtrend in the salaries of employees other than KMPs for FY2017 by 1.39% as compared to FY2016. There was an increase of Rs 8.24 lacs in the total remuneration of CEO for the same period.
- c) The median remuneration of employees decreased by Rs. 9157/- per annum in FY2017.
- d) Mr. Santosh Sundararajan, CEO and Mr. Siddharth Moorthy, COO receive remuneration in excess of the remuneration paid to the Managing Director.
- e) Mr. Rajesh Mhatre, CEO-Real Estate was employed for part of the Financial Year and receives remuneration exceeding Eight Lakhs Fifty Thousand per month.
- e) It is hereby affirmed that the remuneration paid during FY2017 is as per the remuneration policy of the Company.

VASCON ENGINEERS LIMITED

INFORMATION PURSUANT TO SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Details of Employees whose salary exceeds Rs. 1.02 crores

| Name | Age | Designation | *Remuneration | Nature of Employment | Qualifications | Experience | Date of Commencement of Employment with the Company | Previous Employment | % of Equity Shares held | Any relation with Director |
|--------------------------|-----|-------------|---------------|----------------------|--|------------|---|-----------------------------------|-------------------------|--|
| Dr. Santosh Sundararajan | 40 | CEO | 42,302,844 | Permanent | BE(Civil), MBA (Finance), CFA, PH.D (Structural Design) | 22 | 01.10.2007 | Buro Engineers Singapore Pte. Ltd | 0.81 | NA |
| Siddharth Vasudevan | 32 | COO | 14,090,592 | Permanent | Diploma (Civil), Bachelor in Applied Science (Construction Management) | 11 | 01.04.2011 | Vascon Infrastructures Limited | 0.42 | Son of Mr. R. Vasudevan, Managing Director |

Details of Employees whose were employed for part of the Financial Year

| Name | Age | Designation | *Remuneration | Nature of Employment | Qualifications | Experience | Date of Commencement of Employment with the Company | Previous Employment | % of Equity Shares held | Any relation with Director |
|---------------------|-----|------------------|---------------|----------------------|----------------------|------------|---|---------------------|-------------------------|----------------------------|
| Rajesh Dilip Mhatre | 40 | CEO- Real Estate | 15,091,836 | Permanent | BE (Mechanical), MMS | 16 | 01.02.2017 | Lodha Ventures | - | NA |

Details of Top 10 Employees alongwith Key Managerial Personnel:

| Name | Age | Designation | *Remuneration | Nature of Employment | Qualifications | Experience | Date of Commencement of Employment with the Company | Previous Employment | % of Equity Shares held | Any relation with Director |
|-----------------------|-----|--|---------------|----------------------|----------------------------------|------------|---|------------------------------------|-------------------------|----------------------------|
| M. Krishnamurthi | 57 | Company Secretary and Compliance Officer | 6,019,296 | Permanent | BGL, ACA,ACS, ACMA, CGMA | 33 | 19.07.2005 | Apollo Hospitals Ltd | 0.15 | NA |
| D. Santhanam | 55 | Chief Financial Officer | 7,017,768 | Permanent | ACA | 31 | 16.01.1989 | LIC of India | 0.20 | NA |
| Sanjay Mutteparwar | 47 | Vice President - Projects | 4,428,168 | Permanent | Diploma (Civil), BE (Civil), MBA | 24 | 01.03.2002 | K. Raheja Engg. Services | 0.015 | NA |
| S. Padmanaban | 55 | Vice President - Projects | 4,235,280 | Permanent | BE (Civil) | 33 | 24.09.2009 | Rakindo Kovai Township Ltd | - | NA |
| Tanaji Atole | 47 | Vice President - Projects | 3,712,212 | Permanent | Diploma (Civil) | 26 | 01.03.1996 | Advance Construction Co. Pvt, Ltd. | 0.031 | NA |
| Somnath B. Biswas | 50 | President - Finance & Accounts | 3,328,260 | Permanent | Graduate (Science), ICWA | 25 | 15.07.2011 | Amby Valley Ltd. | 0.031 | NA |
| Santosh Mahadeo Pawar | 51 | Vice President - Technical Service | 3,221,064 | Permanent | Diploma (Civil) | 30 | 20.09.2010 | Kakade Infrastructure Pvt. Ltd. | 0.011 | NA |
| Ambadas Parkale | 44 | Vice President - Projects | 3,125,652 | Permanent | Diploma (Civil) | 20 | 01.02.1997 | - | 0.031 | NA |
| Vivekanand Botre | 39 | Vice President - Projects | 2,707,848 | Permanent | Diploma (Civil) | 20 | 07.10.2003 | Devi Construction Co.Pvt.Ltd. | 0.042 | NA |
| M.T. Badshah | 54 | Vice President - Finance & Accounts | 4,013,112 | Permanent | Graduate (Commerce) | 33 | 22.05.1989 | S.R. Khasgiwala & Co. | 0.020 | NA |
| Anjali Sumant | 47 | Vice President - Sales & Marketing | 3,242,004 | Permanent | Graduate (Commerce), LLB | 27 | 01.04.2013 | M/s. Vijay Seat Manufacturing Co | 0.055 | NA |
| Narendra Badave | 45 | Vice President - Projects | 3,264,408 | Permanent | Diploma (Civil) | 26 | 10.11.1992 | M/s. Narendra Shah And Associates. | - | NA |

*Remuneration doesn't include perquisite value of ESOS.

Annexure VII
FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended on March 31, 2017
Pursuant to Section 92(1) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014

I. Registration & other details:

| | |
|--|--|
| CIN | L70100MH1986PLC038511 |
| Registration Date | 1.1.1986 |
| Name of the Company | Vascon Engineers Limited |
| Category of the Company | Company Limited by Shares |
| Sub-category of the Company | Indian Non-Government Company |
| Address of the Registered office & contact details | 15/16, Hazari Baugh, L.B.S. Marg, Vikhroli, Mumbai-400083 |
| Whether listed company | Yes |
| Name, Address & contact details of the Registrar & Transfer Agent, if any. | Karvy Computershare Private Limited Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Telephone: +91 40 6716 2222 Facsimile: +91 40 2343 1551 E-mail: einward.ris@karvy.com Investor grievance id: einward.ris@karvy.com Website: www.karvy.com Contact Person: Mr. S V Raju, SEBI Registration No.: INR000000221 |

II. Principal business activities of the Company

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

| Sr. No. | Name and description of main products / services | NIC code of the product/service | % to total turnover of the Company |
|---------|--|----------------------------------|------------------------------------|
| 1. | Engineering, Procurement and Construction (EPC) | 43900 | 36% |
| 2. | Real Estate Development | 4100 - Construction of buildings | 7% |
| 3. | Manufacturing & BMS | 25111 | 47% |

III. Particulars of Holding, Subsidiary and Associate Companies

| Sr. No. | Name and Address of the Company | CIN | Holding/ Subsidiary/ Associate | % of Shares Held | Applicable Section |
|---------|--|-----------------------|--------------------------------|------------------|--------------------|
| 1. | Almet Corporation Limited 15/16, Hazari Baug, L.B.S. Marg, Vikhroli (W), Mumbai-400083 | U29290MH1960PLC059367 | Subsidiary | 100 | 2(87)(ii) |
| 2. | Angelica Properties Private Limited Vascon Weikfield Chambers, Behind Hotel Novotel, Opposite Hyatt Hotel, Pune - Nagar Road, Pune MH 411014 IN | U70102PN2006PTC128857 | Step Subsidiary | 100 | 2(87)(ii) |
| 3. | Floriana Properties Private Limited Vascon Weikfield Chambers, Behind Hotel Novotel, Opposite Hyatt Hotel, Pune - Nagar Road, Pune MH 411014 IN | U45209PN2006PTC128875 | Subsidiary | 100 | 2(87)(ii) |
| 4. | GMP Technical Solutions Private Limited 3rd Floor, Swastik Disa Business Park, LBS Marg, Behind Wadhani Industrial Estate, Ghatkopar West, Mumbai-400086 | U74999MH2003PTC142312 | Subsidiary | 85.00 | 2(87)(ii) |

VASCON ENGINEERS LIMITED

| Sr. No. | Name and Address of the Company | CIN | Holding/ Subsidiary/ Associate | % of Shares Held | Applicable Section |
|---------|---|-----------------------|--------------------------------|------------------|--------------------|
| 5. | GMP Technical Solutions Middle East (FZE) P.O. Box 9134, Sharjah, (U.A.E.) | Foreign Company | Step Subsidiary | 85.00 | 2(87)(ii) |
| 6. | GMP Technical Services (LLC) | Foreign LLC | Step Subsidiary | 85.00 | 2(87)(ii) |
| 7. | Greystone Premises Private Limited 201, Phoenix, Bund Garden Road, Opp. Residency Club, Pune-411001 | U70101PN2008PTC131237 | Subsidiary | 100.00 | 2(87)(ii) |
| 8. | It-Citi Info park Private Limited 15/16, Hazari Baug, L.B.S. Marg, Vikhroli (W), Mumbai-400080 | U72200MH2001PTC133725 | Subsidiary | 100.00 | 2(87)(ii) |
| 9 | Marathwada Realtors Private Limited 15/16, Hazari Baug, L.B.S. Marg, Vikhroli (W), Mumbai -400083 | U24110MH1984PTC034809 | Subsidiary | 100.00 | 2(87)(ii) |
| 10. | Marvel Housing Private Limited 15/16, Hazari Baug, L.B.S. Marg, Vikhroli (W), Mumbai -400083 | U45200MH2005PTC154682 | Subsidiary | 100.00 | 2(87)(ii) |
| 11. | Sansara Developers India Private Limited Neelkanath Business Park, 'C' Wing, 502, 5th Floor, Near Vidyavihar Bus Stop, Vidyavihar West | U45204MH2006PTC161661 | Step Subsidiary | 100.00 | 2(87)(ii) |
| 12. | Shreyas Strategists Private Limited B-124, Vardhman Complex, Fitwell Compound, L.B.S Marg, Vikhroli (W), Mumbai Mh 400038 | U74140MH2010PTC204618 | Step Subsidiary | 100.00 | 2(87)(ii) |
| 13. | Sunflower Real Estate Developers Private Limited 201, Phoenix, Bund Garden Road Opp. Residency Club Pune 411001 | U45200PN2007PTC129495 | Subsidiary | 100.00 | 2(87)(ii) |
| 14. | Vascon Dwelling Private Limited 15/16, Hazari Baug, L.B.S. Marg, Vikhroli (W), Mumbai-400083 | U45200MH2005PTC154825 | Subsidiary | 100.00 | 2(87)(ii) |
| 15. | Vascon Pricol Infrastructures Limited Vascon Weikfield Chambers, Behind Hotel Novatel, Opposite Hyatt Hotel, Pune Nagar Road, Pune | U45201PN2007PLC165305 | Subsidiary | 100.00 | 2(87)(ii) |
| 16. | Wind Flower Properties Private Limited 301, Phoenix, Bund Garden Road, Opp. Residency Club, Pune-411001 | U45209PN2006PTC128883 | Subsidiary | 100.00 | 2(87)(ii) |
| 17. | Just Homes (India) Pvt. Ltd S. no 15 Vadgaon Sheri, Kalyani Nagar, Pune-411014 | U45201PN2001PTC019652 | Subsidiary | 100.00 | 2(87)(ii) |
| 18. | Mumbai Estate Private Limited 401, Rajendra Chambers, 19, Nanabhai Lane, Fort, Mumbai | U45201MH2006PTC163672 | Associates | 44.44 | 2(6) |
| 19. | Phoenix Ventures 201, Phoenix, Bund Garden Road, Opp. Residency Club, Pune-411001 | Joint Venture | Joint Venture | 50.00 | 2(6) |
| 20. | Ajanta Enterprises M/1, M/2, Clover Center, Moledina Road, Camp, Pune- 411001 | Partnership Firm | Joint Venture | 50.00 | 2(6) |
| 21. | Cosmos Premises Private Limited 201, Phoenix, Bund Garden Road, Opp. Residency Club, Pune-411001 | U70100PN1997PTC133546 | Joint Venture | 43.83 | 2(6) |

IV. Shareholding Pattern (Equity share capital breakup as percentage of total equity)

(i) Category wise shareholding

| Category of Shareholders | No. of Shares held at the beginning of the year as on 31-March-2016 | | | | No. of Shares held at the end of the year as on 31-March-2017 | | | | % Change during the year |
|--|---|----------|------------------|-------------------|---|------------|-------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/ HUF | 51196712 | - | 51196712 | 31.74 | 51196712 | - | 51196712 | 31.74 | - |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | 24261300 | - | 24261300 | 15.04 | 9810390 | - | 9810390 | 6.08 | 8.96 |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any other | - | - | - | - | - | - | - | - | - |
| Sub Total (A) (1) | 75458012 | - | 75458012 | 46.78 | 61007102 | - | 61007102 | 37.82 | 8.96 |
| (2) Foreign | | | | | | | | | |
| a) NRI Individuals | - | - | - | - | - | - | - | - | - |
| b) Other Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| d) Any other | - | - | - | - | - | - | - | - | - |
| Sub Total (A) (2) | - | - | - | - | - | - | - | - | - |
| Total (A) | 75458012 | - | 75458012 | 46.78 | 61007102 | - | 61007102 | 37.82 | 8.96 |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | 7140658 | - | 7140658 | 4.43 | 4030130 | - | 4030130 | 2.50 | 1.93 |
| b) Banks / FI | 149300 | - | 149300 | 0.09 | 15000 | - | 15000 | 0.01 | 0.08 |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIs | 924713 | - | 924713 | 0.57 | 805976 | - | 805976 | 0.50 | 0.07 |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub Total (B)(1):- | 8214671 | - | 8214671 | 5.09 | 4851106 | - | 4851106 | 3.00 | 2.09 |
| a) Bodies Corp. | 28502212 | - | 28502212 | 17.67 | 44075499 | 100 | 44075599 | 27.32 | |
| i) Indian | - | - | - | - | - | - | - | - | - |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | - | - | - | - | - | - | - | - | - |
| i) Individual shareholders holding nominal share capital up to Rs. 1 lakh | 11111894 | 2 | 11111896 | 6.89 | 15736162 | 2 | 15736164 | 9.75 | |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 37097786 | - | 37097786 | 23.00 | 34638302 | - | 34638302 | 21.47 | |
| c) Others (specify) | - | - | - | - | - | - | - | - | - |
| HUF | - | - | - | - | - | - | - | - | - |
| Non Resident Indians | 498445 | - | 498445 | 0.31 | 504953 | - | 504953 | 0.31 | |
| Overseas Corporate Bodies | - | - | - | - | - | - | - | - | - |
| Foreign Nationals | - | - | - | - | - | - | - | - | - |
| Clearing Members | 423694 | - | 423694 | 0.26 | 523490 | - | 523490 | 0.32 | |
| Trusts | - | - | - | - | - | - | - | - | - |
| Foreign Bodies - D R | - | - | - | - | - | - | - | - | - |
| Sub-Total (B)(2):- | 77634031 | 2 | 77634033 | 48.13 | 95478406 | 102 | 95478508 | 59.18 | |
| Total Public (B)t | 85848704 | 2 | 85848704 | 48.13 | 100329512 | 102 | 100329614 | 62.18 | |
| C. Shares held by Custodian for GDRs & ADRs | | | | | | | | | |
| Grand Total (A+B+C) | 161306714 | 2 | 161306716 | 100.00 | 161306714 | 2 | 161336716* | 100 | |

* The trading approval for 6,323,470 shares allotted on 31st March, 2017 was received on 4th May, 2017 and thus not included.

VASCON ENGINEERS LIMITED

(II) Shareholding of Promoter as on March 31, 2017

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|---------|--|---|----------------------------------|--------------------------------|-------------------------------------|----------------------------------|--------------------------------|--|
| | | No. of Shares | % of total Shares of the Company | % of Shares pledged/encumbered | No. of Shares | % of total shares of the Company | % Of Shares pledged/encumbered | |
| | Indian | | | | | | | |
| | Individuals/Hindu undivided Family | | | | | | | |
| 1. | Vasudevan Ramamoorthy | 41686586 | 25.84 | 8982308 | 41686586 | 25.84 | NIL | - |
| 2. | Lalitha Vasudevan | 8109538 | 5.03 | Nil | 8109538 | 5.03 | Nil | - |
| 3. | Sowmya Vasudevan Moorthy | 700294 | 0.43 | Nil | 700294 | 0.43 | Nil | - |
| 4. | Siddharth Vasudevan Moorthy | 700294 | 0.43 | Nil | 700294 | 0.43 | Nil | - |
| | Any Other | - | - | - | - | - | - | - |
| 5. | Golden Temple Pharma Private Limited** | 7783273 | 4.83 | Nil | - | - | Nil | 4.83 |
| 6. | Premratan Exports Pvt Ltd ** | 6667637 | 4.13 | Nil | - | - | Nil | 4.13 |
| 7. | Vatsalya Enterprises Private Limited | 9078947 | 5.63 | 0 | 9078947 | 5.63 | 0 | - |
| 8. | Bellflower Premises Private Limited | 520328 | 0.32 | 0 | 520328 | 0.32 | 0 | - |
| 9. | Vasumangal Constructions LLP | 211115 | 0.13 | - | 211115 | 0.13 | | - |

* The term 'encumbrance' has the same meaning as assigned to it in Regulation 28(3) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. Shareholders listed above are disclosed as Promoters under Regulation 30(2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as on 31 March 2017.

**M/s Golden Temple Pharma Private Limited and M/s Premratan Exports Pvt. Ltd have been reclassified as Public vide their request for reclassification and post approval of both BSE and NSE dated 27.10.2016 and 05.1.2017 respectively.

(IV) Change In Promoter's Shareholding (Please Specify, If there is no change)

| Sl No | Type | Name of the Share Holder | Shareholding at the beginning of the Year | | Date | Increase/Decrease in share holding | Reason | Cumulative Shareholding during the Year | |
|-------|-----------------|--------------------------------------|---|----------------------------------|------------|------------------------------------|----------|---|----------------------------------|
| | | | No of Shares | % of total shares of the company | | | | No of Shares | % of total shares of the company |
| 1 | Opening Balance | VASUDEVAN RAMAMOORTHY | 28459617 | 17.64 | 31/03/2016 | | | 28459617 | 17.64 |
| | Folio transfer | | | | 28/10/2016 | -28459617 | Transfer | 0 | 0.00 |
| | Closing Balance | | | | 31/03/2017 | | | 0 | 0.00 |
| 2 | Opening Balance | VASUDEVAN RAMAMOORTHY | 0 | 0.00 | 31/03/2016 | | | 0 | 0.00 |
| | Folio transfer | | | | 28/10/2016 | 28459617 | Transfer | 28459617 | 17.64 |
| | Closing Balance | | | | 31/03/2017 | | | 28459617 | 17.64 |
| 3 | Opening Balance | VASUDEVAN RAMAMOORTHY | 0 | 0.00 | 31/03/2016 | | | 0 | 0.00 |
| | Folio transfer | | | | 16/09/2016 | 13226969 | Transfer | 13226969 | 8.20 |
| | Closing Balance | | | | 31/03/2017 | | | 13226969 | 8.20 |
| 4 | Opening Balance | VASUDEVAN RAMMOORTHY | 13226969 | 8.20 | 31/03/2016 | | | 13226969 | 8.20 |
| | Folio transfer | | | | 16/09/2016 | -13226969 | Transfer | 0 | 0.00 |
| | Closing Balance | | | | 31/03/2017 | | | 0 | 0.00 |
| 5 | Opening Balance | VATSALYA ENTERPRISES PRIVATE LIMITED | 9078947 | 5.63 | 31/03/2016 | | | 9078947 | 5.63 |
| | Closing Balance | | | | 31/03/2017 | | | 9078947 | 5.63 |
| 6 | Opening Balance | LALITHA VASUDEVAN | 8109538 | 5.03 | 31/03/2016 | | | 8109538 | 5.03 |
| | Folio transfer | | | | 16/09/2016 | -8109538 | Transfer | 0 | 0.00 |
| | Closing Balance | | | | 31/03/2017 | | | 0 | 0.00 |
| 7 | Opening Balance | LALITHA VASUDEVAN | 0 | 0.00 | 31/03/2016 | | | 0 | 0.00 |
| | Folio transfer | | | | 16/09/2016 | 8109538 | Transfer | 8109538 | 5.03 |
| | Closing Balance | | | | 31/03/2017 | | | 8109538 | 5.03 |

| SI No | Type | Name of the Share Holder | Shareholding at the beginning of the Year | | Date | Increase/Decrease in share holding | Reason | Cumulative Shareholding during the Year | |
|-------|-----------------|--------------------------------------|---|----------------------------------|------------|------------------------------------|--------|---|----------------------------------|
| | | | No of Shares | % of total shares of the company | | | | No of Shares | % of total shares of the company |
| 8 | Opening Balance | GOLDEN TEMPLE PHARMA PRIVATE LIMITED | 7783273 | 4.83 | 31/03/2016 | | | 7783273 | 4.83 |
| | Closing Balance | | | | 31/03/2017 | | | 0 | 0 |
| 9 | Opening Balance | PREMRATAN EXPORTS PVT LTD | 6667637 | 4.13 | 31/03/2016 | | | 6667637 | 4.13 |
| | Closing Balance | | | | 31/03/2017 | | | 0 | 0 |
| 10 | Opening Balance | SIDDHARTH VASUDEVAN MOORTHY | 700294 | 0.43 | 31/03/2016 | | | 700294 | 0.43 |
| | Closing Balance | | | | 31/03/2017 | | | 700294 | 0.43 |
| 11 | Opening Balance | SOWMYA VASUDEVAN MOORTHY | 700294 | 0.43 | 31/03/2016 | | | 700294 | 0.43 |
| | Closing Balance | | | | 31/03/2017 | | | 700294 | 0.43 |
| 12 | Opening Balance | BELLFLOWER PREMISES PRIVATE LIMITED | 520328 | 0.32 | 31/03/2016 | | | 520328 | 0.32 |
| | Closing Balance | | | | 31/03/2017 | | | 520328 | 0.32 |
| 13 | Opening Balance | VASUMANGAL CONSTRUCTIONS LLP | 211115 | 0.13 | 31/03/2016 | | | 211115 | 0.13 |
| | Closing Balance | | | | 31/03/2017 | | | 211115 | 0.13 |

*M/s Golden Temple Pharma Private Limited and M/s Premratan Exports Private Limited have been reclassified as public vide their request for reclassification and post approval of both BSE and NSE date 27-10-2016 and 05-01-2017 respectively.

Shareholding Pattern of top ten Shareholders as on March 31, 2017

(Other than Directors, Promoters and Holders of GDRs and ADRs):

| SHAREHOLDING PATTERN OF TOP 10 SHAREHOLDERS BETWEEN 31/03/2016 AND 31/03/2017 | | | | | | | | | |
|---|-----------------|--------------------------------------|---|----------------------------------|------------|------------------------------------|----------|---|----------------------------------|
| SI no | Type | Name of the Share Holder | Shareholding at the beginning of the Year | | Date | Increase/Decrease in share holding | Reason | Cumulative Shareholding during the Year | |
| | | | No of Shares | % of total shares of the company | | | | No of Shares | % of total shares of the company |
| 1 | Opening Balance | AMRIT PETROLEUMS PVT LIMITED | 9783273 | 6.07 | 31/03/2016 | | | 9783273 | 6.07 |
| | Sale | | | | 03/02/2017 | -1000000 | Transfer | 8783273 | 5.44 |
| | Closing Balance | | | | 31/03/2017 | | | 8783273 | 5.44 |
| 2 | Opening Balance | GOLDEN TEMPLE PHARMA PRIVATE LIMITED | 7783273 | 4.83 | 31/03/2016 | | | 7783273 | 4.83 |
| | Closing Balance | | | | 31/03/2017 | | | 7783273 | 4.82 |
| 3 | Opening Balance | AKASH BHANSHALI | 0 | 0.00 | 31/03/2016 | | | 0 | 0.00 |
| | Purchase | | | | 31/03/2017 | 7123211 | Transfer | 7123211 | 4.42 |
| | Closing Balance | | | | 31/03/2017 | | | 7123211 | 4.42 |
| 4 | Opening Balance | PAYAL BHANSHALI | 7123211 | 4.42 | 31/03/2016 | | | 7123211 | 4.42 |
| | Sale | | | | 31/03/2017 | -7123211 | Transfer | 0 | 0.00 |
| | Closing Balance | | | | 31/03/2017 | | | 0 | 0.00 |
| 5 | Opening Balance | PREMRATAN EXPORTS PVT LTD | 6667637 | 4.13 | 31/03/2016 | | | 6667637 | 4.13 |
| | Closing Balance | | | | 31/03/2017 | | | 6667637 | 4.13 |
| 6 | Opening Balance | UTI-MID CAP FUND | 5991977 | 3.71 | 31/03/2016 | | | 5991977 | 3.71 |
| | Sale | | | | 17/06/2016 | -1000300 | Transfer | 4991677 | 3.09 |
| | Sale | | | | 24/06/2016 | -200000 | Transfer | 4791677 | 2.97 |
| | Sale | | | | 15/07/2016 | -761547 | Transfer | 4030130 | 2.50 |
| | Closing Balance | | | | 31/03/2017 | | | 4030130 | 2.50 |

VASCON ENGINEERS LIMITED

| SHAREHOLDING PATTERN OF TOP 10 SHAREHOLDERS BETWEEN 31/03/2016 AND 31/03/2017 | | | | | | | | | |
|---|-----------------|-----------------------------------|---|----------------------------------|------------|-------------------------------------|----------|---|----------------------------------|
| Sl no | Type | Name of the Share Holder | Shareholding at the beginning of the Year | | Date | Increase/ Decrease in share holding | Reason | Cumulative Shareholding during the Year | |
| | | | No of Shares | % of total shares of the company | | | | No of Shares | % of total shares of the company |
| 7 | Opening Balance | AADI FINANCIAL ADVISORS LLP | 5613519 | 3.48 | 31/03/2016 | | | 5613519 | 3.48 |
| | Closing Balance | | | | 31/03/2017 | | | 5613519 | 3.48 |
| 8 | Opening Balance | SHAH DURGESH SUMATILAL | 3333000 | 2.07 | 31/03/2016 | | | 3333000 | 2.07 |
| | Sale | | | | 10/03/2017 | -70282 | Transfer | 3262718 | 2.02 |
| | Sale | | | | 31/03/2017 | -142718 | Transfer | 3120000 | 1.93 |
| | Closing Balance | | | | 31/03/2017 | | | 3120000 | 1.93 |
| 9 | Opening Balance | TALMA CHEMICAL INDUSTRIES PVT LTD | 2940389 | 1.82 | 31/03/2016 | | | 2940389 | 1.82 |
| | Closing Balance | | | | 31/03/2017 | | | 2940389 | 1.82 |
| 10 | Opening Balance | ASHOK MOTILAL KATARIYA | 2857143 | 1.77 | 31/03/2016 | | | 2857143 | 1.77 |
| | Sale | | | | 23/09/2016 | -588807 | Transfer | 2268336 | 1.41 |
| | Sale | | | | 30/09/2016 | -343818 | Transfer | 1924518 | 1.19 |
| | Sale | | | | 07/10/2016 | -226255 | Transfer | 1698263 | 1.05 |
| | Sale | | | | 21/10/2016 | -1109644 | Transfer | 588619 | 0.36 |
| | Sale | | | | 28/10/2016 | -420495 | Transfer | 168124 | 0.10 |
| | Purchase | | | | 11/11/2016 | 584398 | Transfer | 752522 | 0.47 |
| | Purchase | | | | 18/11/2016 | 608379 | Transfer | 1360901 | 0.84 |
| | Purchase | | | | 25/11/2016 | 494657 | Transfer | 1855558 | 1.15 |
| | Purchase | | | | 23/12/2016 | 1585 | Transfer | 1857143 | 1.15 |
| | Purchase | | | | 27/01/2017 | 120842 | Transfer | 1977985 | 1.23 |
| | Purchase | | | | 03/02/2017 | 229519 | Transfer | 2207504 | 1.37 |
| | Purchase | | | | 10/02/2017 | 343062 | Transfer | 2550566 | 1.58 |
| | Purchase | | | | 17/02/2017 | 238712 | Transfer | 2789278 | 1.73 |
| | Closing Balance | | | | 31/03/2017 | | | 2789278 | 1.73 |

V) Shareholding Directors and Key Managerial Personnel as on March 31, 2017

| Sr. No. | Shareholding Directors And Key Managerial Personnel | Date | Reason | Shareholding at the Beginning of the year April 1, 2016 | | Cumulative Shareholding During The Year March 31, 2017 | |
|---------|--|------------|--------|---|------------------|--|-------------------|
| | | | | No. of Shares | % of total Share | No. of Shares | % of total Shares |
| 1. | Name: V. Mohan, Independent Director | | | | | | |
| | At the beginning of the year | 01/04/2016 | - | - | - | - | - |
| | Changes during the year | - | - | - | - | - | - |
| | At the end of the year | 31/03/2017 | - | - | - | - | - |
| 2. | Name: R. Vasudevan, Managing Director | | | | | | |
| | At the beginning of the year | 01/04/2016 | - | 41686586 | 25.84 | 41686586 | 25.84 |
| | Changes during the year | - | - | | | | |
| | At the end of the year | 31/03/2017 | - | | | 41686586 | 25.84 |
| 3. | Name: K G Krishnamurthy, Independent Director | | | | | | |
| | At the beginning of the year | 01/04/2016 | - | - | - | | - |
| | Changes during the year | - | - | - | - | | - |
| | At the end of the year | 31/03/2017 | - | - | - | | - |

| Sr. No. | Shareholding Directors And Key Managerial Personnel | Date | Reason | Shareholding at the Beginning of the year April 1, 2016 | | Cumulative Shareholding During The Year March 31, 2017 | |
|------------------------|---|------------|--------|---|------------------|--|-------------------|
| | | | | No. of Shares | % of total Share | No. of Shares | % of total Shares |
| 4. | Name: Sowmya Vasudevan Moorthy , Non Executive Director | | | | | | |
| | At the beginning of the year | 01/04/2016 | - | 700294 | 0.43 | 700294 | 0.43 |
| | Changes during the year | | | - | - | - | - |
| | At the end of the year | 31/03/2017 | - | 700294 | 0.43 | 700294 | 0.43 |
| 5. | Name: Mukesh Malhotra, Additional Director | | | | | | |
| | At the beginning of the year | 01/04/2016 | - | 5525 | 0.00 | - | 0.00 |
| | Changes during the year | - | - | - | 0.00 | - | 0.00 |
| | At the end of the year | 31/03/2017 | | 5525 | 0.00 | 5525 | 0.00 |
| 6. | Name: Santosh Sundararajan , CEO | | | | | | |
| | At the beginning of the year | 01/04/2016 | - | 1542818 | 0.96 | 1542818 | 0.96 |
| | Changes during the year | 30/06/2016 | Sale | 90000 | | 1452818 | |
| | | 26/08/2016 | Sale | 50000 | | 1402818 | |
| | | 28/10/2016 | Sale | 50000 | | 1352818 | |
| | At the end of the year | 31/03/2017 | - | 1352818 | 0.84 | 1352818 | 0.84 |
| 7. | Name: M. Krishnamurthi, Company Secretary & Compliance Officer | | | | | | |
| | At the beginning of the year | 01/04/2016 | - | 328000 | 0.20 | 328000 | 0.20 |
| | Changes during the year | 30/06/2016 | Sale | 2000 | | 326000 | |
| | | 08/07/2016 | Sale | 6000 | | 320000 | |
| | | 05/08/2016 | Sale | 2000 | | 318000 | |
| | | 19/08/2016 | Sale | 2000 | | 316000 | |
| | | 26/08/2016 | Sale | 14000 | | 302000 | |
| | | 02/09/2016 | Sale | 2000 | | 300000 | |
| | | 07/10/2016 | Sale | 3000 | | 297000 | |
| | | 21/10/2016 | Sale | 7000 | | 290000 | |
| | | 28/10/2016 | Sale | 14000 | | 276000 | |
| | | 20/01/2017 | Sale | 4000 | | 272000 | |
| | | 27/01/2017 | Sale | 2000 | | 270000 | |
| | | 03/03/2017 | Sale | 20000 | | 250000 | |
| | At the end of the year | 31/03/2017 | - | 250000 | 0.15 | 250000 | 0.15 |
| 8. | Name: D. Santhanam, CFO | | | | | | |
| | At the beginning of the year | 01/04/2016 | - | 348692 | 0.21 | 348692 | 0.21 |
| | Changes during the year | 08/07/2016 | Sale | 1000 | | 347692 | |
| | | 26/08/2016 | Sale | 2000 | | 345692 | |
| | | 17/03/2017 | Sale | 10000 | | 335692 | |
| | | 31/03/2017 | Sale | 5000 | | 330692 | |
| At the end of the year | 31/03/2017 | | 330692 | 0.20 | 330692 | 0.20 | |

VASCON ENGINEERS LIMITED

V. INDEBTEDNESS

INDEBTEDNESS OF THE COMPANY INCLUDING INTEREST OUTSTANDING/ACCRUED BUT NOT DUE FOR PAYMENT.-

| Particulars | Secured Loans Excluding Deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|----------------------|---------------------|------------------------|
| Indebtedness At The Beginning Of The Financial Year | | | | |
| i) Principal Amount | (2,043,327,014) | (300,481,891) | (59,550,000) | (2,403,358,906) |
| ii) Interest due but not paid | (3,240,205) | (6,394,962) | 0 | (9,635,167) |
| iii) Interest accrued but not due | (15,954) | (60,308,264) | 0 | (60,324,218) |
| Total (i+ii+iii) | (2,046,583,173) | (367,185,117) | (59,550,000) | (2,473,318,291) |
| Change In Indebtedness During The Financial Year | | | | |
| * Addition | 21,771,629 | 0 | 0 | 21,771,629 |
| * Reduction | 0 | (20,100,208) | (28,050,000) | (48,150,208) |
| Net Change | 21,771,629 | (20,100,208) | (28,050,000) | (26,378,578) |
| INDEBTEDNESS AT THE END OF THE FINANCIAL YEAR | | | | |
| i) Principal Amount | (2,068,354,803) | (264,237,785) | (31,500,000) | (2,364,092,588) |
| ii) Interest due but not paid | 0 | (12,697,259) | 0 | (12,697,259) |
| iii) Interest accrued but not due | 0 | (70,149,866) | 0 | (70,149,866) |
| Total (i+ii+iii) | (2,068,354,803) | (347,084,910) | (31,500,000) | (2,446,939,713) |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

| Sn | Particulars Of Remuneration | Total Amount |
|----|---|--------------------|
| | Name : R. Vasudevan, Managing Director | Rs. in Lacs |
| 1. | Gross salary | 120.00 |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | |
| 2. | Stock Option | - |
| 3. | Sweat Equity | |
| 4. | Commission - as % of profit - others, specify | |
| 5. | Others, please specify | |
| 6. | Total (A) | 120.00 |
| | Ceiling as per the Act | * |

*Company is paying remuneration as permitted under the Act.

B. Remuneration to other Directors

Amount in Rs.

| SN | Particulars of Remuneration | Name of Directors | | | |
|----|--|-------------------|--------------------|-----------------|----------------|
| | | V. Mohan | K.G. Krishnamurthy | Mukesh Malhotra | Sowmya Moorthy |
| 1 | Independent Directors | | | | |
| | Fee for attending board committee meetings | 1,00,000 | 1,00,000 | - | |
| | Commission | - | - | - | - |
| | Others, please specify | - | - | - | - |
| | Total (1) | - | - | - | - |
| 2 | Other Non-Executive Directors | - | - | - | - |
| | Fee for attending board committee meetings | - | - | 1,00,000 | 75,000 |
| | Commission | - | - | - | - |
| | Others, please specify | - | - | - | - |
| | Total (2) | 1,00,000 | 1,00,000 | 1,00,000 | 75,000 |
| | Total (B)=(1+2) | 1,00,000 | 1,00,000 | 1,00,000 | 75,000 |
| | Total Managerial Remuneration to Non executive Directors including Independent Directors | 1,00,000 | 1,00,000 | 1,00,000 | 75,000 |
| | Overall Ceiling as per the Act | N.A. | N.A. | N.A. | N.A. |

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF FFENCES: N.A.

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT/ COURT] | Appeal made, if any (give Details) |
|-------------------------------------|------------------------------|-------------------|---|------------------------------|------------------------------------|
| A. COMPANY | | | | | |
| Penalty | N.A. | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | N.A. | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | N.A. | | | | |
| Punishment | | | | | |
| Compounding | | | | | |

REPORT ON CORPORATE GOVERNANCE

Pursuant to the corporate governance requirements prescribed under the Companies Act, 2013 (“Act”) and the SEBI Listing Regulations, the report containing the details of corporate governance systems and processes at Vascon Engineers Limited (“Vascon”) is as follows:

1. Philosophy

The Company is committed to good corporate governance. The philosophy is to observe the highest level of ethics in all dealings, to ensure efficient conduct of the Company and help Company achieve its goals. 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 SEBI Listing Regulations.

2. Board Of Directors

A. Composition

Board of Vascon Engineers Ltd has an ideal composition of Executive and Non-Executive Directors and is in conformity with provisions of Companies Act, 2013 and also Regulation of SEBI(Listing Obligations and Disclosure Requirements), 2015. Composition of Board of Directors of Vascon Engineers Limited as on March 31, 2017 is as mentioned in Table A. As on 31st March, 2017, Company has 5 Directors including a Non-Executive Chairman. There are 3 Independent Directors on the Board of the Company.

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. All Independent Directors have been appointed as per provisions of Companies Act, 2013 and Listing Regulations.

Table A

| Sr. No. | Name of the Director | DIN | Position | Status |
|---------|--------------------------|----------|----------|---|
| 1. | V. Mohan | 00071517 | Chairman | Independent Non-Executive Director |
| 2. | R. Vasudevan | 00013519 | Director | Managing Director (Promoter Executive) |
| 3. | K. G. Krishnamurthy | 00012579 | Director | Independent Non-Executive Director |
| 4. | Sowmya Vasudevan Moorthy | 06470039 | Director | Non-Executive Director (Promoter Non-Executive) |
| 5. | Mukesh Satpal Malhotra | 00129504 | Director | Independent Non-Executive Director |

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 as on March 31, 2017

Table B

| Name | Position | Date of Joining | Relationship with other Directors | Directorships U/S. 165 of the Companies Act, 2013 | | Committees membership | Committees Chairmanship |
|--------------------------|---------------------------------|-----------------|-----------------------------------|---|--------------|-----------------------|-------------------------|
| | | | | Public Co’s | Private Co’s | | |
| V. Mohan | Chairman & Independent Director | 6.3.2007 | None | 3 | 9 | 2 | 3 |
| R. Vasudevan | Managing Director | 1.1.1986 | Related to Sowmya Moorthy | 1 | 3 | 3 | 1 |
| K. G. Krishnamurthy | Independent Director | 21.6.2006 | None | 6 | 1 | 2 | 1 |
| Sowmya Vasudevan Moorthy | Director | 31.3. 2015 | Related to R. Vasudevan | 1 | - | 3 | - |
| Mukesh S. Malhotra | Independent Director | 17.5.2006 | None | 3 | 9 | 3 | - |

1. Other Directorships are those, which are not covered under Section 165 of the Companies Act, 2013.
2. Membership/Chairmanship in Audit and Stakeholders Relationship Committees of all public limited companies, whether listed or not, including Vascon are considered. Membership/Chairmanship of foreign companies, private limited companies and companies under Section 8 of the Companies Act, 2013 has been excluded.
3. None of the Independent Directors serves as an Independent Director in more than seven listed companies.
4. Other than Sowmya Vasudevan Moorthy, who is the daughter of our Managing Director, Mr. R Vasudevan, none of our Directors on the Board are related to each other.

Each Director of the Company 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.

B. Term Of Board Membership

The Board, on the recommendations of the Nomination, Governance and Compensation Committee, considers the appointment and re-appointment of Directors. Section 149 of the Companies Act, 2013, 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.

However, the Independent Directors shall not retire by rotation.

Accordingly, all the Independent Directors of the Company were appointed as Independent Directors under Section 149 of the Companies Act, 2013, for a period of 5 years.

Section 152 of the Companies Act, 2013, states that one-third of the Board members other than Independent Directors who are subject to retire by rotation, shall retire every year and shall be eligible for re-appointment, if approved by the shareholders at their meeting.

In view of the above, Mr. R. Vasudevan, Managing Director, retires by rotation at the forthcoming Annual General Meeting, and being eligible, seeks re-appointment.

The Board of Directors at its meeting held on 24th May, 2017 had appointed Mr. Amit Parsuramka as Additional Director of the Company categorized as Non-Independent Director. Further ahead, Mr. Amit Parsuramka resigned from the Board as Additional Directors w.e.f 20th July, 2017 for personal and unavoidable reasons.

C. DIRECTORS' PROFILE

A brief resume of Directors, nature of their expertise in specific functional areas and names of companies in which they hold Directorships, Memberships/ Chairmanships of Board Committees, and shareholding in the Company are as below:

1. Brief Biography of Directors

Mr. V. Mohan is a fellow member of the Institute of Chartered Accountants of India. He is a practising 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 and Company, Chartered Accountants, where he is a partner. He has been a director since March 6, 2007. He has been appointed as the Chairman of our Company by our Board since January 21, 2008.

Mr. R. Vasudevan holds a bachelor's degree in civil engineering from the University of Pune. He has also completed an 'Owner President' Management Program from the Harvard Business School. He has been a Director on the Board of our Company since January 1, 1986. He is responsible for the over-all management of our Company. He has over 35 years of experience in the construction industry.

Mr. K. G. Krishnamurthy holds a bachelor's degree in architecture from the Indian Institute of Technology, Kharagpur. He has 31 years of experience in the areas of real estate, construction finance, property valuation and property search services. He is currently the Managing Director and Chief Executive Officer of HDFC Property Ventures Limited. He has also been appointed on the board of various companies. He has been appointed as a Director on the Board of our Company since June 21, 2006.

Ms. Sowmya Vasudevan Moorthy holds bachelor's degree in business administration from Symbiosis International University, Pune and an advanced diploma in Interior Design from Raffles College of Higher Education, Singapore. She has over 4 years of experience in the interior design industry. She has been appointed as an Additional Director on the Board of our Company since March 31, 2015.

Mr. Mukesh Malhotra completed his schooling at The Bishop's School, Pune & then went on to complete his Bachelor of Engineering at the College of Engineering, Pune. He was appointed Managing Director of Weikfield Products Co. (I) Pvt. Ltd. in 1994 and continues to hold that position. With his focus on International Trade, Mukesh has travelled to over 60 countries and 150 cities, thus giving him a broad appreciation and understanding of International business practices and economic scenarios. The Company's products have received International Quality Awards from Europe and America. He is actively involved in the activities of MCCIA with a track record of over 25 years, having served as President, 2008- 2010.

Mr. Mukesh Malhotra is a Founder Trustee of the Pune International Centre (PIC) a think tank on the lines of the India International Centre, and Vice Chairman of the Malhotra Weikfield Foundation, which provides Scholarships to students in Pure Sciences, and is setting up a state of the art Skill Development Institute with Swiss Collaboration.

Mukesh is an avid Vipassana Meditator since 1989. His hobbies and interests include music, ranging from Indian Classical to Western Pop, travel, International Cuisine, and he is a voracious reader.

2. Nature of relationship between Directors

Other than Ms. Sowmya Vasudevan Moorthy, who is the daughter of our Managing Director, Mr. R. Vasudevan, none of our Directors on the Board are related to each other.

3. Directorships in companies suspended/ delisted

None of our Directors hold or held directorships in listed companies whose shares have been/were delisted from the stock exchanges.

None of our Directors hold directorships in listed companies whose shares have been/were suspended from trading on the stock exchanges within a period of five years immediately preceding the date of this Report.

4. Arrangements with major shareholders, customers, suppliers or others

There is no arrangement or understanding between our Company and major shareholders, customers, suppliers or others, pursuant to which any of our Directors was appointed as a Director or member of senior management of our Company.

5. Service contracts entered into between our Company and our Directors:

There are no service contracts executed between our Company and any of our Directors providing for benefits upon termination of employment.

D. Selection and Appointment of New Directors

Induction of a new member on the Board of Directors is the responsibility of the Nomination, Governance and Compensation Committee, consisting entirely of Independent Directors. Considering the existing composition of the Board and requirement of new domain expertise, if any, the Nomination, Governance and Compensation Committee reviews potential candidates. The assessment of members to the Board is based on a combination of criterion that includes ethics, personal and professional stature, domain expertise and specific qualification required for the position. The potential Board member is also assessed on the basis of independence criteria defined in Section 149(6) of the Companies Act, 2013 and the SEBI LODR Regulations. The Committee then places the details of shortlisted candidate who meet these criteria to the Board for its consideration. If the Board approves, the person is appointed as an Additional Director, subject to the approval of shareholders in the Company's General Meeting.

E. Familiarization Process for Independent Directors

The Familiarisation program aims to provide insight to the Independent Directors to understand the business of the Company. Upon induction, the Independent Directors are familiarized with their roles, rights and responsibilities.

To familiarize a new Independent Director with the Company, a kit containing informative documents about the Company like Annual Reports, Investor Presentations, recent Press Releases, Memorandum and Articles of Association, etc. is handed over to him/ her. Visits to

various plant locations are also organized for the new Director to understand the Company's operations.

The Company believes that the Board be continuously empowered with the knowledge of latest developments in the Company's businesses, and the external environment affecting the Company and the industry as a whole. The periodic presentations on Company's business and performance updates, business strategy and risks involved are made.

In addition to the above, the familiarization program for Independent Directors forms part of the Board process. At the quarterly Board meetings of the Company held during the financial year 2016-17, the Independent Directors have been updated on the developments in the Company and the Company's performance. The details of the familiarisation program for Independent Directors are available on the Company's website at http://vascon.com/investor_services.asp

F. Letter of Appointment

The Independent Directors on the Board of the Company, upon appointment, are given a formal appointment letter *inter alia* containing the term of appointment, roles, function, duties & responsibilities, code of conduct, disclosures, confidentiality, etc. The terms and conditions of the appointments of Independent Directors are available on the Company's website http://vascon.com/investor_services.asp

G. Board Evaluation

The Board has carried out an annual evaluation of its own performance, as well as the working of its Committees. The Board worked with the Nomination, and Remuneration Committee to lay down the criteria for the performance evaluation.

The contribution and impact of individual Directors were reviewed through a peer evaluation on parameters such as level of engagement and participation, flow of information, independence of judgment, conflicts resolution and their contribution in enhancing the Board's overall effectiveness. Where required, independent and collective action points for improvement put in place. The policy is attached as an **annexure B** to the Corporate Governance report.

H. Appointment of Directors and Remuneration Policy

The assessment and appointment of members to the Board is based on a combination of criterion that includes ethics, personal and professional stature, domain expertise, gender diversity and specific qualification required for the position. The potential Board member is also assessed on the basis of independence criteria defined in Section 149(6) of the Companies Act, 2013 and Regulation 16(1) (b) of the Listing Regulations.

In accordance with Section 178(3) of the Companies Act, 2013, Regulation 9(4) of the Listing Regulations and on recommendations of the Nomination & Remuneration Committee, the Board adopted a remuneration policy for Directors, Key Management Personnel (KMPs) and Senior Management.

Independent Directors and Non-Executive Directors may be paid sitting fees for attending board Meetings within the parameters prescribed by law.

The policy is attached as an **Annexure A** to the Corporate Governance report.

Remuneration Paid or Payable to the Directors for FY 2017:

| Sr. No. | Name of the Director | Salary Paid | Sitting Fees Paid (in Rs.) | Shareholding in the Company |
|---------|--------------------------|-------------|----------------------------|-----------------------------|
| 1. | V. Mohan | - | 1,00,000 | - |
| 2. | R. Vasudevan | 1,20,00,000 | - | 4,16,86,586 |
| 3. | K. G. Krishnamurthy | - | 1,00,000 | - |
| 4. | Sowmya Vasudevan Moorthy | - | 75,000 | 7,00,294 |
| 5. | Mukesh S. Malhotra | - | 100,000 | 5525 |

Additional Information in Terms of Regulation 36(3) of The Listing Regulations, on Directors Seeking Re-ApPOINTment and Appointment of Directors at the Ensuing Annual General Meeting Meetings

Mr. R. Vasudevan

Mr. R. Vasudevan holds a bachelor's degree in Civil Engineering from the University of Pune. He has also completed an 'Owner President' Management Program from the Harvard Business School. He has been a Director on the Board of the Company since January 1, 1986. He is responsible for the overall management of our Company. He has over 33 years of experience in the Construction Company.

He has been awarded several awards for his contribution in the field of construction and Real Estate Industry. He has been awarded the Top Management Consortium Award of Excellence for the year 2005, the "Construction World -Top Builder Award" in 2007, Award for Life Time Achievements by the Alumni Association of College of Engineering, Pune in 2005 and the South Indian Education Society on the occasion of its Platinum Jubilee (1932-2008) honored and felicitated Mr. R. Vasudevan as a distinguished alumni. He has over 35 years of experience in the construction industry.

Mr. R. Vasudevan is also a Director on the Boards of

1. Ascent Hotels Private Limited
2. NovaCare Drugs Specialties Private Limited
3. Vasumangal Constructions LLP
4. Uday Gujar Foundation

He has attended 4 Meetings of the Board held during the Financial Year 2016-17. He holds the membership of following Committees:

| Sr. No | Name of the Company | Name of the Committee |
|--------|--------------------------|---|
| 1 | Vascon Engineers Limited | Audit Committee |
| | | Stakeholders Relationship Committee |
| | | Corporate Social Responsibility Committee |
| | | Risk Management Committee |
| | | Restructuring Committee |

I. 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 five times during the financial year under review including a separate meeting of Independent Directors: on May 17, 2016, September 9, 2016, 2015, December 13, 2016 and February 9, 2017 and March 31, 2017

The Company has a well-defined process of placing vital sufficient information before the Board such that the information earmarked as per the SEBI Listing Regulations 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.

Directors Attendance for FY 2017

| Sr. No. | Name of the Director | Meetings held during year* | Number of Board Meetings Attended | Attendance in Last AGM held on September 15, 2016 |
|---------|--------------------------|----------------------------|-----------------------------------|---|
| 1. | V. Mohan | 5 | 4 | Present |
| 2. | R. Vasudevan | 5 | 4 | Present |
| 3. | K. G. Krishnamurthy | 5 | 4 | Present |
| 4. | Sowmya Vasudevan Moorthy | 5 | 3 | Absent |
| 5. | Mukesh Satpal Malhotra | 5 | 4 | Absent |

*Meeting held during the year includes a separate meeting of Independent Director

J. Meeting Of Independent Directors

During FY2017, the Independent Directors of Vascon Engineers Limited met once in executive sessions without the presence of Executive Directors and other members of management.

During this session, the Independent Directors reviewed the performance of senior management, Independent and non-Independent Directors, including the Chairman and

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the Board as a whole. They also assessed the quality and adequacy of the information between the Company Management and the Board.

The Independent Directors also discussed the performance of the Company, agenda of meetings, strategy, risks, competition and succession planning for the Board and the senior management. The Lead Independent Director, with or without other Independent Directors, provides structured feedback to the Board about the key elements that emerge out of these executive sessions.

K. Annual General Meeting/ Extra Ordinary General Meeting/Postal Ballot:

LAST THREE ANNUAL GENERAL MEETINGS:

The details of last 3 Annual General Meetings held are as under:

| Date and Time | Venue | Special Resolutions Passed |
|---------------------------------|--|---|
| September 15, 2014 at 4.00 P.M. | Babasaheb Dahanukar Hall, Oricon House, 12, K. Dubhash Marg, Near Jahangir Art Gallery, Kalaghoda, Fort, Mumbai 400001 | <ol style="list-style-type: none"> Employee Stock Option Scheme, 2013 ('ESOS, 2013'): to the Board to use the intrinsic value method to value its Options granted under the ESOS Scheme 2013. Resolution for implementation of 'Employees Stock Options Scheme 2014 ('ESOS, 2014') Increase in the Authorised Share Capital and alteration to the Memorandum of Association of the Company. To approve the payment of remuneration to Managing Director for the financial year 2014- 15 and 2015-16 |
| September 29 2015 at 4.00 P.M. | Babasaheb Dahanukar Hall, Oricon House, 12, K. Dubhash Marg, Near Jahangir Art Gallery, Kalaghoda, Fort, Mumbai 400001 | <ol style="list-style-type: none"> Amendment of incidental or ancillary objects clause of the memorandum of association Deletion of the other objects clause of the memorandum of association Amendment of the liability clause of the memorandum of association Adoption of new set of articles of association Borrowing powers of the company Mortgaging/charging of the properties of the company Issue of non-convertible debentures on a private placement basis Employees stock options scheme 2015 ('ESOS, 2015') Grant of employees stock options to the employees equal to or more than 1%. Shifting of registered office of the company |
| September 15, 2016 at 4.00 P.M. | Babasaheb Dahanukar Hall, Oricon House, 12, K. Dubhash Marg, Near Jahangir Art Gallery, Kalaghoda, Fort, Mumbai 400001 | <ol style="list-style-type: none"> Re-appointment of Mr. R. Vasudevan (DIN: 00013519) as Managing Director of the Company To approve Re-classification of Promoters Employees Stock Option Scheme, 2016 ('ESOS, 2016') Grant of Employees stock options to the Employees equal to or more than 1% |

EXTRA-ORDINARY GENERAL MEETINGS/POSTAL BALLOTS:

Special Resolution passed by Special Ballot

The Company sent Postal Ballot notice dated August 11, 2016 to the members seeking their approval through postal ballot for passing the following resolution

Date of Declaration of Result: 17th September, 2016

| Name of the Resolution | Type of Resolution | No. of Votes polled | Votes cast in favour | | Votes casted against | |
|---|--------------------|---------------------|----------------------|-----|----------------------|---|
| | | | No. of Votes | % | No. of Votes | % |
| Approval of scheme of amalgamation for merger of Vascon Pricol Infrastructures Limited, Vascon Dwellings Private Limited, Wind Flower Properties Private Limited, Floriana Properties Private Limited, IT-Citi Infopark Private Limited, Greystone Premises Private Limited, Just Homes (India) Private Limited, Shreyas Strategists Private Limited, Sansara Developers India Private Limited, Sunflower Real Estate Developers Private Limited and Angelica Properties Private Limited with the Company | Special Resolution | 8190281 | 8190281 | 100 | - | - |

Mr. Kulbhushan D. Rane of M/s. K. D. Rane & Associates., Company Secretaries were appointed as the Scrutinizer for conducting the postal ballot process.

Accordingly, the postal ballot was conducted by the Scrutinizer and a report submitted to the Company.

Special Resolution passed in Extra-Ordinary General Meeting

Company conducted an extra-ordinary general meeting on 24th May, 2017 for the following items:

| | | |
|----------------------|---|--|
| May 24, 2017 3 pm | Babasaheb Dahanukar Hall, Oricon House, 12, K. Dubhash Marg, Near Jahangir Art Gallery, Kalaghoda, Fort, Mumbai 400001 | <ol style="list-style-type: none"> 1. To amend the Articles of Association of the Company 2. Issue And Allotment Of Compulsorily Convertible Debentures And Equity Shares Arising On Conversion Of Compulsorily Convertible Debentures 3. Employees Stock Option Scheme, 2017 ('ESOS, 2017') 4. Grant of Employees stock options to the Employees equal to or more than 1% |
|----------------------|---|--|

3. Role of the Company Secretary in Overall Governance Process

The Company Secretary plays a key role in ensuring that the Board (including committees thereof) procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the Directors and senior management for effective decision-making at the meetings. The Company Secretary is primarily responsible to assist and advise the Board in the conduct of affairs of the Company, to ensure compliance with applicable statutory requirements and Secretarial Standards, to provide guidance to directors and to facilitate convening of meetings. He interfaces between the management and regulatory authorities for governance matters.

4. Observance of the Secretarial Standards issued by the Institute of Company Secretaries of India

The Institute of Company Secretaries of India (ICSI), one of India's premier professional bodies, has issued Secretarial Standards on important aspects like Board meetings.

5. Ethics/ Governance Policies

At Vascon, we strive to conduct our business ethically. We follow the ethical standards to ensure integrity, transparency, independence and accountability in dealing with all stakeholders.

We have adopted various codes and policies to carry out our duties in an ethical manner. Some of these codes and policies are:

- Code of Conduct
- Code of Conduct for Prohibition of Insider Trading
- Vigil Mechanism and Whistle Blower Policy
- Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions
- Corporate Social Responsibility Policy
- Policy on Board Diversity
- Remuneration Policy for Directors, Key Managerial Personnel and other Employees
- Policy for determining Material Subsidiaries

6. Code of Business Conduct and Ethics and Ombudsperson Procedure (Vigil Mechanism)

The Company has adopted a Code of Business Conduct

and Ethics (the 'Code'), which applies to all its Directors and employees, its subsidiaries and affiliates. It is the responsibility of all Directors and employees to familiarize themselves with this Code and comply with its standards.

The Board and the senior management annually affirm compliance with the Code. A certificate of the Managing Director of the Company to this effect is enclosed as **Exhibit 1** to this chapter.

The Company has formulated an Whistle- Blower or Vigil mechanism under this Code to report concerns on, actual or suspected violations of the Code, which:

- a) describes the Ombudsperson framework
- b) takes into account procedures for investigation and communication of any report on any violation or suspected violation of the Code
- c) accepts appeal against any decision; and
- d) encourages the submission of complaint against any retaliation The Code of Business Conduct and Ethics and Ombudsperson procedure (whistle blower policy) is available on the Company's website: http://vascon.com/investor_services.asp

An Independent Director is the Ombudsperson. The complaints and reports submitted to the Company and their resolution status are reported through the Ombudsperson to the Audit Committee and, where applicable, to the Board. During Financial Year 2016-2017, no personnel has been denied access to the Audit Committee.

7. Related Party Transactions

The Company has adequate procedures for purpose of identification and monitoring of related party transactions.

All transactions entered into with related parties during the financial year were in the ordinary course of business and on arm's length pricing basis. There were no transactions with related parties during the financial year which were in conflict with the interest of the Company.

All related party transactions are periodically placed before the Audit Committee and the Board for review and approval, as appropriate. The details of related party transactions are discussed in Annexure II to the Report of Board of Directors.

The Company has formulated a policy on materiality of related party transactions and dealing with related party transactions and it is available on the Company's website <http://vascon.com/investorservices.asp>

8. Subsidiary Companies

The Audit Committee reviews the financial statements of the Material Subsidiary Company. 'GMP Technical Solutions Pvt. Ltd.' is a material subsidiary Company in terms of SEBI Listing Regulations. The Committee also reviews the investment made by the material subsidiary company, statement of all significant transactions and arrangements entered into by the subsidiary company and the status of compliances by the respective subsidiary company, on a periodic basis.

The minutes of the Board meeting of the material subsidiary company are placed before the Board of the Company for its review.

The Company has formulated a policy for determining material subsidiaries and it is available on the Company's website <http://vascon.com/investorservices.asp>

9. Disclosure on Accounting Treatment

In the preparation of financial statements for FY 2017, there is no treatment of any transaction different from that prescribed in the Accounting Standards notified by the Government of India under the Companies (Accounts) Rules, 2014 prescribed under Section 133 of the Companies Act, 2013; guidelines issued by the Securities and Exchange Board of India; and other accounting principles generally accepted in India.

10. Management Disclosures

Senior management of the Company (Senior Director level and above, as well as certain identified key employees) make annual disclosures to the Board relating to all material financial and commercial transactions in which they may have personal interest, if any, and which may have a potential conflict with the interest of the Company. Transactions with key managerial personnel are listed in the financial section of this annual report under Related Party Transactions.

11. Prohibition on Insider Trading

The Company has a policy prohibiting Insider Trading in conformity with applicable regulations of the SEBI in India. Necessary procedures have been laid down for Directors, officers and employees for trading in the securities of the Company. The policy and procedures are periodically communicated to the employees who are considered as insiders of the Company. Trading window closure/ blackouts/quiet periods, when the Directors and employees are not permitted to trade in the securities of the Company, are intimated to all Directors and employees, in advance, whenever required.

12. Committee Meetings

Following are Committees Company has formed:

The Company has following Board Level Committees, namely:

- I. Audit Committee,
- II. Nomination and Remuneration Committee,

- III. Stakeholders Relationship Committee,
- IV. Corporate Social Responsibility Committee,
- V. Risk Management Committee and
- VI. Rights Issue Committee
- VII. Restructuring Committee

I. Audit Committee:

Audit Committee was constituted on February 17, 2007 and reconstituted on 9.2.2017. It now comprises of 4 directors. Mr. V. Mohan, Independent Director acts as Chairman of the Committee.

During the year the Audit committee met four times i.e. 17th May, 2016, 9th September, 2016, 13th December, 2016 and 9th February, 2017.

Given in the table below is the constitution of Committee and attendance records of the Members:

| Name | Designation | No. of Meetings Attended |
|-------------------------|-------------|--------------------------|
| Mr. V. Mohan | Chairman | 4 |
| Mr. R. Vasudevan | Member | 4 |
| Mr. K. G. Krishnamurthy | Member | 3 |
| Mr. Mukesh Malhotra* | Member | 1 |

**Mr. Mukesh Malhotra has been appointed as Member of Audit Committee vide Reconstitution of Committee dated 9.2.2017*

The Company Secretary Mr. M. Krishnamurthi acts as Secretary of the Audit Committee.

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

The Audit Committee has the following powers and responsibilities including but not limited to:

1. Supervise the financial reporting process.
2. Review the quarterly and annual financial results before placing them to the Board along with the related disclosures and filing requirements.
3. Review the adequacy of internal controls in the Company, including the plan, scope and performance of the internal audit function.
4. Discuss with management, the Company's major policies with respect to risk assessment and risk management.
5. Hold discussions with statutory auditors on the nature, scope and process of audits and any views that they have about the financial control and reporting processes.
6. Ensure compliance with accounting standards and with listing requirements with respect to the financial statements.
7. Recommend the appointment and removal of external auditors and their remuneration.
8. Recommend the appointment of cost auditors.
9. Review the independence of auditors.

10. Ensure that adequate safeguards have been taken for legal compliance for both the Company and its other Indian as well as foreign subsidiaries.
11. Review the financial statements, in particular, investments made by all the subsidiary companies.
12. Review and approval of related party transactions.
13. Review the functioning of whistle-blower mechanism.
14. Review the implementation of applicable provisions of various acts.
15. Scrutiny of inter-corporate loans and investments.
16. Valuation of undertakings or assets of the Company, wherever it is necessary.
17. Evaluation of internal financial controls.
18. Review the suspected fraud as committed against the Company.

II. Nomination and Remuneration Committee

The Nomination and Remuneration Committee was constituted on June 11, 2007 and was reconstituted on 9.2.2017. Now comprises of four directors.

During the year the Nomination and Remuneration Committee met three times i.e. 17th May, 2016, 12th December, 2016 and 2nd January, 2017.

The current composition of the Nomination and Remuneration Committee is as follows:

| Name | Designation | No. of Meetings Attended |
|-------------------------|-------------|--------------------------|
| Mr. K. G. Krishnamurthy | Chairman | 3 |
| Mr. V. Mohan | Member | 3 |
| Ms. Sowmya V .Moorthy | Member | 2 |
| Mr. Mukesh Malhotra* | Member | - |

*Mr. Mukesh Malhotra has been appointed as Member of Nomination and Remuneration Committee vide Reconstitution of Committee dated 9.2.2017

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

Terms of reference of the Nomination and Remuneration Committee ('NRC') are broadly as under:

The Committee has the following powers and responsibilities including but not limited to:

1. Examine the structure, composition and functioning of the Board, and recommend changes, as necessary, to improve the Board's effectiveness.
2. Formulate policies on remuneration of Directors, KMPs and other employees and on Board diversity.
3. Formulate criteria for evaluation of Independent Directors and the Board.
4. Assess the Company's policies and processes in key areas of corporate governance, other than those explicitly assigned to other Board Committees, with a view to ensure that the Company is at the forefront of good governance

practices.

5. Regularly examine ways to strengthen the Company's organisational health, by improving the hiring, retention, motivation, development, deployment and behavior of management and other employees. In this context, the Committee also reviews the framework and processes for motivating and rewarding performance at all levels of the organisation, reviews the resulting compensation awards, and makes appropriate proposals for Board approval. In particular, it recommends all forms of compensation to be granted to the Executive Directors, KMPs and senior management of the Company.
6. The NRC shall attend to any other responsibility as may be entrusted by the Board.

Framework for Performance Evaluation of Independent Directors and the Board

Pursuant to the provisions of Section 134 (3) (p), 149(8) and Schedule IV of the Companies Act, 2013 and Regulation

17 of the SEBI Listing Regulations, annual performance evaluation of the Directors as well as of the Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Stakeholders Relationship Committee has been carried out. The performance evaluation of the Independent Directors was carried out by the entire Board and the performance Evaluation of the Chairman and Non- Independent Directors was carried out by the Independent Directors.

III. Stakeholders Grievance Committee:

The Shareholders Grievance Committee was constituted on June 11, 2007 and was again reconstituted on 9th February, 2017 to specially oversee and redress the issues pertaining to Investor Grievances.

During the year, the Stakeholders Grievance Committee met four times i.e. 17th May, 2016, 22nd September, 2016, 13th December, 2016 and 9th February, 2017.

The current composition of the Stakeholders Grievance Committee is as under:

| Name | Designation | No. of Meetings Attended |
|-------------------------|-------------|--------------------------|
| Mr. V. Mohan | Chairman | 4 |
| Mr. R. Vasudevan | Member | 4 |
| Mr. K. G. Krishnamurthy | Member | 3 |
| Mr. Mukesh Malhotra* | Member | 1 |

*Mr. Mukesh Malhotra has been appointed as Member of Stakeholders Relationship Committee vide Reconstitution of Committee dated 9.2.2017

Mr. M. Krishnamurthi, Company Secretary & Compliance Officer of the Company acts as secretary to the Shareholders Grievance Committee.

During the year Company received total 6 complaints from shareholders/investors and all the complaints were resolved. None of the complaints are pending as on date.

Terms of reference of the Stakeholders Relationship

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Committee are broadly as under:

The Committee has the following powers and responsibilities including but not limited to:

1. Investor complaints and their redressal.
2. Review of queries received from investors.
3. Review of work done by the share transfer agent.
4. Review of corporate actions related to security holders.

IV. Corporate Social Responsibility Committee (CSR Committee)

The CSR Committee comprises of 3 members namely: Mr. R. Vasudevan (Chairman), Mr. V. Mohan, and Ms. Sowmya Moorthy.

During the year the CSR Committee met 3 times i.e. 17.5.2016, 13.12.2016 and 9.2.2017.

Terms of Reference of the Corporate Social Responsibility Committee are broadly as under:

1. Frame, review and recommend changes to the CSR Policy and / or associated activities of the Company.
2. Monitor the adherence by the Company with the CSR Policy.
3. Ensure that the Company is taking appropriate measures to undertake CSR activities as mentioned in the CSR Policy.
4. Review and recommend the amount of expenditure by the Company on the various CSR activities.
5. The CSR Committee shall have access to any internal information necessary to fulfill its oversight role. The CSR Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.
6. Perform other activities related to this Charter as requested by the Board of Directors or to address issues related to any significant subject within its term of reference.

V. Risk Management Committee

During the year, the Risk Management Committee met three times i.e. 17.5.2016, 13.12.2016 and 9.2.2017.

The Risk Management Committee comprises of 3 members namely: Mr. V. Mohan (Chairman), Mr. R. Vasudevan, and Ms. Sowmya Moorthy.

Terms of Reference of Risk Management Committee are as under:

1. Review the risk identification and management process developed by management to confirm it is consistent with the Corporation's strategy and business plan;
2. Review management's assessment of risk at least annually and provide an update to the Board in this regard;
3. Inquire of management and the independent auditor about significant business, political, financial and control risks or exposure to such risk;

4. Oversee and monitor management's documentation of the material risks that the corporation faces and update as events change and risks shift;
5. Assess the steps management has implemented to manage and mitigate identifiable risk, including the use of hedging and insurance;
6. Oversee and monitor management's review, at least annually, and more frequently if necessary, of the corporation's policies for risk assessment and risk management (the identification, monitoring, and mitigation of risks); and
7. Review the following with management, with the objective of obtaining reasonable assurance that financial risk is being effectively managed and controlled:
 - a. management's tolerance for financial risks;
 - b. management's assessment of significant financial risks facing the Corporation;
 - c. the Corporation's policies, plans, processes and any proposed changes to those policies for controlling significant financial risks; and
 - d. to review with the Corporation's counsel, legal matters which could have a material impact on the Corporation's public disclosure, including financial statements.

VI. Restructuring Committee:

The current composition of the Restructuring Committee is as follows:

| Name | Status |
|--------------------------|----------|
| R. Vasudevan | Chairman |
| Sowmya Vasudevan Moorthy | Member |
| M. Krishnamurthi | Member |
| Santosh Sundararajan | Member |
| D. Santhanam | Member |

The restructuring committee be and is hereby authorized to take all actions and decide all matters relating to and/ or incidental to the aforesaid Scheme, including but not limited to: –

1. To prepare and sign the scheme of amalgamation, applications, petitions, affidavits, undertakings, vakalatnamas, declarations, letters, notices, documents, papers and the like on behalf of the Company in consultation with the advocates appointed for the purpose of giving effect to the said scheme of amalgamation;
2. To file and submit the scheme of amalgamation, necessary petitions, affidavits, letters, documents, papers and the like with the High Court of Judicature at Bombay, Registrar of Companies, Regional Director and/or any other authority as may be required pursuant to the relevant provisions and applicable laws, rules and regulations;
3. To make such modifications/ alterations/ changes therein as may be suggested, prescribed, expedient or necessary for satisfying the requirements or conditions imposed by the High Court, Registrar of Companies, Regional

Director, Income-tax Authorities, other Governmental authorities and/ or any other authority;

4. To withdraw the scheme at any stage in case the changes or modifications required in this Scheme or the conditions imposed by the Court and/ or any other authority, are not acceptable, and if the Scheme cannot be implemented otherwise and to do all such acts, deeds and things considered necessary in connection therewith and incidental thereto;
5. To settle any questions or difficulty that may arise with regard to the implementation of the above Scheme, and to give effect to the above resolutions;
6. To do all such acts, matters, deeds and things as may be considered necessary and expedient to obtain necessary orders from the Court to do or perform such incidental, consequential and supplemental acts as are necessary or considered appropriate to implement the aforesaid scheme of amalgamation
7. To represent the Company before the jurisdictional High Court(s) and other regulatory authorities including Central or State Government, Regional Director, Registrar of Companies and before all Courts of law or tribunals for the purpose of the proposed Scheme, signing and filing of all documents, deeds, applications, notices, petitions and letters, to finalise and execute all necessary applications/ documents/ papers for and behalf of the Company and to do all such acts, deeds, matters and things necessary and convenient for all or any of the purposes aforesaid.

VII. Rights Issue Committee

The composition of the Rights Issue Committee is as follows:

| Name | Status |
|-------------------------|----------|
| V. Mohan | Chairman |
| R. Vasudevan | Member |
| Sowmy Vasudevan Moorthy | Member |

Rights Issue Committee is authorized to do all such acts, deeds and things in relation to the Rights Issue, in its absolute discretion, deems fit and proper in the best interests of the Company, without requiring any further approval of the Board or the equity shareholders of the Company, and be and is hereby authorized to give effect to these resolutions, including, without limitation, the following:

1. Offer, issue and allot the Rights Equity Shares or any/ all of them, subject to such terms and conditions, as the Board may deem fit and proper in its absolute discretion, including inter alia, (a) terms for issue of additional Rights Equity Shares and for disposal of Rights Equity Shares which are not subscribed to by issuing them to banks/ financial institutions/mutual funds or otherwise, (b) terms as are provided in domestic and/or international offerings of this nature, and, (c) terms and conditions in connection with payment of interest, dividend, voting rights, premium and redemption or early redemption, conversion into equity shares, pricing, variation of the price or period of conversion, and/or finalizing the objects of the Rights

Issue and the monitoring of the same;

2. Approve, finalize and execute any offer document, (including inter alia any draft letter of offer, offering circular, registration statement, prospectus or placement document), and to approve and finalize any term sheets in this regard;
3. Approve, finalize and execute any number of powers of attorney,
4. Approve, finalize and execute agreements and documents, including lock-up letters, agreements in connection with the creation of any security, and agreements in connection with the appointment of any intermediaries and/or advisors, (including for underwriting, marketing, listing, trading, appointment of lead manager(s)/merchant banker(s), guarantor(s), depository(s), custodian(s), stabilizing agent(s), escrow collection bank(s) or banker(s) to the Rights Issue, advisor(s), registrar(s), paying and conversion agent(s), trustee(s), and other intermediaries as required), and to pay any fees, commission, costs, charges and other outgoings in connection therewith;
5. To provide such declarations, affidavits, certificates, consents and/or authorities as required from time to time, to amend or modify any of the above agreements powers or documents, as required;
6. Seek any consents and approvals, including, inter alia, the consent from the Company's lenders, parties with whom the Company has entered into agreements with, and from concerned statutory and regulatory authorities;
7. Determine and fix a record date for determining the holders of equity shares eligible to participate in the Rights Issue;
8. File requisite documents with the SEBI, stock exchanges, the Government of India, the Reserve Bank of India, and any other statutory and/or regulatory authorities, and any amendments, supplements or additional documents in relation thereto, as may be required;
9. Seeking the listing of the Rights Equity Shares on any stock exchange/s, submitting the listing application to such stock exchange/s and taking all actions that may be necessary in connection with obtaining such listing approvals, (both in principle and final approvals);
10. Open one or more bank accounts(inter-alia including resident and nonresident escrow collection and refund accounts) in the name of the Company in Indian currency or foreign currency(ies) as required, subject to requisite approvals from Reserve Bank of India, if any, and the director/s and/or officer/s of the Company as authorized by the Board who shall be authorized to sign and execute the application form and other documents required for opening the said account/s, to operate the said account/s, and to give such instructions including closure thereof as may be required and deemed appropriate by the said signatories, and that the said bank/s be and is/ are hereby authorized to honor all cheques and other negotiable instruments drawn, accepted or endorsed and instructions given by the aforesaid signatories on behalf of the Company;

VASCON ENGINEERS LIMITED

11. Affix the common seal of the Company, as required, on any agreement, undertaking, deed or other document, in the presence of anyone or more of the directors of the Company or anyone or more of the officers of the Company as may be authorized by the Board in accordance with the Articles of the Association of the Company;
12. Do all such incidental and ancillary acts and things as may be deemed necessary, and to give such directions that may be necessary or arise in regard to or in connection with any such offer, issue or allotment of Rights Equity Shares and utilization of the Rights Issue proceeds;
13. Settle any issues, questions, difficulties or doubts that may arise;
14. Finalize the basis of allotment of the Rights Equity Shares on the basis of the bids/applications and over-subscription thereof as received;
15. Acceptance and appropriation of the proceeds of the issue of the Rights Equity Shares; and
16. Further authorize any committee and/or director/s and/or officer/s of the Company to seek the aforementioned consents and approvals, and/or to execute and/or file the above documents and/or to carry out any/all of the aforesaid actions.

RECONSTITUTION OF COMMITTEES DURING THE YEAR ARE AS UNDER:

| Name | Members | Status |
|---------------------------------------|--------------------|----------|
| Audit Committee | V. Mohan | Chairman |
| | R. Vasudevan | Member |
| | K.G. Krishnamurthy | Member |
| | Mukesh S. Malhotra | Member |
| Nomination and Remuneration Committee | K.G. Krishnamurthy | Chairman |
| | V. Mohan | Member |
| | Sowmya V. Moorthy | Member |
| | Mukesh S. Malhotra | Member |
| Stakeholders Grievance Committee | V. Mohan | Chairman |
| | R. Vasudevan | Member |
| | K.G. Krishnamurthy | Member |
| | Mukesh S. Malhotra | Member |

13. Other Disclosures:

- a. Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large. The necessary details are provided in Annexure-II of Report of Board of Directors.
- b. Details of Non-Compliance by the listed entity, penalties, strictures imposed on the listed entity by Stock Exchange(s) or the Board or any statutory authority, on any matter related to capital markets, during the last three years: NIL
- c. Details of establishment of Vigil Mechanism, whistle blower policy and affirmation that no personnel has been denied access to the audit committee: The Company has a whistle blower policy (Whistle Blower/Vigil Mechanism) to report concerns. Under this policy, provisions have been made to safeguard persons who use this mechanism from

victimization.

An Independent Member of Audit Committee is the Chief of Vigil Mechanism. The policy also provides access to the Chairperson of the Audit Committee under certain circumstances. The details of the procedure are also available on Company's website http://vascon.com/investor_services.asp.

It is confirmed that no personnel has been denied access to the audit Committee.

- d. Details of Compliance with mandatory requirements and adoption of the non-mandatory requirements: Company has complied with all the mandatory requirements and Company strives to comply with non-mandatory requirements as well.
- e. The policy for determining material subsidiaries can be seen at http://vascon.com/investor_services.asp
- f. The policy for determining related party transactions can be seen at http://vascon.com/investor_services.asp
- g. Disclosure of commodity price risks and commodity hedging activities: The company may be affected by the variation in the prices of input commodities of its EPC and Real Estate Projects. The Company has not done any hedging transaction.
- h. Company has adopted following requirements from Part E of Schedule II.
 - (i) Separate posts of Chairperson and Chief Executive Officer: Company has appointed and designated Dr. Santosh Sundararajan as CEO of the Company and MR. R. Vasudevan is a Managing Director of the Company and Mr. V. Mohan, Independent Director and Chairperson for the Board Meetings.
 - (ii) Reporting of Internal Auditor: Internal Auditor M/s GKDJ and Associates reports directly to the audit Committee

i. Compliance Certificate of PCS:

Certificate from the Company's Secretarial Auditor Mr. Kulbushan Rane of M/s K. D. Rane and Associates confirming compliance with conditions of Corporate Governance, as stipulated under Regulation 34 of the Listing Regulations, is attached to this Report.

14. Shareholders Means of Communication:

a) Quarterly and Annual Results:

Quarterly and annual results of the Company are published in widely circulated national newspapers such as Free Press Journal and the local vernacular daily, Navashakti.

These are made available on the Company's Website: http://vascon.com/investor_quarterly_financials_and_presentation.asp.

b) News Releases, Presentations, Etc.:

The Company has established systems and procedures to disseminate relevant information to its stakeholders, including shareholders, analysts, suppliers, customers, employees and the society at large.

c) **Website:** The primary source of information regarding the operations of the Company is the corporate website: www.vascon.com. All official news, releases and presentations made to institutional investors and analysts are posted here. It contains a separate dedicated Investors' section, where the information for shareholders are available.

d) **Annual Report:**

The Company's annual report containing, *inter alia*, the Boards' Report, Corporate Governance Report, Management's Discussion and Analysis (MD&A) Report, Audited Standalone and Consolidated Financial Statements, Auditors' Report and other important information is circulated to members and others so entitled.

The annual report is also available on the website in a downloadable form.

e) **Reminder to Investors:**

Reminders to encash the unclaimed dividend on shares are sent to the relevant shareholders.

f) **Compliances with Stock Exchanges:**

The National Stock Exchange Ltd (NSE) and BSE Ltd. maintain separate online portals for electronic submission of information by listed companies. Various communications such as notices, press releases and the regular quarterly, half-yearly and annual compliances and disclosures are filed electronically on these online portals.

g) **Designated Exclusive Email ID:**

In terms of Regulation 6(2)(d) of the Listing Regulations, Vascon has designated an email exclusively for investor service: compliance.officer@vascon.com

15. **Disclosures to the Members:**

a) **Policy for Prevention of Insider Trading:**

The Securities and Exchange Board of India vide its Notification dated January 15, 2015 has notified 'The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015' (New Regulations). The New Regulations has come into effect from May 15, 2015.

In pursuance of this, the Board has approved a new "**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.

Under the New Regulations, the requirements of initial disclosures are applicable to promoter, key managerial personnel and director of a company and requirements of continual disclosures are applicable to promoter, employee and director of a company.

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.

The Company code is available on the Company's website http://vascon.com/investor_services.asp

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, 2017.

In terms of SEBI Listing Regulations, 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 2016-17.

Sd/-

Managing Director

Pune

Date: August 10, 2017

16. **Shareholders Information:**

a. **Details of Annual General Meeting**

32nd Annual General Meeting of Vascon Engineers Limited

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

Date : 28th September, 2017

Time : 3.30 p.m.

b. **Compliance Officer of the Company**

Mr. M. Krishnamurthi
Company Secretary & Compliance Officer
T: +91-20-30562306
F: +91-20-26131071
Email: compliance.officer@vascon.com
Website www.vascon.com

c. **Financial year**

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

d. **Dividend Payment Date: N.A.**

e. **Financial Results on Company's website:**

The annual results of the Company are published in the newspapers in India, Free Press Journal and 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.

VASCON ENGINEERS LIMITED

f. Listing on Stock Exchange:

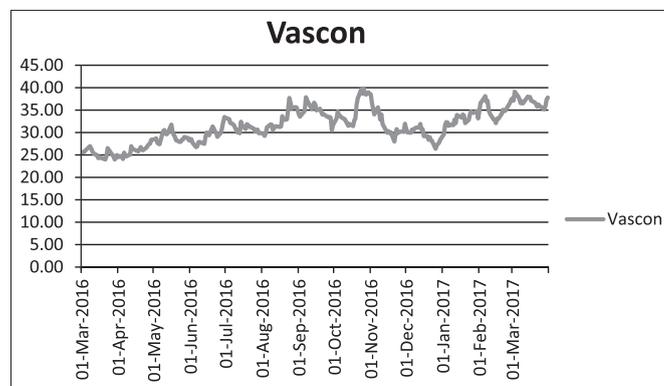
The Company's equity shares are listed on National Stock Exchange of India Ltd (NSE) and BSE Ltd (BSE). Listing fees for the financial year has been paid in full for both the stock exchanges.

g. Master Price Data:

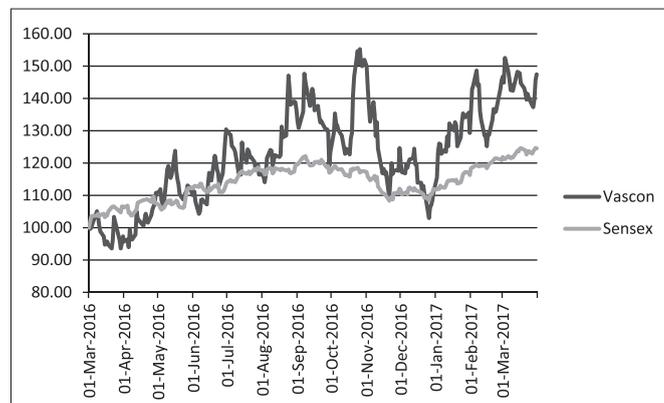
| Month & Year | BSE | | NSE | |
|--------------|-------|-------|-------|-------|
| | High | Low | High | Low |
| March/16 | 27.60 | 21.65 | 27.65 | 21.70 |
| April/16 | 29.00 | 23.75 | 29.10 | 23.60 |
| May/16 | 32.45 | 27.00 | 32.40 | 26.90 |
| June/16 | 34.15 | 26.60 | 33.80 | 26.55 |
| July/16 | 35.00 | 29.70 | 34.90 | 29.75 |
| August/16 | 38.25 | 29.05 | 38.25 | 29.00 |
| September/16 | 39.30 | 29.85 | 39.40 | 29.70 |
| October/16 | 41.85 | 31.00 | 41.75 | 30.95 |
| November/16 | 39.70 | 27.10 | 39.70 | 27.60 |
| December/16 | 33.00 | 26.15 | 33.00 | 26.35 |
| January/17 | 35.50 | 28.50 | 35.50 | 28.50 |
| February/17 | 39.30 | 31.75 | 39.25 | 31.75 |
| March/17 | 40.50 | 35.00 | 40.80 | 35.05 |

h. Share Price Chart:

F.Y. 2016-17



Comparison with Sensex



i. Stock Code Symbol:

National Stock Exchange of India Ltd-VASCONEQ
BSE Ltd: 533156
ISIN: INE893I01013

j. Distribution of Shareholding of the Company as on 31st March, 2017:

| No. of Equity shares held | Shareholders | | Equity Shares held | |
|---------------------------|----------------------|------------|--------------------|---------------|
| | No. of share holders | % to total | No. of share | % to Equity |
| 1-5000 | 10,608 | 64.458893 | 2,082,058 | 1.290505 |
| 5001- 10000 | 2,350 | 14.279638 | 2,035,275 | 1.261508 |
| 10001- 20000 | 1,266 | 7.692775 | 2,071,174 | 1.283759 |
| 20001- 30000 | 585 | 3.554718 | 1,543,279 | 0.956558 |
| 30001- 40000 | 265 | 1.610257 | 971,950 | 0.602436 |
| 40001- 50000 | 321 | 1.950538 | 1,563,843 | 0.969304 |
| 50001- 100000 | 491 | 2.983533 | 3,837,369 | 2.378485 |
| 100001& Above | 571 | 3.469648 | 147,231,768 | 91.257447 |
| Total | 16457 | 100 | 161336716 | 100.00 |

k. Shareholding Pattern of the Company as on 31st March, 2017

| Category | Total Shares | % To Equity |
|-------------------------------------|--------------------|---------------|
| PROMOTERS | 51,196,712 | 31.732834 |
| RESIDENT INDIVIDUALS | 44,931,162 | 27.849310 |
| BODIES CORPORATES | 44,075,599 | 27.319013 |
| PROMOTERS BODIES CORPORATE | 9,810,390 | 6.080693 |
| MUTUAL FUNDS | 4,030,130 | 2.497962 |
| H U F | 2,757,512 | 1.709166 |
| EMPLOYEES | 2,685,792 | 1.664712 |
| BANKS | 696,784 | 0.431882 |
| CLEARING MEMBERS | 523,490 | 0.324470 |
| NON RESIDENT INDIANS | 432,383 | 0.268000 |
| INDIAN FINANCIAL INSTITUTIONS | 109,192 | 0.067680 |
| NON RESIDENT INDIAN NON REPATRIABLE | 72,570 | 0.044980 |
| NBFC | 15,000 | 0.009297 |
| Total | 161,336,716 | 100.00 |

*Allotment of 63,23,470 shares under Employees Stock Option Scheme, 2015 was approved by the Board of Directors on 31st March, 2017. However, post approval from Stock Exchange(s), the same was credited on 4th May, 2017.

l. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on Equity:

No instrument is outstanding for Conversion and/or allotment.

m. Investor Complaint

During the year total 6 complaints were received from shareholders/investors and all were resolved.

Investors' Complaint Status as on 31.3.2017

| Particulars | No. of Complaints Received | No. of Complaints Resolved | No. of Complaints Pending |
|--------------------------------------|----------------------------|----------------------------|---------------------------|
| April 1, 2016 to June 30, 2016 | - | - | - |
| July 1, 2016 to September 30, 2016 | 5 | 5 | - |
| October 1, 2016 to December 31, 2016 | - | - | - |
| January 1, 2017 to March 31, 2017 | 1 | 1 | - |

o. Details of Unclaimed Shares

| At the beginning of the year | | During the year | | At the end of the year | |
|--|---|--|---|----------------------------------|---|
| Aggregate no. of shareholders 01.04.2015 | Outstanding shares in the suspense account lying at the beginning of the year | Number of shareholders approached for transfer of shares from suspense account | Number of shareholders from whom shares are transferred 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 |

q. Commodity Price Risk or Hedging Transaction:

The Company may be affected by the variation in the prices of input commodities of its EPC and Real Estate Projects. At present Company doesn't have any imports and hence may not be affected by variation in foreign exchange rate of Indian Rupee. The Company hasn't done any hedging transaction.

r. Registrar and Transfer Agents and Share Transfer System:

(a) Karvy Computershare Private Limited

Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032

Telephone: +91 40 6716 2222

Facsimile: +91 40 2343 1551

E-mail: einward.ris@karvy.com

Investor grievance id: einward.ris@karvy.com

Website: www.karvy.com

Contact Person: Mr. S V Raju,

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.

(b) Debenture Trustees:

The details of Debenture Trustees in terms of SEBI Circular Number CIR/IMD/DF/18/2013 dated October 29, 2013 are given as under:

IL & FS Trust Company Limited

CIN: U66020mh1995PLC095507

Registered Office: IL&FS Financial Centre

Plot C-22, G-Block, Bandra-Kurla Complex,

Bandra(E) Mumbai- 400 005

Phone: 022-26593535

Email Address: sanjay.dodti@vistra.com

(c) 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

Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032

Telephone: +91 40 6716 2222

Facsimile: +91 40 2343 1551

Investor grievance id: einward.ris@karvy.com

Website: www.karvy.com

Contact Person: Mr. S V Raju,

SEBI Registration No.: INR000000221

OR

VASCON ENGINEERS LIMITED

Mr. M. Krishnamurthi

Vascon Weikfield Chambers

Opp. Hyatt Hotel, B/h Hotel Novotel,

Pune-Nagar Road, Vimannagar, Pune – 411 014

Contact: 020-30562200

Fax: 02030562600

Website: www.vascon.com

Email: compliance.officer@vascon.com

ANNEXURE A : REMUNERATION POLICY

1. Purpose of this Policy:

Vascon Engineers Limited (“Vascon” or the “Company”) has adopted this Policy on appointment and remuneration of the Directors, Key Managerial Personnel and Senior Management (the “Policy”) as required by the provisions of Section 178 of the Companies Act, 2013 (the Act”) and the provisions of Clause 49.

The purpose of this Policy is to establish and govern the procedure applicable:

- a. To evaluate the performance of the members of the Board.
- b. To ensure remuneration to Directors, KMP and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- c. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

The Committee should ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully and the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

2. Definitions:

Independent Director means a director referred to in Section 149(6) of the Act and the Clause 49, as amended from time to time.

Key Managerial Personnel (the “KMP”) shall mean “Key Managerial Personnel” as defined in Section 2(51) of the Act.

Nomination and Remuneration Committee, by whatever name called, shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act and the Clause 49.

Remuneration means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

Senior Management means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the Executive Directors, including all functional heads.

Words and expressions used and not defined in this Policy, but defined in the Act or any rules framed under the Act or the Securities and Exchange Board of India Act, 1992 and Rules and Regulations framed thereunder or in the Clause 49 or the Accounting Standards shall have the meanings assigned to them in these regulations.

3. Composition of the Committee:

The composition of the Committee is / shall be in compliance with the Act, Rules made thereunder and the Clause 49, as amended from time to time.

4. Role of the Committee:

The Committee shall:

- a. Formulate the criteria for determining qualifications, positive attributes and independence of a Director;
- b. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this Policy;
- c. Lay down the evaluation criteria for performance evaluation of Independent Director and the Board;
- d. Recommend to the Board, appointment, remuneration and removal of Director, KMP and Senior Management;
- e. To devise a Policy on Board diversity.

5. Appointment and removal of Director, KMP and Senior Management:

i. Appointment criteria and qualification:

The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director in terms of Diversity Policy of the Board and recommend to the Board his / her appointment. For the appointment of KMP (other than Managing / Whole-time Director) or Senior Management, a person should possess adequate qualification, expertise and experience for the position he / she is considered for the appointment. Further, for administrative convenience, the appointment of KMP (other than Managing / Whole-time Director) or Senior Management, the Managing Director is authorised to identify and appoint a suitable person for such position. However, if the need be, the Managing

Director may consult the Committee / Board for further directions / guidance.

ii. Term:

The Term of the Directors including Managing / Whole-time Director / Independent Director shall be governed as per the provisions of the Act and Rules made thereunder and the Clause 49, as amended from time to time.

Whereas the term of the KMP (other than the Managing / Whole-time Director) and Senior Management shall be governed by the prevailing HR policies of the Company.

iii. Evaluation:

The Committee shall carry out evaluation of performance of every Director. The Committee shall identify evaluation criteria which will evaluate Directors based on knowledge to perform the role, time and level of participation, performance of

duties, level of oversight, professional conduct and independence. The appointment / re-appointment / continuation of Directors on the Board shall be subject to the outcome of the yearly evaluation process. Framework for performance evaluation of Independent Directors and the Board is as per Annexure A to this Policy.

iv. Removal:

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, Rules and Regulations thereunder and / or for any disciplinary reasons and subject to such applicable Acts, Rules and Regulations and the Company's prevailing HR policies, the Committee may recommend, to the Board, with reasons recorded in writing, removal of a Director, KMP or Senior Management.

6. Board Diversity

The Board of Directors shall have the optimum combination of Directors from different areas/fields of expertise and experience like Operations, Management, Quality Assurance, Finance, Sales and Marketing, Supply Chain, Research and Development, Human Resources etc., or as may be considered appropriate. The Board shall have at least one member who has accounting or related financial management expertise and at least three members who are financially literate.

At least one member of the Board should be a woman.

7. Remuneration of Managing / Whole-time Director, KMP and Senior Management:

The remuneration / compensation / commission, etc., as the case may be, to the Managing/ Whole time Director will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission, etc., as the case may be, shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required and shall be in accordance with the provisions of the Act and Rules made thereunder. Further, the Managing Director of the Company is authorised to decide the remuneration of KMP (other than Managing / Whole-time Director) and Senior Management, and which shall be decided by the Managing Director based on the standard market practice and prevailing HR policies of the Company.

8. Remuneration to Non-executive / Independent Director:

The remuneration / commission / sitting fees, as the case may be, to the Non-Executive / Independent Director, shall be in accordance with the provisions of the Act and the Rules made thereunder for the time being in force or as may be decided by the Committee / Board / shareholders.

An Independent Director shall not be entitled to any stock option of the Company unless otherwise permitted in terms of the Act and the Clause 49, as amended from time to time.

FRAMEWORK FOR PERFORMANCE EVALUATION OF INDEPENDENT DIRECTORS AND THE BOARD:

As per the provisions of SEBI LISTING Regulations, the Nomination and Remuneration Committee (the "Committee") shall lay down the evaluation criteria for performance evaluation of Independent Directors and the Board. Further, in terms of SEBI Listing Regulations, the Board is required to monitor and review Board Evaluation Framework. This Framework shall contain the details of Board's self-evaluation framework (including all Committees of the Board and individual directors).

The Board is committed to assessing its own strength and areas in which it may improve its functioning. To that end, the Committee shall establish the following processes for evaluation of performance of Independent Director and the Board:

- i. Once a year, the Board will conduct a self-evaluation. It is the responsibility of the Chairman of the Board, supported by the Company Secretary of the Company, to organise the evaluation process and act on its outcome;
- ii. The Committee shall formulate evaluation criteria for the Board and the Independent Directors which shall be broadly based on:
 - Knowledge to perform the role;
 - Time and level of participation;
 - Performance of duties and level of oversight; and
 - Professional conduct and independence.

The Board / Independent Directors shall be asked to complete the evaluation forms and submit the same to the Chairman.

In terms of Section 134 of the Companies Act, 2013, the Directors' Report should include a statement indicating a manner in which the Board has done formal annual evaluation of its own performance, performance of Committees and individual Directors of the Company.

ANNEXURE B

Framework for Separate Meeting of Independent Directors

As required by the provisions of Schedule IV to the Act and the provisions of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015, the Independent Directors of the Company shall hold atleast one meeting in a year, without the attendance of Non-Independent Directors and members of the Management.

The meeting shall:

1. Review the performance of Non-Independent Directors and the Board as a whole
2. Review the performance of the Chairperson of the Company, taking into account the views of the Executive Directors and Non-Executive Directors
3. Assess the Quality, Quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

This meeting could be held prior or after the Board Meeting. The Independent Directors are free to call such meeting at any point of time, as desired.

ANNEXURE C

POLICY ON FAMILIARISATION PROGRAM OF INDEPENDENT DIRECTORS

OBJECTIVES:

The familiarization programme for Independent Directors is outlined herein pursuant to Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The familiarization programme aims to provide Independent Directors with the Construction Industry and Real Estate scenario, the socio-economic environment in which the Company operates, the business model, the operational and financial performance of the Company, to update the Independent Directors on a continuous basis on significant developments so as to enable them to take well informed decisions in a timely manner. The familiarization programme also seeks to update the Independent directors on the roles, responsibilities rights and duties under the Companies Act 2013 and other relevant legislations.

INDUCTION, TRAINING AND FAMILIARISATION PROGRAMME FOR THE INDEPENDENT DIRECTORS:

To familiarize a new Independent Director with the Company, a kit containing informative documents about the Company like Annual Report, Investor Presentations, Memorandum and Articles of Association etc is handed over to him/her. The Company believes that the Board be continuously empowered with the knowledge of latest developments in the Company's businesses and the external environment affecting the Company as a whole.

All our directors are aware and are also updated as and when required, of their role, responsibilities & liabilities. The Company holds Board meetings at its Corporate Office and also if necessary, in locations, where it operates. Site / factory visits are sometimes organized at various locations for the Directors. The Board of Directors has complete access to the information within the Company. Presentations are made regularly to the Board / Nomination & Remuneration (N&R)/ Audit Committee (AC) (minutes of AC & N&R are circulated to the Board), where Directors get an opportunity to interact with Senior Managers. Presentations, inter alia, cover business strategies, management structure, HR policy, management development and succession planning, quarterly and annual results, budgets, treasury policy, review of Internal Audit, risk management framework, operations of subsidiaries and associates, etc. Independent Directors have the freedom to interact with the Company's management. Interactions happen during Board / Committee meetings, when senior company personnel are asked to make presentations about performance to the Board. Such interactions also happen when these Directors meet senior management in Independent Company meetings and informal gatherings. Directors are also informed of the various developments in the Company through e-mails, newsletters, internal magazines, etc.

ANNEXURE D

PERFORMANCE EVALUATION OF INDEPENDENT DIRECTORS

Background:

SEBI (LODR), 2015 entered into between the Company and with BSE and NSE requires the Nomination and Remuneration Committee of the Board to lay down evaluation criteria for performance evaluation of Independent Directors.

Board of Directors shall take into consideration the following parameters for the purpose of evaluating the performance of a particular director.

The Company has chosen to adopt the following Board Performance and evaluation Process:

Board of Directors

Some of the specific issues and questions that should be considered in a performance evaluation of the entire Board by the Independent Directors are set below:

| Board Composition and Quality | |
|--------------------------------------|---|
| 1. | The Board has appropriate expertise and experience to meet the best interests of the company |
| 2. | The board has appropriate combination of industry knowledge and diversity (gender, experience, background) |
| 3. | All the independent directors are independent in true letter and spirit i.e. whether the independent Director has given declaration of independence and they exercise their own judgement, voice their concerns and act freely from any conflicts of interests. |
| 4. | Board members demonstrate highest level of integrity (including maintaining confidentiality and identifying, disclosing and managing conflicts of interests) |
| 5. | The Board members spend sufficient time in understanding the vision, mission of the company and strategic and business plans, financial reporting risks and related internal controls and provides critical oversight on the same. |
| 6. | The Board understands the legal requirements and obligations under which they act as a Board; i.e. bylaws, corporate governance manual etc. and discharge their functions accordingly. |
| 7. | The Board has set its goals and measures its performance against them on annual basis. |
| 8. | The Board has defined its stakeholders and has appropriate level of communication with them. |
| 9. | The Board understands the line between oversight and management |
| 10. | The board monitors compliances with corporate governance regulations and guidelines. |
| 11. | An effective succession plan of board in place. |
| 12. | The Board has the proper number of committees as required by legislation and guidelines, with well-defined terms of reference and reporting requirements. |

| Board Meetings and Procedures | |
|---|---|
| 1. | The Annual Calendar of Board meetings is communicated well in advance and reviewed from time to time. |
| 2. | The Board meeting agenda and related background papers are concise and provide information of appropriate quality and detail. |
| 3. | The information is received by board members sufficiently in advance for proper consideration. |
| 4. | Adequacy of attendance and participation by the board members at the board meetings. |
| 5. | Frequency of Board Meetings is adequate. |
| 6. | The facility for video conferencing for conducting meetings is robust |
| 7. | Location of Board Meeting(As a good governance practice the Board meeting should be held at different places). |
| 8. | The Board meetings encourage a high quality of discussions and decision making |
| 9. | Openness to ideas and ability to challenge the practices and throwing up new ideas |
| 10. | The amount of time spent on discussions on strategic and general issues is sufficient |
| 11. | How effectively does the Board works collectively as a team in the best interest of the company |
| 12. | The minutes of Board meetings are clear, accurate, consistent, complete and timely |
| 13. | The actions arising from board meetings are properly followed up and reviewed in subsequent board meetings |
| 14. | The processes are in place for ensuring that the board is kept fully informed on all material matters between meetings (including appropriate external information eg. emerging risks and material regulatory changes). |
| 15. | Adequacy of the separate meetings of independent directors |
| 16. | Appropriateness of secretarial support made available to the Board |
| 17. | The Board members understand the terms and conditions of D & O insurance. |
| 18. | All proceedings and resolutions of the Board are recorded accurately, adequately and on a timely basis |
| Board Development | |
| 1. | Appropriateness of the induction programme given to the new board members. |
| 2. | Timeliness and appropriateness of ongoing development programmes to enhance skills of its members |
| 3. | Appropriate development opportunities are encouraged and communicated well in time |
| Board Strategy and Risk Management | |
| 1. | The time spent on issues relating to the strategic direction and not day-today management responsibilities |

| | |
|-----|---|
| 2. | Engaging with management in the strategic planning process, including corporate goals, objectives and overall operating and financial plans to achieve them. |
| 3. | The Board has developed a strategic plan / policies and the same would meet the future requirement of the Company. |
| 4. | The Board has sufficient understanding of the risk attached with the business structure and the Board uses appropriate risk management framework and whether board reviewed and understood the risks provided in the internal audit report and the management is taken sufficient steps to mitigate the risk. |
| 5. | The Board evaluates the strategic plan/ policies periodically to assess the Company's performance, considers new opportunities and responds to unanticipated external developments. |
| 6. | The Risk management framework is subject to review |
| 7. | Monitoring the implementation of the long term strategic goals. |
| 8. | Monitoring the company's internal controls and compliance with applicable laws and regulations |
| 9. | The adequacy of Board contingency plans for addressing and dealing with crisis situations. |
| 10. | Appropriateness of effective vigil mechanism |
| 11. | The Board focuses its attention on long-term policy issues rather than short term administrative matters |
| 12. | The Board discusses thoroughly the annual budget of the Company and its implications before approving it |
| 13. | The Board periodically reviews the actual result of the Company vis-à-vis the plan/ policies devised earlier and suggests corrective measures, if required. |

Board and Management Relations

| | |
|----|---|
| 1. | The Board sets the overall tone and direction of the Company |
| 2. | The Board has approved comprehensive policies and procedures for smooth conduct of all material activities by Company |
| 3. | The Board has a range of appropriate performance indicators that are used to monitor the performance of management |
| 4. | The Board is well informed on all issues (short and long-term) being faced by the Company |
| 5. | The Board adequately reviews proposed departures from the long-and short- term business plans of the Company before they take place |

Succession Planning

| | |
|----|---|
| 1. | The Board has a succession plan for the Chairperson and the Chief Executive Officer / Managing Director |
| 2. | The Board reviews the existing succession plan and if appropriate, make necessary changes by taking into account the current conditions |

Non-Executive Director

Some of the specific issues and questions that should be considered in a performance evaluation of a Non-Independent Director/WTD are as under:

| General | |
|----------------------------|---|
| 1 | Qualifications: Whether the Director is professionally qualified or not? |
| 2 | Experience: Details of prior experience of the member, especially the experience relevant to the entity |
| 3 | Knowledge and Competency: |
| | i. Director has ability to remain focused at a governance level in Board/ Committee meetings ii. Director's contributions at Board / Committee meetings are of high quality and innovative |
| 4 | Fulfillment of Functions: Whether the person understands and fulfills the functions to him/her as assigned by the Board and the law |
| 5 | Ability to function as a team: Whether the Director is able to function as an effective team member? |
| 6 | Initiative: Whether Director is effective and successful in managing relationships with fellow Board members and senior management ? |
| 7 | Availability and Attendance: Whether the person is available for the meetings of the Board and attends the meeting timely and without delay? |
| 8 | Commitment: Whether the person is adequately committed to the Board and the entity? |
| Contribution: | |
| 9 | Director understands governance, regulatory, financial, fiduciary and ethical requirements of the Board / Committee |
| 10 | Director actively and successfully refreshes his/ her knowledge and skills and up to date with the latest developments in areas such as corporate governance framework, financial reporting and the industry and market conditions. |
| 11 | Director is able to present his/ her views convincingly yet diplomatically |
| 12 | Director listens and takes on Board the views of other members of Board |
| Personal Attributes | |
| 13 | Director has maintained high standard of ethics and Integrity |

Independent Directors

Some of the specific issues and questions that should be considered in the performance evaluation of an Independent Director are as under:

| | |
|---|--|
| 1 | Director upholds ethical standards of integrity and probity |
| 2 | Director exercises objective independent judgment in the best interest of Company |
| 3 | Director has effectively assisted the Company in implementing best corporate governance practice and then monitors the same |
| 4 | Director helps in bringing independent judgment during board deliberations on strategy, performance, risk management etc |
| 5 | Director keeps himself/ herself well informed about the Company and external environment in which it operates |
| 6 | Director acts within his authority and assists in protecting the legitimate interest of the Company, Shareholder and employees |
| 7 | Director maintains high level of confidentiality |

Based on the above criteria, Board has to be assessed by giving a rating of Outstanding, Exceeds Expectation, Meets Expectation, Needs Improvement and Poor.

The process of evaluation shall be done by Independent Directors only. The performance of Committees of Board shall also be reviewed from time to time.

EXHIBIT-1

Declaration of the Managing Director on Compliance with Code of Business Conduct and Ethics

Vascon Engineers Limited has adopted a Code of Business Conduct and Ethics ('the Code') which applies to all employees and Directors of the Company, its subsidiaries and affiliates. Under the Code, it is the responsibility of all employees and Directors to familiarize themselves with the Code and comply with its standards.

I hereby certify that the Board members and senior management personnel of Vascon have affirmed compliance with the Code of the Company for the financial year 2016-17.

R. Vasudevan
Managing Director

Place Pune
Date: August 10, 2017

CEO AND CFO CERTIFICATE TO THE BOARD PURSUANT TO REGULATION 17(8) OF THE LISTING REGULATIONS

Date: May 29, 2017

To
The Board of Directors
Vascon Engineers Limited

- A. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of Vascon Engineers Limited pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such 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
1. significant changes in internal control over financial reporting during the year;
 2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 3. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting. : **N.A.**

Dr. Santosh Sundararajan
Chief Executive Officer

D. Santhanam
Chief Financial Officer

Certificate on Compliance with Corporate Governance requirements under the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 by Vascon Engineers Limited

I have examined compliance by Vascon Engineers Limited ('the Company') with the requirements as stipulated under the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 ('Listing Regulations') relating to Corporate Governance requirements for the year ended on 31 March 2017.

In my opinion and to the best of my information and according to the explanations given to me and the representation by the Directors and the management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated under the Listing Regulations.

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance under the Listing Regulations. The examination is neither an audit nor an expression of opinion on the financial statements of the Company or the Corporate Governance Report of the Company.

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

Pune, August 10, 2017

Kulbhushan D Rane
Practising Company Secretary
ACS No. 30644
Certificate of Practice No. 11195

MANAGEMENT DISCUSSION AND ANALYSIS

Vascon Engineers Ltd is one of the leading EPC Company in India, with presence in the asset light Real Estate business and in the high growth Clean Room Partition manufacturing business. It is probably one of the rare companies that have the construction capabilities to execute not only its own real estate projects but also third-party contracts. With a strong track record of 31 years in EPC and Real Estate operations, the Company has created a number of projects of eminence and splendor on a timely basis. Established in 1986 by Mr. R. Vasudevan, Vascon today employs more than 500 people.

EPC operations span on diverse areas like pharma, hospitals, factory buildings, educational institutional buildings, Government buildings, MES (Military Engineering Services Building), hospitality building etc. The Company has executed many landmark projects and delivered approximately 34 mn sq ft in more than 200 projects across all building segments. The Company has a track record of successful & timely execution of Landmark projects such as Ruby Mills (Mumbai), Suzlon One Earth (Pune), Nucleus Mall & Offices (Pune), Symbiosis College (Pune), IGI Airport MCLP (New Delhi), Cipla SEZ (Indore). Currently, Vascon has resources and capability of executing construction of 8 mn sqft per annum.

In Real Estate, the Company follows Asset light business model like Joint Developments and Joint Ventures and is mainly present in Pune and Thane region. The Company is embossing its mark in Real Estate with projects of residential and commercial complexes as well as shopping malls, multiplexes, hospitality properties and IT parks. The Company has current developable area of 31 mn sq. ft. for which land is fully paid for.

The Company has made an investment in "GMP Technicals", a professionally managed company of which Vascon owns 85% equity stake. GMP is one of the leading players in Clean Room Partitioning systems and Turnkey solution provider in India having manufacturing facilities in Baddi, Himachal Pradesh and in Bhiwandi, Thane that is engaged in making fire doors, aluminum doors & windows, Clean Room Partition & windows, aluminum sections.

MACRO ECONOMIC REVIEW

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF). As per the United Nations Industrial Development Organization (UNIDO) report, India has become the sixth largest manufacturing country in the world, rising up from the previous ninth position, and thus retaining its bright spot in the world economic landscape. As per the Economic Survey 2016-17, the Indian economy should grow between 6.75 and 7.5 per cent in FY 2017-18.

On 8 November, 2016, the government announced the demonetization of Rs 500 and Rs 1,000 denomination notes, thereby rendering 86% of the cash in circulation as invalid. The government also placed various restrictions on the convertibility of domestic money and bank deposits. The entire process was aimed at curbing corruption, counterfeiting, terrorist activities and accumulation of black money. With demonetization, the economy was exposed to various long-term benefits on one

hand and short term costs on the other. The costs came in the shape of hardships and inconvenience, especially in the informal and cash intensive sectors that felt the loss in income and employment.

On the contrary, demonetization is expected to leave a positive impact on the economy through greater tax compliance, increased digitalization and investments in capital formation. Besides, in order to mitigate the adverse impact of demonetization, several pro-poor and pro-rural initiatives have been taken by the Government to spur demand, contributing towards economic growth.

Recognising the strength of Indian economic fundamentals, the IMF expects the impact of demonetization to fade away gradually, as it pegs the FY 2017-18 growth at 7.2%. The World Bank has projected a GDP growth of 7.6% in FY 2017-18 and 7.8% in FY 2018-19.

The Goods and Services Tax (GST) is implemented from 1 July, 2017, and it is likely to lead to spurring growth, competitiveness, indirect tax simplification and greater transparency. Apart from widening of the tax net, GST is also expected to contribute significantly to the GDP.

INDIA'S REAL ESTATE AND CONSTRUCTION SECTOR

The Real estate and construction sector is a pivotal part of economic growth for India and is one of the most globally recognised sectors. In India, real estate and construction is the second largest employer after agriculture and is slated to grow at 30 per cent over the next decade. The real estate sector comprises of four sub sectors - housing, retail, hospitality, and commercial. The growth of this sector is well complemented by the growth of the corporate environment and the demand for office space as well as urban and semi-urban accommodations.

However, the real estate sector has limited access to long-term funding, complicated taxation and fees structures, leading to higher project cost impacting the end-user. The government has made an attempt to address these challenges, through various initiatives like Real Estate Regulatory Act 2016 (RERA), Goods and Services Tax (GST), Benami Transaction Prohibition (Amendment) Act 2016, Real Estate Investment Trusts (REITs) regulations, demonetization drive and providing thrust to Housing for All and Affordable housing in order to bring transparency in the real estate sector and removing various bottlenecks and in turn boosting the confidence of buyers, investors and developers.

According to Ministry of Housing and Urban Poverty Alleviation (MHUPA), there is a housing demand-supply mismatch of 18 mn units in urban areas. Most of this shortfall comes from the economically weaker section (EWS, +56%) and the low-income group (LIG, almost 40%).

The government is on the path to provide Housing to all and with this goal in mind it has moved forward in the Union Budget 2017-18. The amendment brought in by the Union Budget 2017-18 with regards to Affordable Housing Sector is a major boost giving new avenues for raising funds for the said sector, and in turn reducing the cost of funding, for the buyers as well as developers. Housing for all by 2022 is also a development

VASCON ENGINEERS LIMITED

imperative. It is one of the best ways to catalyse growth and boost investor sentiment.

AFFORDABLE HOUSING – A HUGE OPPORTUNITY

The Union Budget 2017-18 played its part by according Infrastructure Status to the Affordable Housing sector. This will enable developers operating in this segment to raise loans at a cheaper rate, akin to other infrastructure projects. With industry status, banks will be willing to lend more to projects in the affordable housing segment and thus create larger access to funds. Further, policy reforms undertaken such as RERA and Model GST Law are expected to lead to higher investments in the affordable housing segment.

The proposal of the government to relax the size requirement for residential units from built-up area to carpet area would enable the real estate developers expand customer base and also claim tax deduction. Further, the government's proposal to increase the time limit allowed for completion of the project from three years to five years would expand the number of projects eligible for tax incentives.

Ministry of Housing and Urban Poverty Alleviation has introduced an interest subsidy scheme called Credit Linked Subsidy Scheme (CLSS) under Pradhan Mantri Awas Yojana (PMAY). This scheme is expected to cover nearly 65 per cent of the home loan customers.

| CLSS Scheme Type | Eligibility Household Income (Rs/Annum) | Carpet Area – Maximum (sqm) | Interest Subsidy (%) | Max Eligible Loan Affordable (Rs) |
|------------------|---|-----------------------------|----------------------|-----------------------------------|
| EWS | 300,000 | 30 sqm | 6.5% | 600,000 |
| LIG | 300,000-600,000 | 60 sqm | 6.5% | 600,000 |
| MIG 1 | 600,000-12,00,000 | 90 sqm | 4.0% | 900,000 |
| MIG 2 | 12,00,000-18,00,000 | 110 sqm | 3.0% | 12,00,000 |

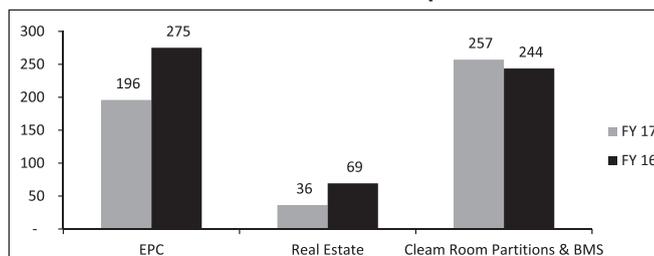
The macroeconomic stability and initiatives taken by the Central Government is likely to boost sector prospects in the coming years. Vascon, which has managed to rise above the economic downturn witnessed in the previous few years, looks set to benefit from the huge opportunities going forward.

COMPANY PERFORMANCE

During the Financial Year 2016-17, the total turnover on consolidated basis was at Rs. 554.4 crores as against Rs. 614.9 crores in Financial Year 2015-16. EBITDA for FY17 was reported at Rs 51.1 crores as compared to Rs 61.5 crores in FY16 with the Company reporting Profit After Tax of Rs 1.2 crores for FY17 against Rs 9.2 crores in FY16.

Total Consolidated Debt as on 31 March 2017 is at Rs 274.4 crores with a Network of Rs 648.5 crores. The Company has received Rs 40.0 crores from Tamil Nadu Medical College project which was due since long and also received Income Tax refund of Rs 27.0 crores during FY17.

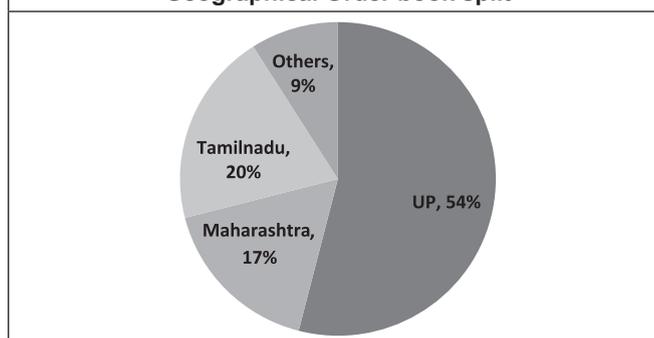
Revenue break-up



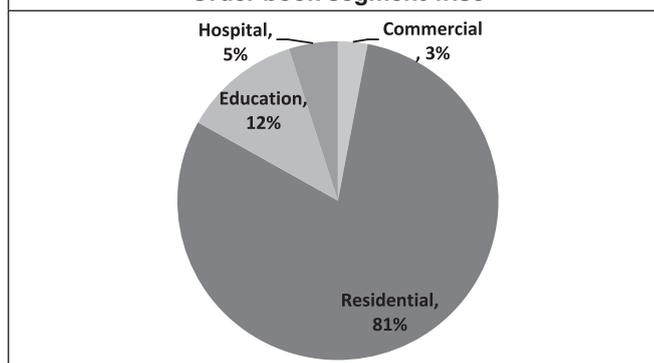
EPC

In FY17, EPC segment contributed Rs 196 crores to consolidated revenues as against Rs. 275 crores in previous year. The company has a third party order book of Rs 515 Crores as of 31 March 2017.

Geographical Order book split



Order book segment wise



REAL ESTATE

During the year, the Company did total new sale bookings of 101,935 sqft during the year for a total value of Rs 60.1 crores.

ONGOING PROJECTS:

XOTECH:

Xotech is situated at Hinjewadi, Pune, which is IT and BT Hub of Pune. Total saleable area of the project is 0.04 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.

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 1,115 Sq to 1,595 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.

WINDERMERE:

Windermere is 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 0.42 msft, which will be developed in phases. The saleable area of phase 1 of the project is of 0.38 msft. The quality apartment comprises apartments of 3,000 Sq.ft, 3,800 Sq.ft & 8,500 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. 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 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 II of the project is 0.52 msft comprises of 2 and 3 BHK apartments with sizes ranging from 1,215 Sq.ft to 2,000 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.

PLATINUM SQUARE:

Commercial project with office size from 800 sq.ft. having total saleable of 0.09 msft in Vascon Weikfield IT / Corporate park. It shares excellent connectivity to Pune International Airport, IT, ITES parks and many of Pune's prestigious hospitality landmarks.

GMP TECHNICALS - CLEAN ROOM PARTITION & BMS BUSINESS

As a part of backward integration the Company had acquired GMP technical solutions, an integrated provider of engineering services, in August 2010. GMP is one of the largest manufacturers of Clean Room Partitioning Systems and Turnkey Solution Provider.

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 had a CAGR of over 25% percent growth in the top line in the years after our acquisition. However, the bottom line was under pressure due to losses in the services division despite the manufacturing division performing well. As a strategy, the Company will be moving out of the services division and focus on the manufacturing business.

STRENGTH, OPPORTUNITIES, STRATEGY

The Company is making continuous efforts of raising financial resources since last 2 years on all fronts. In last 2 years, the Company has raised Rs. 100 crores through Right issue, generated cashflow of Rs 70 crores through sale of identified assets and Rs. 27 crores from Income Tax refund till date. Further, we have realized significant receivable from various Projects by continuous follow-up with clients. We have used the cash generated mainly to repay high interest bearing debt and repaid the statutory liabilities.

The Company will continue to focus on improving operational efficiencies and strengthening of Balance Sheet. It is committed towards cash flow monetization and has identified list of certain non-core assets for incremental cash generation to improve liquidity in business and achieve higher growth.

These are very exciting and dynamic times for the Company, as we are preparing ourselves to capitalize on the huge opportunity in Affordable Housing in India. We will be targeting large affordable housing civil contracts from Government as well as from Private Developers where financial closure is achieved, with a clear focus on profitability and indulge in projects with positive cash flow. In the Real Estate space, we will be launching couple of affordable housing projects in Katwi and Talegaon in Pune in the current financial year, with an inventory mix of 1RK, 1BHK and compact 2BHKs.

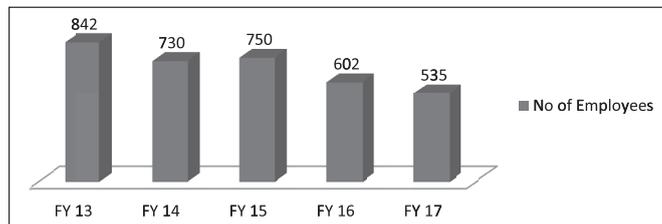
THREATS, RISKS, CONCERNS

In EPC business delay in projects execution, stall of projects due to non payment by developers, steep cost escalation in inputs affects the execution of 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.

HUMAN RESOURCES

With capital infusion in the Company, we required strengthening of our current team across functions with industry leaders to reap the large opportunities available in front of us. In addition to leadership position, we are building team across function and across levels of both business verticals. 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 ensure compliance with various policies, practices and statutes in keeping with the organization'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.

INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF
VASCON ENGINEERS LIMITED
Report on the Standalone Ind AS Financial Statements**

We have audited the accompanying standalone Ind AS financial statements of **VASCON ENGINEERS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement, the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

Managements' Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including Other Comprehensive Income, Cash Flows and Changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the 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, of the State of Affairs of the Company as at March 31, 2017, and its profit, Total Comprehensive Income, its Cash Flows and the Changes in Equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer note 31 to the financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in the standalone Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 08, 2016 of the Ministry of Finance, during the period from November 08, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us.
2. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Place: Pune
Date: May 29, 2017

Hemant M. Joshi
Partner
(Membership No. 38019)

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Vascon Engineers Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Managements' Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Place: Pune
Date: May 29, 2017

Hemant M. Joshi
(Membership No. 38019)

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i)
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered documents provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.
- (ii) In our opinion and according to the information and explanations given to us, having regard to the nature of inventory, the physical verification by way of verification of title deeds, site visits by the Management and certification of extent of work completion by competent persons, are at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
 - (a) The terms and conditions of the grant of such loans are, in our opinion, *prima facie*, not prejudicial to the Company's interest.
 - (b) The schedule of repayment of principal and payment of interest has not been stipulated and in the absence of such schedule, we are unable to comment on the regularity of the repayments or receipts of principal amounts and interest.
 - (c) There is no overdue amount remaining outstanding as at the year-end.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) There were delays by the Company in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

VASCON ENGINEERS LIMITED

- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable except for as given below:

| Name of Statute | Nature of Dues | Amount (Rs.) | Period to which the Amount Relates | Due Date |
|--|------------------------------|--------------|------------------------------------|-------------------------------|
| Income Tax Act, 1961 | Tax Deducted at Source (TDS) | 46,299,693 | April 2014 to August 2016 | 7th of the following month |
| Finance Act, 1994 | Service Tax | 114,022,225 | April 2015 to August 2016 | 6th of the following month |
| Employee Provident Fund Act, 1952 | Provident Fund | 13,250,017 | April 2014 to August 2016 | 15th of the following month |
| Sales Tax Act | Sales Tax | 463,199 | April 2011 to March 2012 | 20th of every following month |
| Bombay Provincial Municipal Corporations Act, 1949 | Local Body Tax | 4,898,407 | April 2015 to August 2016 | 20th of every following month |

- (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty and cess which have not been deposited on account of any dispute except as given below:

| Name of Statute | Nature of Dues | Forum where Dispute is Pending | Period to which the Amount Relates | Amount Involved (Rs.) | Amount Unpaid (Rs.) |
|------------------------|---|------------------------------------|------------------------------------|-----------------------|---------------------|
| Sales Tax Act | Sales Tax / Value added tax / Central Sales Tax | Deputy Commissioner, Mumbai | Financial Year 2005-06 | 3,057,591 | 2,607,591 |
| | | | Financial Year 2007-08 | 4,892,545 | 4,892,545 |
| | | | Financial Year 2008-09 | 14,631,098 | 13,161,098 |
| | | | Financial Year 2009-10 | 7,453,425 | 7,453,425 |
| | | | Financial Year 2010-11 | 13,414,461 | 12,914,461 |
| | | | Financial Year 2011-12 | 2,519,637 | 2,519,591 |
| | | Commercial Tax Officer, Goa | Financial Year 2010-11 | 4,468,475 | 4,468,475 |
| | | | Financial Year 2011-12 | 1,624,835 | 1,624,835 |
| | | Writ Petition at Madras High Court | Financial year 2010-11 to 2012-13 | 121,789,336 | 121,789,336 |
| | | Commissioner of Appeals, UP | Financial Year 2011-12 | 136,171 | 136,171 |
| Financial Year 2012-13 | 340,365 | | 340,365 | | |
| Income Tax Act, 1961 | Income Tax | Deputy Commissioner of Income Tax | Assessment Year 1998-99 | 6,768,009 | 6,768,009 |
| | | | Assessment Year 2008-09 | 23,235,387 | 7,138,821 |
| | | | Assessment Year 2009-10 | 46,407,820 | 46,407,820 |
| Finance Act, 1994 | Service Tax | Service Tax Tribunal, Mumbai | April & May 2006 | 6,988,858 | 6,988,858 |
| | | Service Tax Tribunal, Delhi | January, 2007 to December, 2007 | 1,413,354 | 530,008 |
| | | Service Tax Tribunal, Mumbai | January, 2008 to September, 2008 | 634,088 | 317,044 |
| | | Service Tax Tribunal, Mumbai | October, 2007 to September, 2008 | 6,391,956 | 4,793,967 |
| | | Service Tax Tribunal, Mumbai | April, 2010 to March 2015 | 9,744,755 | 9,744,755 |

- (viii) In our opinion and according to information and explanations given to us, the Company has defaulted in repayment of dues to banks (The Saraswat Co-operative Bank Limited) amounting to Rs. 2680735 (Including Interest : 364,735). Also there has been delays in dues to debentureholders (19.25% Non-Convertible Debentures) amounting to Rs. 170,088,061 (Including Interest : 65,088,061). During the year,

19.25%, Non-Convertible Debentures has been converted into term loan from financial institution and there are no dues outstanding to the debentureholders as on March 31, 2017. Further, the Company has not taken any loans or borrowings from Government.

- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, money raised by way of term loan have been applied for the purposes for which they were raised.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Place: Pune
Date: May 29, 2017

Hemant M. Joshi
Partner
(Membership No. 38019)

Balance Sheet as at March 31, 2017

(Amount in Rupees)

| Particulars | Note No. | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|----------|-------------------------|-------------------------|------------------------|
| A ASSETS | | | | |
| 1 Non-current assets | | | | |
| (a) Property, Plant and Equipment | 3 | 362,304,566 | 336,623,079 | 364,712,199 |
| (b) Capital work-in-progress | | - | - | 21,250,578 |
| (c) Investment Property | 4 | 210,292,738 | 232,770,737 | 257,156,096 |
| (d) Other Intangible assets | 3 | - | - | - |
| (e) Financial Assets | | | | |
| (i) Investments | 5 | 1,830,865,671 | 1,836,708,708 | 1,817,342,235 |
| (ii) Loans | 6 | 749,121,640 | 1,213,423,057 | 1,223,270,399 |
| (iii) Others Financial Assets | 7 | 1,586,043,398 | 1,569,451,466 | 1,567,561,896 |
| (f) Income Tax Assets (net) | | 279,884,572 | 455,838,745 | 383,494,166 |
| (g) Other non-current assets | 8 | 139,999,803 | 140,088,738 | 141,808,998 |
| Total Non - Current Assets | | 5,158,512,388 | 5,784,904,530 | 5,776,596,567 |
| 2 Current assets | | | | |
| (a) Inventories | 9 | 2,398,201,267 | 2,231,750,931 | 2,290,911,021 |
| (b) Financial Assets | | | | |
| (i) Investments | 5 | 53,021,563 | 209,697,830 | 276,531,478 |
| (ii) Trade receivables | 10 | 1,682,693,325 | 1,617,159,074 | 1,483,703,311 |
| (iii) Cash and cash equivalents | 11 | 228,569,436 | 241,508,008 | 244,020,383 |
| (iv) Bank balances other than (iii) above | 11 | 199,199,273 | 125,480,734 | 36,562,406 |
| (v) Loans | 6 | 810,014,735 | 277,345,861 | 172,440,770 |
| (vi) Others Financial Assets | 7 | 690,133,662 | 841,535,937 | 718,129,647 |
| (c) Other current assets | 8 | 186,528,039 | 141,323,187 | 200,155,065 |
| Total Current Assets | | 6,248,361,300 | 5,685,801,562 | 5,422,454,081 |
| Total Assets (1+2) | | 11,406,873,688 | 11,470,706,092 | 11,199,050,648 |
| B EQUITY AND LIABILITIES | | | | |
| 1 Equity | | | | |
| (a) Equity Share capital | 12 | 1,676,601,860 | 1,613,067,160 | 904,759,270 |
| (b) Other Equity | 12.1 | 4,537,654,272 | 4,351,744,978 | 3,926,731,565 |
| Equity attributable to owners of the Company (I) | | 6,214,256,132 | 5,964,812,138 | 4,831,490,835 |
| LIABILITIES | | | | |
| 2 Non-current liabilities | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | 13 | 1,321,008,838 | 1,053,970,707 | 251,495,188 |
| (ii) Other financial liabilities | 14 | 282,399,760 | 270,491,027 | 213,212,994 |
| Total Non - Current Liabilities | | 1,603,408,598 | 1,324,461,734 | 464,708,182 |
| 3 Current liabilities | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | 13 | 1,021,109,770 | 1,135,113,905 | 2,086,952,383 |
| (ii) Trade and other payables | 15 | 1,237,201,807 | 1,490,128,074 | 1,622,480,086 |
| (iii) Other financial liabilities | 14 | 133,898,990 | 338,467,999 | 984,744,783 |
| (b) Provisions | 16 | 90,407,174 | 115,949,586 | 101,284,764 |
| (c) Other current liabilities | 18 | 1,106,591,217 | 1,101,772,656 | 1,107,389,615 |
| Total Current Liabilities | | 3,589,208,958 | 4,181,432,220 | 5,902,851,631 |
| Total Equity and Liabilities (1+2+3) | | 11,406,873,688 | 11,470,706,092 | 11,199,050,648 |
| Significant accounting policies see accompanying notes forming part of the financial statements. | 2 | | | |

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors

R Vasudevan
Managing Director
(DIN-00013519)

Mukesh Malhotra
Director
(DIN-00129504)

Dr Santosh Sundararajan
Chief Executive Officer

Hemant M. Joshi
Partner

M Krishnamurthi
Company Secretary &
Compliance Officer

D Santhanam
Chief Financial Officer

Date : May 29, 2017
Place : Pune

Date : May 29, 2017
Place : Pune

Statement of Profit and Loss for the year ended March 31, 2017

(Amount in Rupees)

| Particulars | Note No. | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|----------|-----------------------------------|-----------------------------------|
| Continuing Operations | | | |
| I Revenue from operations | 19 | 2,166,027,494 | 3,212,469,201 |
| II Other Income | 20 | 504,066,678 | 341,526,249 |
| III Total Income (I + II) | | 2,670,094,172 | 3,553,995,450 |
| IV EXPENSES | | | |
| (a) Cost of materials consumed | 21.a | 1,754,874,975 | 2,457,558,571 |
| (b) Purchases of Stock-in-trade | | 90,352 | 393,613 |
| (c) Changes in stock of finished goods, work-in-progress and stock-in-trade | 21.b | (136,920,860) | (25,742,695) |
| (d) Employee benefit expense | 22 | 372,184,194 | 256,634,312 |
| (e) Finance costs | 23 | 319,976,134 | 379,250,828 |
| (f) Depreciation and amortisation expense | 3 & 4 | 73,344,790 | 79,431,962 |
| (g) Other expenses | 24 | 228,829,214 | 326,152,891 |
| Total Expenses (IV) | | 2,612,378,799 | 3,473,679,482 |
| V Profit before tax (III - IV) | | 57,715,373 | 80,315,968 |
| VI Tax Expense | | | |
| (1) Current tax | 17 | - | 1,404,735 |
| (2) Deferred tax | 17 | - | - |
| (3) (Excess) / Short provision for tax of earlier years | 17 | 12,448,911 | 69,410 |
| Total tax expense VI | | 12,448,911 | 1,474,145 |
| VII Profit after tax (V - VI) | | 45,266,462 | 78,841,823 |
| VIII Other comprehensive income | | | |
| Items that will not be recycled to profit or loss | | | |
| - Remeasurements of the defined benefit liabilities / (asset) | | 5,833,849 | 1,688,260 |
| IX Total comprehensive income for the year (VII + VIII) | | 51,100,311 | 80,530,083 |
| X Earnings per equity share | | | |
| (1) Basic | 25 | 0.28 | 0.56 |
| (2) Diluted | 25 | 0.28 | 0.56 |
| Significant accounting policies | 2 | | |
| See accompanying notes forming part of the financial statements. | | | |

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors

R Vasudevan
Managing Director
(DIN-00013519)

Mukesh Malhotra
Director
(DIN-00129504)

Dr Santosh Sundararajan
Chief Executive Officer

Hemant M. Joshi
Partner

M Krishnamurthi
Company Secretary &
Compliance Officer

D Santhanam
Chief Financial Officer

Date : May 29, 2017
Place : Pune

Date : May 29, 2017
Place : Pune

VASCON ENGINEERS LIMITED

Statement of changes in equity

A. Changes in Equity

(Amount in Rupees)

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|-------------------------|-------------------------|------------------------|
| Balance at the beginning of the year | 1,613,067,160 | 904,759,270 | 904,759,270 |
| Fresh issue on account of rights issue during the year | - | 666,666,660 | - |
| Issue of equity shares under employee share option plan | 63,534,700 | 41,641,230 | - |
| Balance at the end of the year | 1,676,601,860 | 1,613,067,160 | 904,759,270 |

B. Changes in Other Equity

(Amount in Rupees)

| Particulars | Securities premium reserve | General reserve | Equity-settled employee benefits reserve | Debenture Redemption Reserve | Retained earnings | Total |
|---|----------------------------------|--------------------|---|------------------------------------|----------------------|----------------------|
| Balance as at April 01, 2015 | 3,885,750,281 | - | 46,127,697 | 153,750,000 | (158,896,413) | 3,926,731,565 |
| Profit for the year | - | - | - | - | 78,841,823 | 78,841,823 |
| Other Comprehensive income for the year | - | - | - | - | 1,688,260 | 1,688,260 |
| Premium on Shares issued during the year | 333,333,331 | - | - | - | - | 333,333,331 |
| Transferred to General reserve | - | 65,000,000 | - | (65,000,000) | - | - |
| Share issue costs on account of rights issue | (11,861,418) | - | - | - | - | (11,861,418) |
| Amount recorded on Grant | - | - | 23,084,542 | - | - | 23,084,542 |
| Transferred to securities premium reserve on exercise | 64,655,099 | - | (64,655,099) | - | - | - |
| Shares Forfeited during the year | - | - | (73,125) | - | - | (73,125) |
| Balance as at March 31, 2016 | 4,271,877,293 | 65,000,000 | 4,484,015 | 88,750,000 | (78,366,330) | 4,351,744,978 |

(Amount in Rupees)

| Particulars | Securities premium reserve | General reserve | Equity-settled employee benefits reserve | Debenture Redemption Reserve | Retained earnings | Total |
|---|----------------------------------|--------------------|---|------------------------------------|----------------------|----------------------|
| Balance as at April 01, 2016 | 4,271,877,293 | 65,000,000 | 4,484,015 | 88,750,000 | (78,366,330) | 4,351,744,978 |
| Profit for the year | - | - | - | - | 45,266,462 | 45,266,462 |
| Other Comprehensive income for the year | - | - | - | - | 5,833,849 | 5,833,849 |
| Premium on Shares issued during the year | 63,234,700 | - | - | - | - | 63,234,700 |
| Transferred to General reserve | - | 88,750,000 | - | (88,750,000) | - | - |
| Share issue costs on account of rights issue | - | - | - | - | - | - |
| Amount recorded on Grant | - | - | 71,677,333 | - | - | 71,677,333 |
| Transferred to securities premium reserve on exercise | 53,103,099 | - | (53,103,099) | - | - | - |
| Shares Forfeited during the year | - | - | (103,050) | - | - | (103,050) |
| Balance as at March 31, 2017 | 4,388,215,092 | 153,750,000 | 22,955,199 | - | (27,266,019) | 4,537,654,272 |

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors

R Vasudevan
Managing Director
(DIN-00013519)

Mukesh Malhotra
Director
(DIN-00129504)

Dr Santosh Sundararajan
Chief Executive Officer

Hemant M. Joshi
Partner

M Krishnamurthi
Company Secretary &
Compliance Officer

D Santhanam
Chief Financial Officer

Date : May 29, 2017
Place : Pune

Date : May 29, 2017
Place : Pune

Cash Flow Statement - Indirect Method

(Amount in Rupees)

| Particulars | Note No. | Year ended March 31, 2017 | Year ended March 31, 2016 |
|--|----------|---------------------------|---------------------------|
| Cash flows from operating activities | | | |
| Profit before tax for the year | | 57,715,373 | 80,315,968 |
| Adjustments for: | | | |
| Finance costs | | 319,976,134 | 379,250,828 |
| Provision for Doubtful Debts | | 6,898,231 | 14,216,358 |
| Net gain/(loss) arising on financial Liabilities designated as at FVTPL | | - | 29,201,680 |
| Dividends received from Joint Venture | | (8,785,100) | (1,030,957) |
| Gain on Sale of Assets | | (31,151,017) | (116,463,008) |
| Bad debts and other receivables, loans and advances written off | | - | 40,727,295 |
| Depreciation | | 73,344,790 | 79,431,962 |
| Provision for diminution in value of investment of current investment | | - | 17,500,000 |
| Interest received | | (312,024,928) | (138,059,195) |
| Expense recognised in respect of equity-settled share-based payments | | 71,677,333 | 23,084,542 |
| Income recognised in respect of equity-settled share-based payments | | (103,050) | (73,125) |
| Provision for unapproved sales | | (664,610) | (1,459,360) |
| Provision / Creditors no longer required written back | | (141,112,104) | (76,918,335) |
| Gain / (loss) on investments carried at fair value | | (13,550) | (22,950) |
| Dividend received on investments carried at fair value through profit or loss | | (121,563) | - |
| Loss arising on derecognition of financial assets (Refer Note 4 below) | | 30,236,539 | - |
| Provision for creditors advance | | (7,188,500) | - |
| Commission Income | | (2,879,400) | (2,662,500) |
| | | 55,804,578 | 327,039,203 |
| Movements in working capital: | | | |
| Increase in trade and other receivables | | (16,831,581) | (136,940,056) |
| (Increase)/decrease in amounts due from customers under construction contracts | | 314,232,730 | (306,685,472) |
| (Increase)/decrease in inventories | | (87,870,503) | 199,507,905 |
| (Increase)/decrease in other financial assets | | | |
| (Increase)/decrease in other assets | | 28,070,316 | (2,897,175) |
| Decrease in trade and other payables | | (111,814,163) | (55,433,677) |
| Increase/(decrease) in provisions | | (19,708,563) | 16,353,082 |
| (Decrease)/increase in Financial asset Loans (Refer Note 3 below) | | 137,636,986 | (64,938,863) |
| (Increase)/decrease in other non current assets | | (37,927,417) | 60,552,138 |
| (Decrease)/increase in deferred revenue | | | |
| (Decrease)/increase in other liabilities | | (34,122,202) | 203,050,635 |
| Cash generated from operations | | 227,470,182 | 239,607,720 |
| Income taxes paid | | 163,505,262 | (73,818,724) |
| Net cash generated by operating activities | | 390,975,444 | 165,788,996 |
| Cash flows from investing activities | | | |
| Dividends received from Joint Venture | | 8,785,100 | 1,030,957 |
| Purchase of fixed assets including work in progress | | (100,591,602) | (74,181,665) |
| Proceeds from disposal of fixed assets | | 16,319,341 | 104,937,768 |
| Investment in fixed deposits with Banks | | (73,718,539) | (88,918,328) |
| Proceeds on disposal of securities/investments | | - | 304,201,680 |
| Investment in optionally convertible redeemable debenture | | - | (304,201,680) |
| Proceeds on redemption of Liquid Mutual Fund | | (29,500,000) | 49,333,648 |
| Payment /Proceeds from investment (Refer note 4 below) | | 23,415,000 | 14,997,976 |
| Net cash (used in)/generated by investing activities | | (155,290,700) | 7,200,356 |

VASCON ENGINEERS LIMITED

| Particulars | Note No. | Year ended March 31, 2017 | Year ended March 31, 2016 |
|--|-------------|------------------------------|------------------------------|
| Cash flows from financing activities | | | |
| Proceeds from issue of Equity Shares | | 126,769,400 | 1,041,641,221 |
| Expenses towards Right issue | | - | (11,861,418) |
| Proceeds from borrowings | | 422,809,131 | - |
| Interest received (Refer Note 3) | | 200,367,666 | 116,718,852 |
| Repayment of borrowings non-current | | - | (98,640,465) |
| Repayment of borrowings Current | | (118,196,201) | (524,936,783) |
| Increase / (decrease) in Non Convertible Debentures | | (355,000,000) | (260,000,000) |
| (Increase) / decrease in advances from Firms / AOP | | (25,560,733) | (20,126,214) |
| (Increase) / decrease in advances to joint venture, subsidiaries | | (118,336,417) | (30,118,886) |
| Finance cost including capitalised to qualifying assets | | (385,668,227) | (448,176,339) |
| Dividends paid to owners of the Company | | | |
| Net cash used in financing activities | | (252,815,382) | (235,500,032) |
| Net increase in cash and cash equivalents | | (17,130,638) | (62,510,680) |
| Cash and cash equivalents at the beginning of the year (Refer note -19) | | 248,336,718 | 310,847,398 |
| Cash and cash equivalents at the end of the year (Refer note -19) | | 231,206,080 | 248,336,718 |

Notes :

- 1) Figures in brackets represent outflows
- 2) During the year, the Company has disposed a fixed asset - Building unit amounting to Rs. 388 lakhs, sale proceeds for which were received after March 31, 2017. This being a non-cash transaction, the same has been appropriately excluded from sale of fixed assets and trade receivable.
- 3) During the year, the Company has accrued interest of Rs. 876 lakhs, the same will be received after March 31, 2017. This being a non-cash transaction, the same has been appropriately excluded from Financial Assets.
- 4) During the year, the Company has sold investment in Viorica hotels for Rs 1862 lakhs and of which advance of Rs 1400 lakhs was received in previous and recognised loss of Rs 302 lakhs year on financial asset balance of Rs 162 lakhs, which were received after March 31, 2017. This being a non-cash transaction, the same has been appropriately excluded from Non- current Investment.

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors

R Vasudevan
Managing Director
(DIN-00013519)

Mukesh Malhotra
Director
(DIN-00129504)

Dr Santosh Sundararajan
Chief Executive Officer

Hemant M. Joshi
Partner

M Krishnamurthi
Company Secretary &
Compliance Officer

D Santhanam
Chief Financial Officer

Date : May 29, 2017
Place : Pune

Date : May 29, 2017
Place : Pune

Notes forming part of the financial statements

"Vascon Engineers Limited (the "Company") was incorporated on January 1, 1986 and is engaged in the business of Engineering, Procurement and Construction services (EPC) and Real Estate Development. The shares of the Company are listed on National Stock Exchange and Bombay Stock Exchange.

The Company is a public limited company incorporated and domiciled in India. The address of its corporate office is 15/16 Hazari Baug, LBS Marg, Vikhroli (West), Mumbai - 400 083.

2. SIGNIFICANT ACCOUNTING POLICIES:

2.01 Statement of Compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016. Previous period numbers in the financial statements have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard, the Company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of Shareholders' equity as at March 31, 2016 and April 1, 2015 and of the total comprehensive income for the year ended March 31, 2016 (Refer Note 26).

2.02 Basis of preparation and presentation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policy 2.16. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.03 Use of estimate

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and differences between actual results and estimates are recognized in the periods in which the results are known/materialize.

Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment of investments, useful lives of property, plant and equipment, valuation of deferred tax liabilities and provisions and contingent liabilities.

Impairment of investments

The Company reviews its carrying value of investments carried at cost annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Valuation of deferred tax assets

The Company reviews recognition of deferred tax at the end of each reporting period. The policy for the same has been explained under Note 2.11.

Provisions and contingent liabilities

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money (if the impact of discounting is significant) and the risks specific to the obligation. The increase in the provision due to unwinding of discount over passage of time is recognized as finance cost. Provisions are reviewed at the each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

Fair value measurements and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The Company has obtained independent fair valuation for financial instruments wherever necessary to determine the appropriate valuation techniques and inputs for fair value measurements. In some cases the fair value of financial instruments is done internally by the management of the Company using market-observable inputs.

In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The qualified external valuers establish the appropriate valuation techniques and inputs to the model. The external valuers report the management of the Company findings every reporting period to explain the cause of fluctuations in the fair value of the assets and liabilities.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in note 27.

2.04 Revenue Recognition / Cost Recognition

Revenue is measured at the fair value of the consideration received or receivable.

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.

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

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.
- (d) At least 25% of the estimated project area are secured by contracts or agreement with the buyers.
- (e) At least 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."

"Project revenue and project costs associated with the real estate project are recognized as revenue and expenses by reference to the stage of completion of the project activity at the reporting date in accordance with ""Guidance Note on Accounting for real estate transactions"".

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) **Interest Income** – Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.
- d) **Dividend Income** – Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).
- e) **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.

- f) Income from services rendered is recognised as revenue when the right to receive the same is established.
- g) 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.

2.05 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating Lease

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term. Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

Finance Lease

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss.

2.06 Foreign Currency

"The functional currency of the Company is Indian rupee.

Initial Recognition

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction.

Conversion

Foreign currency monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss.

2.07 Borrowing Costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted. 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.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in statement of profit or loss in the period in which they are incurred.

2.08 Employee benefits

a) Short-term Employee Benefits -

The undiscounted amount of short-term employee benefits expected to be paid in exchange of services rendered by the employees is recognised during the year when the employees render the service.

b) Post Employment Benefits -

(1) Defined Contribution Plan:

Payments to defined contribution retirement benefit schemes viz. Company's Provident Fund Scheme and Superannuation Fund are recognised as an expense when the employees have rendered the service entitling them to the contribution.

(2) Defined Benefit Plan:

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur.

Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

Gratuity: The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15/26 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation. The Company has taken a Group Gratuity cum Life Assurance Scheme with LIC of India for future payment of gratuity to the eligible employees.

c) Other Long-term Employee Benefits -

Compensated Absences: The Company provides for the encashment of compensated absences with pay subject to certain rules. The employees are entitled to accumulate compensated absences subject to certain limits, for future encashment. Such benefits are provided based on the number of days of an utilised compensated absence on the basis of an independent actuarial valuation. The Company has taken a policy with LIC of India for future payment of compensated absences encashment to its employees.

Share-based Payments

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

The cost is recognized, together with a corresponding increase in share-based payment reserves in equity, over the period in which the performance and / or service conditions are fulfilled in employee benefits expense. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Companies best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognized in employee benefits expense.

2.09 Taxation

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss and other comprehensive income/statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

Deferred income taxes

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax asset are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

The Company recognises interest levied and penalties related to income tax assessments in income tax expenses.

2.10 Property, Plant and Equipment

Property plant & equipment are stated at cost of acquisition or construction where cost includes amount added/deducted on revaluation less accumulated depreciation / amortization and impairment loss, if any. All costs relating to the acquisition and installation of fixed assets are capitalised and include borrowing costs relating to funds attributable to construction or acquisition of qualifying assets, up to the date the asset / plant is ready for intended use. The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item of property, plant and equipment, if it is probable that the future economic benefits embodies within the part will flow to the Company and its cost can be measured reliably with the carrying amount of the replaced part getting derecognized. The cost for day-to-day servicing of property, plant and equipment are recognized in Statement of Profit and Loss as and when incurred.

Depreciation on tangible property plant & equipment has been provided on written down value method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of plant and machinery, in whose case the life of the assets has been assessed based on the technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc. The Company has based on technical advice considered the useful life of the plant and machinery to be 15 years which is different from the useful life specified in Schedule II to the Companies Act, 2013.

Fixed assets individually costing Rs. 5,000 or less are depreciated fully in the year of acquisition. Depreciation on assets acquired/purchased, sold/discarded during the year is provided on a pro-rata basis from the date of each addition / till the date of sale/discard.

The estimated useful life and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

If significant events or market developments indicate an impairment in the value of the tangible asset, management reviews the recoverability of the carrying amount of the asset by testing for impairment. The carrying amount of the asset is compared with the recoverable amount, which is defined as the higher of the assets fair value less costs to sell and its value in use. To determine the recoverable amount on the basis of value in use, estimated future cash flows are discounted at a rate which reflects the risk specific to the asset. If the net carrying amount exceeds the recoverable amount, an impairment loss is recognised. When estimating future cash flows, current and expected future inflows, technological, economic and general developments are taken into account. If an impairment test is carried out on tangible assets at the level of a cash-generating unit, an impairment loss is recognised, taking into account the fair value of the assets. If the reason for an impairment loss recognised in prior years no longer exists, the carrying amount of the tangible asset is increased to a maximum figure of the carrying amount that would have been determined had no impairment loss been recognised.

2.11 Investment Properties

The Company has elected to continue with the carrying value for all of its investment property as recognized in its Initial GAAP financial statements as deemed cost at the transition date. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are states at cost less accumulated depreciation and accumulated impairment loss, if any."

2.12 Intangible Assets

Intangible assets acquired separately:

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on written down value method over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

2.13 Goodwill

Business combinations are accounted for using the acquisition method. The purchase price is allocated to the assets acquired and liabilities assumed based on their estimated fair market values. Any excess purchase price over the fair market value of the net assets acquired, including identified intangibles, is recorded as goodwill. Preliminary purchase price allocations are made at the date of acquisition and finalized when information needed to affirm underlying estimates is obtained, within a maximum allocation period of one year. Goodwill is subject to impairment testing at least annually. In addition, goodwill is tested more frequently if a change in circumstances or the occurrence of events indicates that potential impairment exists.

2.14 Impairment

Financial assets (other than at fair value)

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired.

Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction.

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables, other contractual rights to receive cash or other financial asset and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted – effective interest rate for purchased, or originated credit impaired financial assets). The Company estimates cash flows by considering all contractual term of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses. Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Non-financial assets

Tangible and intangible assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in the statement of profit and loss.

2.15 Inventories

a) Stock of Materials

Stock of materials 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.

2.16 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at

fair value through profit or loss are immediately recognised in profit or loss.

Investment in subsidiaries

Investment in subsidiaries are measured at cost as per Ind AS 27 - Separate Financial Statements.

Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Company recognises equity instrument at proceeds received net of direct issue costs.

Reclassification of Financial Assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the company's operations. Such changes are evident to external parties. A change in the business model occurs when a company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains and losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

2.17 Earnings Per Share (EPS)

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period as adjusted for the effects of all diluted potential equity shares except where the results are anti-dilutive.

2.18 Critical Accounting Judgments and key sources of estimation, uncertainty

The preparation of financial statements and related notes in accordance with Ind AS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet date, and revenues and expenses.

Actual results could differ from those estimates due to those uncertainties on which assumptions are based. Estimates and assumptions are reviewed annually in order to verify they still reflect the best available knowledge of the Company's operations and of other factors deriving from actual circumstances. Changes, if any, are immediately accounted for in the income statement.

The present economic context, whose effects are spread into some businesses in which the Group operates, determined the need to make assumptions related to future development with a high degree of uncertainty. For this reason, it is not possible to exclude that, in the next or in subsequent financial years, actual results may differ from estimated results. These differences, at present unforeseeable and unpredictable, may require adjustments to book values. Estimates are used in many areas, including accounting for non-current assets, deferred tax assets, bad debt provisions on accounts receivable, inventory obsolescence, employee benefits, contingent liabilities and provisions for risks and contingencies.

2.19 Cash flow statement

The Cash Flow Statement is prepared by the indirect method set out in Ind AS 7 on Cash Flow Statements and presents cash flows by operating, investing and financing activities of the Company.

2.20 Current/Non-Current Classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realized or intended to be sold or consumed in normal operating cycle
- It is held primarily for the purpose of trading
- It is expected to be realized within 12 months after the date of reporting period, or
- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after reporting period.

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Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

A liability is current when it satisfies any of the following criteria:

- It is expected to be settled in normal operating cycle
 - It is held primarily for the purpose of trading
 - It is due to be settled within 12 months after the reporting period, or
 - There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period
- Current liabilities include the current portion of long term financial liabilities. The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets and their realization in cash and cash equivalents. The Company has identified 12 months as its operating cycle.

2.21 Share Capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs, if any, directly attributable to the issue of ordinary shares are recognized as a deduction from other equity, net of any tax effects."

2.22 Fair Value Measurement

Fair value is the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell an asset or transfer the liability takes place either:

- in the principle market for the asset or liability
- in the absence of principle market, in the most advantageous market for the asset or liability.

The principle or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (Unadjusted) Market prices in active markets for incidental assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation Techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers that have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Determination of Fair Value

1) Financial Assets - Debt Instruments at amortized cost

After initial measurement the financial assets are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are an integral part of the EIR.

2) Financial Assets - Debt Instruments at Fair Value through Other Comprehensive Income (FVTOCI)

Measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the Other Comprehensive Income (OCI). On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to P&L."

3) Debt instruments, derivatives and equity instruments at Fair Value through Profit or Loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

4) Financial Liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit & loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Companies financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent Measurement

Fair value through Profit & Loss

Financial liabilities at fair value through profit & loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. All changes in fair value of such liabilities are recognized in statement of profit or loss.

Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. The EIR amortization is included as finance costs in the statement of profit and loss.

5) Embedded Derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract - with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. If the hybrid contract contains a host that is a financial asset within the scope of IND AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in IND AS 109 to the entire hybrid contract. These embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss.

2.23 Dividend

Dividend on share is recorded as liability on the date of approval by the shareholders.

2.24 Recent accounting pronouncements

Standards issued but not yet effective In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows'. The amendments are applicable to the group from 1st April, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

2.25 Investments

Long Term Investments are carried at cost. Provision for diminution is made to recognize the decline, other than temporary in the value of these investments. Current investments are carried at lower of the cost and fair value.

2.26 Associates and joint ventures

Associates and joint ventures are accounted for under the equity method at cost at the date of acquisition. In subsequent periods, the carrying amount is adjusted up or down to reflect the Company's share of the comprehensive income of the investee. Any distributions received from the investee and other changes in the investees equity reduce or increase the carrying amount of the investment. If the losses of an associate or joint venture attributable to the Company equal or exceed the value of the interest held in this associate or joint venture, no further losses are recognised unless the Company incurs an obligation or makes payments on behalf of the associate or joint venture. If there are any indications of impairment in the investments in associates or joint ventures, the carrying amount of the relevant investment is subject to an impairment test. If the reason for an impairment loss recognised in prior years no longer exists, the carrying amount of the investment is increased to a maximum figure of the share of net assets in the associate or joint venture.

2.27 Non-current assets held for sale and discontinued operations

Non-current assets are classified separately in the balance sheet as held for sale if they are available for sale in their present condition and the sale is highly probable. Assets that are classified as held for sale are measured at the lower of their carrying amount and their fair value less costs to sell. Liabilities classified as directly related to non-current assets held for sale are disclosed separately as held for sale in the liabilities section of the balance sheet. For discontinued operations, additional disclosures are required in the Notes, as long as the requirements for classification as discontinued operations are met.

2.28 Segment Reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the Chief Operating Decision Maker (CODM) in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

Notes forming part of the financial statements

Note No. 3 - Property, Plant and Equipment and Intangible Assets

| Particulars | I. Tangible Assets | | | | | | | II. Intangible assets | | |
|--|--------------------|---------------------|------------------------|-------------------|-------------------|-------------------------|--------------------|-----------------------|-------------------|--|
| | Buildings | Plant and machinery | Furniture and fixtures | Vehicles | Office equipments | Lease Hold Improvements | Total | Total | Softwares | |
| Gross carrying value | | | | | | | | | | |
| As at April 1, 2016 | 38,317,850 | 601,781,485 | 45,315,515 | 20,549,869 | 52,361,941 | 33,709,979 | 792,036,639 | 43,338,200 | 43,338,200 | |
| Additions | - | 99,241,980 | - | - | 1,105,348 | - | 100,347,328 | 244,274 | 244,274 | |
| Disposals | (6,363,325) | (20,913,737) | - | (590,026) | - | - | (27,867,088) | - | - | |
| As at March 31, 2017 (A) | 31,954,525 | 680,109,728 | 45,315,515 | 19,959,843 | 53,467,289 | 33,709,979 | 864,516,879 | 43,582,474 | 43,582,474 | |
| Accumulated depreciation | | | | | | | | | | |
| As at April 1, 2016 | 8,591,708 | 351,592,061 | 32,042,741 | 12,644,058 | 49,047,343 | 1,495,649 | 455,413,560 | 43,338,200 | 43,338,200 | |
| Additions | 1,409,382 | 50,103,821 | 3,775,654 | 2,534,823 | 1,779,922 | 2,147,729 | 61,751,331 | 244,274 | 244,274 | |
| Disposals | (1,182,556) | (13,300,986) | - | (469,036) | - | - | (14,952,578) | - | - | |
| As at March 31, 2017 (B) | 8,818,534 | 388,394,896 | 35,818,395 | 14,709,845 | 50,827,265 | 3,643,378 | 502,212,313 | 43,582,474 | 43,582,474 | |
| Intangible assets under development (D) | | | | | | | | | | |
| Net carrying value as at March 31, 2017 (A) - (B) | 23,135,991 | 291,714,832 | 9,497,120 | 5,249,998 | 2,640,024 | 30,066,601 | 362,304,566 | - | - | |
| Gross carrying value | | | | | | | | | | |
| As at April 1, 2015 | 106,617,080 | 578,258,500 | 38,815,007 | 22,072,618 | 53,521,644 | - | 799,284,849 | 42,800,826 | 42,800,826 | |
| Additions | - | 48,687,446 | 8,036,145 | 1,632,559 | 2,828,740 | 33,709,979 | 94,894,869 | 537,374 | 537,374 | |
| Disposals | (30,006,117) | (25,164,461) | (1,535,637) | (3,155,308) | (3,988,443) | - | (63,849,966) | - | - | |
| Transferred to Investment Property | (38,293,113) | - | - | - | - | - | (38,293,113) | - | - | |
| As at March 31, 2016 (A) | 38,317,850 | 601,781,485 | 45,315,515 | 20,549,869 | 52,361,941 | 33,709,979 | 792,036,639 | 43,338,200 | 43,338,200 | |
| Accumulated depreciation | | | | | | | | | | |
| As at April 1, 2015 | 27,597,264 | 317,238,868 | 27,421,749 | 11,526,474 | 50,788,295 | - | 434,572,650 | 42,800,826 | 42,800,826 | |
| Additions | 1,980,668 | 51,290,695 | 5,784,135 | 3,550,544 | 2,191,620 | 1,495,649 | 66,293,311 | 537,374 | 537,374 | |
| Disposals | (10,124,258) | (16,937,502) | (1,163,143) | (2,432,960) | (3,932,572) | - | (34,590,435) | - | - | |
| Transferred to Investment Property | (10,861,966) | - | - | - | - | - | (10,861,966) | - | - | |
| As at March 31, 2016 (B) | 8,591,708 | 351,592,061 | 32,042,741 | 12,644,058 | 49,047,343 | 1,495,649 | 455,413,560 | 43,338,200 | 43,338,200 | |
| Intangible assets under development | | | | | | | | | | |
| Net carrying value as at March 31, 2016 (A) - (B) | 29,726,142 | 250,189,424 | 13,272,774 | 7,905,811 | 3,314,598 | 32,214,330 | 336,623,079 | - | - | |

Notes forming part of the financial statements

(Amount in Rupees)

Note No. 4 - Investment Property

| Description of Assets | Buildings |
|--|--------------------|
| Gross carrying value * | |
| As at April 1, 2016 | 264,364,903 |
| Additions | - |
| Disposals | (15,291,790) |
| Transferred from property, plant and equipment | - |
| As at March 31, 2017 (A) | 249,073,113 |
| Accumulated depreciation | |
| As at April 1, 2016 | 31,594,166 |
| Charge for the period | 11,349,185 |
| Reversals/ Disposals during the period | (4,162,976) |
| Transferred from property, plant and equipment | - |
| As at March 31, 2017 (B) | 38,780,375 |
| Net carrying value as at March 31, 2017 (A) - (B) | 210,292,738 |
| Gross carrying value * | |
| As at April 1, 2015 | 280,047,581 |
| Additions | - |
| Disposals | (53,975,791) |
| Transferred from property, plant and equipment | 38,293,113 |
| As at March 31, 2016 (A) | 264,364,903 |
| Accumulated depreciation | |
| As at April 1, 2015 | 22,891,485 |
| Charge for the period | 12,601,277 |
| Reversals/ Disposals during the period | (14,760,562) |
| Transferred from property, plant and equipment | 10,861,966 |
| As at March 31, 2016 (B) | 31,594,166 |
| Net carrying value as at March 31, 2016 (A) - (B) | 232,770,737 |

The Company's investment properties consist of commercial properties in India. Management determined that the investment properties consist of only one class of asset i.e. office spaces based on the nature, characteristics and risks of the property.

* Cost of investment property includes amount paid for shares in Co- Operative Societies/ Companies.

Fair valuation

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---------------------|-------------------------|-------------------------|------------------------|
| Investment Property | 311,455,500 | 352,470,500 | 335,840,000 |

The best evidence of fair value is current prices in an active market for similar properties. The market rate for sale/purchase of such premises are representative of fair values. Company's investment properties are at a location where active market is available for similar kind of properties. Hence fair value is ascertained on the basis of market rates prevailing for similar properties in those location determined by an independent registered valuer

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Notes forming part of the financial statements

(Amount in Rupees)

Note No. 5 - Investment

A. Non Current Investment

| Particular | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|--|-------------------------|-------------------------|------------------------|
| A. COST | | | |
| Unquoted Investments (all fully paid) | | | |
| <u>Investments in Equity Instruments of Subsidiaries</u> | | | |
| Greystone Premises Private Limited (Refer Note 33) 10,000 (March 31, 2016: 10,000 / April 01, 2015: 6,500) Equity Shares of Rs. 10/- Each Fully Paid | 66,000 | 66,000 | 65,000 |
| Almet Corporation Limited 58,824 (March 31, 2016: 58,824 / April 01, 2015: 58,824) Equity Shares of Rs 100/- Each Fully Paid | 147,566,080 | 147,566,080 | 147,566,080 |
| Marathawada Realtors Private Limited 39,216 (March 31, 2016: 39,216 / April 01, 2015: 39,216) Equity Shares of Rs 100/- Each Fully Paid | 225,106,171 | 225,106,171 | 225,106,171 |
| IT Citi Infopark Private Limited 10,000 (March 31, 2016: 10,000 / April 01, 2015: 10,000) Equity Shares of Rs. 10/- Each Fully Paid | 100,000 | 100,000 | 100,000 |
| Wind Flower Properties Private Limited 10,000 (March 31, 2016: 10,000 / April 01, 2015: 10,000) Equity Shares of Rs. 10/- Each Fully Paid | 100,000 | 100,000 | 100,000 |
| Floriana Properties Private Limited 10,000 (March 31, 2016: 10,000 / April 01, 2015: 10,000) Equity Shares of Rs. 10/- Each Fully Paid | 100,000 | 100,000 | 100,000 |
| Marvel Housing Private Limited 10,000 (March 31, 2016: 10,000 / April 01, 2015: 10,000) Equity Shares of Rs. 10/- Each Fully Paid | 100,000 | 100,000 | 100,000 |
| Vascon Dwelling Private Limited 10,000 (March 31, 2016: 10,000 / April 01, 2015: 10,000) Equity Shares of Rs. 10/- Each Fully Paid | 100,000 | 100,000 | 100,000 |
| Vascon Pricol Infrastructures Limited 7,100,000 (March 31, 2016: 7,100,000 / April 01, 2015: 7,100,000) Equity Shares of Rs. 10/- Each Fully Paid | 86,700,000 | 86,700,000 | 86,700,000 |
| GMP Technical Solutions Private Limited 12,689 (March 31, 2016: 12,689 / April 01, 2015: 12,689) Equity Shares of Rs. 10/- Each Fully Paid | 460,271,004 | 460,271,004 | 460,271,004 |
| Just Homes India Private Limited 10,000 (March 31, 2016: 10,000 / April 01, 2015: 10,000) Equity Shares of Rs. 10/- Each Fully Paid | 60,050,000 | 60,050,000 | 60,050,000 |
| Sunflower Real Estate Developers Pvt Ltd (Refer Note 33) | 10,000,000 | 10,000,000 | - |

Notes forming part of the financial statements

(Amount in Rupees)

| | | | |
|--|----------------------|----------------------|----------------------|
| 1,000,000 (March 31, 2016: 1,000,000 / April 01, 2015: Nil) Equity Shares of Rs. 10/- Each Fully Paid | | | |
| Angelica Properties Private Limited (Refer Note 33) 605,131 (March 31, 2016: 605,131 / April 01, 2015: Nil) Equity Shares of Rs. 10/- Each Fully Paid | 6,051,310 | 6,051,310 | - |
| | 996,310,565 | 996,310,565 | 980,258,255 |
| <u>Investments in Equity Instruments of associates</u> | | | |
| Mumbai Estates Private Limited 99,999 (March 31, 2016: 99,999 / April 01, 2015: 99,999) Equity Shares of Rs. 10/- Each Fully Paid | 999,990 | 999,990 | 999,990 |
| Angelica Properties Private Limited (Refer Note 33) Nil (March 31, 2016: Nil / April 01, 2015: 605,131) Equity Shares of Rs. 10/- Each Fully Paid | - | - | 6,051,310 |
| | 999,990 | 999,990 | 7,051,300 |
| <u>Investments in Equity Instruments of joint ventures - jointly controlled entities</u> | | | |
| Cosmos Premises Private Limited 177,401 (March 31, 2016: 177,401 / April 01, 2015: 177,401) Equity Shares of Rs. 10/- Each Fully Paid | 36,790,610 | 36,790,610 | 36,790,610 |
| Vascon Engineers Ltd Wll (Qatar) - 49% stake | 1,024 | 1,024 | - |
| Phoenix Venture | 20,000,000 | 20,000,000 | 20,000,000 |
| Investment in Partnership Firm - Ajanta Enterprises | 427,293,552 | 427,293,552 | 427,293,552 |
| | 484,085,186 | 484,085,186 | 484,084,162 |
| INVESTMENTS CARRIED AT COST [A] | 1,481,395,741 | 1,481,395,741 | 1,471,393,717 |
| B. INVESTMENTS CARRIED AT AMORTISED COST | | | |
| <u>Investments in Redeemable Non-Cumulative Preference Shares of Subsidiary</u> | | | |
| GMP Technical Solutions Private Limited (Refer Note 43) 0.001% Redeemable Non-Cumulative Preference Shares | 71,872,430 | 77,714,017 | 76,670,838 |
| Investment in Government or trust securities | | | |
| 7 Years National Savings Certificate | 20,000 | 20,000 | 20,000 |
| INVESTMENTS CARRIED AT AMORTISED COST [B] | 71,892,430 | 77,734,017 | 76,690,838 |
| Investments Carried at: | | | |
| C. Designated as Fair Value Through Profit and Loss | | | |
| Quoted Investments | | | |
| Investments in Equity Instruments - Corporation Bank Limited | 52,500 | 38,950 | 16,000 |
| Total Aggregate Quoted Investments | 52,500 | 38,950 | 16,000 |

VASCON ENGINEERS LIMITED

Notes forming part of the financial statements

(Amount in Rupees)

Unquoted Investments (all fully paid)

Investments in debentures

Investments in debentures of Ascent Hotels Private Limited (Refer Note 47 and 48)

Optionally Convertible Redeemable Debenture 6,726,396 of face Value Rs.10/- each

Investments in Equity Instruments of structured entities

The Saraswat Co Operative Bank Ltd

2,500 (March 31, 2016: 2,500 / April 01, 2015: 2,500) Equity Shares Of Rs.10/- Each Fully Paid

Sahyadri Hospitals Limited

250,000 (March 31, 2016: 250,000 / April 01, 2015: 250,000) Equity Shares Of Rs.10/- Each Fully Paid

Core Fitness Private Limited

Nil (March 31, 2016: 150 / April 01, 2015: 150) Equity Shares of Rs. 100/- Each Fully Paid

Ascent Hotels Private Limited (Refer Note 47 and 48)

Nil (March 31, 2016: Nil / April 01, 2015: 6,669,492) Equity Shares of Rs. 10 /- Each Fully Paid

Total Aggregate Unquoted Investments

INVESTMENTS CARRIED AT FVTPL [C]

TOTAL INVESTMENTS [A] + [B] + [C]

| | | | |
|--|----------------------|----------------------|----------------------|
| | | | |
| | 275,000,000 | 275,000,000 | - |
| | | | |
| | 25,000 | 25,000 | 25,000 |
| | | | |
| | 2,500,000 | 2,500,000 | 2,500,000 |
| | | | |
| | - | 15,000 | 15,000 |
| | | | |
| | - | - | 266,701,680 |
| | | | |
| | 277,525,000 | 277,540,000 | 269,241,680 |
| | | | |
| | 277,577,500 | 277,578,950 | 269,257,680 |
| | | | |
| | 1,830,865,671 | 1,836,708,708 | 1,817,342,235 |

B. Current Investment

| Particular | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|-------------------------|-------------------------|------------------------|
| Designated as Fair Value Through Profit and Loss | | | |
| Unquoted Investments (all fully paid) | | | |
| <u>Investments in Equity Instruments of structured entities</u> | | | |
| Viorica Hotels Private Limited * | - | 240,948,780 | 240,948,780 |
| Nil (March 31, 2016: 16,619,939 / April 01, 2015: 16,619,939) Equity Shares of Rs. 10/- Each Fully Paid | | | |
| Less : Provision for diminution in value of investment | - | (54,650,950) | (37,150,950) |
| | - | 186,297,830 | 203,797,830 |
| Sita Lakshmi Mills Limited | 23,400,000 | 23,400,000 | 23,400,000 |
| 806,000 (March 31, 2016: 806,000 / April 01, 2015: 806,000) Equity Shares of Rs 50/- Each Fully Paid | | | |
| Total Unquoted Investments | 23,400,000 | 209,697,830 | 227,197,830 |
| Quoted Investments | | | |
| Investments in Mutual Funds | 29,621,563 | - | 49,333,648 |
| Total Quoted Investments | 29,621,563 | - | 49,333,648 |
| | | | |
| TOTAL CURRENT INVESTMENTS | 53,021,563 | 209,697,830 | 276,531,478 |

* During the current year ended March 31, 2017, the Company has sold its stake in Viorica Hotels Private Limited for a consideration of Rs. 156,061,291. The Company had already made a provision of Rs. 54,650,950 till previous year ended March 31, 2016 and balance loss of Rs. 30,236,539 has been incurred in current year ended March 31, 2017.

Notes forming part of the financial statements

(Amount in Rupees)

Note No. 6 - Loans

A. Non Current

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|-------------------------|-------------------------|------------------------|
| a) Loans to related parties (Refer Note 33) | | | |
| - Unsecured, considered good | 582,290,545 | 700,626,962 | 458,349,703 |
| b) Other Loans | | | |
| - Unsecured, considered good | 166,831,095 | 512,796,095 | 764,920,696 |
| TOTAL | 749,121,640 | 1,213,423,057 | 12,232,70,399 |

B. Current

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|-------------------------|-------------------------|------------------------|
| a) Loans and Advances to Employees | | | |
| - Unsecured, considered good | 26,995,856 | 7,246,786 | 2,632,913 |
| b) Loans to related parties (Refer Note 33) | | | |
| - Unsecured, considered good | 357,188,617 | 268,881,647 | 128,590,429 |
| c) Other Loans | | | |
| - Unsecured, considered good | 425,830,262 | 1,217,428 | 41,217,428 |
| TOTAL | 810,014,735 | 277,345,861 | 172,440,770 |

Note No. 7 - Others

A Non - Current

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|--|-------------------------|-------------------------|------------------------|
| a) Security Deposits | | | |
| - Unsecured | 68,904,296 | 66,778,709 | 59,081,697 |
| - Doubtful | 1,000,000 | 1,000,000 | 1,000,000 |
| Less: Allowance for Credit Losses | (1,000,000) | (1,000,000) | (1,000,000) |
| b) Bank deposits with more than 12 months maturity | 3,679,930 | 8,250,000 | - |
| c) Project Advances | 1,513,459,172 | 1,494,422,757 | 1,508,480,199 |
| TOTAL | 1,586,043,398 | 1,569,451,466 | 1,567,561,896 |

B. Current

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|--|-------------------------|-------------------------|------------------------|
| a) Security Deposits - Unsecured | 37,619,946 | 44,205,515 | 33,506,204 |
| b) Share Application Money Pending Allotment | - | 30,750,000 | 68,250,000 |
| c) Interest accrued on deposits | 5,918,120 | 6,257,332 | 2,188,879 |
| d) Advance to related Parties (Refer Note 33) | 82,125,662 | 72,249,274 | 44,827,973 |
| e) Project Advances | 133,047,671 | 140,601,303 | 183,823,099 |
| f) Amounts due from customers under construction contracts | | | |
| - Gross amount due from customer | 690,475,979 | 926,484,059 | 646,299,191 |
| - Less : Related Advance Payments received | (259,053,716) | (379,011,546) | (260,765,699) |
| | 431,422,263 | 547,472,513 | 385,533,492 |
| TOTAL | 690,133,662 | 841,535,937 | 718,129,647 |

VASCON ENGINEERS LIMITED

Notes forming part of the financial statements

(Amount in Rupees)

Note No. 8 - Other non-current and current assets

A. Non Current

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|--|-------------------------|-------------------------|------------------------|
| (a) Capital advances | 4,150,781 | 4,027,134 | 1,691,334 |
| (b) Balances with government authorities (other than income taxes) | 122,389,260 | 116,270,341 | 114,439,385 |
| (c) Prepaid Rent | 13,459,762 | 19,791,263 | 25,678,279 |
| TOTAL | 139,999,803 | 140,088,738 | 141,808,998 |

B. Current

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---------------------------|-------------------------|-------------------------|------------------------|
| (a) Advances to suppliers | 170,967,444 | 114,958,159 | 181,421,840 |
| (b) Prepaid Expenses | 15,471,133 | 25,761,398 | 17,771,456 |
| (c) Travel Advance | 89,462 | 603,630 | 961,769 |
| TOTAL | 186,528,039 | 141,323,187 | 200,155,065 |

Note No. 9 - Inventories (Valued at lower of cost or net realisable value)

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|--|-------------------------|-------------------------|------------------------|
| (a) Building materials / tools | 347,269,598 | 317,740,122 | 402,642,907 |
| (b) Projects under Development | 2,050,931,669 | 1,914,010,809 | 1,888,268,114 |
| Total Inventories at the lower of cost and net realisable value | 2,398,201,267 | 2,231,750,931 | 2,290,911,021 |

Note No. 10 - Trade receivables

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|------------------------------------|-------------------------|-------------------------|------------------------|
| Trade receivables | | | |
| (a) Unsecured, considered good | 1,496,029,170 | 1,469,047,769 | 1,531,248,230 |
| (b) Doubtful | 147,381,096 | 161,389,076 | 156,976,381 |
| Less: Allowance for Credit Losses | (147,381,096) | (161,389,076) | (156,976,381) |
| | 1,496,029,170 | 1,469,047,769 | 1,531,248,230 |
| Retention (Accrued but not due) | | | |
| (a) Unsecured, considered good | 364,293,936 | 337,439,234 | 359,041,222 |
| (b) Doubtful | 64,737,493 | 44,495,891 | 36,151,589 |
| Less: Allowance for Credit Losses | (64,737,493) | (44,495,891) | (36,151,589) |
| | 364,293,936 | 337,439,234 | 359,041,222 |
| Less: Related Unearned Receivables | (177,629,781) | (189,327,929) | (406,586,141) |
| TOTAL | 1,682,693,325 | 1,617,159,074 | 1,483,703,311 |

Notes:

- The company records receivables on account of ' EPC contracts ' and ' Development sales' in the normal course of business and classify the same as "trade receivable".
- The average credit period on EPC contracts is 60 days. No Interest is charged on trade receivables.
- Trade receivables includes receivables from related parties and amount due from directors or other officers of the company either severally or jointly with any other person or any trade or other receivables due from firm or private companies in which any director is a partner, a director or member (Refer Note 34).
- The concentration of credit risk is limited due to the fact that customer base is large and unrelated.
- The Company does not provide for expected credit loss allowance development sales and receivables from related parties as the Company does not expect any loss on these sales. There is no historical credit loss experience and the Company does not expect any loss on these trade receivables.
- The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables from EPC contracts based on a provision matrix. The provision matrix takes into account historical credit losses experience and adjusted for forward looking information.

Notes forming part of the financial statements

(Amount in Rupees)

The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as per the provision matrix. In addition the Company provides for expected credit loss based on case to case basis.

| Provision Matrix - EPC Sales | |
|------------------------------|------------------|
| Age of receivables | % of receivables |
| 0-1 Year | 0.00% |
| 1-2 year | 20.00% |
| 2-3 years | 35.00% |
| 3 years and above | 38.50% |

Age of receivables

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 |
|----------------------------------|-------------------------|-------------------------|-------------------------|
| EPC: | | | |
| Less than 1 year | 342,108,224 | 274,092,212 | 130,156,543 |
| 1-2 year | 136,070,357 | 222,645,727 | 111,009,654 |
| 2-3 year | 131,143,455 | 62,446,503 | 115,747,720 |
| More than 3 year | 352,383,488 | 328,336,782 | 385,746,417 |
| Less :- Expected Credit Loss | (212,118,589) | (205,884,968) | (193,102,062) |
| Total | 749,586,935 | 681,636,256 | 549,558,272 |
| Development Sales Receivables | 558,016,960 | 596,217,549 | 565,543,626 |
| Receivables from Related Parties | 375,089,430 | 339,305,269 | 368,601,413 |
| TOTAL | 1,682,693,325 | 1,617,159,074 | 1,483,703,311 |

Movement in the expected credit loss allowance is as follows:

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|-------------------------|-------------------------|
| Balance at the beginning of the period / year | 205,220,358 | 191,004,000 |
| Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit loss | 21,012,117 | 51,480,538 |
| Utilization / Reversals | (14,113,886) | (37,264,180) |
| Balance at end of the year - March 31, 2017 / 2016 | 212,118,589 | 205,220,358 |

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

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|-------------------------|-------------------------|
| Balance at the beginning of the period / year | 664,610 | 2,123,970 |
| Additions during the Year | - | - |
| Utilization / transfers | (664,610) | (1,459,360) |
| Balance at end of the year - March 31, 2017 / 2016 | - | 664,610 |

VASCON ENGINEERS LIMITED

Notes forming part of the financial statements

(Amount in Rupees)

Note No. 11 - Cash and Bank Balances

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|--|-------------------------|-------------------------|------------------------|
| A) Current Cash and bank balances | | | |
| (a) Unrestricted Balances with banks | 207,047,661 | 47,246,927 | 37,220,422 |
| (b) Cheques, drafts on hand | 605,623 | - | 65,000,000 |
| (c) Cash in hand | 4,722,005 | 10,657,889 | 16,205,381 |
| (d) Balances with banks in deposit accounts with original maturity of less than 3 months | 16,194,147 | 183,603,192 | 125,594,580 |
| Cash and Cash equivalent as per balance sheet | 228,569,436 | 241,508,008 | 244,020,383 |
| Authorised: | 2,636,644 | 6,828,710 | 66,827,015 |
| Total Cash and cash equivalent as per statement of cash flows | 231,206,080 | 248,336,718 | 310,847,398 |
| B) Other Bank Balances | | | |
| (a) Balances with banks in deposit accounts with original maturity more than 3 months | 43,254,760 | 85,437,058 | 35,470,304 |
| (b) In earmarked accounts | | | |
| - Balances held as margin money or security against borrowing, guarantee and other commitments * | 155,928,811 | 40,027,974 | 1,076,400 |
| - Unpaid dividend account | 15,702 | 15,702 | 15,702 |
| Total Other Bank Balances | 199,199,273 | 125,480,734 | 36,562,406 |

* Represents margin money against various guarantees and letters of credit issued by bank on behalf of the Company. These deposits are not available for use by the Company as the same is in the nature of restricted cash.

Note No. 12 - Equity Share Capital

| Equity share capital | As at March 31, 2017 | | As at March 31, 2016 | | As at April 1, 2015 | |
|--|----------------------|---------------|----------------------|---------------|---------------------|---------------|
| | No. of shares | Amount | No. of shares | Amount | No. of shares | Amount |
| Authorised: | | | | | | |
| Equity shares of Rs 10 each with voting rights | 200,000,000 | 2,000,000,000 | 200,000,000 | 2,000,000,000 | 200,000,000 | 2,000,000,000 |
| Issued, Subscribed and Fully Paid: | | | | | | |
| Equity shares of Rs 10 each with voting rights | 167,660,186 | 1,676,601,860 | 161,306,716 | 1,613,067,160 | 90,475,927 | 904,759,270 |

The company has only one class of equity shares having a par value of Rs 10 per share. Each holder of equity share is entitled for one vote per share held. In the event of liquidation of the company the holder of the equity share will be entitled to receive remaining asset after deducting all its liabilities in proportion to the number of equity shares held.

Note No. 12.A - Equity Share Capital (Contd.)

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

| Particulars | Number of Shares | Equity share capital |
|---|--------------------|----------------------|
| Issued and Paid up Capital at April 1, 2015 | 90,475,927 | 904,759,270 |
| Changes in equity share capital during the year | | |
| Issue of equity shares under employee share option plan | 4,164,123 | 41,641,230 |
| Fresh issue on account of rights issue during the year | 66,666,666 | 666,666,660 |
| Balance at March 31, 2016 | 161,306,716 | 1,613,067,160 |
| Changes in equity share capital during the year | | |
| Issue of equity shares under employee share option plan | 6,353,470 | 63,534,700 |
| Balance at March 31, 2017 | 167,660,186 | 1,676,601,860 |

Pursuant to the approval of the Right Issue Committee of the Board of Directors dated 1st August, 2015, the Company approved the allotment of 6,66,66,666 equity shares of face value of Rs.10 each at a price of Rs. 15 per equity share (including share premium of Rs. 5 per equity share) for

Notes forming part of the financial statements

(Amount in Rupees)

an amount not exceeding Rs 10000 lakhs to the existing equity shareholders of the Company on rights basis in the ratio of 14 equity shares for every 19 equity shares held by equity shareholders under chapter IV of the SEBI ICDR Regulations and provisions of all other applicable laws and regulations.

(ii) Details of shares held by each shareholder holding more than 5% shares:

| Class of shares / Name of shareholder | As at March 31, 2017 | | As at March 31, 2016 | | As at April 1, 2015 | |
|---|-----------------------|-----------------------------------|-----------------------|-----------------------------------|-----------------------|-----------------------------------|
| | Number of shares held | % holding in that class of shares | Number of shares held | % holding in that class of shares | Number of shares held | % holding in that class of shares |
| Equity shares with voting rights | | | | | | |
| HDFC Ventures Trustee Company Limited | - | - | - | - | 11,612,407 | 12.83 |
| Golden Temple Pharma Private Limited | 7,783,273 | 4.64 | 7,783,273 | 4.83 | 9,783,273 | 10.81 |
| Dreamz Impex Private Limited | - | - | - | - | 9,783,273 | 10.81 |
| R. Vasudevan | 41,686,586 | 24.86 | 41,686,586 | 25.84 | 9,415,529 | 10.41 |
| Dna Pharma Private Limited | - | - | - | - | 8,968,000 | 9.91 |
| Premratan Exports LLP | 6,667,637 | 3.98 | 6,667,637 | 4.13 | 6,667,637 | 7.37 |
| Medicreams India Private Limited | - | - | - | - | 6,667,637 | 7.37 |
| Orion Life Sciences Private Limited | - | - | - | - | 6,112,000 | 6.76 |
| Vatsalya Enterprises Private Limited | 9,078,947 | 5.42 | 9,078,947 | 5.63 | 5,227,273 | 5.78 |
| Lalitha Vasudevan | 8,109,538 | 4.84 | 8,109,538 | 5.03 | - | - |
| Amrit Petroleum Private Limited | 9,783,273 | 5.84 | 9,783,273 | 6.07 | - | - |

The shares under ESOP - 2015 totalling to 6,323,470 was allotted on 31.03.2017 subject to trading approval from BSE and NSE. On receiving the approval, the shares were credited on May 4, 2017 to the demat account of employee. Hence, the shareholding pattern submitted to BSE and NSE got updated subsequently.

(iii) As at 31 March, 2017, 6,476,530 shares (As at 31 March, 2016, 6,435,000 shares and As at 1 April, 2015, 4,206,623 shares) were reserved for issuance as follows:

| Particulars | No. of shares | | |
|--|----------------------|----------------------|---------------------|
| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
| Outstanding employee stock options granted / available for grant | 6,476,530 | 6,435,000 | 4,206,623 |

Note No. 12.1 - Other Equity

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|----------------------|----------------------|---------------------|
| Reserve and Surplus | | | |
| Securities premium reserve | | | |
| Balance as at the beginning of the year | 4,271,877,293 | 3,885,750,281 | |
| Add: Premium on Shares issued during the year | 63,234,700 | 333,333,331 | |
| Add: Transferred to securities premium reserve on exercise | 53,103,099 | 64,655,099 | |
| Less: Share issue costs on account of rights issue | - | (11,861,418) | |
| | 4,388,215,092 | 4,271,877,293 | 3,885,750,281 |
| General reserve | | | |
| Balance as at the beginning of the year | 65,000,000 | - | |
| Add: Transferred from General reserve | 88,750,000 | 65,000,000 | |
| | 153,750,000 | 65,000,000 | - |
| Equity-settled employee benefits reserve | | | |
| Balance as at the beginning of the year | 4,484,015 | 46127697 | |
| Add: Amount recorded on Grant | 71,677,333 | 23084542 | |
| Less: Transferred to securities premium reserve on exercise | (53,103,099) | (64,655,099) | |
| Less: Shares Forfeited during the year | (103,050) | (73,125) | |
| | 22,955,199 | 4,484,015 | 46,127,697 |

VASCON ENGINEERS LIMITED

Notes forming part of the financial statements

(Amount in Rupees)

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|--|-------------------------|-------------------------|------------------------|
| Debenture Redemption Reserve | | | |
| Balance as at the beginning of the year | 88,750,000 | 153750000 | |
| Add: Transferred to General reserve | (88,750,000) | (65,000,000) | |
| | - | 88,750,000 | 153,750,000 |
| Retained earnings | | | |
| Balance as at the beginning of the year | (78,366,330) | (158,896,413) | |
| Add: Other Comprehensive income for the year | 5,833,849 | 78841823 | |
| Add: Transfer to retained earnings | 45,266,462 | 1688260 | |
| | (27,266,019) | (78,366,330) | (158,896,413) |
| | | | |
| | 4,537,654,272 | 4,351,744,978 | 3,926,731,565 |

Note No. 13 - Borrowings

A. Non Current Borrowings

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 |
|--|-------------------------|-------------------------|-------------------------|
| Measured at amortised cost | | | |
| A. Secured Borrowings: | | | |
| (a) Fully Redeemable Debentures | - | 190,000,000 | 228,000,000 |
| (b) Term Loans | | | |
| 1) From Banks | - | 937,000 | 6,514,951 |
| 2) Others - Financial Institution | 489,349,800 | - | - |
| (c) Long term maturities of Finance Lease Obligations | 2,390,188 | 3,420,601 | 3,866,488 |
| Total Secured Borrowings | 491,739,988 | 194,357,601 | 238,381,439 |
| B. Unsecured Borrowings - at amortised Cost | | | |
| (a) Public Deposits | 11,500,000 | 6,700,000 | 2,050,000 |
| (b) Inter Corporate Deposits | 100,000,000 | 103,163,107 | 2,002,603 |
| (c) Loans from related parties | 31,668,850 | 63,649,999 | 9,061,146 |
| Total Unsecured Borrowings | 143,168,850 | 173,513,106 | 13,113,749 |
| Total Borrowings carried at Amortised Cost [A] + [B] | 634,908,838 | 367,870,707 | 251,495,188 |
| Measured at FVTPL | | | |
| A. Secured Borrowings: | | | |
| Zero Coupon, Rupee denominated, Unrated, Unlisted, Secured, Non Convertible Debentures of Rs.1,00,000/- each (Refer Note 49) | 686,100,000 | 686,100,000 | - |
| Total Borrowings carried at FVTPL | 686,100,000 | 686,100,000 | - |
| Total Non-Current Borrowings | 1,321,008,838 | 1,053,970,707 | 251,495,188 |

Notes forming part of the financial statements

(Amount in Rupees)

B. Current Borrowings

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 |
|-----------------------------------|-------------------------|-------------------------|-------------------------|
| A. Secured Borrowings | | | |
| a) Loans repayable on demand | | | |
| From Banks (On Fixed deposit) | - | - | 8,100,000 |
| (b) Cash Credit from Banks * | 888,547,405 | 994,622,980 | 1,344,292,269 |
| Total Secured Borrowings | 888,547,405 | 994,622,980 | 1,352,392,269 |
| B. Unsecured Borrowings | | | |
| (a) From Banks (Bank overdraft) | 2,636,644 | 6,828,710 | 66,827,015 |
| (b) Loans from related parties | 2,214,230 | 7,654,046 | 7,654,046 |
| (c) Loans from other parties | 127,711,491 | 126,008,169 | 660,079,053 |
| Total Unsecured Borrowings | 132,562,365 | 140,490,925 | 734,560,114 |
| Total Current Borrowings | 1,021,109,770 | 1,135,113,905 | 2,086,952,383 |

* Cash Credit from State Bank of India ranging from 14.75 -15.40 % 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.

Note No. 14 - Other Financial Liabilities

A. Non - Current

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 |
|--|-------------------------|-------------------------|-------------------------|
| Commitment and other deposits | 282,399,760 | 270,491,027 | 213,212,994 |
| Other Non-Current Financial Liabilities | 282,399,760 | 270,491,027 | 213,212,994 |

B. Current

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 |
|---|-------------------------|-------------------------|-------------------------|
| (a) Current maturities of long-term debt | 20,943,570 | 220,172,570 | 695,188,554 |
| (b) Current maturities of finance lease obligations | 1,030,410 | 930,433 | 1,333,512 |
| (c) Interest accrued but not due on borrowings | 12,697,259 | 9,635,167 | 52,855,666 |
| (d) Interest accrued but due on borrowings | 70,149,866 | 60,324,218 | 174,881,415 |
| (e) Unpaid dividends * | 15,702 | 15,702 | 15,702 |
| (f) Short term Deposits | 5,000,000 | 30,560,733 | 50,686,947 |
| (g) Creditors for capital supplies/services | 18,246,573 | 7,481,408 | 2,203,720 |
| (h) Others | 5,815,610 | 9,347,768 | 7,579,267 |
| Total other financial liabilities | 133,898,990 | 338,467,999 | 984,744,783 |

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

Notes forming part of the financial statements

13.1 Disclosure regarding long term borrowings

| | Name of the lender | Outstanding amount | Current Maturities | Long Term | | | Rate of interest | Nature of security | |
|----------------------|--|-----------------------|--------------------|---------------------|---------------------|--------------------|-----------------------|--------------------|---|
| | | | | 2018-19 | 2019-20 | 2020-21 | | | Total Long Term Borrowings |
| I. Secured | | | | | | | | | |
| a) | ECL finance Limited | 48,93,49,800 | - | 24,46,74,900 | 5,93,68,725 | 18,53,06,175 | 48,93,49,800 | 17.10% | Equitable mortgage of specific properties belonging to the Company, 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. |
| b) | Zero Coupon,Rupee denominated,Unrated,unlisted,secured, Non Convertible Debentures of Rs.1,00,000/- each | 68,61,00,000 | - | 68,61,00,000 | - | - | 68,61,00,000 | - | Irrevocable and unconditional personal guarantee by Managing Director. |
| | Term loans | | | | | | | | |
| | from Banks | | | | | | | | |
| | The saraswat co-op bank limited | 9,37,000 | 9,37,000 | - | - | - | - | - | Pledge of shares of one of it's subsidiary company |
| | from financial institution | | | | | | | | |
| | Volkswagen Finance Private Limited | 34,20,598 | 10,30,410 | 13,33,512 | 10,56,676 | 13,33,512 | 23,90,188 | 10.25% | Hypothecation of Vehicle financed by them |
| II. Unsecured | | | | | | | | | |
| a) | Public deposits (accepted for a period of 400 days) | 3,15,00,000 | 2,00,00,000 | 1,15,00,000 | - | - | 1,15,00,000 | 12.50% | Not Applicable |
| b) | Inter corporate loans | | | | | | | | |
| | IBM India Pvt Ltd | 6570 | 6,570 | - | - | - | - | - | |
| | Yester Investment Pvt Ltd | 10,00,00,000 | - | 10,00,00,000 | - | - | 10,00,00,000 | 12.00% | Not Applicable |
| c) | Loans and advances from related parties | | | | | | | | |
| | - Subsidiaries | | | | | | | | |
| | Almet Corporation Limited | 83,64,670 | - | 83,64,670 | - | - | 83,64,670 | 9.00% | |
| | Marathwada Realtors Private Limited | 13,71,180 | - | 13,71,180 | - | - | 13,71,180 | 9.00% | Not Applicable |
| | Angelica Properties Pvt Ltd | 2,19,33,000 | - | 2,19,33,000 | - | - | 2,19,33,000 | 11.00% | |
| | Total | 1,34,29,82,818 | 2,19,73,980 | 32,98,08,537 | 93,18,31,576 | 5,93,68,725 | 1,32,10,08,838 | | |

* Interest accrued and due on borrowings as on 31st March, 2017 disclosed under other Financial liabilities (Refer note No. 14)

Notes forming part of the financial statements

(Amount in Rupees)

Note No. 15 - Trade Payables

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 |
|---|-------------------------|-------------------------|-------------------------|
| Trade payable for goods & services dues to Micro, Small and Medium Enterprises (Refer Note 35) | 528,159 | 490,292 | 627,375 |
| Trade payable for goods & services dues to creditors other than Micro, Small and Medium Enterprises | 1,236,673,648 | 1,489,637,782 | 1,621,852,711 |
| Total trade payables | 1,237,201,807 | 1,490,128,074 | 1,622,480,086 |

Note No. 16 - Provisions

Current

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 |
|-------------------------------------|-------------------------|-------------------------|-------------------------|
| (a) Provision for employee benefits | | | |
| 1) Compensated absences | 41,299,185 | 42,278,233 | 42,450,674 |
| 2) Gratuity (Refer Note 32) | 44,443,421 | 40,122,764 | 33,109,506 |
| (b) Other Provisions | | | |
| 1) Taxation | 4,664,568 | 33,548,589 | 24,525,420 |
| 2) Warranty | - | - | 1,199,164 |
| Total Provisions | 90,407,174 | 115,949,586 | 101,284,764 |

Note No. 17 - Current Tax and Deferred Tax

(a) Income Tax Expense

| Particulars | Continuing Operations | |
|--|---|---|
| | For the year ended 31 March, 2017 | For the year ended 31 March, 2016 |
| Current Tax: | | |
| Current Income Tax Charge | - | - |
| Adjustments in respect of prior years | 12,448,911 | - |
| Deferred Tax | | |
| In respect of current year origination and reversal of temporary differences | - | - |
| Total Tax Expense recognised in profit and loss account | 12,448,911 | - |

(b) Numerical Reconciliation between average effective tax rate and applicable tax rate :

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|--|-------------------------|-------------------------|
| | Amount | Amount |
| Profit Before tax from Continuing Operations | 57,715,373 | 80,315,968 |
| Income Tax using the Company's domestic Tax rate @ 34.61% | 19,975,291 | 27,797,357 |
| Tax Effect of : | | |
| - Share of profit of equity-accounted investees reported net of tax | - | - |
| - Non deductible Expenses | 29,992,018 | 32,451,399 |
| - Tax - Exempt income | (31,234,685) | (54,068,338) |
| - Current Year Losses for which no deferred Tax Asset is recognised | - | - |
| - Capital gains | (10,983,398) | (42,794,739) |
| - Tax effect of current year on which no deferred tax benefit is recognised | (7,749,225) | 36,614,321 |
| - Recognition of Tax Effect of Previously unrecognised tax losses | - | - |
| - Changes in recognised deductible temporary differences | - | - |
| - Adjustments recognised in the current year in relation to the current tax of prior years | 12,448,911 | 69,410 |
| - Others | - | 1,404,735 |
| Income Tax recognised In P&L from Continuing Operations (Effective Tax Rate) | 12,448,911 | 1,474,145 |

A note disclosing the basis of applicable tax rate is required to be given.

Notes forming part of the financial statements

(Amount in Rupees)

(c) Deferred tax (liability) / asset

| Particulars | For the Year ended 31 March 2017 | For the Year ended 31 March 2016 |
|--|-------------------------------------|-------------------------------------|
| <u>Tax effect of items constituting deferred tax liabilities</u> | | |
| Property, Plant and Equipment | 70,126,747 | 44,179,821 |
| Intangible Assets | | |
| Investment Property | | |
| FVTOCI financial asset | | |
| FVTPL financial asset | | |
| Derivatives | | |
| | 70,126,747 | 44,179,821 |
| <u>Tax effect of items constituting deferred tax assets</u> | | |
| Employee Benefits | 29,675,516 | 26,735,004 |
| Equity-Settled Share Based payments | | |
| Provisions | | |
| Deferred income | | |
| Other Items | | |
| Carry forward Tax Loss | 40,451,231 | 17,444,817 |
| Minimum Alternate Tax Credit | | |
| Other Temporary Differences (please specify) | | |
| | 70,126,747 | 44,179,821 |
| Net Tax Asset (Liabilities) | - | - |

Note - 18: Other Liabilities

Other Current Liabilities

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 |
|---|-------------------------|-------------------------|-------------------------|
| a. Advances received from customers | | | |
| - Gross amount due to customers | 764,896,355 | 1,057,027,591 | 839,137,175 |
| - Less : Related Unbilled Revenues | (259,053,716) | (379,011,546) | (260,765,699) |
| | 505,842,639 | 678,016,045 | 578,371,476 |
| b. Amount due to customers under construction contracts | | | |
| - Gross amount due to customers | 465,053,506 | 278,569,174 | 640,573,837 |
| - Less : Related Debtors | (177,629,781) | (189,327,929) | (406,586,141) |
| | 287,423,725 | 89,241,245 | 233,987,696 |
| c. Statutory dues | | | |
| - taxes payable (other than income taxes) | 313,324,853 | 334,515,366 | 295,030,443 |
| Total Other Liabilities | 1,106,591,217 | 1,101,772,656 | 1,107,389,615 |

Notes forming part of the financial statements

(Amount in Rupees)

Note No. 19 - Revenue from Operations

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|--|-------------------------|-------------------------|
| Revenue recognized / sales (gross) | | |
| - Contract revenue | 1,924,119,869 | 2,725,213,873 |
| - Sale of unit | 123,624,290 | 303,523,700 |
| - Trading sales | 402,760 | 2,482,596 |
| - Other sales (Includes maintenance charges of soceity,Hire charges, Scrap Sales) | 36,258,103 | 25,661,338 |
| Other operating income | | |
| - Rent earned | 160,000 | 396,929 |
| - Share of profit from Joint Ventures (net) | 81,462,472 | 155,190,765 |
| Total Revenue from Operations | 2,166,027,494 | 3,212,469,201 |

Note No. 20 - Other Income

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|--|-------------------------|-------------------------|
| (a) Interest Income | | |
| On Financial Assets at Amortised Cost | 312,024,928 | 138,059,195 |
| (b) Dividend received on investments carried at fair value through profit or loss | 121,563 | - |
| Liquid Mutual fund units | | |
| (c) Gain on investments carried at fair value through profit or loss | 13,550 | 22,950 |
| (d) Dividend Income | 8,785,100 | 1,030,957 |
| (e) Provision / Creditors no longer required written back | 141,112,104 | 76,918,335 |
| (f) Profit on sale of capital assets (Net of loss on assets sold / scrapped / written off) | 31,151,017 | 116,463,008 |
| (g) Miscellaneous Income | 10,858,416 | 9,031,804 |
| Total Other Income | 504,066,678 | 341,526,249 |

Note No. 21.a - Cost of materials consumed

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|--|-------------------------|-------------------------|
| Contract | 1,451,925,021 | 2,120,473,050 |
| Development | 224,370,120 | 226,737,706 |
| Incidental borrowing cost incurred attributable to qualifying assets | 78,579,833 | 110,347,815 |
| Cost of materials consumed | 1,754,874,975 | 2,457,558,571 |

Note : Consumption includes excess / shortages on physical count, write off of obsolete items etc.

Note No. 21.b - Changes in inventories of finished goods, work-in-progress and stock-in-trade

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|--|-------------------------|-------------------------|
| <u>Closing balance of projects under development :</u> | | |
| Finished goods | 109,186,336 | 97,586,336 |
| Work-in-progress | 1,941,745,333 | 1,816,424,473 |
| | 2,050,931,669 | 1,914,010,809 |
| <u>Opening balance of projects under development:</u> | | |
| Finished goods | 97,586,336 | 97,586,336 |
| Work-in-progress | 1,816,424,473 | 1,790,681,778 |
| | 1,914,010,809 | 1,888,268,114 |

VASCON ENGINEERS LIMITED

Notes forming part of the financial statements

(Amount in Rupees)

| | | |
|---------------------------|---------------|--------------|
| Net (increase) / decrease | (136,920,860) | (25,742,695) |
|---------------------------|---------------|--------------|

Note No. 22 - Employee Benefits Expense

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|----------------------|----------------------|
| (a) Salaries and wages, including bonus (Refer Note 46) | 287,400,196 | 211,724,931 |
| (b) Contribution to provident and other funds | 11,141,381 | 19,937,050 |
| (c) Share based payment transactions expenses | 71,677,333 | 23,084,542 |
| (d) Staff welfare expenses | 1,965,284 | 1,887,789 |
| Total Employee Benefit Expense | 372,184,194 | 256,634,312 |

Note No. 23 - Finance Cost

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|--|----------------------|----------------------|
| (a) Interest expense | 394,461,252 | 478,580,033 |
| (b) Other borrowing cost | 4,094,715 | 11,018,610 |
| | 398,555,967 | 489,598,643 |
| <i>Less: Amounts included in the cost of qualifying assets</i> | <i>(78,579,833)</i> | <i>(110,347,815)</i> |
| Total finance costs | 319,976,134 | 379,250,828 |

Note No. 24 - Other Expenses

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|----------------------|----------------------|
| (a) Repairs to buildings | 266,503 | 3,466,800 |
| (b) Power & Fuel oil consumed | 5,314,407 | 6,263,511 |
| (c) Rent including lease rentals | 36,592,790 | 38,120,490 |
| (d) Repairs and maintenance - Others | 3,968,139 | 2,772,933 |
| (e) Rates and taxes | 5,902,913 | 3,376,547 |
| (f) Insurance charges | 6,648,472 | 7,900,493 |
| (g) Bad debts and other receivables, loans and advances written off | - | 40,727,295 |
| (h) Provision for doubtful debts and advances | 6,898,231 | 14,216,358 |
| (i) Auditors remuneration and out-of-pocket expenses | | |
| (1) As Auditors | 5,700,000 | 4,700,000 |
| (2) For Taxation matters | - | - |
| (3) Other services | 3,000,000 | 1,110,046 |
| (j) Other expenses | | |
| (1) Provision for diminution of Investments | - | 17,500,000 |
| (2) Legal and other professional costs | 48,301,399 | 45,131,615 |
| (3) Advertisement, Promotion & Selling Expenses | 25,499,613 | 13,724,335 |
| (4) Travelling and Conveyance Expenses | 8,444,131 | 8,468,062 |
| (5) Postage and telephone | 3,966,668 | 4,375,963 |
| (6) Printing and stationery | 1,692,794 | 2,045,966 |
| (7) Brokerage / commission | 927,640 | 2,422,010 |
| (8) Donations | 1,047,000 | 4,375,000 |
| (9) Bank charges | 13,034,078 | 21,126,908 |
| (10) Hire Charges Paid | 1,750 | 21,246,832 |
| (11) Miscellaneous Expenses | 21,386,147 | 33,880,047 |
| (k) Net gain/(loss) arising on financial Liabilities designated as at FVTPL | - | 29,201,680 |
| (l) Loss arising on derecognition of financial assets (refer note 5B) | 30,236,539 | - |

Notes forming part of the financial statements

(Amount in Rupees)

| | | |
|----------------------|-------------|-------------|
| Total Other Expenses | 228,829,214 | 326,152,891 |
|----------------------|-------------|-------------|

Note No. 25 - Earning Per share

| Particulars | For the year ended 31 March, 2017 | For the year ended 31 March, 2016 |
|----------------------------|--------------------------------------|--------------------------------------|
| | Per Share | Per Share |
| Basic Earnings per share | 0.28 | 0.56 |
| Diluted Earnings per share | 0.28 | 0.56 |

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

| Particulars | For the year ended 31 March, 2017 | For the year ended 31 March, 2016 |
|--|--------------------------------------|--------------------------------------|
| Profit / (loss) for the year attributable to owners of the Company | 45,266,462 | 78,841,823 |
| Weighted average number of equity shares | 161,350,342 | 140,551,988 |
| Earnings per share - Basic | 0.28 | 0.56 |

Diluted earnings per share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the Stock options for the respective periods. Anti-dilutive effect, if any, has been ignored.

| Particulars | For the year ended 31 March, 2017 | For the year ended 31 March, 2016 |
|--|--------------------------------------|--------------------------------------|
| Profit / (loss) for the year used in the calculation of basic earnings per share | 45,266,462 | 78,841,823 |
| Weighted average number of equity shares used in the calculation of Basic EPS | 161,350,342 | 140,551,988 |
| Employee Stock Option Plans | 969,782 | 1,449,217 |
| Weighted average number of equity shares used in the calculation of Diluted EPS | 162,320,124 | 142,001,205 |
| Earnings per share - Dilutive | 0.28 | 0.56 |

Note No. - 26 First-time adoption of Ind-AS

These financial statements, for the year ended March 31, 2017, are the first the Company has prepared in accordance with Ind-AS. For periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with statutory reporting requirement in India immediately before adopting Ind AS ('previous GAAP').

Accordingly, the Company has prepared financial statements which comply with Ind-AS applicable for periods ending on or after March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 01, 2015, the Company's date of transition to Ind-AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 01, 2015 and the financial statements as at and for the year ended March 31, 2016.

This note explains the principal adjustments made by the Company in restating its Indian GAAP financials statements, including the opening Balance sheet as at April 01, 2015 and the financial statements for the year ended March 31, 2016.

Exception to retrospective application

(a) Estimate

The estimates at April 01, 2015, and at March 31, 2016 are consistent with those made for the same dates in accordance with previous GAAP (after adjustments to reflect any differences in accounting policies) apart from the items where application of previous GAAP did not require estimation. The Company has elected to apply change in estimates prospectively from the date of transition to Ind AS:

- Provision for doubtful debt;
- Estimate of useful life and residual value of fixed assets.

Exemption from retrospective application:

The Company has applied the following exemptions:

(a) Investments in subsidiaries, joint ventures and associates

The Company has elected to adopt the carrying value under previous GAAP as on the date of transition i.e. April 01, 2015 in its separate financial statements.

VASCON ENGINEERS LIMITED

Notes forming part of the financial statements

(Amount in Rupees)

Note No. - 26A First-time adoption Reconciliations

(i) Reconciliation of equity and P&L as previously reported under India GAAP to IND AS

| Particulars | Notes | As at 01/04/2015 (Date of Transition) | | |
|---|-----------|---------------------------------------|--------------------------------|------------------------------|
| | | Regrouped Previous GAAP * | Effect of Transition to Ind AS | Opening Ind AS balance sheet |
| ASSETS | | | | |
| Non-current assets | | | | |
| (a) Property, Plant and Equipment | (a) & (e) | 623,184,676 | (258,472,477) | 364,712,199 |
| (b) Capital work-in-progress | | 21,250,578 | - | 21,250,578 |
| (c) Investment Property | (e) | - | 257,156,096 | 257,156,096 |
| (d) Other Intangible assets | | - | - | - |
| (e) Financial Assets | | | | |
| (i) Investments | | 1,817,342,235 | - | 1,817,342,235 |
| (ii) Loans | | 1,223,270,399 | - | 1,223,270,399 |
| (iii) Others Financial Assets | (f) | 1,594,128,872 | (26,566,976) | 1,567,561,896 |
| (f) Income Tax Assets (net) | | 383,494,166 | - | 383,494,166 |
| (g) Deferred tax assets (net) | | - | - | - |
| (h) Other non-current assets | (f) | 116,130,719 | 25,678,279 | 141,808,998 |
| Total Non - Current Assets | | 5,778,801,645 | (2,205,078) | 5,776,596,567 |
| Current assets | | | | |
| (a) Inventories | | 2,290,911,021 | - | 2,290,911,021 |
| (b) Financial Assets | | | | |
| (i) Investments | | 276,531,478 | - | 276,531,478 |
| (ii) Trade receivables | | 1,483,703,311 | - | 1,483,703,311 |
| (iii) Cash and cash equivalents | | 244,020,383 | - | 244,020,383 |
| (iv) Bank balances other than (iii) above | | 36,562,406 | - | 36,562,406 |
| (v) Loans | | 172,440,770 | - | 172,440,770 |
| (vi) Others Financial Assets | | 718,129,647 | - | 718,129,647 |
| (c) Current Tax Assets (Net) | | - | - | - |
| (d) Other current assets | | 200,155,065 | - | 200,155,065 |
| Total Current Assets | | 5,422,454,081 | - | 5,422,454,081 |
| Total Assets (1+2) | | 11,201,255,726 | (2,205,078) | 11,199,050,648 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| (a) Equity Share capital | | 904,759,270 | - | 904,759,270 |
| (b) Other Equity | (d) | 3,928,936,643 | (2,205,078) | 3,926,731,565 |
| Equity attributable to owners of the Company | | 4,833,695,913 | (2,205,078) | 4,831,490,835 |
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | | 251,495,188 | - | 251,495,188 |
| (ii) Other financial liabilities | | 213,212,994 | - | 213,212,994 |
| Total Non - Current Liabilities | | 464,708,182 | - | 464,708,182 |
| Current liabilities | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | | 2,086,952,383 | - | 2,086,952,383 |
| (ii) Trade payables | | 1,622,480,086 | - | 1,622,480,086 |
| (iii) Other financial liabilities | | 984,744,783 | - | 984,744,783 |
| (b) Provisions | | 101,284,764 | - | 101,284,764 |
| (d) Other current liabilities | | 1,107,389,615 | - | 1,107,389,615 |
| Total Current Liabilities | | 5,902,851,631 | - | 5,902,851,631 |
| Total Equity and Liabilities (1+2+3) | | 11,201,255,726 | (2,205,078) | 11,199,050,648 |

Notes forming part of the financial statements

(Amount in Rupees)

| Particulars | Notes | As at 31/3/2016 (end of last period presented under previous GAAP) | | |
|---|-----------|---|-----------------------------------|-----------------------|
| | | Regrouped Previous GAAP * | Effect of transition to Ind AS | Ind AS |
| ASSETS | | | | |
| Non-current assets | | | | |
| (a) Property, Plant and Equipment | (a) & (e) | 570,669,765 | (234,046,686) | 336,623,079 |
| (b) Capital work-in-progress | | - | - | - |
| (c) Investment Property | (e) | - | 232,770,737 | 232,770,737 |
| (d) Other Intangible assets | | - | - | - |
| (e) Financial Assets | | - | - | - |
| (i) Investments | (b) & (c) | 1,820,372,989 | 16,335,719 | 1,836,708,708 |
| (ii) Loans | | 1,213,423,057 | - | 1,213,423,057 |
| (iii) Others Financial Assets | (f) | 1,590,721,275 | (21,269,809) | 1,569,451,466 |
| (f) Income Tax Assets (net) | | 455,838,745 | - | 455,838,745 |
| (g) Deferred tax assets (net) | | - | - | - |
| (h) Other non-current assets | (f) | 120,297,475 | 19,791,263 | 140,088,738 |
| Total Non - Current Assets | | 5,771,323,306 | 13,581,224 | 5,784,904,530 |
| Current assets | | | | |
| (a) Inventories | | 2,231,750,931 | - | 2,231,750,931 |
| (b) Financial Assets | | | | |
| (i) Investments | | 209,697,830 | - | 209,697,830 |
| (ii) Trade receivables | | 1,617,159,074 | - | 1,617,159,074 |
| (iii) Cash and cash equivalents | | 241,508,008 | - | 241,508,008 |
| (iv) Bank balances other than (iii) above | | 125,480,734 | - | 125,480,734 |
| (v) Loans | | 277,345,861 | - | 277,345,861 |
| (vi) Others Financial Assets | (j) | 838,873,437 | 2,662,500 | 841,535,937 |
| (c) Current Tax Assets (Net) | | - | - | - |
| (d) Other current assets | | 141,323,187 | - | 141,323,187 |
| Total Current Assets | | 5,683,139,062 | 2,662,500 | 5,685,801,562 |
| Total Assets (1+2) | | 11,454,462,368 | 16,243,724 | 11,470,706,092 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| (a) Equity Share capital | | 1,613,067,160 | - | 1,613,067,160 |
| (b) Other Equity | (d) | 4,335,501,254 | 16,243,724 | 4,351,744,978 |
| Equity attributable to owners of the Company | | 5,948,568,414 | 16,243,724 | 5,964,812,138 |
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | | 1,053,970,707 | - | 1,053,970,707 |
| (ii) Other financial liabilities | | 270,491,027 | - | 270,491,027 |
| Total Non - Current Liabilities | | - | - | - |
| Current liabilities | | 1,324,461,734 | - | 1,324,461,734 |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | | | | |
| (ii) Trade payables | | 1,135,113,905 | - | 1,135,113,905 |
| (iii) Other financial liabilities | | 1,490,128,074 | - | 1,490,128,074 |
| (b) Provisions | | 338,467,999 | - | 338,467,999 |
| (d) Other current liabilities | | 115,949,586 | - | 115,949,586 |
| Total Current Liabilities | | - | - | - |
| | | 1,101,772,656 | - | 1,101,772,656 |
| Total Equity and Liabilities (1+2+3) | | 4,181,432,220 | - | 4,181,432,220 |
| | | 11,454,462,368 | 16,243,724 | 11,470,706,092 |

*The previous GAAP figures have been reclassified to conform to IND AS presentation requirements for the purpose of this note.

VASCON ENGINEERS LIMITED

Notes forming part of the financial statements

(Amount in Rupees)

Reconciliation of profit or loss for the year ended March 31, 2016

| Particulars | Notes | Year ended 31/3/2016 latest period presented under previous GAAP) | | |
|---|-----------|---|--------------------------------|----------------------|
| | | Regrouped Previous GAAP * | Effect of transition to Ind AS | Ind AS |
| Revenue from operations | | 3,212,469,201 | - | 3,212,469,201 |
| Other Income | (f) & (j) | 317,500,456 | 24,025,793 | 341,526,249 |
| Total Revenue | | 3,529,969,657 | 24,025,793 | 3,553,995,450 |
| EXPENSES | | | | |
| Cost of materials consumed | | 2,457,558,571 | - | 2,457,558,571 |
| Purchases of finished, semi-finished and other products | | 393,613 | - | 393,613 |
| Changes in stock of finished goods, work-in-progress and stock-in-trade | | (25,742,695) | - | (25,742,695) |
| Employee benefit expense | (h) & (i) | 251,203,802 | 5,430,510 | 256,634,312 |
| Finance costs | | 379,250,828 | - | 379,250,828 |
| Depreciation and amortisation expense | (b) | 108,943,665 | (29,511,703) | 79,431,962 |
| Other expenses | (a) & (c) | 291,064,196 | 35,088,695 | 326,152,891 |
| Total Expenses | | 3,462,671,980 | 11,007,502 | 3,473,679,482 |
| Profit before tax | | 67,297,677 | 13,018,291 | 80,315,968 |
| Tax Expense | | | | |
| Current tax | | | | |
| (i) Current tax | | 1,404,735 | - | 1,404,735 |
| (ii) Current tax relating to previous years | | 69,410 | - | 69,410 |
| Deferred tax | | | | |
| Total tax expense | | 1,474,145 | - | 1,474,145 |
| Profit/(loss) after tax | | 65,823,532 | 13,018,291 | 78,841,823 |
| Other comprehensive income | | | | |
| Items that will not be recycled to profit or loss | | | | |
| - Remeasurements of the defined benefit plans | (g) | - | 1,688,260 | 1,688,260 |
| Other comprehensive income | | - | 1,688,260 | 1,688,260 |
| Total comprehensive income for the period | | 65,823,532 | 11,330,031 | 80,530,083 |

Adjustments to the statement of cash flows

| PARTICULARS | Notes | As at 31/3/2016 (end of last period presented under previous GAAP) | | |
|--|-------|--|--------------------------------|---------------------|
| | | Regrouped Previous GAAP | Effect of transition to Ind AS | Ind AS |
| Previous GAAP | | | | |
| Net cash flows from operating activities | | 165,788,996 | - | 165,788,996 |
| Net cash flows from investing activities | | 7,200,356 | - | 7,200,356 |
| Net cash flows from financing activities | | (235,500,032) | - | (235,500,032) |
| Net increase (decrease) in cash and cash equivalents | | (62,510,680) | - | (62,510,680) |
| Cash and cash equivalents at beginning of period | | 310,847,398 | - | 310,847,398 |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | | - | - | - |
| Cash and cash equivalents at end of period | | 248,336,718 | - | 248,336,718 |
| Total comprehensive income under Ind ASs | | | | |

Notes forming part of the financial statements

(Amount in Rupees)

Notes to reconciliations :

(a) Leasehold Land:

Company has leasehold land in its book of accounts. As per previous GAAP (IGAAP), leasehold land was considered as Lease hold asset and was amortised over the period of lease tenure. As per Ind AS, leasehold land is considered as operating lease. Accordingly, premium paid is considered as prepayment of lease charges and same is charged to Statement of Profit and Loss over the period of lease. The prepayment is disclosed under Other non current assets / Other current assets.

(b) Goodwill:

As per Ind AS, Goodwill is recognised as an intangible asset with an indefinite useful life and is not amortised but tested for impairment annually or more frequently, if events or changes in circumstances indicate that it might be impaired. Accordingly, goodwill amortized, post transition date, as per previous GAAP (IGAAP) has been reversed.

Further, as per Ind AS, interest acquired in Ajanta Enterprises is adjusted against reserves of the Company. Accordingly, goodwill recognised under IGAAP for acquisition of 20% stake from Marvel Housing Private Limited in Ajanta Enterprises is adjusted against reserves of the Company.

(c) Financial Assets:

Investments carried at fair value through Profit and Loss (FVTPL):

Under previous GAAP, long term investments were measured at cost less diminution in value which is other than temporary. Under Ind AS, these financial assets have been classified as FVTPL. As a result, the impact of fair value on investments as on March 31, 2016 of Rs. 29,201,680 has been recognized in Statement of Profit and Loss.

(d) Effects of transition to Ind AS on retained earnings:

Adjustments for equity effect of all the Ind AS adjustment entries.

(e) Investment Property:

Under previous GAAP, there was no requirement to present investment property separately and the same was included under Property, Plant and Equipment and measured at cost less accumulated depreciation. Under Ind AS, investment property is required to be presented separately in the balance sheet and depreciation is charged on it. Accordingly, the carrying value of Property, Plant and Equipment as at March 31, 2016 of Rs. 232,770,737 and April 01, 2015 of Rs. 257,156,096 under previous GAAP has been reclassified to separate line item on the face of the balance sheet and depreciation provided based on estimated useful life.

(f) Financial assets carried at amortized cost:

Under the previous GAAP, interest-free security deposits (that are refundable in cash at the end of the lease term) are recognised as an asset at transaction value. Under Ind AS 109, all financial assets are required to be recorded at fair value. Accordingly the Company has fair valued these security deposits under IND AS and the difference in the fair value and the transaction value of the security deposit has been recognized as prepaid expenses. The prepaid is amortised over the period of the lease which is partially offset by the notional interest income recognized on the related security deposits.

(g) Other Comprehensive Income:

Under previous GAAP, there was no concept of other comprehensive income. Under Ind AS, specified items of income, expense, gains, or losses are required to be presented in other comprehensive income.

(h) Actuarial Gains / Losses

Indian GAAP and Ind AS, the Company recognised cost related to its post employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to statement of Profit & Loss. Under Ind AS, remeasurement (comprising of actuarial gains and losses, the effect of the assets ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined liability) are recognised immediately in the Balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income (OCI).

(i) Share Based Payments:

Under previous GAAP, the cost of equity-settled employee share-based payments was recognized using the intrinsic value method. This did not result in recognizing any expense in profit or loss in respect of these share-based payments because the fair value of the shares on the grant date equaled the exercise price. Under Ind AS, the cost of equity-settled employee share-based payments is recognized based on the fair value of the options as on the grant date. The change does not affect total equity, but there is a decrease in profit before tax as well as total profit for the year ended March 31, 2016.

(j) Financial Guarantee Contracts:

Under Ind AS, financial guarantee contracts are accounted as financial assets and measured initially at fair value. Accordingly, Rs. 2,662,500 as at March 31, 2016 has been recognized as an asset with a corresponding credit to Statement of Profit and Loss. Under previous GAAP, these were not accounted in the balance sheet.

(k) Bank Overdrafts:

Under Ind AS, bank overdrafts which are repayable on demand and form an integral part of an entity's cash management system are included in cash and cash equivalents for the purpose of presentation of statement of cash flows. Where as under previous GAAP, there was no similar

Notes forming part of the financial statements
(Amount in Rupees)

guidance and hence, bank overdrafts were considered similar to other borrowings and the movements therein were reflected in cash flows from financing activities. The effect of this is that bank overdrafts of Rs. 6,828,710 as at March 31, 2016 and Rs. 66,827,015 as at April 01, 2015, have been considered as a part of cash and cash equivalents under Ind AS for the purpose of presentation of statement of cash flows. Consequently, the cash flow from financing activities as per the statement of cash flows for the year ended March 31, 2016 prepared as per Ind AS is lower to the extent of this net movement of Rs. 59,998,305.

Note No. - 27 Fair Value

Set out below is the comparison by class of the carrying amounts and fair value of the Company's financial instruments

(Amount in Rupees)

| Particulars | Carrying amount | | | Fair Value | | |
|--|-----------------|----------------|----------------|----------------|----------------|----------------|
| | March 31, 2017 | March 31, 2016 | March 31, 2015 | March 31, 2017 | March 31, 2016 | March 31, 2015 |
| FINANCIAL ASSETS | | | | | | |
| Financial assets measured at amortised cost | | | | | | |
| Non - Current Assets | | | | | | |
| (i) Investments | 1,553,288,171 | 1,559,129,758 | 1,548,084,555 | 1,553,288,171 | 1,559,129,758 | 1,548,084,555 |
| (ii) Loans | 749,121,640 | 1,213,423,057 | 1,223,270,399 | 749,121,640 | 1,213,423,057 | 1,223,270,399 |
| (iii) Others Financial Assets | 1,586,043,398 | 1,569,451,466 | 1,567,561,896 | 1,586,043,398 | 1,569,451,466 | 1,567,561,896 |
| Current Assets | | | | | | |
| (i) Trade receivables | 1,682,693,325 | 1,617,159,074 | 1,483,703,311 | 1,682,693,325 | 1,617,159,074 | 1,483,703,311 |
| (ii) Cash and cash equivalents | 228,569,436 | 241,508,008 | 244,020,383 | 228,569,436 | 241,508,008 | 244,020,383 |
| (iii) Bank balances other than (ii) above | 199,199,273 | 125,480,734 | 36,562,406 | 199,199,273 | 125,480,734 | 36,562,406 |
| (iv) Loans | 810,014,735 | 277,345,861 | 172,440,770 | 810,014,735 | 277,345,861 | 172,440,770 |
| (v) Others Financial Assets | 690,133,662 | 841,535,937 | 718,129,647 | 690,133,662 | 841,535,937 | 718,129,647 |
| Financial assets measured at fair value through Statement of Profit & Loss | | | | | | |
| (a) Current investments | 53,021,563 | 209,697,830 | 276,531,478 | 53,021,563 | 209,697,830 | 276,531,478 |
| (b) Non Current investments quoted | 52,500 | 38,950 | 16,000 | 52,500 | 38,950 | 16,000 |
| (b) Non Current investments unquoted | 277,525,000 | 277,540,000 | 269,241,680 | 277,525,000 | 277,540,000 | 269,241,680 |
| FINANCIAL LIABILITIES | | | | | | |
| Financial liabilities measured at amortised cost | | | | | | |
| Non - Current Liabilities | | | | | | |
| (i) Borrowings | 634,908,838 | 367,870,707 | 251,495,188 | 634,908,838 | 367,870,707 | 251,495,188 |
| (ii) Other financial liabilities | 282,399,760 | 270,491,027 | 213,212,994 | 282,399,760 | 270,491,027 | 213,212,994 |
| Current Liabilities | | | | | | |
| (i) Borrowings | 1,021,109,770 | 1,135,113,905 | 2,086,952,383 | 1,021,109,770 | 1,135,113,905 | 2,086,952,383 |
| (ii) Trade and other payables | 1,237,201,807 | 1,490,128,074 | 1,622,480,086 | 1,237,201,807 | 1,490,128,074 | 1,622,480,086 |
| (iii) Other financial liabilities | 133,898,990 | 338,467,999 | 984,744,783 | 133,898,990 | 338,467,999 | 984,744,783 |
| Financial liabilities measured at fair value through Statement of Profit & Loss | | | | | | |
| Zero Coupon, Rupee denominated, Unrated, Unlisted, Secured, Non Convertible Debentures | 686,100,000 | 686,100,000 | - | 686,100,000 | 686,100,000 | - |

The management assessed that the fair values of short term financial assets and liabilities significantly approximate their carrying amounts largely due to the short - term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Company determines fair values of financial assets and financial liabilities by discounting the contractual cash inflows/outflows using prevailing interest rates of financials instruments with similar terms. The initial measurement of financial assets and financial liabilities is at fair value. The fair value of investment is determined using quoted net assets value from the fund. Further, the subsequent measurement of all financial assets and liabilities (other than investment in mutual funds) is at amortised cost, using the effective interest method.

Notes forming part of the financial statements

(Amount in Rupees)

Discount rates used in determining fair value

The interest rate used to discount estimated future cash flows, where applicable, are based on the incremental borrowing rate of the borrower which in case of financial liabilities is the weighted average cost of borrowing of the Company and in case of financial assets is the average market rate of similar credit rated instrument.

The Company maintain policies and procedure to value financial assets or financial liabilities using the best and most relevant data available. In addition, the Company internally reviews valuation, including independent price validation for certain instruments.

Fair value of financial assets and liabilities is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The following methods and assumptions were used to estimate fair value:

- Fair value of short term financial assets and liabilities significantly approximate their carrying amounts largely due to the short term maturities of these instruments.
- Security deposit paid are evaluated by the Company based on parameters such as interest rate non performance risk of the customer. The fair value of the Company's security deposit paid are determined by estimating the incremental borrowing rate of the borrower (primarily the landlords). Such rate has been determined using discount rate that reflects the average interest rate of borrowing taken by similar credit rate companies where the risk of non performance risk is more than significant.
- Fair value of quoted mutual funds is based on the net assets value at the reporting date. The fair value of other financial liabilities as well as other non current financial liabilities is estimated by discounting future cash flow using rate currently applicable for debt on similar terms, credit risk and remaining maturities.
- The fair value of the Company's interest bearing borrowing received are determined using discount rate that reflects the entity's borrowing rate as at the end of the reporting period. The own non performance risk as at the reporting was assessed to be insignificant.

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) price is active market for identical assets or liabilities.

Level 2: Valuation technique for which the lowest level input that has a significant effect on the fair value measurement are observed , either directly or indirectly.

Level 3: Valuation technique for which the lowest level input has a significant effect on the fair value measurement is not based on observable market data.

The following table presents the assets and liabilities measured at fair value on recurring basis at March 31, 2017 and March 31, 2016.

| Particulars | Level 1 | Level 2 | Level 3 |
|---|------------|---------|-------------|
| March 31, 2017 | | | |
| Investment in mutual funds | 29,621,563 | - | - |
| Equity | 52,500 | - | - |
| Investment in Optionally Convertible Redeemable Debentures | - | - | 277,525,000 |
| Zero Coupon, Rupee Denominated, Unrated, Unlisted, Secured Non Convertible Debentures | - | - | 686,100,000 |
| March 31, 2016 | | | |
| Investment in mutual funds | - | - | - |
| Equity | 38,950 | - | - |
| Investment in Optionally Convertible Redeemable Debentures | - | - | 277,540,000 |
| Zero Coupon, Rupee Denominated, Unrated, Unlisted, Secured Non Convertible Debentures | - | - | 686,100,000 |

During the year ended March 31, 2017, there were no transfer between Level 1 and Level 2 fair value measurement and no transfer into and out of Level 3 fair value measurement.

Note No. 28 - Financial Instruments and Risk Review

Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders

Notes forming part of the financial statements

(Amount in Rupees)

or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio between 20% and 50%. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations.

(Amount in Rupees)

| Particulars | As at | As at | As at |
|----------------------------------|----------------------|----------------------|----------------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Borrowings | 2,342,118,608 | 2,189,084,612 | 2,338,447,571 |
| Trade Payables | 1,237,201,807 | 1,490,128,074 | 1,622,480,086 |
| Less : Cash and Cash Equivalents | 427,768,709 | 366,988,742 | 280,582,789 |
| Net Debt | 3,151,551,706 | 3,312,223,944 | 3,680,344,868 |
| Equity | 6,214,256,132 | 5,964,812,138 | 4,831,490,835 |
| Total Capital | 6,214,256,132 | 5,964,812,138 | 4,831,490,835 |
| Capital and Net Debt | 9,365,807,838 | 9,277,036,082 | 8,511,835,703 |
| Gearing Ratio | 34% | 36% | 43% |

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

Financial Risk Management Framework

Vascon Engineers Limited is exposed primarily to credit risk, liquidity risk, which may adversely impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

i) Credit Risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade payables and borrowings. None of the financial instruments of the Company result in material concentration of credit risk.

Exposure to credit risk

The carrying amount of financial liability represents the maximum credit exposure. The maximum exposure to credit risk was Rs. 5,508,408,710 , Rs. 5,504,408,063 and Rs. 5,162,917,144 as of March 31, 2017, March 31, 2016 and April 01, 2015 respectively, being the total of the carrying amount of trade payables and borrowings.

Trade receivables

Ind AS requires expected credit losses to be measured through a loss allowance. The Company assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. Company's exposure to customers is diversified and some customer contributes more than 10% of outstanding accounts receivable as of March 31, 2017, March 31, 2016 and April 01, 2015, however there was no default on account of those customer in the past. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Before accepting any new customer, the Company uses an external/internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed on periodic basis.

The Company performs credit assessment for customers on an annual basis and recognizes credit risk, on the basis of lifetime expected losses and where receivables are due for more than 1 year.

The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows.

Movement in the expected credit loss allowance:

Notes forming part of the financial statements

(Amount in Rupees)

(Amount in Rupees)

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|---|-------------------------|-------------------------|-------------------------|
| Balance at the beginning of the period/year | 205,884,968 | 193,127,970 | 140,861,318 |
| Movement in the expected credit loss allowance on trade receivables | 21,012,117 | 51,480,538 | 126,005,918 |
| Utilization / Reversals | (14,778,496) | (38,723,540) | (73,739,266) |
| Balance at the end of the period/year | 212,118,589 | 205,884,968 | 193,127,970 |

ii) Liquidity Risk

a) Liquidity risk management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

b) Maturities of financial liabilities

The following tables detail the remaining contractual maturity for its financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

| Particulars | March 31, 2017 | | |
|--|------------------|-------------|------------|
| | Less than 1 Year | 1-3 Years | 4-5 Years |
| Financial liabilities | | | |
| Trade payables | 1,237,201,807 | - | - |
| Other Financial Liabilities | 133,898,990 | 282,399,760 | - |
| Working capital demand loans / Term loans | 1,021,109,770 | 575,540,113 | 59,368,725 |
| Zero Coupon, Rupee denominated, Unrated, Unlisted, Secured, Non Convertible Debentures | - | 686,100,000 | - |

| Particulars | March 31, 2016 | | |
|--|------------------|-------------|-----------|
| | Less than 1 Year | 1-3 Years | 4-5 Years |
| Financial liabilities | | | |
| Trade payables | 1,490,128,074 | - | - |
| Other Financial Liabilities | 338,467,999 | 270,491,027 | - |
| Working capital demand loans / Term loans | 1,135,113,905 | 367,117,130 | 753,577 |
| Zero Coupon, Rupee denominated, Unrated, Unlisted, Secured, Non Convertible Debentures | - | 686,100,000 | - |

| Particulars | March 31, 2015 | | |
|---|------------------|-------------|-----------|
| | Less than 1 Year | 1-3 Years | 4-5 Years |
| Financial liabilities | | | |
| Trade payables | 1,622,480,086 | - | - |
| Other Financial Liabilities | 984,744,783 | 213,212,994 | - |
| Working capital demand loans / Term loans | 2,086,952,383 | 250,295,724 | 1,199,464 |

Excessive Risk Concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or having economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Company to manage risk concentrations at both the relationship and industry levels.

Notes forming part of the financial statements

(Amount in Rupees)

Note No. 29 - Share Based Payments

Employee stock option scheme (ESOS) - 2014

The ESOS was approved by Board of Directors of the Company on 12th August, 2014 and thereafter by the share holders on 15th Sept, 2014. A compensation committee comprising of independent directors of the company administers the ESOS plan. Each option carries with it the right to purchase one equity share of the company. All options have been granted at a predetermined rate of Rs. 10/- per share. The maximum exercise period is 1 year from the date of vesting.

Number of options granted , exercised , cancelled / lapsed during the financial year are as follows :

| Particulars | FY 2016 - 17 | FY 2015 - 16 |
|--|--------------|--------------|
| Options granted, beginning of the year | 35,000 | 2,250,000 |
| Granted during the year | - | - |
| Exercised during the year | (30,000) | (2,215,000) |
| Cancelled/lapsed during the year | (5,000) | - |
| Options granted, end of the year | - | 35,000 |
| Weighted Average remaining life | - | 0.42 |

Employee stock option scheme (ESOS) - 2015

The ESOS was approved by Board of Directors of the Company on 11th August 2015 and thereafter by the share holders on 29th September 2015. A compensation committee comprising of independent directors of the company administers the ESOS plan. Each option carries with it the right to purchase one equity share of the company. All options have been granted at a predetermined rate of Rs. 20/- per share. The maximum exercise period is 1 year from the date of vesting.

Number of options granted , exercised , cancelled / lapsed during the financial year are as follows :

| Particulars | FY 2016 - 17 | FY 2015 - 16 |
|--|--------------|--------------|
| Options granted, beginning of the year | 6,400,000 | - |
| Granted during the year | - | 6,400,000 |
| Exercised during the year | (6,323,470) | - |
| Cancelled/lapsed during the year | - | - |
| Options granted, end of the year | 76,530 | 6,400,000 |
| Weighted Average remaining life | 0.92 | 1.92 |

The fair value of the stock option is calculated through the use of option pricing models, requiring subjective assumptions which greatly affect the calculated values. The said fair value of the options have been calculated using Binomial lattice option pricing model, considering the expected weighted average term of the options to be 1 year from the date of vesting, an expected dividend rate on the underlying equity shares, a risk free rate and weighted average volatility in the share price. The Company's calculations are based on a single option valuation approach, and forfeitures are recognized as they occur. The expected volatility is based on historical volatility of the share price after eliminating the abnormal price fluctuations.

Employee stock option scheme (ESOS) - 2016

The ESOS was approved by Board of Directors of the Company on 17th May 2016 and thereafter by the share holders on 15th September 2016. A compensation committee comprising of independent directors of the company administers the ESOS plan. Each option carries with it the right to purchase one equity share of the company. All options have been granted at a predetermined rate of Rs. 20/- per share. The maximum exercise period is 1 year from the date of vesting.

Number of options granted , exercised , cancelled / lapsed during the financial year are as follows :

| Particulars | FY 2016 - 17 | FY 2015 - 16 |
|--|--------------|--------------|
| Options granted, beginning of the year | - | - |
| Granted during the year | 6,400,000 | - |
| Exercised during the year | - | - |
| Cancelled/lapsed during the year | - | - |
| Options granted, end of the year | - | - |
| Weighted Average remaining life | 1.75 | - |

The fair value of the stock option is calculated through the use of option pricing models, requiring subjective assumptions which greatly affect the calculated values. The said fair value of the options have been calculated using Binomial lattice option pricing model, considering the expected weighted average term of the options to be 1 year from the date of vesting, an expected dividend rate on the underlying equity shares, a risk free rate and weighted average volatility in the share price. The Company's calculations are based on a single option valuation approach, and forfeitures are recognized as they occur. The expected volatility is based on historical volatility of the share price after eliminating the abnormal price fluctuations.

Notes forming part of the financial statements

(Amount in Rupees)

The inputs used in the measurement of the fair values at grant date of the share-based payment plans were as follows.

| Particulars | Employee Share Purchase Plan | | |
|---|---------------------------------|---------------------------------|---------------------------------|
| | ESOS - 2016 | ESOS - 2015 | ESOS - 2014 |
| Share price at grant date | 29.60 | 21.40 | 29.75 |
| Exercise price | 20 | 20 | 10 |
| Expected volatility | 57.60% | 67.42% | 61.10% |
| Expected life / Option Life | 1 Year from the date of vesting | 1 Year from the date of vesting | 1 Year from the date of vesting |
| Expected dividends yield | - | 2% | 2% |
| Risk-free interest rate (based on government bonds) | 6.90% | 8.40% | 8.40% |

Note No. 30 - Disclosures under Ind AS 17

(Amount in Rupees)

| Particulars | For the year ended | For the year ended | For the year ended |
|---|--------------------|--------------------|--------------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Details of leasing arrangements | | | |
| As Lessee | | | |
| <u>Finance Lease</u> | | | |
| The Company has entered into finance lease arrangements for certain vehicles which provide the Company an option to purchase the assets at the end of the lease period. The average lease term is 5 years (prior Year: 5 Years) | | | |
| Reconciliation of minimum lease payments | | | |
| Future minimum lease payments | | | |
| not later than one year | 1,333,512 | 1,333,531 | 1,333,500 |
| later than one year and not later than five years | 2,652,302 | 3,985,813 | 5,334,031 |
| later than five years | - | - | - |
| | 3,985,814 | 5,319,344 | 6,667,531 |
| Less: Unmatured finance charges | 565,217 | 968,310 | 1,467,531 |
| | 3,420,598 | 4,351,034 | 5,200,000 |
| Present value of minimum lease payments payable | | | |
| not later than one year | 1,030,410 | 930,433 | 1,333,512 |
| later than one year and not later than five years | 2,390,188 | 3,420,601 | 3,866,488 |
| later than five years | - | - | - |
| | 3,420,598 | 4,351,033 | 5,200,000 |
| Included in the financial statements as: | | | |
| - Current Borrowings | 1,030,410 | 930,433 | 1,333,512 |
| - Non Current Borrowings | 2,390,188 | 3,420,601 | 3,866,488 |
| | 3,420,598 | 4,351,034 | 5,200,000 |
| <u>Operating Lease</u> | | | |
| The Company has entered into operating lease arrangements for certain facilities and office premises. The leases are non-cancellable and are for a period of 1 to 15 years and may be renewed for a further period of 5 years based on mutual agreement of the parties. The lease agreements provide for an increase in the lease payments by 5 to 10% every 2 years. | | | |
| Future Non-Cancellable minimum lease commitments | | | |
| not later than one year | 23,448,256 | 26,848,119 | 43,532,438 |
| later than one year and not later than five years | 37,927,902 | 69,669,238 | 70,594,695 |
| later than five years | - | - | - |
| | 61,376,158 | 96,517,357 | 114,127,133 |
| Expenses recognised in the Statement of Profit and Loss | 24,819,919 | 38,120,490 | 81,900,904 |

Notes forming part of the financial statements

(Amount in Rupees)

Note No. 31 - Contingent liabilities and commitments

(Amount in Rupees)

| Contingent liabilities (to the extent not provided for) | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|---|-------------------------|-------------------------|-------------------------|
| Contingent liabilities | | | |
| (a) Disputed demands for Income Tax | 76,411,216 | 76,411,216 | 76,411,216 |
| (b) Disputed demands for Service Tax | 25,173,011 | 15,428,256 | 15,428,256 |
| (c) Disputed demands for Value Added Tax | 35,724,158 | 35,724,158 | 31,103,150 |
| (d) Performance and financial guarantees given by the Banks on behalf of the Company | 833,321,349 | 995,379,708 | 1,335,069,633 |
| (e) Corporate guarantees given for other companies / entities and mobilization | 1,686,750,407 | 1,915,000,000 | 2,015,000,000 |
| (f) Claims against the Company not acknowledged as debt | 3,899,112,051 | 3,899,112,051 | 3,610,933,994 |
| (i) In respect of claim against the Company amounting to Rs.360,00,00,000/- (Previous year 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. | | | |
| (ii) The Creditors of the Company have filed a civil suit claiming of Rs 1,11,49,741/- (Previous year Rs. 1,11,49,741/-) as amount due to them, which claims the Company is disputing. | | | |
| (iii) Short Levy of Stamp Duty due to misclassification of conveyance deed as development agreement amounting to Rs 8,67,370/- (Previous year Rs. 8,67,370/-) with Joint District Registrar & Collector of Stamps , Pune. | | | |
| (iv) One of the labour supplier has filed a criminal complaint in Additional Magistrate Court, Dadar, Mumbai, for recovery of his dues for Rs.3,94,840/- (Previous year - 3,94,840). | | | |
| (v) One of the customer has filed arbitration proceeding against the Company for loss on account of wastage i.e. excess consumption of cement and steel, loss on account of escalation of cement and steel, additional cost incurred for completing the balance work, loss for rectifying defective work, refund of amount in VAT and excess duty, loss of reputation and liquidated damages and interest, amounting to Rs. 28,67,00,100/- (Previous year - 28,67,00,100). | | | |
| (g) 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. | | | |
| (h) 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. | | | |
| <p>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.</p> | | | |

(Amount in Rupees)

| Particulars | As at 31 March, 2017 | As at 31 March, 2016 | As at April 1, 2015 |
|--|-------------------------|-------------------------|------------------------|
| Commitments | | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 65,867,714 | 149,744,904 | 40,916,371 |

Note No. 32 - Employee benefits

(a) Defined Contribution Plan

The Company makes Provident Fund contributions to defined contribution plan administered by the Regional Provident Fund Commissioner. Under this scheme, the Company is required to contribute a specified percentage of payroll cost to fund the benefits. The Company has recognized Rs.10,378,621 for Provident Fund contributions (March 31, 2016 : Rs.18,930,458) and Rs 762,760 (March 31, 2016 : Rs.1,006,952) towards ESIC in the Statement of Profit and Loss. The provident fund and ESIC contributions payable by the Company are in accordance with rules framed by the Government from time to time.

Notes forming part of the financial statements

(Amount in Rupees)

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

Defined benefit plans – as per actuarial valuation on 31st March, 2017

(Amount in Rupees)

| Particulars | Funded Plan | |
|--|------------------|------------------|
| | Gratuity | |
| | 2017 | 2016 |
| Service Cost | | |
| Current Service Cost | 6,984,808 | 7,704,710 |
| Past service cost and (gains)/losses from settlements | - | - |
| Net interest expense | 3,169,618 | 2,523,019 |
| Components of defined benefit costs recognised in profit or loss | 10,154,426 | 10,227,729 |
| Remeasurement on the net defined benefit liability | | |
| Return on plan assets (excluding amount included in net interest expense) | (149,481) | 548,487 |
| Actuarial gains and loss arising from changes in financial assumptions | (2,376,646) | (225,399) |
| Actuarial gains and loss arising from experience adjustments | (3,233,339) | (2,011,348) |
| Actuarial gains and loss arising from demographic adjustments | (74,383) | - |
| Others (describe) | | |
| Components of defined benefit costs recognised in other comprehensive income | (5,833,849) | (1,688,260) |
| Total | 4,320,577 | 8,539,469 |
| I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March | | |
| 1. Present value of defined benefit obligation as at 31st March | 45,105,186 | 40,636,447 |
| 2. Fair value of plan assets as at 31st March | 661,765 | 513,683 |
| 3. Surplus/(Deficit) | (44,443,421) | (40,122,764) |
| 4. Current portion of the above | 44,443,421 | 40,122,764 |
| 5. Non current portion of the above | 661,765 | 513,683 |
| II. Change in the obligation during the year ended 31st March | | |
| 1. Present value of defined benefit obligation at the beginning of the year | (40,636,447) | (35,593,389) |
| 2. Add/(Less) on account of Scheme of Arrangement/Business Transfer | - | - |
| 3. Expenses Recognised in Profit and Loss Account | | |
| - Current Service Cost | (6,984,808) | (7,704,710) |
| - Past Service Cost | - | - |
| - Interest Expense (Income) | (3,208,684) | (2,656,124) |
| 4. Recognised in Other Comprehensive Income | | |
| Remeasurement gains / (losses) | | |
| - Actuarial Gain (Loss) arising from: | | |
| i. Demographic Assumptions | 74,383 | - |
| ii. Financial Assumptions | 2,376,646 | 225,399 |
| iii. Experience Adjustments | 3,233,339 | 2,011,348 |
| 5. Benefit payments | 40,385 | 3,081,029 |
| 6. Others (Specify) | | |

Notes forming part of the financial statements

(Amount in Rupees)

| | | |
|---|----------------|----------------|
| 7. Present value of defined benefit obligation at the end of the year | (45,105,186) | (40,636,447) |
| III. Change in fair value of assets during the year ended 31st March | | |
| 1. Fair value of plan assets at the beginning of the year | 513,683 | 2,483,883 |
| 2. Add/(Less) on account of Scheme of Arrangement/Business Transfer | - | - |
| 3. Expenses Recognised in Profit and Loss Account | | |
| - Expected return on plan assets | 38,986 | 133,105 |
| 4. Recognised in Other Comprehensive Income | | |
| Remeasurement gains / (losses) | | |
| - Actual Return on plan assets in excess of the expected return | 149,481 | (548,487) |
| 5. Contributions by employer (including benefit payments recoverable) | - | 1,526,211 |
| 6. Benefit payments | (40,385) | (3,081,029) |
| 7. Fair value of plan assets at the end of the year | 661,765 | 513,683 |
| IV. The Major categories of plan assets (As % of Total Plan Assets) | | |
| Funds Managed By Insurer | 100% | 100% |
| V. Actuarial assumptions | | |
| 1. Discount rate | 6.80% | 7.90% |
| 2. Expected rate of return on plan assets | 7.90% | 7.80% |
| 3. Attrition rate | 15.00% | 10.00% |

Maturity Profile of Defined Benefit Obligation:

| Year Ending March 31 | Expected Benefit Payment Rounded to the nearest thousand (in Rs.) |
|----------------------|---|
| 2018 | 15,099,000 |
| 2019 | 6,113,000 |
| 2020 | 6,862,000 |
| 2021 | 5,658,000 |
| 2022 | 6,192,000 |
| 2023-2027 | 28,865,000 |

Sensitivity analysis for each significant actuarial assumption is required to be given, (illustration for medical inflation given below. Company needs to provide for others)

A. Effect of 1 % change in the assumed discount rate

| | 1% Increase | | 1% Decrease | |
|----------------------------|----------------|----------------|----------------|----------------|
| | March 31, 2017 | March 31, 2016 | March 31, 2017 | March 31, 2016 |
| Defined Benefit Obligation | 43,377,117 | 38,516,221 | 47,002,267 | 43,012,024 |

B. Effect of 1 % change in the assumed Salary Escalation Rate

| | 1% Increase | | 1% Decrease | |
|----------------------------|----------------|----------------|----------------|----------------|
| | March 31, 2017 | March 31, 2016 | March 31, 2017 | March 31, 2016 |
| Defined Benefit Obligation | 46,309,878 | 42,182,945 | 43,958,309 | 39,170,875 |

C. Effect of 1 % change in the assumed Withdrawal Rate

| | 1% Increase | | 1% Decrease | |
|----------------------------|----------------|----------------|----------------|----------------|
| | March 31, 2017 | March 31, 2016 | March 31, 2017 | March 31, 2016 |
| Defined Benefit Obligation | 45,265,101 | 41,037,365 | 44,926,487 | 40,184,763 |

VIII. Experience Adjustments:

| | Period Ended | |
|--|-----------------|--------------|
| | 2017 | 2016 |
| | Gratuity | |
| 1. Defined Benefit Obligation | (45,105,186) | (40,636,447) |
| 2. Fair value of plan assets | 661,765 | 513,683 |
| 3. Surplus/(Deficit) | (44,443,421) | (40,122,764) |
| 4. Experience adjustment on plan liabilities [(Gain)/Loss] | (3,233,339) | (2,011,348) |
| 5. Experience adjustment on plan assets [Gain]/(Loss)] | (155,649) | 524,596 |

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Note No. 33 - Significant estimates and assumptions

Estimates and Assumptions

The preparation of the Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes will be reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or Cash Generating Unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amounts sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Defined Benefit Plans (Gratuity Benefits)

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Details about gratuity obligations are given in Note 34.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, the fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value target and the discount factor.

The Company has valued its financial instruments through profit & loss which involves significant judgements and estimates such as cash flows for the period for which the instrument is valid, EBITDA of investee company, fair value of share price of the investee company on meeting certain requirements as per the agreement, etc. The determination of the fair value is based on expected discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

Note 34 : Related Party Transactions

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
 - Windflower Properties Private Limited
 - GMP Technical Solution Private Limited
 - Floriana Properties Private Limited
 - Vascon Pricol Infrastructure Limited
 - Almet Corporation Limited

VASCON ENGINEERS LIMITED

- Marathawada Realtors Private Limited
 - Just Homes (India) Private Limited
 - GMP Technical Solutions Middle East (FZE)
 - Sunflower Real Estate Developers Pvt Ltd
 - Angelica Properties Private Limited
 - Shreyas strategists Private limited
 - Sansara Development India Private limited
 - GMP Technical Services LLC
2. Joint Ventures
- Phoenix Ventures
 - Cosmos Premises Private Limited
 - Ajanta Enterprises
 - Vascon Qatar WLL
3. Associates
- Mumbai Estate Private Limited
4. Key Management Personnel
- Mr. R. Vasudevan
 - Dr Santosh Sundararajan
 - Mr. D.Santhanam
 - Mr.M.Krishnamurthi
5. Relatives of Key Management Personnel
- Mrs. Lalitha Vasudevan
 - Ms. Soumya Vasudevan
 - Mrs. Thangam Moorthy
 - Mrs. Lalitha Sundararajan
 - Mr. Siddarth Vasudevan
 - Mrs Shilpa Shivram
 - Mrs. Sailaxmi Santhanam Mudaliar
 - Ms Mathangi Krishnamuthy
 - Ms Aishwarya Santhanam
 - Mrs. K Jeyanthi
6. Establishments where in which individuals in serial number (4) and (5) exercise significant Influence
- Flora Facilities Private Limited (Formerly known as Flora Premises Private Limited)
 - Vastech Consultants Private Limited
 - Vastech consultants and engineers LLP
 - Vatsalya Enterprises Private Limited
 - Bellflower Premises Private Limited
 - Cherry Construction Private Limited
 - Stresstech Engineers Pvt Ltd.
 - Syringa Engineers Private Limited (Formerly known as Syringa Properties Private Limited)
 - Vascon Infrastructure Limited
 - Venus Ventures
 - Seraphic Design Private Limited
 - D. Santanam (HUF)
 - M krishnamurthi (HUF)

II Related party transactions

| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|--|-------------------------|-------------------------|------------------------|
| (a) Sales and work | 153,842,939 | 269,752,226 | 308,139,493 |
| Subsidiaries | | | |
| Sunflower Real Estate Developers Pvt Ltd | 10,593,643 | 685,233 | - |
| Windflower Premises Private Limited | - | - | 433,500 |
| Vascon Pricol Infrastructure Limited | - | 4,751,391 | 132,615,866 |
| Total | 10,593,643 | 5,436,624 | 133,049,366 |

| | | | |
|---|--------------------|--------------------|--------------------|
| Joint Ventures | | | |
| Phoenix Ventures | 37,769,263 | - | - |
| Ajanta Enterprises | 67,651,924 | 199,691,587 | 107,417,052 |
| Total | 105,421,187 | 199,691,587 | 107,417,052 |
| Associates | | | |
| Angelica Properties Private. Limited. | - | - | 260,000 |
| Total | - | - | 260,000 |
| Key management Personnel | | | |
| Dr Santosh Sundararajan | - | - | 4,229,701 |
| Total | - | - | 4,229,701 |
| Enterprise where KMP & Relatives of KMP significant influence | | | |
| Flora Facilities Private Limited (Formerly known as Flora Premises Private Limited) | 13,644,706 | 39,008,759 | 13,615,530 |
| Cherry Constructions Private Limited. | 24,183,403 | 25,615,256 | 49,567,844 |
| Total | 37,828,109 | 64,624,015 | 63,183,374 |
| (b) Interest Income/commission Received/Dividend Received | 128,840,247 | 112,094,339 | 51,979,907 |
| Subsidiaries | | | |
| Interest | | | |
| Vascon Dwellings Private Limited | 8,968,126 | 31,171,142 | 35,434,082 |
| Vascon Pricol Infrastructures | 10,953,085 | 19,463,109 | 7,456,990 |
| Sunflower Real Estate Developers Private Limited | 49,309,946 | 42,754,409 | - |
| GMP Technical Solutions Private Limited-Interest | 17,558,413 | 16,043,179 | 9,088,835 |
| Commission | | | |
| GMP Technical Solutions Private Limited-Commission | 2,879,400 | 2,662,500 | - |
| Total | 89,668,970 | 112,094,339 | 51,979,907 |
| Joint Venture | | | |
| Ajanta Enterprises | 30,386,177 | - | - |
| Cosmos Premises Private Limited-dividend received | 8,785,100 | - | - |
| | 39,171,277 | - | - |
| (c) Interest Expense | 21,886,303 | 25,198,004 | 47,206,454 |
| Subsidiaries | | | |
| Almet Corporation Limited | 764,525 | 734,765 | 703,612 |
| Angelica Properties Pvt LTd | 5,908,432 | 5,582,951 | - |
| Marathawada Realtors Private Limited | 137,010 | 148,270 | 182,041 |
| Total | 6,809,967 | 6,465,986 | 885,653 |
| Joint Venture | | | |
| Ajanta Enterprises | 2,363,291 | 5,922,505 | 35,250,916 |
| Total | 2,363,291 | 5,922,505 | 35,250,916 |
| Enterprise where KMP & Relatives of KMP significant influence | | | |
| Stresstech Engineers Private Limited | 73,788 | 202,500 | 257,240 |
| Vastech Consultants Private Limited | 1,002,160 | 1,033,296 | 1,173,770 |
| D Santhanam- HUF | 125,000 | 129,211 | - |
| Flora Facilities Private Limited | 8,326,870 | 3,471,781 | - |
| M. Krishnamurthi (HUF) | 149,350 | 284,217 | - |
| Total | 9,677,168 | 5,121,005 | 1,431,010 |

| | | | |
|---|--------------------|--------------------|--------------------|
| Relatives of Key Management Personnel | | | |
| Mr. Siddarth Vasudevan | 135,450 | 75,155 | 39,945 |
| Mrs. Mathangi Krishnamurthi | - | - | 111,544 |
| Ms. Sailaxmi Santhanam Mudaliar | 50,000 | 50,130 | 72,481 |
| Ms. Aishwarya Santhanam Mudaliar | 77,550 | - | - |
| Mrs. Thangam Moorthy | 175,960 | 239,707 | 365,753 |
| Total | 438,960 | 364,992 | 589,723 |
| Key Management Personnel | | | |
| Mr. R. Vasudevan | - | 4,117,616 | 6,138,186 |
| Mr. Santosh Sundararajan | 2,187,927 | 2,712,528 | 2,363,764 |
| D Santhanam | 408,990 | 493,372 | 547,202 |
| Total | 2,596,917 | 7,323,516 | 9,049,152 |
| (d) Purchase of Goods / Work/Rent | 85,608,301 | 108,434,186 | 127,948,342 |
| Subsidiaries | | | |
| GMP Technical Solution Pvt Ltd | 43,604,844 | 47,211,858 | 82,885,871 |
| Total | 43,604,844 | 47,211,858 | 82,885,871 |
| Enterprise where KMP & Relatives of KMP significant influence | | | |
| Bellflower Premises Private Limited | - | - | 3,600,000 |
| Vatsalya Enterprises Private Limited | - | - | 3,600,000 |
| Rent | | | |
| Flora Facilities Private Limited | 23,759,614 | 23,408,436 | 12,623,530 |
| Works | | | |
| Stresstech Engineers Private Limited | 16,546,851 | 22,727,172 | 24,512,389 |
| Vastech Consultants & Engineers LLP | 1,696,992 | 15,086,720 | 726,552 |
| Total | 42,003,457 | 61,222,328 | 45,062,471 |
| (e) Receiving of Services | 171,788,121 | 51,626,132 | 191,090,097 |
| Subsidiaries | | | |
| Marvel Housing Private Limited | 4,906,912 | - | - |
| | 4,906,912 | - | - |
| Key Management Personnel | | | |
| Mr R Vasudevan | | | |
| a) Short term benefits | 12,000,000 | (45,292,462) | 117,452,862 |
| b) Post Employment benefits* | 598,523 | 2,016,923 | 2,016,923 |
| Dr Santosh Sundararajan | | | |
| a) Short term benefits | 40,582,518 | 26,535,720 | 32,518,000 |
| b) Post Employment benefits | 21,600 | 2,285,280 | 1,987,200 |
| c) Share based payments | 71,990,528 | 19,888,072 | - |
| Mr. D.Santhanam | | | |
| a) Short term benefits | 6,824,736 | 6,525,320 | 7,323,840 |
| b) Post Employment benefits* | 21,600 | 326,016 | 326,016 |
| c) Share based payments | 5,380,740 | 4,255,123 | - |
| Mr.M.Krishnamurthi | | | |
| a) Short term benefits | 5,844,960 | 5,273,209 | 5,827,000 |
| b) Post Employment benefits* | 21,600 | 262,560 | 259,200 |
| c) Share based payments | 5,196,730 | 4,255,054 | - |
| Total | 148,483,535 | 26,330,815 | 167,711,041 |

*Post employment benefit represents contribution to provident fund.

As Gratuity expense is based on actuarial valuations, the same cannot be computed for individual employees and hence not included

| | | | |
|---|--------------------|--------------------|--------------------|
| Relatives of Key Management Personnel | | | |
| Mr. Siddarth Vasudevan | 13,722,840 | 18,357,400 | 9,320,000 |
| Mrs. Sailaxmi Santhanam Mudaliar | - | 10,000 | 18,000 |
| Mrs. Shilpa Sivram | 64,000 | 130,500 | 277,420 |
| Ms. Aishwarya Sathanam | 52,000 | - | - |
| Mrs. Lalitha Sundararajan | 15,000 | - | - |
| Mrs. K Jeyanthi | 21,000 | - | 25,200 |
| Total | 13,874,840 | 18,497,900 | 9,640,620 |
| Enterprise where KMP & Relatives of KMP significant influence | | | |
| Flora Facilities Private Limited | - | - | 399,431 |
| Vastech Consultants Private Limited | 4,514,834 | 4,942,041 | 13,339,005 |
| D Santhanam-HUF | 8,000 | 34,000 | - |
| Seraphic Designs Private Limited | - | 1,821,376 | - |
| Total | 4,522,834 | 6,797,417 | 13,738,436 |
| (f) Share of Profit from AOP/Firm | 88,559,213 | 155,190,765 | 100,841,242 |
| Joint Ventures | | | |
| Phoenix Ventures | - | 771,482 | - |
| Ajanta Enterprises | 88,559,213 | 154,419,283 | 100,841,242 |
| Total | 88,559,213 | 155,190,765 | 100,841,242 |
| (g) Share of Loss from AOP/Firm | 7,096,740 | - | 3,077,824 |
| Joint Ventures | | | |
| Phoenix Ventures | 7,096,740 | - | 1,977,980 |
| Weikfield ITCITI Info Park (AOP) | - | - | 1,099,844 |
| Total | 7,096,740 | - | 3,077,824 |
| (h) Reimbursement of expenses | 20,520,773 | 26,602,841 | 18,353,162 |
| Subsidiary | | | |
| Marvel Housing Private Limited | - | - | - |
| Vascon Pricol Infrastructures Limited | 382,560 | 247,077 | 5,704,854 |
| Sunflower Real Estate Developers Private Limited | 493,493 | - | - |
| Windflower Properties private Limited | - | - | 57,671 |
| Total | 876,053 | 247,077 | 5,762,525 |
| Joint Ventures | | | |
| Ajanta Enterprises | 11,373,320 | 11,225,592 | 11,783,077 |
| Cosmos Premises Private Limited | 7,501,500 | 14,381,100 | - |
| Phoenix Ventures | 600,000 | 600,000 | 609,924 |
| Total | 19,474,820 | 26,206,692 | 12,393,001 |
| Key Management Personnel | | | |
| Mr R Vasudevan | - | - | - |
| Dr Santosh Sundararajan | 63,300 | 40,800 | 57,800 |
| M. Krishnamurthi | 45,800 | 40,800 | 70,275 |
| D Santhanam | 60,800 | 67,472 | 69,561 |
| Total | 169,900 | 149,072 | 197,636 |
| (i) Finance Provided (including equity contributions in cash or in kind)/ repayment of loan/repayment of fixed deposit | 257,767,313 | 622,217,854 | 660,308,864 |
| Subsidiaries | | | |
| Floriana Properties Private Limited | 35,209 | 67,816,410 | 103,781 |
| Marvel Housing Private Limited | 13,532,758 | 3,880,000 | - |
| IT Citi Infopark Private Limited | 99,844 | 25,000,000 | 177,123 |
| Greystone Premises Private Limited | 5,303,979 | 16,026,800 | - |

VASCON ENGINEERS LIMITED

| | | | |
|--|--------------------|--------------------|--------------------|
| Marathawada Realtors Private Limited | 321,620 | 170,800 | 624,958 |
| Almet Corporation Limited | 387,260 | 126,000 | 310,944 |
| Vascon Dwellings Private Limited | 7,241,707 | 114,587,179 | 66,151,687 |
| Vascon Pricol Infrastructure Limited | - | - | 5,518,756 |
| Windflower Premises Private Limited | 119,898 | - | - |
| Just Homes (India) Private Limited | 8,525,000 | 1,217,925 | 25,590 |
| Shreyas Strategists Private Limited | - | 102,360 | - |
| Sansara Hotels India Private Limited | 873,968 | 3,878,234 | - |
| Sunflower Real Estate Developers Private Limited | 5,136,868 | 59,643,398 | - |
| Angelica PropertiersPrivate. Limited. | 32,067,000 | - | - |
| Total | 73,645,111 | 292,449,106 | 72,912,839 |
| Joint Ventures | | | |
| Phoenix Ventures | 3733912 | 11,371,210 | 14,594,418 |
| Just Homes (AOP) | 2792304 | 4,253,011 | 445,051 |
| Ajanta Enterprises | 110725222 | 25,592,251 | 164,965,134 |
| Total | 117,251,438 | 41,216,472 | 180,004,603 |
| Associates | | | |
| Mumbai Estate Private Limited | - | - | 1,000,000 |
| Angelica PropertiersPrivate. Limited. | - | - | 19,895,242 |
| Total | - | - | 20,895,242 |
| Enterprise where KMP & Relatives of KMP significant influence | | | |
| Vascon Infrastructure Limited | - | - | - |
| Stresstech Engineers Private Limited | 1,980,175 | - | 6,025,724 |
| Vastech Consultants Private Limited | 11,841,270 | - | 13,317,377 |
| Sunflower Real Estate Developers Private Limited | - | - | 352,413,079 |
| Flora Facilities Private Limited | 25,018,012 | - | - |
| M. Krishnamurthi (HUF) | 1,684,405 | 2,055,794 | - |
| Venus Ventures | - | - | 5,000,000 |
| D.Santhanam (HUF) | - | 100,000 | - |
| Total | 40,523,862 | 2,155,794 | 376,756,180 |
| Relatives of Key Management Personnel | | | |
| Ms. Mathangi Krishnamurthi | - | - | 1,175,000 |
| Mrs. Thangam Moorthy | 1,500,000 | 1,500,000 | - |
| Total | 1,500,000 | 1,500,000 | 1,175,000 |
| Key Management Personnel | | | |
| Mr. R. Vasudevan | 4,546,902 | 273,354,482 | - |
| Mr. Santosh Sundararajan | 18,900,000 | 9,942,000 | 8,565,000 |
| D Santhanam | 1,400,000 | 1,600,000 | - |
| Total | 24,846,902 | 284,896,482 | 8,565,000 |
| (j) Finance availed /Received back(including equity contributions in cash or in kind) | 316,390,895 | 637,041,776 | 395,706,806 |
| Subsidiary | | | |
| Almet Corporation Limited | 661,288 | 703,612 | - |
| Angelica PropertiersPrivate. Limited. | - | 54,000,000 | - |
| Floriana properties Private Limited | - | 67,738,131 | 10,000 |
| Marathawada Realtors Private Limited | 133,443 | 182,041 | - |
| IT Citi Info Park Private Limited | - | 706,200 | 2,040,324 |
| Greystone Premises Private Limited | - | 10,020,000 | - |
| Vascon Pricol Infrastructure Limited | 48,000,000 | 58,000,000 | - |

| | | | |
|--|----------------------|----------------------|----------------------|
| Just Homes (India) Private Limited | - | 1,000,000 | 60,000,000 |
| Sunflower Real Estate Dev Private Limited | 49,623,000 | 9,000,000 | |
| GMP Technical Solution Private Limited | 23,400,000 | 15,000,000 | 12,960,104 |
| Vascon Dwellings Private Limited | 127,059,324 | 211,490,000 | 25,295,764 |
| Cosmos Premises Private Limited | | - | - |
| Total | 248,877,055 | 427,839,984 | 100,306,192 |
| Joint Ventures | | | |
| Just Homes AOP | - | 973,001 | 500,000 |
| Ajanta Enterprises | 44,799,610 | 800,000 | - |
| Total | 44,799,610 | 1,773,001 | 500,000 |
| Enterprise where KMP & Relatives of KMP significant influence | | | |
| Flora Facilities Private Limited | 20,000,000 | 50,000,000 | - |
| Vastech Consultants Private Limited | - | - | 14,000,000 |
| Sunflower Real Estate Dev Private Limited | - | - | 128,570,614 |
| Stresstech Engineers Private Limited | 2,214,230 | - | 7,500,000 |
| Venus Ventures | - | 1,300,000 | 27,430,000 |
| Total | 22,214,230 | 51,300,000 | 177,500,614 |
| Relatives of Key Management Personnel (Through Fixed Deposit) | | | |
| Mrs. Thangam Moorthy | | | |
| Mr. Santosh Sundararajan | | | |
| Mr. Siddarth Vasudevan (Through Fixed Deposit) | 500,000 | - | 600,000 |
| Mr. Siddarth Vasudevan (Others) | - | 493,791 | - |
| Total | 500,000 | 493,791 | 600,000 |
| Key Management Personnel | | | |
| Mr. R. Vasudevan | - | 154,535,000 | 115,000,000 |
| Mr. Santosh Sundararajan | - | 1,100,000 | - |
| D Santhanam | - | - | 1,800,000 |
| Total | - | 155,635,000 | 116,800,000 |
| (k) Outstanding corporate / bank guarantees given | 936,750,407 | 1,165,000,000 | 1,265,000,000 |
| Subsidiaries | | | |
| GMP Technical Solution Private Limited | 936,750,407 | 1,065,000,000 | 1,065,000,000 |
| Total | 936,750,407 | 1,065,000,000 | 1,065,000,000 |
| Joint Ventures | | | |
| Phoenix Ventures | - | 100,000,000 | 100,000,000 |
| Cosmos Premises Private Limited | - | - | 100,000,000 |
| Total | - | 100,000,000 | 200,000,000 |
| (l) Outstanding as on | | | |
| A) Receivable to Vascon Engineers Limited | 2,947,303,847 | 2,987,071,669 | 1,863,991,522 |
| Subsidiaries | | | |
| | 2,012,271,711 | 2,160,841,818 | 960,983,130 |
| a) Sundry Debtors | | | |
| GMP Technical Solution Private Limited | 2,879,400 | 2,662,500 | 5,111,657 |
| Marvel housing Private Limited-(Advance to creditor) | 73,977 | - | - |
| Vascon Dwellings Private Limited | 185,535,400 | 185,535,400 | 251,110,400 |
| Vascon Pricol Infrastructure Limited | 26,752,974 | 43,146,487 | 84,449,908 |
| Sunflower Real Estate Developers Private Limited | 336,962 | 722,750 | - |
| Sansara Hotels India Private Limited | 470,948,695 | 470,948,695 | - |
| Windflower Properties Private Limited | 170,084 | 200,084 | 230,084 |
| Total | 686,697,492 | 703,215,916 | 340,902,049 |

b) Loans & Advances / Project Advances

| | | | |
|--|----------------------|----------------------|--------------------|
| Calypso Premises Private Limited | | | |
| Floriana Properties Private Limited | 67,540,993 | 67,505,783 | 67,427,505 |
| GMP Technical Solution Private Limited | - | - | 142,879,268 |
| Just Homes (India) Private Limited | 38,637,705 | 30,112,705 | 29,894,780 |
| Greystone Premises Private Limited | 11,309,779 | 6,005,800 | - |
| IT Citi Info Park Private Limited | 24,570,768 | 24,470,924 | 177,124 |
| Marvel Housing Private Limited | 17,412,758 | 3,880,000 | - |
| Vascon Dwellings Private Limited | 65,853,220 | 176,702,711 | 245,551,504 |
| Shreyas Strategists Private Limited | 699,845,544 | 699,814,779 | - |
| Sansara Developers India Private Limited | 6,962,353 | 23,971,458 | - |
| Vascon Pricol Infrastructure Limited. | 55,240,005 | 92,286,920 | 132,770,122 |
| Sunflower Real Estate Developers Private Limited | 336,070,781 | 331,246,967 | - |
| Windflower Properties Private Limited | 119,898 | - | - |
| Total | 1,323,563,804 | 1,455,998,047 | 618,700,303 |

c) Expenses reimbursement

| | | | |
|--------------------------------------|------------------|------------------|------------------|
| Vascon pricol Infrastructure Limited | 2,010,415 | 1,627,855 | 1,380,778 |
| Total | 2,010,415 | 1,627,855 | 1,380,778 |

Joint Ventures

| | | |
|--------------------|--------------------|--------------------|
| 558,427,622 | 466,204,762 | 234,005,345 |
|--------------------|--------------------|--------------------|

a) Sundry Debtors

| | | | |
|--------------------|--------------------|--------------------|-------------------|
| Just Homes (AOP) | 13,375,290 | 13,375,290 | 13,375,290 |
| Phoenix Ventures | 103,849,576 | 63,311,405 | 62,731,671 |
| Ajanta Enterprises | 4,934,869 | 45,667,637 | - |
| Total | 122,159,735 | 122,354,332 | 76,106,961 |

b) Loans & Advances

| | | | |
|--------------------|-------------------|-------------------|-------------------|
| Phoenix Ventures | 26,732,695 | 22,998,783 | 12,600,574 |
| Ajanta Enterprises | 5,000,000 | - | - |
| Total | 31,732,695 | 22,998,783 | 12,600,574 |

c) Balance in capital and current accounts

| | | | |
|--------------------|--------------------|--------------------|--------------------|
| Phoenix Ventures | 62,193,539 | 69,290,280 | 68,518,798 |
| Ajanta Enterprises | 341,965,077 | 251,561,367 | 76,779,012 |
| Total | 404,158,616 | 320,851,647 | 145,297,810 |

d) Reimbursement of expenses

| | | | |
|---------------------------------|----------------|----------|----------|
| Cosmos Premises Private Limited | 376,576 | - | - |
| Total | 376,576 | - | - |

Associates

| | | |
|--------------------|--------------------|--------------------|
| 256,300,010 | 256,300,010 | 256,603,346 |
|--------------------|--------------------|--------------------|

a) Loans & Advances

| | | | |
|-------------------------------|--------------------|--------------------|--------------------|
| Mumbai Estate Private Limited | 256,300,010 | 256,300,010 | 256,300,010 |
| Total | 256,300,010 | 256,300,010 | 256,300,010 |

b) Sundry Debtors

| | | | |
|-------------------------------------|----------|----------|----------------|
| Angelica Properties Private Limited | - | - | 266,136 |
| Total | - | - | 266,136 |

c) Share Application money

| | | | |
|-------------------------------------|----------|----------|---------------|
| Angelica Properties Private Limited | - | - | 37,200 |
| Total | - | - | 37,200 |

| | | | |
|---|--------------------|--------------------|--------------------|
| Enterprise where KMP & Relatives of KMP significant influence | 115,387,046 | 98,704,151 | 407,482,245 |
| a) Sundry Debtors | | | |
| Flora Facilities Private Limited (Formerly known as Flora Premises Private Limited) | 15,730,292 | 3,241,312 | 14,608,267 |
| Cherry Constructions Private Limited. | 37,057,770 | 31,020,052 | 28,254,969 |
| Total | 52,788,062 | 34,261,364 | 42,863,236 |
| b) Loans & Advances (Including deposits and trade advances) | | | |
| Vastech Consultants Private Limited | 1,500,000 | 3,343,803 | 40,000,000 |
| Bellflower Premises Private Limited | 5,000,000 | 5,000,000 | 5,000,000 |
| Flora Facilities Private Limited | 12,500,000 | 12,500,000 | 12,500,000 |
| Vatsalya Enterprises Private Limited | 5,000,000 | 5,000,000 | 14,900,000 |
| Venus Ventures | 38,598,984 | 38,598,984 | 39,898,984 |
| Sunflower Real Estate Developers Private Limited | - | - | 252,124,601 |
| Syringa Engineers Private Limited | - | - | 195,424 |
| D. Santhanam (Huf) | - | - | - |
| Total | 62,598,984 | 64,442,787 | 364,619,009 |
| Key Management Personnel | 4,917,458 | 5,020,928 | 4,917,456 |
| a) Sundry Debtors | | | |
| Mr. R. Vasudevan | - | 103,470 | - |
| Mr.Santosh Sundararajan | 4,917,458 | 4,917,458 | 4,917,456 |
| Total | 4,917,458 | 5,020,928 | 4,917,456 |
| B) Receivable from Vascon Engineers Limited | 584,306,367 | 697,721,957 | 786,220,140 |
| Subsidiaries | 132,940,456 | 176,053,328 | 132,705,545 |
| a) Sundry Creditors | | | |
| GMP Technical Solution Pvt Ltd | 90,117,980 | 106,583,942 | 122,758,746 |
| Total | 90,117,980 | 106,583,942 | 122,758,746 |
| b) Loans & Advances | | | |
| Almet Corporation Limited | 9,052,742 | 8,751,930 | 8,216,642 |
| Marathawada Realtors Private Limited | 1,494,489 | 1,692,800 | 1,730,157 |
| Angelica Properties Private Limited | 32,275,245 | 59,024,656 | - |
| Total | 42,822,476 | 69,469,386 | 9,946,799 |
| Joint Venture | 361,155,270 | 389,204,546 | 362,400,585 |
| a) Loans & Advances | | | |
| Cosmos Premises Private Limited | 5,000,000 | - | - |
| Ajanta Enterprises | - | 30,256,972 | - |
| Just Homes (AOP) | 356,155,270 | 358,947,574 | 362,400,585 |
| Total | 361,155,270 | 389,204,546 | 362,400,585 |
| c) Advances from Joint Ventures | | | |
| Key Management Personnel | 8,672,495 | 34,437,657 | 231,516,188 |
| a) For Services Received | | | |
| Mr. R Vasudevan | 89,071 | - | 76,292,024 |
| Santosh Sundararajan | - | 4,781,716 | 4,981,107 |
| M. Krishnamurthi | - | 1,352,626 | 1,028,603 |
| D Santhanam | 1,488,400 | 1,698,005 | 1,270,330 |
| Total | 1,577,471 | 7,832,347 | 83,572,064 |
| b) Advance from Customers | | | |
| R Vasudevan | 4,773,090 | - | - |
| Total | 4,773,090 | - | - |

c) For Deposit Received

| | | | |
|-------------------------|------------------|-------------------|--------------------|
| Mr. R Vasudevan | - | - | 115,000,000 |
| Dr.Santosh Sundararajan | - | 18,900,000 | 27,742,000 |
| D Santhanam | 2,000,000 | 3,400,000 | 5,000,000 |
| Total | 2,000,000 | 22,300,000 | 147,742,000 |

d) Expenses reimbursement

| | | | |
|-------------------------|---------------|---------------|----------------|
| M. Krishnamurthi | - | 17,000 | 39,565 |
| D Santhanam | 23,800 | 29,342 | 16,809 |
| Mr.Santosh Sundararajan | - | 10,200 | 145,750 |
| Total | 23,800 | 56,542 | 202,124 |

e) Loans and advances

| | | | |
|--|-------------------|-------------------|-------------------|
| Mr. R Vasudevan | 298,134 | 4,248,768 | - |
| Total | 298,134 | 4,248,768 | - |
| Enterprise where KMP & Relatives of KMP significant influence | 70,869,813 | 91,800,545 | 54,030,269 |

a) Sundry Creditors

| | | | |
|---|-------------------|-------------------|-------------------|
| Vatsalya Enterprises Private Limited | - | - | 2,904,942 |
| Flora Facilities Private Limited ((Formerly known as Flora Premises Private Limited)) | 5,298,191 | 3,133,590 | 9,777,678 |
| Stresstech Engineers Private Limited | 4,643,853 | 12,492,238 | 15,633,179 |
| Bellflower Premises Private Limited | - | - | 3,024,719 |
| Seraphic Design Private Limited | 48,982 | 330,000 | - |
| Vastech Consultants & Engineers LLP | 5,143,238 | 10,396,477 | 653,897 |
| D. Santhanam HUF | 12,600 | 12,600 | - |
| Vastech Consultants Private Limited | - | - | 9,194,978 |
| Total | 15,146,864 | 26,364,905 | 41,189,393 |

b) Loans/(Advances)

| | | | |
|--------------------------------------|-------------------|-------------------|-------------------|
| Flora Facilities Private Limited | 52508719 | 50,032,548 | - |
| Stresstech Engineers Private Limited | 2214230 | 1,913,766 | 1,731,516 |
| Vastech Consultants Private Limited | - | 10,939,326 | 10,009,360 |
| Total | 54,722,949 | 62,885,640 | 11,740,876 |

c) Deposit Received

| | | | |
|------------------|------------------|------------------|------------------|
| M. Krishnamurthi | - | 1,550,000 | - |
| D. Santhanam HUF | 1,000,000 | 1,000,000 | 1,100,000 |
| Total | 1,000,000 | 2,550,000 | 1,100,000 |

Relatives of Key Management Personnel
a) Deposits Recd.

| | | | |
|----------------------------------|------------------|------------------|------------------|
| Mr. Siddarth Vasudevan | 1,100,000 | 600,000 | 600,000 |
| Mrs. Sailaxmi Santhanam Mudaliar | 400,000 | 400,000 | 400,000 |
| Mrs. Thangam Moorthy | - | 1,500,000 | 3,000,000 |
| Ms.Aishwarya Santhanam | 800,000 | - | - |
| Total | 2,300,000 | 2,500,000 | 4,000,000 |

b) For services received

| | | | |
|---------------------|------------------|------------------|------------------|
| Siddharth Vasudevan | 8,368,333 | 3,169,090 | 1,567,553 |
| Total | 8,368,333 | 3,169,090 | 1,567,553 |

c) Loans /(Advances)

| | | | |
|------------------------|----------|----------------|----------|
| Mr. Siddarth Vasudevan | - | 493,791 | - |
| Total | - | 493,791 | - |

d) Sundry Creditors

| | | | |
|--------------------|----------|---------------|----------|
| MRs. Shilpa Sivram | - | 63,000 | - |
| Total | - | 63,000 | - |

Notes:-

- i) Related party relationships are as identified by the Company on the basis of information available and accepted by the auditors.
 ii) No provision have been made in respect of receivable from related party as at March 31, 2017.

Notes - Additional Information to the Financial Statements**35 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006****(Amount in Rupees)**

| Particulars | March 31, 2017 | March 31, 2016 |
|---|----------------|----------------|
| (i) Principal amount remaining unpaid to MSME suppliers as on | 528,159 | 490,292 |
| (ii) Interest due on unpaid principal amount to MSME suppliers as on | 739,473 | 686,456 |
| (iii) The amount of interest paid along with the amounts of the payment made to the MSME suppliers beyond the appointed day | Nil | Nil |
| (iv) The amount of interest due and payable for the year (without adding the interest under MSME Development Act) | 53,017 | 113,993 |
| (v) The amount of interest accrued and remaining unpaid as on | 739,473 | 686,456 |
| (vi) The amount of interest due and payable to be disallowed under Income Tax Act, 1961 | 53,017 | 113,993 |

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

36 Disclosure under Regulation 34(3) of the SEBI (Listing and Disclosure Requirements) Regulations, 2015

Loans and advances in the nature of loans given to subsidiaries, associates, firms / companies in which directors are interested:

(Amount in Rupees)

| Name of the party | Relationship | Amount outstanding as at March 31, 2017 | Maximum balance outstanding during the year |
|---|--------------|---|---|
| Floriana Properties Private Limited | Subsidiary | 67,540,993 (67,505,784) | 67,540,993 (67,505,784) |
| Grey Stone Premises Private Limited | Subsidiary | 11,309,779 (6,005,800) | 11,309,779 (6,005,800) |
| Marvel Housing Private Limited | Subsidiary | 17,412,758 (3,880,000) | 17,412,758 (3,880,000) |
| Vascon Dwellings Private Limited | Subsidiary | 65,853,220 (176,702,711) | 176,702,711 (255,486,683) |
| Vascon Pricol Infrastructures Ltd. | Subsidiary | 55,240,006 (92,286,920) | 153,340,006 (152,233,231) |
| Sunflower Real Estate Dev Private Limited | Subsidiary | 336,070,781 (331,246,967) | 356,826,100 (335,522,408) |

Note: Figures in bracket relate to the previous year.

- 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 Investment by loanee in share of parent or subsidiary where Company made loan or advances in the nature of loan.
- 37** The company enters into “domestic transactions” with specified parties that are subject to the Transfer Pricing regulations under the Income Tax Act, 1961 (‘regulation’). The pricing of such domestic transactions will need to comply with Arm’s length principle under the regulations. These regulations, inter alia, also required the maintenance of prescribed documents and information including furnishing a report from an accountant which is to be filed with the Income tax authorities.
- The Company has undertaken necessary steps to comply with the regulations. The management is of the opinion that the domestic transactions are at arm’s length, and hence the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.
- 38** Segment information has been presented in the Consolidated Financial Statements as permitted by Indian Accounting Standard (Ind AS) 108 on operating segment as notified under the Companies (Indian Accounting Standards) Rules, 2015.
- 39** The estimates as at April 01, 2015 and as at March 31, 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies).

40 Disclosure of particulars of contract revenue

(Amount in Rupees)

| | March 31, 2017 | March 31, 2016 |
|--|----------------|----------------|
| Contract Revenue Recognized during the year | 1,924,119,869 | 2,725,213,873 |
| Contract costs incurred during the year | 1,451,925,021 | 2,120,473,050 |
| Recognized Profit | 472,194,848 | 604,740,822 |
| Advances received for contracts in progress | 411,510,633 | 541,919,188 |
| Retention money for contracts in progress | 429,031,429 | 381,935,125 |
| Gross amount due from customer for contract work (assets) | 365,719,004 | 654,148,465 |
| Gross amount due to customer for contract work (liability) | 446,736,650 | 224,170,474 |

41 Disclosure for Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016

Pursuant to the notification no. S.O. 3407(E) issued on 8th November 2016, by Govt. of India to ban SBN of 500 and 1000, below is the summary of transactions undertaken by the Company during the period of 8th November 2016 to 30th December 2016:

(Amount in Rupees)

| Particulars | SBN | Other Denominations | Total |
|---|--------------|---------------------|------------------|
| Closing cash in hand as on November 8, 2016 | 14,259,500 | 5,964,353 | 20,223,853 |
| Add :-Permitted Receipts | - | 847,258 | 847,258 |
| Add :-Cash received against IOU | - | 339,933 | 339,933 |
| Less:- Permitted payments | (1,000,000) | (3,215,743) | (4,215,743) |
| Less:- Amount deposited to Bank | (13,259,500) | (368,657) | (13,628,157) |
| Closing Cash in hand as on December 30, 2016 | - | 3,567,144 | 3,567,144 |

- 42** The company has not performed CSR activities as mentioned in Section 135 read with companies (Corporate Social responsibility) Rules, 2014 (CSR rules) and Notification and circulars issued by the ministry during the financial year as the company is not within the criteria of 'Qualifying company'.
- 43** During the current year the company has redeemed preference shares from one of the subsidiary " GMP Technical Solutions Private Limited" amounting to Rs. 2,34,00,000.
- 44** In June 2012, the Income Tax Department had initiated proceedings against the Company, under Section 132 of the Income Tax Act, 1961. During the year, the Company has received order from the Income Tax Settlement Commission under Section 245D(4), for the assessment years 2007-08 to 2014-15 (except assessment year 2013-14 which is reverted to respective assessing officer for further assessment) and based on which necessary effects has been given in the accounts.
- 45** The Board of Directors of the Company at its meeting held on May 17, 2016, have approved a Scheme of Amalgamation (the "Scheme") between the Company and its 11 wholly owned subsidiaries (the "Transferor Companies") with effect from April 01, 2016. NSE and BSE have provided their "No Objection" to the proposed merger and shareholders of the Transferor Companies and Vascon Engineers Limited have approved the Scheme with requisite majority. The Scheme is now subject to the approval of the National Company Law Tribunal (NCLT) and other regulatory approvals.
- 46** Consequent to non-receipt of necessary approval, the provision for Managerial Remuneration for FY 2014 - 15 amounting to Rs. 587 lakhs and FY 2015 – 16 provided till September, 2015 amounting to Rs. 316 lakhs has been reversed in the quarter ended 31st December, 2015 and credited to Employees benefits expenses.
- 47** During the Previous financial year the company has sold stake in one of its associate Ascent Hotels Private Limited for a consideration of Rs. 30,42,01,680/- (6669492 equity shares of Rs.10/- each fully paid and share application money Rs. 37,500,000).
- 48** During the Previous financial year the Company has invested an amount of Rs. 30,42,01,680/- (Face Value of Rs 10 each) in Optionally Convertible Redeemable Debentures of Ascent Hotels Private Limited.
- 49** The company has converted unsecured loan of Rs 4,869 lakhs and interest of Rs 1,992 lakhs on November 7, 2015 in to Zero Coupon, Rupee denominated, Unrated, unlisted, secured, Non Convertible Debentures of Rs 1,00,000 /- each

50 Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure

For and on behalf of the Board of Directors

R Vasudevan
Managing Director
(DIN-00013519)

Mukesh Malhotra
Director
(DIN-00129504)

Dr Santosh Sundararajan
Chief Executive Officer

M Krishnamurthi
Company Secretary & Compliance Officer

D Santhanam
Chief Financial Officer

Date : May 29, 2017
Place : Pune

INDEPENDENT AUDITORS' REPORT**TO THE MEMBERS OF****VASCON ENGINEERS LIMITED****Report on the Consolidated Ind AS Financial Statements**

We have audited the accompanying consolidated Ind AS financial statements of **VASCON ENGINEERS LIMITED** (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") its associate and its joint ventures, comprising the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Managements' Responsibility for the Consolidated Ind AS Financial Statements

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the Consolidated Financial Position, Consolidated Financial Performance including Other Comprehensive income, Consolidated Cash Flows and Statement of Changes in Equity of the Group including its associate and joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act as applicable. The respective Board of Directors of the companies included in the Group and of its associate and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate and its joint ventures and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Parent, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in subparagraphs (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the 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, of the Consolidated State of Affairs of the Group, its associate and joint ventures as at March 31, 2017, and their Consolidated Profit, Consolidated Total Comprehensive Income, their Consolidated Cash Flows and Consolidated Statement of Changes in Equity for the year ended on that date.

Other Matters

- (a) We did not audit the financial statements of 13 subsidiaries whose financial statements reflect total assets of Rs. 31,243 lakhs as at March 31, 2017, total revenues of Rs. 1,816 lakhs and net cash inflows amounting to Rs. 162 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint ventures, is based solely on the reports of the other auditors.
- (b) We did not audit the financial statements of 2 subsidiaries, whose financial statements reflect total assets of Rs. 984 lakhs as at March 31, 2017, total revenues of Rs. 1,356 lakhs and net cash inflows amounting to Rs. 1 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net profit of Rs. 78 for the year ended March 31, 2017, as considered in the consolidated Ind AS financial statements, in respect of 1 associate and 1 joint venture, whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associate and joint venture, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated Ind AS financial statements above, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements of subsidiaries incorporated in India, referred in the Other Matters paragraph above we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Parent as on March 31, 2017 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Parent company and subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Parent and subsidiary company's incorporated in India for internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associate and joint ventures. Refer note no 31 to the Consolidated Financial Statements.
 - ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent and its subsidiary companies, associate and joint ventures incorporated in India.
 - iv. The Parent has provided requisite disclosures in the consolidated Ind AS financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016 of the Group entities as applicable. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the relevant books of accounts maintained by those entities for the purpose of preparation of the consolidated Ind AS financial statements and as produced to us by the Management of the respective Group entities.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Hemant M. Joshi
Partner
(Membership No. 38019)

Place: Pune
Date: May 29, 2017

ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph 1 (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of **VASCON ENGINEERS LIMITED** (hereinafter referred to as “Parent”) and its subsidiary companies, its associate company and joint venture, which are companies incorporated in India, as of that date.

Managements’ Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent, its subsidiary companies, its associate company and joint venture, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors’ Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, its subsidiary companies, its associate company and its joint venture which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors’ judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of the subsidiary companies which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion 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 referred to in the Other Matters paragraph below, the Parent and its subsidiary companies which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 13 subsidiary companies which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm’s Registration No. 117366W/W-100018)

Place: Pune
Date: May 29, 2017

Hemant M. Joshi
(Membership No. 38019)

Consolidated Balance Sheet as at March 31, 2017

(Amount in Rupees)

| Particulars | Note No | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|--|---------|-----------------------|-----------------------|-----------------------|
| Assets | | | | |
| Non Current Assets | | | | |
| Property, Plant and Equipment | 3 | 823,749,312 | 749,951,565 | 817,295,750 |
| Capital work-in-progress | | - | - | 21,250,579 |
| Goodwill on Consolidation | | 409,186,994 | 409,186,994 | 304,574,664 |
| Investment Property | 4 | 210,292,738 | 232,770,737 | 257,156,096 |
| Other Intangible assets | 3 | 1,782,627 | 2,465,233 | 4,047,991 |
| Financial Assets | | | | |
| Investments | 5 | 786,829,151 | 779,661,969 | 774,866,631 |
| Loans | 6 | 228,205,368 | 539,174,280 | 781,198,850 |
| Others Financial Assets | 7 | 1,033,976,984 | 1,031,814,515 | 1,813,578,140 |
| Income Tax Assets (net) | | 371,632,787 | 554,261,007 | 478,224,019 |
| Deferred Tax Assets (net) | 17 | 83,810,589 | 53,786,452 | 15,686,532 |
| Other Non Current Assets | 8 | 176,357,925 | 174,942,150 | 160,806,808 |
| Total Non - Current Assets | | 4,125,824,475 | 4,528,014,902 | 5,428,686,060 |
| Current Assets | | | | |
| Inventories | 9 | 4,511,616,342 | 4,275,560,292 | 2,730,408,617 |
| Financial Assets | | | | |
| Investments | 5 | 53,021,563 | 210,855,727 | 291,547,827 |
| Trade Receivables | 10 | 2,241,037,614 | 2,412,400,492 | 2,884,918,203 |
| Cash and cash equivalents | 11 | 282,908,873 | 355,736,975 | 463,712,402 |
| Bank balances other than (iii) above | 11 | 381,684,237 | 354,575,942 | 65,301,034 |
| Loans | 6 | 815,592,821 | 288,440,081 | 183,481,518 |
| Others Financial Assets | 7 | 688,594,653 | 835,694,006 | 692,578,696 |
| Other Current Assets | 8 | 275,336,945 | 262,002,251 | 304,213,692 |
| Total Current Assets | | 9,249,793,048 | 8,995,265,766 | 7,616,161,989 |
| Total Assets | | 13,375,617,523 | 13,523,280,668 | 13,044,848,049 |
| Equity and Liabilities | | | | |
| Equity | | | | |
| Equity Share Capital | 12 | 1,676,601,860 | 1,613,067,160 | 904,759,270 |
| Other Equity | 12 | 4,808,333,393 | 4,648,152,734 | 4,190,404,349 |
| Equity attributable to owners of the Company | | 6,484,935,253 | 6,261,219,894 | 5,095,163,619 |
| Non Controlling Interest | 12 | 119,103,673 | 127,086,288 | 119,426,040 |
| Total Equity | | 6,604,038,926 | 6,388,306,182 | 5,214,589,660 |
| Non Current Liabilities | | | | |
| Financial Liabilities | | | | |
| Borrowings | 13 | 1,326,344,529 | 997,858,275 | 256,360,764 |
| Other financial liabilities | 14 | 334,007,600 | 334,619,398 | 225,470,952 |
| Other Liabilities | 18 | 1,916,667 | 2,316,667 | 2,716,667 |
| Total Non - Current Liabilities | | 1,662,268,796 | 1,334,794,340 | 484,548,383 |
| Current Liabilities | | | | |
| Financial Liabilities | | | | |
| Borrowings | 13 | 1,378,882,362 | 1,468,701,278 | 2,353,451,684 |
| Trade and other payables | 15 | 1,641,805,867 | 1,842,923,427 | 2,173,610,552 |
| Other financial liabilities | 14 | 468,771,317 | 654,176,833 | 1,309,831,786 |
| Provisions | 16 | 148,827,318 | 165,513,695 | 142,754,933 |
| Other Current Liabilities | 18 | 1,471,022,937 | 1,668,864,913 | 1,366,061,052 |
| Total Current Liabilities | | 5,109,309,801 | 5,800,180,146 | 7,345,710,007 |
| Total Equity and Liabilities | | 13,375,617,523 | 13,523,280,668 | 13,044,848,049 |
| Significant accounting policies | 2 | | | |
| See accompanying Notes to the Consolidated financial statements for the year ended 31st March, 2017. | | | | |

In terms of our report attached.
For Deloitte Haskins & Sells LLP
Chartered Accountants

Hemant M. Joshi
Partner

Date : May 29, 2017
Place : Pune

For and on behalf of the Board of Directors

R Vasudevan
Managing Director
(DIN-00013519)

M Krishnamurthi
Company Secretary & Compliance Officer

Date : May 29, 2017
Place : Pune

Mukesh Malhotra
Director
(DIN-00129504)

Dr Santosh Sundararajan
Chief Executive Officer

D Santhanam
Chief Financial Officer

Consolidated Statement of Profit and Loss For The Year Ended March 31, 2017

(Amount in Rupees)

| Particulars | Note No | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|---------|--------------------------------------|--------------------------------------|
| Revenue from operations | 19 | 4,963,451,419 | 5,880,452,174 |
| Other Income | 20 | 580,132,458 | 268,166,190 |
| Total Income | | 5,543,583,877 | 6,148,618,364 |
| Cost of materials consumed | 21.a | 3,765,422,792 | 4,258,328,337 |
| Purchases of stock-in-trade | | 90,352 | 393,613 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 21.b | (153,203,362) | (50,680,280) |
| Excise duty on sale of goods | | 61,955,861 | 2,415,287 |
| Employee benefit expense | 22 | 766,244,461 | 602,667,334 |
| Finance costs | 23 | 327,377,189 | 381,117,232 |
| Depreciation and amortization expense | 3 & 4 | 156,439,517 | 154,433,213 |
| Other expenses | 24 | 592,227,446 | 720,592,549 |
| Total expenses | | 5,516,554,257 | 6,069,267,285 |
| Profit before tax | | 27,029,620 | 79,351,079 |
| Less: Tax Expense | | | |
| Current Tax | 17 | 8,579,725 | 19,329,202 |
| Deferred Tax | 17 | (30,120,061) | (32,214,612) |
| Excess/ (short) provision for tax of earlier years | 17 | 36,470,723 | 128,197 |
| Profit after tax | | 14,930,386 | (12,757,213) |
| Other Comprehensive Income | | | |
| Items that will not be recycled to profit or loss | | | |
| - Remeasurements of the defined benefit liabilities / (asset) | | 6,124,002 | 5,332,168 |
| - Income tax relating to items that will not be reclassified to profit or loss | | (95,925) | (1,204,676) |
| | | 6,028,077 | 4,127,492 |
| Total Comprehensive Income for the year | | 18,127,311 | 96,235,784 |
| Total comprehensive income for the year attributable to: | | | |
| Owners of the Company | | 26,109,925 | 88,575,536 |
| Non controlling interests | | (7,982,614) | 7,660,248 |
| Earnings per equity share | | | |
| Basic | 29 | 0.12 | 0.60 |
| Diluted | 29 | 0.12 | 0.60 |
| Significant accounting policies See accompanying Notes to the Consolidated financial statements for the year ended 31st March, 2017. | 2 | | |

In terms of our report attached.
For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors

R Vasudevan
Managing Director
(DIN-00013519)

Mukesh Malhotra
Director
(DIN-00129504)

Dr Santosh Sundararajan
Chief Executive Officer

Hemant M. Joshi
Partner

M Krishnamurthi
Company Secretary & Compliance Officer

D Santhanam
Chief Financial Officer

Date : May 29, 2017
Place : Pune

Date : May 29, 2017
Place : Pune

Statement of changes in equity

a) Change in Equity

(Amount in Rupees)

| Particular | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|-------------------------|-------------------------|------------------------|
| Balance at the beginning of the year | 1,613,067,160 | 904,759,270 | 904,759,270 |
| Fresh issue on account of rights issue during the year | - | 666,666,660 | - |
| Issue of equity shares under employee share option plan | 63,534,700 | 41,641,230 | - |
| Balance at the end of the year | 1,676,601,860 | 1,613,067,160 | 904,759,270 |

b) Changes in Other Equity

(Amount in Rupees)

| Particulars | Reserves and Surplus | | | | | | | | Equity Attributable to the shareholders of the Company | Non Controlling Interests | Total Equity |
|--|----------------------|----------------------------------|----------------------------------|---|------------------------------------|--------------------|---|----------------------|---|---------------------------------|----------------------|
| | Capital reserve | Capital Redemption Reserve | Securities premium reserve | Equity-settled employee benefits reserve | Debenture Redemption Reserve | General reserve | Foreign Currency Translation Reserve | Retained earnings | | | |
| Balance at the beginning of the reporting period - As of April 01, 2015 | 8,628,454 | - | 3,885,750,281 | 46,127,697 | 153,750,000 | - | (225,761) | 96,373,677 | 4,190,404,348 | 119,426,040 | 4,309,830,388 |
| Premium on Shares issued during the year | - | - | 397,988,429 | - | - | - | - | - | 397,988,429 | - | 397,988,429 |
| Capital Reserve created on account of Subsidiary acquisition | 22,517,200 | - | - | - | - | - | - | - | 22,517,200 | - | 22,517,200 |
| Transferred to Capital Redemption reserve | - | 12,750,000 | - | - | - | - | - | (12,750,000) | - | - | - |
| Transferred to General reserve | - | - | - | - | (65,000,000) | 65,000,000 | - | - | - | - | - |
| Share issue costs on account of rights issue | - | - | (11,861,418) | - | - | - | - | - | (11,861,418) | - | (11,861,418) |
| Amount recorded on Grant | - | - | - | 23,084,541 | - | - | - | - | 23,084,541 | - | 23,084,541 |
| Transferred to securities premium reserve on exercise | - | - | - | (64,655,099) | - | - | - | - | (64,655,099) | - | (64,655,099) |
| Shares Forfeited during the year | - | - | - | (73,125) | - | - | - | - | (73,125) | - | (73,125) |
| Foreign Exchange Difference | - | - | - | - | - | - | 619,865 | - | 619,865 | - | 619,865 |
| Profit for the year | - | - | - | - | - | - | - | 84,448,044 | 84,448,044 | 7,294,363 | 91,742,406 |
| Other Comprehensive income | - | - | - | - | - | - | - | 4,127,492 | 4,127,492 | 365,885 | 4,493,377 |
| Consolidated Adjustment | - | - | - | - | - | - | - | 1,552,456 | 1,552,456 | - | 1,552,456 |
| Balance at the end of the reporting period | 31,145,654 | 12,750,000 | 4,271,877,293 | 4,484,014 | 88,750,000 | 65,000,000 | 394,104 | 173,751,669 | 4,648,152,734 | 127,086,288 | 4,775,239,021 |

(Amount in Rupees)

| Particulars | Reserves and Surplus | | | | | | | | Equity Attributable to the shareholders of the Company | Non Controlling Interests | Total Equity |
|--|----------------------|----------------------------------|----------------------------------|---|------------------------------------|--------------------|---|----------------------|---|---------------------------------|---------------|
| | Capital reserve | Capital Redemption Reserve | Securities premium reserve | Equity-settled employee benefits reserve | Debenture Redemption Reserve | General reserve | Foreign Currency Translation Reserve | Retained earnings | | | |
| Balance at the beginning of the reporting period - As of April 01, 2016 | 31,145,654 | 12,750,000 | 4,271,877,293 | 4,484,014 | 88,750,000 | 65,000,000 | 394,104 | 173,751,669 | 4,648,152,734 | 127,086,288 | 4,775,239,022 |
| Premium on Shares issued during the year | - | - | 63,234,700 | - | - | - | - | - | 63,234,700 | - | 63,234,700 |
| Transfer to General Reserve | - | - | - | - | (88,750,000) | 88,750,000 | - | - | - | - | - |
| Amount recorded on grants | - | - | - | 71,677,333 | - | - | - | - | 71,677,333 | - | 71,677,333 |
| Transferred to securities premium account on exercise | - | - | 53,103,099 | (53,103,099) | - | - | - | - | - | - | - |
| Shares Forfeited during the year | - | - | - | (103,050) | - | - | - | - | (103,050) | - | (103,050) |
| Foreign Exchange Difference | - | - | - | - | - | - | (128,412) | - | (128,412) | - | (128,412) |

VASCON ENGINEERS LIMITED

(Amount in Rupees)

| Particulars | Reserves and Surplus | | | | | | | Equity Attributable to the shareholders of the Company | Non Controlling Interests | Total Equity | |
|---|----------------------|----------------------------|----------------------------|--|------------------------------|--------------------|--------------------------------------|--|---------------------------|--------------------|----------------------|
| | Capital reserve | Capital Redemption Reserve | Securities premium reserve | Equity-settled employee benefits reserve | Debenture Redemption Reserve | General reserve | Foreign Currency Translation Reserve | | | | Retained earnings |
| Profit for the year | - | - | - | - | - | - | - | 20,081,848 | 20,081,848 | (8,011,748) | 12,070,100 |
| Other Comprehensive income for the year | - | - | - | - | - | - | - | 6,028,077 | 6,028,077 | 29,134 | 6,057,211 |
| Consolidated Adjustment | - | - | - | - | - | - | - | (609,837) | (609,837) | - | (609,837) |
| Balance at the end of the reporting period | 31,145,654 | 12,750,000 | 4,388,215,092 | 22,955,198 | - | 153,750,000 | 265,692 | 199,251,757 | 4,808,333,393 | 119,103,674 | 4,927,437,067 |

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors

R Vasudevan
Managing Director
(DIN-00013519)

Mukesh Malhotra
Director
(DIN-00129504)

Dr Santosh Sundararajan
Chief Executive Officer

Hemant M. Joshi
Partner

M Krishnamurthi
Company Secretary & Compliance Officer

D Santhanam
Chief Financial Officer

Date : May 29, 2017
Place : Pune

Date : May 29, 2017
Place : Pune

Consolidated Cash Flow Statement For The Year Ended March 31, 2017

(Amount in Rupees)

| PARTICULARS | As at March 31, 2017 | As at March 31, 2016 |
|--|-------------------------|-------------------------|
| A CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before Taxation | 27,029,620 | 79,351,079 |
| Adjustments for :- | | |
| - Depreciation | 156,439,517 | 154,433,213 |
| - Finance Cost | 327,377,189 | 381,117,232 |
| - Dividend Income | (8,800,013) | (2,370,616) |
| - Dividend on investments carried at FVTPL | (121,563) | - |
| - Expense recognised in respect of equity-settled share-based payments | 71,677,333 | 23,084,542 |
| - Prepaid Rent | 6,530,316 | 6,085,324 |
| - Income recognised in respect of equity-settled share-based payments | (103,050) | (73,125) |
| - Provision for diminution in value of shares | - | 11,689,954 |
| - Interest income | (245,332,721) | (44,461,133) |
| - Deferred Revenue | (400,000) | (400,000) |
| - Provision for doubtful debt and advances | 13,898,231 | 71,905,524 |
| - Bad debts and other receivables, loans and advances written off | 43,375,942 | 80,704,431 |
| - Provision no longer required written back | (283,082,375) | (83,323,177) |
| - Provision for unapproved sales | (664,610) | (1,459,360.00) |
| - Share of Profits from Joint Venture | (7,168,632) | (2,521,607) |
| - Gain on investments carried at fair value through profit or loss | (13,550) | (22,950) |
| - Net loss arising on financial Liabilities designated as at FVTPL | - | 29,201,680 |
| - Loss arising on derecognition of financial assets | 30,236,539 | - |
| - Provision for creditors advance | (7,188,500) | - |
| - (Profit) Loss on Sale of Assets | (31,354,636) | (117,424,932) |
| Operating Profit before working capital changes | 92,335,037 | 585,516,081 |
| Adjustments for (increase)/ decrease in operating assets | | |
| Inventories before capitalisation of borrowing cost | (108,166,270) | 221,449,976 |
| Trade receivables | 169,689,606 | (37,589,851) |
| Amount due from / to Customer | 398,275,711 | (316,052,227) |
| loans and advances (Non Current) | 398,636,938 | (521,898,075) |
| Others Financial Assets (Non Current) | (2,162,468) | 781,763,625 |
| Other assets (Non Current) | (757,591) | (20,220,666) |
| loans and advances (Current) | (527,152,740) | (151,957,188) |
| Others Financial Assets (Current) | (14,482,889) | 71,647,882 |
| Other assets (Current) | (30,625,607) | (203,678,436) |
| Adjustments for (increase)/ decrease in operating liabilities | | |
| Current trade payables | (57,143,125) | (294,027,783) |
| Provisions | 13,896,567 | 11,587,234 |
| Other Non Current liabilities | (611,798) | 109,148,446 |
| Other current liabilities | (163,872,844) | 223,654,280 |
| Cash generated from operations | 167,858,527 | 459,343,297 |
| Direct Taxes Paid (Net) | 113,118,830 | (81,911,822) |
| Net Cash flow from operating activities | 280,977,357 | 377,431,475 |
| B CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets including capital work in progress | (226,154,539) | (128,557,532) |
| Dividend received | 8,800,013 | 2,370,616 |
| Proceeds on disposal of fixed assets | 39,613,593 | 106,616,905 |
| Proceeds on disposal of securities/investments | - | 304,201,680 |
| Investment in optionally convertible redeemable debenture | - | (304,201,680) |
| Payments / Proceeds from Investments | 136,563 | 5,810,047 |
| Investment in Subsidiaries / Joint Venture | - | (24,257,440) |
| Investments / Proceeds from fixed deposits with banks | (27,108,295) | (289,274,908) |
| Investments / Proceeds from liquid mutual funds | (28,463,666) | 118,653,266 |
| Net Cash generated / (used) in investing activities | (233,176,331) | (208,639,047) |

VASCON ENGINEERS LIMITED

(Amount in Rupees)

| PARTICULARS | As at March 31, 2017 | As at March 31, 2016 |
|---|-------------------------|-------------------------|
| C CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceed from issue of Equity shares | 126,769,400 | 1,041,641,219 |
| Expenses towards Right issue | - | (11,861,418) |
| Non Convertible Debentures | (355,000,000) | (260,000,000) |
| Proceed / repayment from/to long term borrowing | 495,022,662 | (160,103,207) |
| Proceed / repayment from/to Short term borrowing | (172,235,035) | (380,396,418) |
| Interest Income | 157,664,695 | 44,461,133 |
| Finance cost including capitalised to qualifying assets | (455,266,969) | (534,704,041) |
| Net Cash generated / (used) in financing activities | (203,045,247) | (260,962,733) |
| D NET CASH INFLOW / (OUTFLOW) (A+B+C) | (155,244,221) | (92,170,305) |
| Cash and cash equivalents at the beginning of the year | 449,687,477 | 540,208,917 |
| Cash and Cash equivalents pursuant to addition in Subsidiary | - | (1,648,865) |
| Cash and cash equivalents at the end of the year | 294,443,256 | 449,687,477 |
| NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD | (155,244,221) | (92,170,305) |
| See accompanying Notes to the Consolidated financial statements for the year ended 31st March, 2017 | | |

- Figures in brackets represent outflows of cash and cash equivalents.
- During the year, the Company has disposed a fixed asset - Building unit amounting to Rs. 388 lakhs. However sale proceeds were received after March 31, 2017. This being a non-cash transaction, the same has been appropriately excluded from sale of fixed assets and trade receivable.
- During the year, the Company has accrued interest of Rs. 876 lakhs, the same will be received after March 31, 2017. This being a non-cash transaction, the same has been appropriately excluded from Financial Assets.
- During the year, the Company has sold investment in viorica hotels for Rs 1862 laks and of which advance of Rs 1400 lakhs was received in previous and recognised loss of Rs 302 lakhs year on financial asset balance of Rs 162 lakhs, which were received after March 31, 2017. This being a non-cash transaction, the same has been appropriately excluded from Non- current Investment.

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors

R Vasudevan
Managing Director
(DIN-00013519)

Mukesh Malhotra
Director
(DIN-00129504)

Dr Santosh Sundararajan
Chief Executive Officer

Hemant M. Joshi
Partner

M Krishnamurthi
Company Secretary & Compliance Officer

D Santhanam
Chief Financial Officer

Date : May 29, 2017
Place : Pune

Date : May 29, 2017
Place : Pune

Notes to Consolidated Financial Statements

1 Corporate Information

Vascon Engineers Limited ("the Company") and its subsidiaries (collectively referred to as "the Group") is engaged in the conceiving, developing, constructing and managing varied projects. It is active in multiple sectors including residential, industrial, IT parks, malls and multiplexes, hospitality and community.

Today, Vascon's group achievements range from sprawling factories to premium homes, from glittering malls to towering software parks and from classy hotels to elegant schools. One simple principle guides Vascon's group approach to every project: "Understand the customer's needs and exceed the expectations" This is how Vascon has been able to strike the right balance between efficient engineering and thoughtful development in project after project, across the country.

2 Significant Accounting Policies

2.01 Statement of Compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Group has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016. Previous period numbers in the financial statements have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Group has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of Shareholders' consolidated equity as at March 31, 2016, and April 1, 2015 and of the total comprehensive income for the year ended March 31, 2016 (Refer note 26).

2.02 Basis of preparation and presentation

These financial statements have been prepared on historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policy 2.18. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.03 Basis of consolidation

The Group consolidates all entities which are controlled by it.

The Group establishes control when; it has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect the entity's returns by using its power over the entity. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Subsidiaries are consolidated from the date control commences until the date control ceases.

The results of subsidiaries acquired, or sold, during the year are consolidated from the effective date of acquisition and up to the effective date of disposal, as appropriate.

All inter-company transactions, balances and income and expenses are eliminated in full on consolidation.

The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances except otherwise stated. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable Ind AS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Ind AS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

The following subsidiary companies are considered in the Consolidated Financial Statements:

| Name of the Company | Relationship | Country of Incorporation or Residence | Voting Power % | | |
|--|-----------------|---------------------------------------|----------------------|----------------------|---------------------|
| | | | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
| Marvel Housing Private Limited | Subsidiary | India | 100% | 100% | 100% |
| Vascon Dwelling Private Limited | Subsidiary | India | 100% | 100% | 100% |
| IT-Citl Infopark Private Limited | Subsidiary | India | 100% | 100% | 100% |
| Greystone Premises Private Limited | Subsidiary | India | 100% | 100% | 65% |
| Vascon Pricol Infrastructure Limited | Subsidiary | India | 100% | 100% | 100% |
| Floriana Properties Private Limited | Subsidiary | India | 100% | 100% | 100% |
| Windflower Properties Private Ltd | Subsidiary | India | 100% | 100% | 100% |
| GMP Technical Solutions Private Limited | Subsidiary | India | 85% | 85% | 85% |
| GMP Technical Solutions Middle East (FZE), | Step Subsidiary | UAE (Sharjah) | 85% | 85% | 85% |
| GMP Technical Services (LLC), | Step Subsidiary | UAE (Dubai) | 85% | 85% | 85% |
| Almet Corporation Limited | Subsidiary | India | 100% | 100% | 100% |
| Marathawada Realtors Private Limited | Subsidiary | India | 100% | 100% | 100% |

VASCON ENGINEERS LIMITED

| Name of the Company | Relationship | Country of Incorporation or Residence | Voting Power % | | |
|--|-----------------|---------------------------------------|----------------------|----------------------|---------------------|
| | | | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
| Just Homes (India) Pvt. Ltd | Subsidiary | India | 100% | 100% | 100% |
| Angelica Properties Private Limited | Step Subsidiary | India | 100% | 100% | 26% |
| Sansara Developers Private Limited | Step Subsidiary | India | 100% | 100% | 0% |
| Shreyas Strategists Private Limited | Step Subsidiary | India | 100% | 100% | 0% |
| Sunflower Real Estate Developers Private Limited | Subsidiary | India | 100% | 100% | 0% |
| Phoenix Ventures | Joint Venture | India | 50% | 50% | 50% |
| Cosmos Premises Private Limited | Joint Venture | India | 43.83% | 43.83% | 43.83% |
| Ajanta Enterprises | Joint Venture | India | 50% | 50% | 50% |
| Mumbai Estate Private Limited | Associates | India | 44.44% | 44.44% | 44.44% |

2.04 Business combinations

The Group accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognized in profit or loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognized at their fair values at the acquisition date.

Purchase consideration paid in excess of the fair value of net assets acquired is recognized as goodwill. Where the fair value of identifiable assets and liabilities exceed the cost of acquisition, after reassessing the fair values of the net assets and contingent liabilities, the excess is recognized as capital reserve.

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity of subsidiaries.

Business combinations arising from transfers of interests in entities that are under the common control are accounted at historical cost. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in shareholders' equity.

2.05 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note 2.04 above) less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

2.06 Use of estimates

The preparation of consolidated financial statements, in conformity with the recognition and measurement principles of Ind AS requires management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures of contingent liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty at the date of financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment of goodwill, useful lives of Property, plant and equipment and valuation of deferred tax assets and provisions and contingent liabilities.

Impairment of Goodwill

The Group estimate the value in use of the cash generating unit (CGU) based on the future cash flows after considering current economic conditions and trends, estimated future operating results and growth rate and anticipated future economic and regulatory conditions. The estimated cash flows were developed using internal forecasts. The discount rate used for the CGU's represented the weighted- average cost of capital based on the historical market returns of comparable companies.

Useful lives of property, plant and equipment

The Group reviews the useful life of Property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Valuation of deferred tax assets

The Group reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under Note 2.13

Provisions and contingent liabilities

A provision is recognized when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) 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 adjusted to reflect the current best estimates. Contingent liabilities are not recognized in the financial statements. A contingent asset is neither recognized nor disclosed in the financial statements.

2.07 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

1. 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 Group 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 Group 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.

2. 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

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 Group 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.

3. Sale of goods

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax.

4. 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.
5. Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.
6. Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).
7. 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.
8. Income from services rendered is recognised as revenue when the right to receive the same is established.
9. Profit on sale of investment is recorded upon transfer of title by the Group. It is determined as the difference between the sale price and the then carrying amount of the investment.

2.08 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating Lease

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term. Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

Finance Lease

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss.

2.09 Foreign Currencies

The functional currency of the Group is the Indian Rupee whereas the functional currency of foreign subsidiaries is the AED.

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the balance sheet date.

Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are included in the statement of profit and loss.

Assets and liabilities of entities with functional currency other than presentation currency have been translated to the presentation currency using exchange rates prevailing on the balance sheet date. Statement of profit or loss have been translated using average exchange rates. Translation adjustments have been reported as foreign currency translation reserve in the statement of changes in equity.

2.10 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.11 Government Grants and Export Incentive

(i) Government grants in respect to manufacturing units located in developing regions

The Group is entitled to various incentives from government authorities in respect of manufacturing units located in developing regions. The Group accounts for its entitlements on accrual basis on approval of the initial claim by the relevant authorities.

(ii) Government grants in respect of additional Capital Expenditure

Government grants whose primary condition is that the entity should purchase, construct or otherwise acquire capital assets is accounted for as deferred income. The grant is recognized as income over the life of a depreciable asset by accounting deferred income in the Statement of Profit and Loss on a systematic and rational basis over the useful life of the asset.

(iii) Export Benefits

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

2.12 Employee benefits

1. Defined Contribution Plan:

Provident Fund: The eligible employees of the Group are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Group make monthly contributions at a specified percentage of the covered employee's salary. The contributions as specified under the law are paid to the Central Government Provident Fund and the Family Pension Fund and the same is charged to the Consolidated Statement of Profit and Loss of the year when the contributions to the respective funds are due and when services are rendered by the employees.

2. Defined Benefit Plan:

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

(i) **Gratuity:** The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15/26 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. For the employees of specified grades, 30 days salary is payable for each completed year of service, upon completion of 10 years of service. The Group accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation. The Group has taken a Group Gratuity cum Life Assurance Scheme with LIC of India for future payment of gratuity to the eligible employees.

(ii) **Compensated Absences:** The Group provides for the encashment of compensated absences with pay subject to certain rules. The employees are entitled to accumulate compensated absences subject to certain limits, for future encashment. Such benefits are provided based on the number of days of an utilised compensated absence on the basis of an independent actuarial valuation. The Group has taken a policy with LIC of India for future payment of compensated absences encashment to its employees.

(iii) Shares Based Payment :

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

The cost is recognized, together with a corresponding increase in share-based payment reserves in equity, over the period in which the performance and / or service conditions are fulfilled in employee benefits expense. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Companies best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognized in employee benefits expense.

2.13 Taxation

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

Current tax:

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income/statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

The current income tax expense for overseas subsidiaries has been computed based on the tax laws applicable to each subsidiary in the respective jurisdiction in which it operates.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

Deferred Incomes taxes:

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax asset are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax liabilities are recognized for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends and has ability to settle its current tax assets and liabilities on a net basis.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

The Group recognises interest levied and penalties related to income tax assessments in income tax expenses.

2.14 Property Plant and Equipment

Property plant & equipment are stated at cost of acquisition or construction where cost includes amount added/deducted on revaluation less accumulated depreciation / amortization and impairment loss, if any. All costs relating to the acquisition and installation of fixed assets are capitalised and include borrowing costs relating to funds attributable to construction or acquisition of qualifying assets, up to the date the asset / plant is ready for intended use. The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item of property, plant and equipment, if it is probable that the future economic benefits embodies within the part will flow to the Group and its cost can be measured reliably with the carrying amount of the replaced part getting derecognized. The cost for day-to-day servicing of property, plant and equipment are recognized in Statement of Profit and Loss as and when incurred.

Machinery spares which can be used only in connection with an item of fixed asset and use of which, as per technical assessment, is expected to be irregular, are capitalised and depreciated as part of fixed assets.

Depreciation on tangible property plant & equipment has been provided on written down value method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of plant and machinery, in whose case the life of the assets has been assessed based on the technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc. The Group has based on technical advice considered the useful life of the plant and machinery to be 15 years which is different from the useful life specified in Schedule II to the Companies Act, 2013.

Fixed assets individually costing Rs. 5,000 or less are depreciated fully in the year of acquisition. Depreciation on assets acquired/purchased, sold/discarded during the year is provided on a pro-rata basis from the date of each addition / till the date of sale/discard.

The estimated useful life and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

If significant events or market developments indicate an impairment in the value of the tangible asset, management reviews the recoverability of the carrying amount of the asset by testing for impairment. The carrying amount of the asset is compared with the recoverable amount, which is defined as the higher of the assets fair value less costs to sell and its value in use. To determine the recoverable amount on the basis of value in use, estimated future cash flows are discounted at a rate which reflects the risk specific to the asset. If the net carrying amount exceeds the recoverable amount, an impairment loss is recognised. When estimating future cash flows, current and expected future inflows, technological, economic and general developments are taken into account. If an impairment test is carried out on tangible assets at the level of a cash-generating unit, an impairment loss is recognised, taking into account the fair value of the assets. If the reason for an impairment loss recognised in prior years no longer exists, the carrying amount of the tangible asset is increased to a maximum figure of the carrying amount that would have been determined had no impairment loss been recognised.

2.15 Investment Properties

The Group has elected to continue with the carrying value for all of its investment property as recognized in its Initial GAAP financial statements as deemed cost at the transition date. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are states at cost less accumulated depreciation and accumulated impairment loss, if any.

2.16 Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

2.17 Impairment

(i) Financial assets (other than at fair values)

The Group assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Group recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

(ii) Non-financial assets

(a) Tangible and intangible assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in the statement of profit and loss.

(b) Goodwill

CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is indication for impairment. If the recoverable amount of a CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

2.18 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 Group 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.

2.19 Financial Instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Cash and cash equivalents

The Group considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognized in statement of profit and loss.

Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments recognized by the Group are recognized at the proceeds received net off direct issue cost.

Reclassification of Financial Assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when a Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognized gains, losses (including impairment gains and losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

2.20 Earning per share (EPS)

The Group reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period as adjusted for the effects of all diluted potential equity shares except where the results are anti-dilutive.

2.21 Critical Accounting Judgments and key sources of estimation, uncertainty

The preparation of consolidated financial statements and related notes in accordance with Ind AS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet date, and revenues and expenses.

Actual results could differ from those estimates due to those uncertainties on which assumptions are based. Estimates and assumptions are reviewed annually in order to verify they still reflect the best available knowledge of the Group's operations and of other factors deriving from actual circumstances. Changes, if any, are immediately accounted for in the income statement.

The present economic context, whose effects are spread into some businesses in which the Group operates, determined the need to make assumptions related to future development with a high degree of uncertainty. For this reason, it is not possible to exclude that, in the next or in subsequent financial years, actual results may differ from estimated results. These differences, at present unforeseeable and unpredictable, may require adjustments to book values. Estimates are used in many areas, including accounting for non-current assets, deferred tax assets, bad debt provisions on accounts receivable, inventory obsolescence, employee benefits, contingent liabilities and provisions for risks and contingencies.

2.22 Business Segments

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group is in the business of manufacture and sale of automobile components, which in the context of Indian Accounting Standard 108 'Segment Information' represents single reportable business segment. The accounting policies of the reportable segments are the same as the accounting policies disclosed in Note 2. The revenues, total expenses and net profit as per the Statement of profit and loss represents the revenue, total expenses and the net profit of the sole reportable segment.

2.23 Cash flow statement

The Cash Flow Statement is prepared by the indirect method set out in Ind AS 7 on Cash Flow Statements and presents cash flows by operating, investing and financing activities of the Group.

2.24 Current / Non-Current Classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realized or intended to sold or consumed in normal operating cycle
- It is held primarily for the purpose of trading

- It is expected to be realized within 12 months after the date of reporting period, or
 - Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after reporting period.
- Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

A liability is current when it satisfies any of the following criteria:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within 12 months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period

Current liabilities include the current portion of long term financial liabilities.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets and their realization in cash and cash equivalents. The Group has identified 12 months as its operating cycle.

2.25 Share Capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs, if any, directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

2.26 Fair Value Measurement

Fair value is the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell an asset or transfer the liability takes place either:

- In the principle market for the asset or liability
- In the absence of principle market, in the most advantageous market for the asset or liability.

The principle or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (Unadjusted) Market prices in active markets for incidental assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation Techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers that have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Determination of Fair Value

1) Financial Assets - Debt Instruments at amortized cost

After initial measurement the financial assets are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are an integral part of the EIR.

2) Financial Assets - Debt Instruments at Fair Value through Other Comprehensive Income (FVTOCI)

Measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the Other Comprehensive Income (OCI). On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to P&L.

3) Debt instruments, derivatives and equity instruments at Fair Value through Profit or Loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

4) Financial Liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit & loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Companies financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent Measurement

Fair value through Profit & Loss

Financial liabilities at fair value through profit & loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. All changes in fair value of such liabilities are recognized in statement of profit or loss.

Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. The EIR amortization is included as finance costs in the statement of profit and loss.

5) Embedded Derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract - with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. If the hybrid contract contains a host that is a financial asset within the scope of IND AS 109, the Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in IND AS 109 to the entire hybrid contract. These embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss.

2.27 Determination of Fair Value**1) Financial Assets**

The fair value of financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purpose.

2) Non-Derivative financial liabilities

Fair Value, which is determined for disclosure purposes, is calculated based on the present value of future principle and interest cash flows, discounted at the market rate of interest at the reporting date.

3) Investments in Mutual Funds

The fair value of available mutual funds held for trading is determined with reference to their net asset value as at the reporting date and is recorded as other income/expense. The Group invests its surplus funds in mutual funds. These investments have been classified as Fair Value Through Profit and Loss (FVTPL) by the management.

2.28 Dividend

Dividend on share is recorded as liability on the date of approval by the shareholders.

2.29 Recent accounting pronouncements**Standards issued but not yet effective**

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows'. The amendments are applicable to the group from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Group is evaluating the requirements of the amendment and the effect on the consolidated financial statements is being evaluated.

2.30 Investments

Long Term Investments are carried at cost. Provision for diminution is made to recognize the decline, other than temporary in the value of these investments. Current investments are carried at lower of the cost and fair value.

2.31 Associates and joint ventures

Associates and joint ventures are accounted for under the equity method at cost at the date of acquisition. In subsequent periods, the carrying amount is adjusted up or down to reflect the Group's share of the comprehensive income of the investee. Any distributions received from the investee and other changes in the investees equity reduce or increase the carrying amount of the investment. If the losses of an associate or joint venture attributable to the Group equal or exceed the value of the interest held in this associate or joint venture, no further losses are recognised unless the Group incurs an obligation or makes payments on behalf of the associate or joint venture. If there are any indications of impairment in the investments in associates or joint ventures, the carrying amount of the relevant investment is subject to an impairment test. If the reason for an impairment loss recognised in prior years no longer exists, the carrying amount of the investment is increased to a maximum figure of the share of net assets in the associate or joint venture.

2.32 Non-current assets held for sale and discontinued operations

Non-current assets are classified separately in the balance sheet as held for sale if they are available for sale in their present condition and the sale is highly probable. Assets that are classified as held for sale are measured at the lower of their carrying amount and their fair value less costs to sell. Liabilities classified as directly related to non-current assets held for sale are disclosed separately as held for sale in the liabilities section of the balance sheet. For discontinued operations, additional disclosures are required in the Notes, as long as the requirements for classification as discontinued operations are met.

2.33 Segment Reporting

The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the Chief Operating Decision Maker (CODM) in deciding how to allocate resources and in assessing performance.

'The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors. Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities"

VASCON ENGINEERS LIMITED

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

Note No. 3 - Property Plant and Equipments and Intangible assets

Amount In Rupees

| | I Property Plant and Equipments | | | | | | | | II. Intangible assets |
|--|---------------------------------|-------------------|--------------------|----------------------|----------------------|-------------------|--------------------|----------------------|-----------------------|
| | Leasehold Improvements | Land | Premises | Plant & Machinery | Furniture & Fixtures | Motor Vehicle | Office Equipment's | Total | Softwares |
| Gross Carrying Value | | | | | | | | | |
| As at April 1, 2016 | 38,416,891 | 45,002,123 | 418,249,545 | 1,091,014,499 | 77,322,865 | 32,028,142 | 52,594,830 | 1,754,628,895 | 52,912,590 |
| Additions | - | - | 6,960,808 | 221,555,094 | 490,855 | 1,873,272 | 1,105,348 | 231,985,377 | 756,074 |
| Disposals | 96,767 | 1,000,000 | 6,363,325 | 21,316,663 | 2,135,962 | 929,450 | - | 31,842,167 | - |
| As at Mar 31, 2017 | 38,320,124 | 44,002,123 | 418,847,028 | 1,291,252,929 | 75,677,758 | 32,971,964 | 53,700,178 | 1,954,772,105 | 53,668,664 |
| Accumulated depreciation | | | | | | | | | |
| As at April 1, 2016 | 5,173,890 | - | 186,878,568 | 692,442,189 | 52,533,530 | 18,386,923 | 49,262,230 | 1,004,677,330 | 50,447,357 |
| Additions | 2,187,300 | - | 17,657,110 | 110,439,894 | 6,761,958 | 4,820,508 | 1,784,879 | 143,651,649 | 1,438,680 |
| Disposals | 1,669,387 | - | 1,182,556 | 13,438,417 | 209,683 | 806,143 | - | 17,306,186 | - |
| As at Mar 31, 2017 | 5,691,805 | - | 203,353,122 | 789,443,667 | 59,085,805 | 22,401,288 | 51,047,108 | 1,131,022,793 | 51,886,037 |
| Net carrying value as at Mar 31, 2017 | | | | | | | | 823,749,312 | 1,782,627 |
| Gross Carrying Value | | | | | | | | | |
| As at April 1, 2015 | 5,404,397 | 45,002,123 | 486,921,947 | 1,041,010,315 | 71,386,051 | 33,822,325 | 53,641,494 | 1,737,188,651 | 52,375,216 |
| Additions | 33,709,979 | - | 576,828 | 76,456,289 | 8,351,083 | 2,889,371 | 2,941,779 | 124,925,329 | 537,374 |
| Disposals | 697,485 | - | 30,956,117 | 26,452,105 | 2,414,269 | 4,683,554 | 3,988,443 | 69,191,973 | - |
| Transferred to Investment Property | - | - | 38,293,113 | - | - | - | - | 38,293,113 | - |
| As at March 31, 2016 | 38,416,891 | 45,002,123 | 418,249,545 | 1,091,014,499 | 77,322,865 | 32,028,142 | 52,594,830 | 1,754,628,895 | 52,912,590 |
| Accumulated depreciation | | | | | | | | | |
| As at April 1, 2015 | 3,504,900 | - | 188,882,529 | 610,421,839 | 44,256,842 | 16,134,810 | 50,888,603 | 914,089,523 | 48,348,400 |
| Additions | 2,308,209 | - | 19,352,583 | 100,048,516 | 9,886,490 | 6,042,020 | 2,306,199 | 139,944,017 | 2,098,957 |
| Disposals | 639,219 | - | 10,494,578 | 18,028,166 | 1,609,802 | 3,789,907 | 3,932,572 | 38,494,244 | - |
| Transferred to Investment Property | - | - | 10,861,966 | - | - | - | - | 10,861,966 | - |
| As at March 31, 2016 | 5,173,890 | - | 186,878,568 | 692,442,189 | 52,533,530 | 18,386,923 | 49,262,230 | 1,004,677,330 | 50,447,357 |
| Capital work in progress | | | | | | | | - | |
| Net carrying value as at March 31, 2016 | | | | | | | | 749,951,565 | 2,465,233 |

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

Note No. 4 - Investment Property

| Description of Assets | | Buildings |
|---|--|--------------------|
| I. Gross Block | | |
| Balance as at 1 April, 2016 | | 264,364,903 |
| Additions | | - |
| Disposals | | 15,291,790 |
| Balance as at 31 March, 2017 | | 249,073,113 |
| II. Accumulated depreciation and impairment for the year 2016 - 2017 | | |
| Balance as at 1 April, 2016 | | 31,594,166 |
| Charge for the period | | 11,349,185 |
| Reversals/ Disposals during the period | | 4,162,976 |
| Balance as at 31 March, 2017 | | 38,780,375 |
| Net block (I-II) | | |
| Balance as on 31st March 2017 | | 210,292,738 |
| Balance as on 31st March 2016 | | 232,770,737 |

| Description of Assets | | Buildings |
|---|--|--------------------|
| I. Gross Block | | |
| Balance as at 1 April, 2015 * | | 280,047,581 |
| Additions | | - |
| Disposals | | 53,975,791 |
| Transferred from property, plant and equipment | | 38,293,113 |
| Balance as at 31 March, 2016 | | 264,364,903 |
| II. Accumulated depreciation and impairment for the year 2015 - 2016 | | |
| Balance as at 1 April, 2015 | | 22,891,485 |
| Charge for the period | | 12,601,277 |
| Reversals/ Disposals during the period | | 14,760,562 |
| Transferred from property, plant and equipment | | 10,861,966 |
| Balance as at 31 March, 2016 | | 31,594,166 |
| Net block (I-II) | | |
| Balance as on 31st March 2016 | | 232,770,737 |
| Balance as on 31st March 2015 | | 257,156,096 |

The Company's investment properties consist of commercial properties in India. Management determined that the investment properties consist of only one class of asset i.e. office spaces based on the nature, characteristics and risks of each property.

* Cost of investment property includes amount paid for shares in Co- Operative Societies/ Companies.

VASCON ENGINEERS LIMITED

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

Note No. 5 : Investment

A. Non Current Investment

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April1, 2015 |
|---|-------------------------|-------------------------|-----------------------|
| A. COST | | | |
| I. Unquoted Investments (all fully paid) | | | |
| <u>Investments in Equity Instruments of associates</u> | | | |
| Angelica Properties Private Limited Nil (March 31, 2016: Nil / April 01, 2015: 605,131) Equity Shares of Rs. 10/- Each Fully Paid | - | - | 6,048,531 |
| | - | - | 6,048,531 |
| <u>Investments in Equity Instruments of joint ventures - jointly controlled entities</u> | | | |
| Cosmos Premises Private Limited 177,401 (March 31, 2016: 177,401 / April 01, 2015: 177,401) Equity Shares of Rs. 10/- Each Fully Paid | 61,937,074 | 54,768,443 | 52,246,836 |
| Vascon Engineers Ltd Wll (Qatar) | 1,024 | 1,024 | - |
| Phoenix Venture | 20,000,000 | 20,000,000 | 20,000,000 |
| Ajanta Enterprises | 427,293,552 | 427,293,552 | 427,293,584 |
| | 509,231,651 | 502,063,019 | 499,540,420 |
| | | | |
| INVESTMENTS CARRIED AT COST [A] | 509,231,651 | 502,063,019 | 505,588,951 |
| B. INVESTMENTS CARRIED AT AMORTISED COST | | | |
| Investment in Government or trust securities | | | |
| 7 Years National Savings Certificate | 20,000 | 20,000 | 20,000 |
| | 20,000 | 20,000 | 20,000 |
| | | | |
| INVESTMENTS CARRIED AT AMORTISED COST [B] | 20,000 | 20,000 | 20,000 |
| C. <u>Designated as Fair Value Through Profit and Loss</u> | | | |
| Quoted investments | | | |
| Investments in Equity Instruments - Corporation Bank Limited | 52,500 | 38,950 | 16,000 |
| Total Aggregate Quoted Investments | 52,500 | 38,950 | 16,000 |
| Unquoted Investments(all fully paid) | | | |
| <u>Investments in Equity Instruments of structured entities</u> | | | |
| The Saraswat Co-Op Bank Limited 2,500 (March 31, 2016: 2,500 / April 01, 2015: 2,500) Equity Shares Of Rs.10/- Each Fully Paid | 25,000 | 25,000 | 25,000 |
| Sahyadri Hospital Limited 250,000 (March 31, 2016: 250,000 / April 01, 2015: 250,000) Equity Shares Of Rs.10/- Each Fully Paid | 2,500,000 | 2,500,000 | 2,500,000 |
| Core Fitness Private Limited Nil (March 31, 2016: 150 / April 01, 2015: 150) Equity Shares of Rs. 100/- Each Fully Paid | - | 15,000 | 15,000 |
| Ascent Hotels Private Limited Nil (March 31, 2016: Nil / April 01, 2015: 6,669,492) Equity Shares of Rs. 10 /- Each Fully Paid | - | - | 266,701,680 |
| | 2,525,000 | 2,540,000 | 269,241,680 |
| <u>Investments in debentures</u> | | | |
| Investments in debentures of Ascent Hotels Private Limited (Refer Note 48 and 49) | 275,000,000 | 275,000,000 | - |
| Optionally Convertible Redeemable Debenture 6,726,396 of face Value Rs.10/- each | | | |
| | 275,000,000 | 275,000,000 | - |
| INVESTMENTS CARRIED AT FVTPL [C] | 277,577,500 | 277,578,950 | 269,257,680 |
| TOTAL INVESTMENTS [A] + [B] + [C] | 786,829,151 | 779,661,969 | 774,866,631 |

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

B. Current Investment

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|-------------------------|-------------------------|------------------------|
| Designated as Fair Value Through Profit and Loss | | | |
| I. Unquoted Investments (all fully paid) | | | |
| <u>Investments in Equity Instruments of structured entities</u> | | | |
| Viorica Properties Private Limited * | - | 240,948,780 | 240,948,780 |
| Nil (March 31, 2016: 16,619,939 / April 01, 2015: 16,619,939) (16619939) Equity Shares of Rs. 10/- Each Fully Paid | | | |
| Less : Provision for diminution in value of investment | - | (54,650,950) | (37,150,950) |
| | - | 186,297,830 | 203,797,830 |
| Sita Lakshmi Mills Limited | 23,400,000 | 23,400,000 | 23,400,000 |
| 806,000 (March 31, 2016: 806,000 / April 01, 2015: 806,000) Equity Shares of Rs 50/- Each Fully Paid | | | |
| Total Unquoted Investments | 23,400,000 | 209,697,830 | 227,197,830 |
| Quoted Investments | | | |
| Investment in Mutual Funds | 29,621,563 | 1,157,897 | 64,349,997 |
| Total Quoted Investments | 29,621,563 | 1,157,897 | 64,349,997 |
| TOTAL CURRENT INVESTMENTS | 53,021,563 | 210,855,727 | 291,547,827 |

* During the current year ended March 31, 2017, the Company has sold its stake in Viorica Hotels Private Limited for a consideration of Rs. 156,061,291. The Company had already made a provision of Rs. 54,650,950 till previous year ended March 31, 2016 and balance loss of Rs. 30,236,539 has been incurred in current year ended March 31, 2017.

Note No. 6 : Loans

A. Non Current Loans

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|--|-------------------------|-------------------------|------------------------|
| a) Loans and Advances to Employees | | | |
| - Unsecured, considered good | 2,606,271 | 3,379,405 | 3,677,582 |
| b) Loans to related parties (Refer Note 34) | | | |
| - Unsecured, considered good | 26,732,695 | 22,998,780 | 12,600,572 |
| c) Other Loans | | | |
| - Unsecured, considered good | 198,866,402 | 512,796,095 | 764,920,696 |
| Total | 228,205,368 | 539,174,280 | 781,198,850 |

B. Non Current Loans

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|--|-------------------------|-------------------------|------------------------|
| a) Loans and Advances to Employees | | | |
| - Unsecured, considered good | 32,573,942 | 18,341,005 | 13,394,159 |
| b) Loans to related parties (Refer Note 34) | | | |
| - Unsecured, considered good | 357,188,617 | 268,881,648 | 128,590,428 |
| c) Other Loans | | | |
| - Unsecured, considered good | 425,830,262 | 1,217,428 | 41,496,931 |
| TOTAL | 815,592,821 | 288,440,081 | 183,481,518 |

VASCON ENGINEERS LIMITED

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

Note No. 7 : Other Financial Assets

A. Non-Current

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|--|-------------------------|-------------------------|------------------------|
| Financial assets at amortised cost | | | |
| Security Deposits | | | |
| - Unsecured | | | |
| Considered good | 152,054,761 | 151,045,481 | 141,987,990 |
| Considered doubtful | 3,500,000 | 3,500,000 | 3,500,000 |
| Less: Allowance for Credit Losses | (3,500,000) | (3,500,000) | (3,500,000) |
| | 152,054,761 | 151,045,481 | 141,987,990 |
| Bank deposits with more than 12 months maturity | 12,351,802 | 11,992,074 | 14,272,308 |
| Project Advances | 865,621,837 | 866,490,805 | 1,652,939,979 |
| Interest accrued on deposits | 3,948,584 | 2,286,156 | 4,377,863 |
| TOTAL | 1,033,976,984 | 1,031,814,515 | 1,813,578,140 |

B. Current

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|--|-------------------------|-------------------------|------------------------|
| Financial assets at amortised cost | | | |
| Security Deposits - Unsecured | 37,669,946 | 44,255,521 | 33,506,204 |
| Share Application Money Pending Allotment | - | 30,750,000 | 68,250,000 |
| Interest accrued on deposits | 25,897,191 | 6,340,801 | 8,016,203 |
| Project Advances | 172,863,377 | 140,601,303 | 183,823,099 |
| Amounts due from customers under construction contracts | | | |
| - Gross amount due from customer | 726,553,484 | 1,015,645,977 | 665,157,986 |
| - Less : Related Advance Payments received | (274,389,345) | (401,899,596) | (266,174,796) |
| | 452,164,139 | 613,746,381 | 398,983,190 |
| TOTAL | 688,594,653 | 835,694,006 | 692,578,696 |

Note No. 8 : Other Non Current and Current Assets

A. Non current

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|-------------------------|-------------------------|------------------------|
| a) Capital advances | 4,150,781 | 21,441,694 | 1,691,334 |
| b) Balances with government authorities (other than income taxes) | 148,363,186 | 123,126,182 | 122,655,876 |
| c) Prepaid Rent | 23,843,958 | 30,374,274 | 36,459,598 |
| TOTAL | 176,357,925 | 174,942,150 | 160,806,808 |

B. Current

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|-------------------------|-------------------------|------------------------|
| a) Advances to suppliers | 208,568,496 | 175,651,393 | 217,875,341 |
| b) Balances with government authorities (other than income taxes) | 20,484,909 | 28,270,106 | 31,367,050 |
| c) Prepaid Expenses | 23,398,248 | 32,481,203 | 27,239,097 |
| d) Other (Deferred Revenue Expenditure) | 22,795,830 | 24,995,919 | 26,770,435 |
| e) Travel Advance | 89,462 | 603,630 | 961,769 |
| | 275,336,945 | 262,002,251 | 304,213,692 |

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

Note No. 9 : Inventories

| | Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|----|--|-------------------------|-------------------------|------------------------|
| a) | Building materials / Tools | 494,988,919 | 412,136,231 | 471,996,518 |
| b) | Projects under Development | 3,842,970,493 | 3,742,636,404 | 2,187,393,287 |
| c) | W.I.P/ Finished Goods | 173,656,930 | 120,787,657 | 71,018,810 |
| | Total Inventories at the lower of cost and net realisable value | 4,511,616,342 | 4,275,560,292 | 2,730,408,617 |

Note No. 10 : Trade Receivables

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|--|-------------------------|-------------------------|------------------------|
| Trade receivables | | | |
| (a) Unsecured, considered good | 1,794,922,123 | 1,821,973,445 | 2,540,774,317 |
| (b) Doubtful | 266,807,792 | 273,260,964 | 211,338,693 |
| Less: Allowance for Credit Losses | (266,807,792) | (273,260,964) | (211,338,693) |
| | 1,794,922,123 | 1,821,973,445 | 2,540,774,317 |
| Retention (Accrued but not due) | | | |
| (a) Unsecured, considered good | 664,678,512 | 790,618,097 | 756,694,826 |
| (b) Doubtful | 64,737,493 | 44,495,891 | 36,151,589 |
| Less: Allowance for Credit Losses | (64,737,493) | (44,495,891) | (36,151,589) |
| | 664,678,512 | 790,618,097 | 756,694,826 |
| (Less) : Related Unearned Receivables | (218,563,021) | (200,191,050) | (412,550,940) |
| Total | 2,241,037,614 | 2,412,400,492 | 2,884,918,203 |

Notes:

- The Company records receivables on account of goods sold or services rendered in the normal course of business and classify the same as "trade receivable".
- The normal credit period allowed by the Company ranges from 30 to 60 days.
- Trade receivables includes receivables from related parties and amount due from directors or other officers of the company either severally or jointly with any other person or any trade or other receivables due from firm or private companies in which any director is a partner, a director or member (Refer Note 34).
- The concentration of credit risk is limited due to the fact that customer base is large and unrelated.
- The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit losses experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as per the provision matrix.

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|-------------------------|-------------------------|------------------------|
| EPC: | | | |
| Less than 1 year | 342,108,224 | 274,092,212 | 130,156,543 |
| 1-2 year | 136,070,357 | 222,645,727 | 111,009,654 |
| 2-3 year | 131,143,455 | 62,446,503 | 115,747,720 |
| More than 3 year | 352,383,488 | 328,336,782 | 385,746,417 |
| Less :- Expected Credit Loss | (212,118,589) | (205,884,968) | (193,102,062) |
| Total | 749,586,935 | 681,636,256 | 549,558,272 |
| Development Sales Receivables | 427,843,615 | 675,914,973 | 1,437,347,485 |
| Clean Room & BMS (GMP) Sales Receivables | 1,183,033,760 | 1,166,721,150 | 952,400,666 |
| Less :- Expected Credit Loss * | (119,426,696) | (111,871,887) | (54,388,220) |
| Total | 1,063,607,064 | 1,054,849,263 | 898,012,446 |

* The Group performs credit assessment for customers on an annual basis and recognizes credit risk, on the basis of lifetime expected losses and where receivables are due for more than six months.

VASCON ENGINEERS LIMITED

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

Movement in the expected credit loss allowance is as follows:

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|-------------------------|-------------------------|
| Balance at the beginning of the period / year | 317,756,855 | 245,366,313 |
| Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit loss | 27,902,317 | 109,654,723 |
| Utilization / Reversals | (14,113,886) | (37,264,181) |
| Balance at end of the year - March 31, 2017 / 2016 | 331,545,285 | 317,756,855 |

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

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|--|-------------------------|-------------------------|
| Balance at the beginning of the period / year | 664,610 | 2,123,970 |
| Additions during the Year | - | - |
| Utilization / Reversals | (664,610) | (1,459,360) |
| Balance at end of the year - March 31, 2017 / 2016 | - | 664,610 |

Note No. 11 : Cash and Bank Balances

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|-------------------------|-------------------------|------------------------|
| A) Current Cash and bank balances | | | |
| a) Unrestricted Balances with banks | 259,273,672 | 156,388,115 | 238,882,203 |
| b) Cheques, drafts on hand | 605,623 | - | 65,000,000 |
| c) Cash on hand | 6,835,430 | 15,545,668 | 18,979,172 |
| d) Balances with banks in deposit accounts with original maturity of less than 3 months | 16,194,148 | 183,803,192 | 140,851,027 |
| Cash and cash equivalent as per balance sheet | 282,908,873 | 355,736,975 | 463,712,402 |
| Bank Overdraft | 11,534,383 | 93,950,502 | 76,496,515 |
| Total Cash and cash equivalent as per statement of cash flows | 294,443,256 | 449,687,477 | 540,208,917 |
| B) Other bank balances | | | |
| a) Balances with banks in deposit accounts with original maturity more than 3 months | 43,254,760 | 42,233,474 | 35,470,304 |
| b) In earmarked accounts | | | |
| - Balances held as margin money or security against borrowing, guarantee and other commitments* | 338,413,775 | 312,326,766 | 29,815,028 |
| - Unpaid dividend account | 15,702 | 15,702 | 15,702 |
| Total Other Bank Balances | 381,684,237 | 354,575,942 | 65,301,034 |

* Represents margin money against various guarantees and letters of credit issued by bank on behalf of the Company. These deposits are not available for use by the Company as the same is in the nature of restricted cash.

Note No. 12 - Equity Share Capital

| Equity share capital | As at March 31, 2017 | | As at March 31, 2016 | | As at April 1, 2015 | |
|--|----------------------|---------------|----------------------|---------------|---------------------|---------------|
| | No. of shares | Amount | No. of shares | Amount | No. of shares | Amount |
| Authorised: | | | | | | |
| Equity shares of Rs 10 each with voting rights | 200,000,000 | 2,000,000,000 | 200,000,000 | 2,000,000,000 | 200,000,000 | 2,000,000,000 |
| Issued, Subscribed and Fully Paid: | | | | | | |
| Equity shares of Rs 10 each with voting rights | 167,660,186 | 1,676,601,860 | 161,306,716 | 1,613,067,160 | 90,475,927 | 904,759,270 |

The company has only one class of equity shares having a par value of Rs 10 per share. Each holder of equity share is entitled for one vote per share held. In the event of liquidation of the company the holder of the equity share will be entitled to receive remaining asset after deducting all its liabilities in proportion to the number of equity shares held.

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

| Particulars | Number of Shares | Equity share capital |
|---|--------------------|----------------------|
| Issued and Paid up Capital at April 1, 2015 | 90,475,927 | 904,759,270 |
| Changes in equity share capital during the year | | |
| Issue of equity shares under employee share option plan | 4,164,123 | 41,641,230 |
| Fresh issue on account of rights issue during the year | 66,666,666 | 666,666,660 |
| Balance at March 31, 2016 | 161,306,716 | 1,613,067,160 |
| Changes in equity share capital during the year | | |
| Issue of equity shares under employee share option plan | 6,353,470 | 63,534,700 |
| Balance at March 31, 2017 | 167,660,186 | 1,676,601,860 |

Pursuant to the approval of the Right Issue Committee of the Board of Directors dated 1st August, 2015, the Company approved the allotment of 6,66,66,666 equity shares of face value of Rs.10 each at a price of Rs. 15 per equity share (including share premium of Rs. 5 per equity share) for an amount not exceeding Rs 10000 lakhs to the existing equity shareholders of the Company on rights basis in the ratio of 14 equity shares for every 19 equity shares held by equity shareholders under chapter IV of the SEBI ICDR Regulations and provisions of all other applicable laws and regulations.

(ii) Details of shares held by each shareholder holding more than 5% shares:

| Class of shares / Name of shareholder | As at March 31, 2017 | | As at March 31, 2016 | | As at April 1, 2015 | |
|---|-----------------------|-----------------------------------|-----------------------|-----------------------------------|-----------------------|-----------------------------------|
| | Number of shares held | % holding in that class of shares | Number of shares held | % holding in that class of shares | Number of shares held | % holding in that class of shares |
| Equity shares with voting rights | | | | | | |
| HDFC Ventures Trustee Company Limited | - | - | - | - | 11,612,407 | 12.83 |
| Golden Temple Pharma Private Limited | 7,783,273 | 4.64 | 7,783,273 | 4.83 | 9,783,273 | 10.81 |
| Dreamz Impex Private Limited | - | - | - | - | 9,783,273 | 10.81 |
| R. Vasudevan | 41,686,586 | 24.86 | 41,686,586 | 25.84 | 9,415,529 | 10.41 |
| Dna Pharma Private Limited | - | - | - | - | 8,968,000 | 9.91 |
| Premratan Exports LLP | 6,667,637 | 3.98 | 6,667,637 | 4.13 | 6,667,637 | 7.37 |
| Medicreams India Private Limited | - | - | - | - | 6,667,637 | 7.37 |
| Orion Life Sciences Private Limited | - | - | - | - | 6,112,000 | 6.76 |
| Vatsalya Enterprises Private Limited | 9,078,947 | 5.42 | 9,078,947 | 5.63 | 5,227,273 | 5.78 |
| Lalitha Vasudevan | 8,109,538 | 4.84 | 8,109,538 | 5.03 | - | - |
| Amrit Petroleum Private Limited | 9,783,273 | 5.84 | 9,783,273 | 6.07 | - | - |

The shares under ESOP - 2015 totalling to 6,323,470 was allotted on 31.03.2017 subject to trading approval from BSE and NSE. On receiving the approval, the shares were credited on May 4,2017 to the demat account of employee. Hence, the shareholding pattern submitted to BSE and NSE got updated subsequently.

(iii) As at 31 March, 2017, 6,476,530 shares (As at 31 March, 2016, 6,435,000 shares and As at 1 April, 2015, 4,206,623 shares) were reserved for issuance as follows:

| Particulars | No. of shares | | |
|--|----------------------|----------------------|---------------------|
| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
| Outstanding employee stock options granted / available for grant | 6,476,530 | 6,435,000 | 4,206,623 |

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

Note No. 12.1 : Other Equity

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|--|-------------------------|-------------------------|
| a) Capital Reserve | | |
| Opening Balance | 31,145,654 | 8,628,454 |
| Add: Created on account of subsidiary acquisition | - | 22,517,200 |
| | 31,145,654 | 31,145,654 |
| b) Capital Redemption Reserve | | |
| Opening Balance | 12,750,000 | - |
| Addition during the year | - | 12,750,000 |
| | 12,750,000 | 12,750,000 |
| c) Securities Premium Reserve | | |
| Opening Balance | 4,271,877,293 | 3,885,750,281 |
| Premium on Shares Issued during the year | 116,337,799 | 397,988,429 |
| Share Issue Expenses (Rights) | - | (11,861,418) |
| | 4,388,215,092 | 4,271,877,293 |
| d) Equity-settled employee benefits reserve | | |
| Opening Balance | 4,484,014 | 46,127,697 |
| Amount recorded on grants during the year | 71,677,333 | 23,084,541 |
| Transferred to securities premium account on exercise | (53,103,099) | (64,655,099) |
| Forfeited during the year | (103,050) | (73,125) |
| | 22,955,198 | 4,484,014 |
| e) Debenture Redemption Reserved | | |
| Opening Balance | 88,750,000 | 153,750,000 |
| Transferred to General Reserve | (88,750,000) | (65,000,000) |
| | - | 88,750,000 |
| f) General Reserve | | |
| Opening Balance | 65,000,000 | - |
| Transferred from Debenture redemption reserve on redemption of debenture | 88,750,000 | 65,000,000 |
| | 153,750,000 | 65,000,000 |
| g) Foreign Currency Translation Reserve | | |
| Opening Balance | 394,104 | (225,761) |
| Addition during the year | (128,412) | 619,865 |
| | 265,692 | 394,104 |
| h) Retained Earnings | | |
| Opening Balance | 173,751,669 | 96,373,677 |
| Transfer to Capital Redemption Reserve | - | (12,750,000) |
| Profit / (Loss) for the year | 20,081,848 | 84,448,044 |
| Other Comprehensive income | 6,028,077 | 4,127,492 |
| Consolidation Adjustment | (609,837) | 1,552,456 |
| | 199,251,757 | 173,751,669 |
| | 4,808,333,393 | 4,648,152,734 |

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

Note No. 12.2: Non Controlling Interest

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|------------------------------|-------------------------|-------------------------|
| Opening Balance | 127,086,288 | 119,426,040 |
| Profit / (Loss) for the year | (8,011,748) | 7,294,363 |
| Other Comprehensive Income | 29,134 | 365,885 |
| | 119,103,673 | 127,086,288 |

Note No. 13 : Borrowings

A. Non Current Borrowings

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|-------------------------|-------------------------|------------------------|
| Measured at amortised cost* | | | |
| A. Secured Borrowings: | | | |
| a) Fully Redeemable Debentures | - | 190,000,000 | 228,000,000 |
| b) Term Loans | | | |
| From Banks | - | 937,000 | 20,441,672 |
| From Others | 489,349,800 | - | - |
| c) Long term maturities of finance lease obligations | 39,394,729 | 10,958,168 | 3,866,488 |
| Total Secured Borrowings | 528,744,529 | 201,895,168 | 252,308,160 |
| B. Unsecured Borrowings - at amortised Cost | | | |
| a) Public Deposits | 11,500,000 | 6,700,000 | 2,050,000 |
| b) Inter corporate deposits | 100,000,000 | 103,163,107 | 2,002,604 |
| Total Unsecured Borrowings | 111,500,000 | 109,863,107 | 4,052,604 |
| Total Borrowings carried at Amortised Cost [A] + [B] | 640,244,529 | 311,758,275 | 256,360,764 |
| Measured at FVTPL | | | |
| Zero Coupon, Rupee denominated, Unrated, Unlisted, Secured, Non Convertiable Debentures of Rs.1,00,000/- each | 686,100,000 | 686,100,000 | - |
| Total Borrowings carried at FVTPL | 686,100,000 | 686,100,000 | - |
| Total Borrowings | 1,326,344,529 | 997,858,275 | 256,360,764 |

B. Current Borrowings

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|--|-------------------------|-------------------------|------------------------|
| A. Secured Borrowings | | | |
| a) Loans repayable on demand from banks (on fixed deposit) | - | - | 8,100,000 |
| b) Cash Credit From Banks | 1,142,741,595 | 1,220,813,248 | 1,580,286,274 |
| c) Bank Overdrafts Facility | 92,180,663 | - | - |
| d) Packing Credit | - | 17,775,311 | 18,335,795 |
| | 1,234,922,258 | 1,238,588,559 | 1,606,722,069 |
| Unsecured Borrowings | | | |
| a) From Banks (Bank overdraft) | 11,534,383 | 93,950,502 | 76,496,515 |
| b) Loans from related parties | 2,214,230 | 7,654,048 | 7,654,047 |
| c) Loans from other parties | 130,211,491 | 128,508,169 | 662,579,053 |
| | 1,378,882,362 | 1,468,701,278 | 2,353,451,684 |

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

13.1 Disclosure regarding Non Current Borrowings

| Name of the lender | Outstanding amount | Current Maturities | Long Term | | | | | Rate of interest | Nature of security |
|--|--------------------|--------------------|-------------|-------------|------------|-----------|---------------|------------------|---|
| | | | 2018-19 | 2019-20 | 2020-21 | 2021-22 | Total | | |
| I. Secured Loan | | | | | | | | | |
| A. ECL finance Limited | 489,349,800 | | 185,306,175 | 244,674,900 | 59,368,725 | - | 489,349,800 | 17.10% | Equitable mortgage of specific properties belonging to the Company , 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 personal guarantee by Managing Director. |
| B. Zero Coupon,Rupee denominated,Unrated,unlisted, secured, Non Convertible Debentures of Rs.1,00,000/- each | 686,100,000 | | 686,100,000 | - | - | - | 686,100,000 | | Pledge of shares of one of it's subsidiary company |
| C. Term loans | | | | | | | | | |
| From Banks | | | | | | | | | |
| The saraswat co-op bank limited | 937,000 | 937,000 | - | - | - | - | - | | Equitable mortgage of office no.502 ("C" Wing), Neelkanth Business Park, Vidya Vihar, Mumbai |
| From Financial Institutions | | | | | | | | | |
| Volkswagen Finance Private Limited | 3,420,598 | 1,030,410 | 1,333,512 | 1,056,676 | - | - | 2,390,188 | 10.25% | (secured by Hypothecation of Motor Vehicle) |
| BMW Financial Services | 2,137,565 | 710,585 | 784,914 | 642,067 | - | - | 1,426,981 | 9.99% | (Secured by hypothecation of Motor Vehicle) |
| Tata Capital Financial Services Ltd | 5,400,000 | 5,400,000 | - | - | - | - | - | 14.00% | (Secured by hypothecation of Machineries) |
| Tata Capital Financial Services Ltd | 16,677,000 | 3,924,000 | 3,924,000 | 3,924,000 | 3,924,000 | 981,000 | 12,753,000 | 13.25% | (Secured by hypothecation of Machineries) |
| Tata Capital Financial Services Ltd | 18,972,000 | 4,464,000 | 4,464,000 | 4,464,000 | 4,464,000 | 1,116,000 | 14,508,000 | 13.25% | (Secured by hypothecation of Machineries) |
| Tata Capital Financial Services Ltd | 10,872,560 | 2,556,000 | 2,556,000 | 2,556,000 | 2,556,000 | 648,560 | 8,316,560 | 13.25% | (Secured by hypothecation of Machineries) |
| | 57,479,723 | 18,084,995 | 13,062,426 | 12,642,743 | 10,944,000 | 2,745,560 | 39,394,729 | | |
| II. Unsecured Loan | | | | | | | | | |
| A. Public deposits (accepted for a period of 400 days) | | | | | | | | | |
| | 31,500,000 | 20,000,000 | 11,500,000 | | | | 11,500,000 | 12.50% | Not Applicable |
| B. Inter corporate loans | | | | | | | | | |
| Leverage Finance & Securities P.Ltd | 100,000,000 | | 100,000,000 | | | | 100,000,000 | 12.00% | Not Applicable |
| IBM India Pvt Ltd | 6,570 | 6,570 | | | | | | | |
| | 1,365,373,093 | 39,028,565 | 995,968,601 | 257,317,643 | 70,312,725 | 2,745,560 | 1,326,344,529 | | |

Note No. 14 : Other Financial Liabilities

A. Non Current

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|----------------------|----------------------|---------------------|
| Other Financial Liabilities Measured at Amortised Cost | | | |
| Commitment and other deposits | 334,007,600 | 334,619,398 | 225,470,952 |
| Other Non-Current Financial Liabilities | 334,007,600 | 334,619,398 | 225,470,952 |

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

B. Current

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|--|-------------------------|-------------------------|------------------------|
| a) Current maturities of long term debt (Refer Note 13.1) | 20,943,570 | 220,172,570 | 695,188,554 |
| b) Current maturities of finance lease obligations (Refer Note 13.1) | 18,084,994 | 7,319,587 | 7,804,321 |
| c) Interest accrued but not due on borrowings | 1,543,636 | 4,610,512 | 52,855,666 |
| d) Interest accrued but due on borrowings | 73,138,622 | 62,517,859 | 176,548,006 |
| e) Unpaid dividends * | 15,702 | 15,702 | 15,702 |
| f) Creditors for capital supplies/services | 18,246,573 | 7,481,408 | 7,246,224 |
| g) Short term Deposits | 5,000,000 | 30,256,971 | 60,209,717 |
| h) Others (Joint Partner Share) | 331,798,220 | 321,802,224 | 309,963,596 |
| Total other financial liabilities | 468,771,317 | 654,176,833 | 1,309,831,786 |

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

Note No. 15 : Trade and other payables

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|--|-------------------------|-------------------------|------------------------|
| Total outstanding dues of Micro, Small and Medium Enterprises | 528,159 | 490,292 | 627,375 |
| Total outstanding dues to creditors other than Micro, Small and Medium Enterprises | 1,641,277,708 | 1,842,433,135 | 2,172,983,177 |
| Total trade payables | 1,641,805,867 | 1,842,923,427 | 2,173,610,552 |

Note No. 16 : Provisions

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|-------------------------|-------------------------|------------------------|
| a) Provision for employee benefits | | | |
| 1) Compensated absences | 66,962,809 | 67,232,971 | 66,276,779 |
| 2) Gratuity (Refer Note 32) | 61,578,274 | 53,535,547 | 44,116,379 |
| | 128,541,083 | 120,768,518 | 110,393,158 |
| b) Others | | | |
| 1) Taxation (Net of Advance Tax) | 20,286,235 | 44,745,177 | 31,162,611 |
| 2) Warranty | - | - | 1,199,164 |
| | 20,286,235 | 44,745,177 | 32,361,775 |
| TOTAL | 148,827,318 | 165,513,695 | 142,754,933 |

Note No. 17 : Current Tax and Deferred Tax

(a) Income Tax Expense

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|--|--------------------------------------|--------------------------------------|
| Current Tax: | | |
| Current Income Tax Charge | 8,579,725 | 19,329,202 |
| Adjustments in respect of prior years | 36,470,723 | 128,197 |
| Deferred Tax | | |
| In respect of current year origination and reversal of temporary differences | (30,120,061) | (32,214,612) |
| Total Tax Expense recognised in profit and loss account | 14,930,386 | (12,757,213) |

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

(b) Numerical Reconciliation between average effective tax rate and applicable tax rate :

| Particulars | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|--|--------------------------------------|--------------------------------------|
| Profit before Tax | 27,029,620 | 79,351,079 |
| Income Tax using the Company's domestic Tax rate @ 34.61% | 9,354,952 | 27,463,408 |
| Effect of Income that are exempt from taxation | (33,926,813) | (57,239,110) |
| Effect of Expenses that are non deductible | 32,239,455 | 50,923,155 |
| Effect of Capital Gains | (10,983,398) | (42,794,739) |
| Effects of unused tax losses and tax offsets not recognised as deferred tax assets | (18,724,593) | 34,979,187 |
| Effect of different tax rate of subsidiaries | 24,467,568 | 3,152,565 |
| Adjustments recognised in the current year in relation to the current tax of prior years | 36,470,723 | 128,197 |
| Effect of Mat | 6,152,554 | 1,440,000 |
| Deferred tax assets recognised on temporary differences | (30,120,061) | (32,214,612) |
| Other | - | 1,404,735 |
| Income Tax recognised In P&L | 14,930,386 | (12,757,213) |

c) Deferred Tax Assets (Net)

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|-------------------------|-------------------------|------------------------|
| <u>Tax effect of items constituting deferred tax liability</u> | | | |
| On difference between book balance and tax balance of Fixed Assets | 20,418,014 | 31,003,032 | 23,587,936 |
| Effects of reameasuring Financials instruments, Financial guarantee Commission and OCI under IND AS | 8,085,263 | 14,806,920 | 20,858,147 |
| Tax effect of items constituting deferred tax liability | 28,503,277 | 45,809,952 | 44,446,083 |
| <u>Tax effect of items constituting deferred tax asset</u> | | | |
| Provision for compensated absences and gratuity | 26,735,004 | 26,735,004 | 23,348,095 |
| Disallowance u/s 40a / Provision for Doubtful debts & Advances | 60,211,263 | 52,754,304 | 25,732,984 |
| MAT Credit Entitlement | 7,922,782 | 2,662,279 | 2,177,812 |
| Unabsorbed depreciation carried forward and brought forward business losses | 17,444,817 | 17,444,817 | 8,873,724 |
| Tax effect of items constituting deferred tax asset | 112,313,866 | 99,596,404 | 60,132,615 |
| Net Deferred Tax Asset / (Liability) | 83,810,589 | 53,786,452 | 15,686,532 |

Note No. 18 : Other Liabilities

A. Non Current

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|-------------------------|-------------------------|------------------------|
| a. Deferred Revenue | | | |
| - Deferred Government grant related to assets | 1,916,667 | 2,316,667 | 2,716,667 |
| Total | 1,916,667 | 2,316,667 | 2,716,667 |

B. Current

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|--|-------------------------|-------------------------|------------------------|
| a. Advances received from customers | | | |
| - Gross amount due to customers | 1,024,383,811 | 1,562,121,157 | 1,092,213,321 |
| - Less : Related Unbilled Revenues | (274,389,345) | (401,899,596) | (266,174,796) |
| | 749,994,465 | 1,160,221,561 | 826,038,525 |
| b. Amount due to customers under construction contracts | | | |
| - Gross amount due to customers | 559,018,194 | 303,952,757 | 617,601,683 |
| - Less : Related Debtors | (218,563,018) | (200,191,050) | (412,550,940) |
| | 340,455,176 | 103,761,707 | 205,050,743 |
| c. Statutory dues | | | |
| - taxes payable (other than income taxes) | 380,173,295 | 404,481,646 | 334,571,784 |
| d. Deferred Revenue | | | |
| - Deferred Government grant related to assets | 400,000 | 400,000 | 400,000 |
| Total Other Current Liabilities | 1,471,022,937 | 1,668,864,914 | 1,366,061,052 |

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

Note No. 19 : Revenue from operations

| PARTICULARS | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|--------------------------------------|--------------------------------------|
| Revenue recognised / sales (gross) | | |
| - Contract Revenue | 1,934,731,589 | 2,628,085,872 |
| - Sale of Unit/Land | 364,098,155 | 688,627,850 |
| - Trading Sales & Other Sales | 666,419 | 2,482,596 |
| - Manufacturing Sales | 2,532,160,992 | 2,374,881,139 |
| - Other sales (Includes maintenance charges of soceity,Hire charges,Scrap Sales) | 42,021,497 | 25,661,338 |
| Other Operating Income | | |
| - Rent / Compensation / Maintenance | 531,826 | 478,679 |
| - Share of profit / (loss) from Joint Venture | 89,240,941 | 160,234,700 |
| Total Revenue from Operations | 4,963,451,419 | 5,880,452,174 |

Note No. 20 : Other Income

| PARTICULARS | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|--------------------------------------|--------------------------------------|
| a) Interest income | | |
| On Financial Assets at Amortised Cost | 245,332,721 | 44,461,133 |
| b) Dividend received on investments carried at fair value through profit or loss | | |
| Liquid Mutual fund units | 121,563 | - |
| c) Gain / (loss) on investments carried at fair value through profit or loss | 13,550 | 22,950 |
| d) Dividend income Other | 8,800,013 | 2,370,616 |
| e) Other non operating income | - | 2,473,815 |
| f) Provision / Creditors no longer required written back | 283,082,375 | 83,323,177 |
| g) Profit on sale of capital assets (Net of loss on assets sold / scrapped / written off) | 31,354,636 | 117,424,932 |
| g) Foreign exchange gain | - | 11,800,041 |
| h) Miscellaneous income | 11,427,600 | 6,289,526 |
| Total Other Income | 580,132,458 | 268,166,190 |

Note No. 21.a : Cost of materials consumed

| PARTICULARS | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|--|--------------------------------------|--------------------------------------|
| Contract | 1,451,925,021 | 2,126,403,935 |
| Development | 386,560,838 | 436,128,702 |
| Cost of Material Consumed | 1,848,357,100 | 1,585,447,885 |
| Incidental borrowing cost incurred attributable to qualifying assets | 78,579,833 | 110,347,815 |
| Cost of materials consumed | 3,765,422,792 | 4,258,328,337 |

Note No. 21.b : Changes in inventories of finished goods, work-in-progress and stock-in-trade

| PARTICULARS | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|--|--------------------------------------|--------------------------------------|
| <u>Closing balance of projects under development :</u> | | |
| Finished goods | 173,656,930 | 120,787,657 |
| Work-in-progress | 3,842,970,493 | 3,742,636,404 |
| | 4,016,627,423 | 3,863,424,061 |
| <u>Opening balance of projects under development:</u> | | |
| Finished goods | 120,787,657 | 71,018,810 |
| Work-in-progress | 3,742,636,404 | 2,187,393,287 |
| Add: Stock of Work in Progress taken over on acquisition of subsidiaries | - | 1,554,331,684 |
| | 3,863,424,061 | 3,812,743,781 |
| Net (increase) / decrease | (153,203,362) | (50,680,280) |

VASCON ENGINEERS LIMITED

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

Note No. 22 : Employee benefit expense

(Amount in Rupees)

| PARTICULARS | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|--|--------------------------------------|--------------------------------------|
| a) Salaries and wages, including bonus | 634,963,820 | 522,243,516 |
| b) Contribution to provident and other funds | 30,428,597 | 34,131,105 |
| c) Share based payment transactions expenses | 71,677,333 | 23,084,542 |
| d) Staff Welfare & Other Expenses | 29,174,711 | 23,208,171 |
| Total Employee Benefit Expense | 766,244,461 | 602,667,334 |

Note No. 23 : Finance costs

| PARTICULARS | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|--|--------------------------------------|--------------------------------------|
| a) Interest expense | 438,410,987 | 511,734,346 |
| b) Other borrowing costs | 16,855,981 | 22,969,695 |
| | 455,266,968 | 534,704,041 |
| Less : Amounts included in the cost of qualifying assets | 127,889,779 | 153,586,809 |
| | 327,377,189 | 381,117,232 |

Note No. 24 : Other expenses

| PARTICULARS | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|--------------------------------------|--------------------------------------|
| a) Stores and spares consumed | 46,570,232 | 19,336,591 |
| b) Power & Fuel oil consumed | 31,244,553 | 24,329,258 |
| c) Rent including lease rentals | 71,477,255 | 76,457,421 |
| d) Repairs to buildings | 3,762,518 | 3,589,503 |
| e) Repairs to Plant & Machinery | 7,912,040 | - |
| f) Repairs and maintenance - Others | 8,711,077 | 10,911,168 |
| g) Rates & Taxes | 20,916,948 | 16,373,542 |
| h) Insurance charges | 8,549,841 | 10,138,280 |
| i) Bad debts and other receivables, loans and advances written off | 43,375,942 | 80,704,431 |
| j) Provision For Doubtful Debt And Advances | 13,898,231 | 71,905,524 |
| k) Auditors remuneration and out-of-pocket expenses | | |
| 1) As Auditors | 8,312,584 | 6,568,481 |
| 2) For Taxation matters | - | - |
| 3) Other services | 3,200,000 | 1,110,046 |
| l) Other Expenses | | |
| 1) Provision for diminution of Investments | - | 11,689,954 |
| 2) Legal and other professional costs | 72,243,678 | 75,236,514 |
| 3) Advertisement, Promotion & Selling Expenses | 52,546,503 | 43,295,493 |
| 4) Travelling and Conveyance Expenses | 61,756,770 | 62,461,402 |
| 5) Postage and telephone | 17,034,834 | 17,453,287 |
| 6) Printing and stationery | 7,895,557 | 11,145,387 |
| 7) Brokerage / commission | 2,088,028 | 3,411,409 |
| 8) Donations | 1,047,000 | 4,425,000 |
| 9) Bank charges | 13,084,393 | 21,216,016 |
| 10) Hire Charges Paid | 1,750 | 21,246,833 |
| 11) Foreign exchange gain / loss (net) | 8,698,199 | - |
| 12) Miscellaneous Expenses | 57,662,977 | 98,385,327 |
| m) Net gain/(loss) arising on financial Liabilities designated as at FVTPL | - | 29,201,680 |
| n) Loss arising on derecognition of financial assets | 30,236,539 | - |
| Total Other Expenses | 592,227,446 | 720,592,549 |

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

Note 25: Disclosures under Ind AS 33

| Particulars | For the year ended 31 March, 2017 | For the year ended 31 March, 2016 |
|----------------------------|--------------------------------------|--------------------------------------|
| | ₹ | ₹ |
| | Per Share | Per Share |
| Basic Earnings per share | 0.12 | 0.60 |
| Diluted Earnings per share | 0.12 | 0.60 |

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

| Particulars | For the year ended 31 March, 2017 | For the year ended 31 March, 2016 |
|--|--------------------------------------|--------------------------------------|
| Profit for the year | 12,099,234 | 92,108,292 |
| Less: Attributable to Non - Controlling Interest | (8,011,748) | 7,294,363 |
| Profit / (loss) for the year attributable to owners of the Company | 20,110,982 | 84,813,930 |
| Weighted average number of equity shares | 161,350,342 | 140,551,988 |
| Earnings per share from continuing operations - Basic | 0.12 | 0.60 |

Diluted earnings per share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the Stock options for the respective periods. Anti-dilutive effect, if any, has been ignored.

| Particulars | For the year ended 31 March, 2017 | For the year ended 31 March, 2016 |
|--|--------------------------------------|--------------------------------------|
| Profit / (loss) for the year used in the calculation of basic earnings per share | 20,110,982 | 84,813,930 |
| Weighted average number of equity shares used in the calculation of Basic EPS | 161,350,342 | 140,551,988 |
| Employee Stock Option Plans | 969,782 | 1,449,217 |
| Weighted average number of equity shares used in the calculation of Diluted EPS | 162,302,124 | 142,001,205 |
| Earnings per share from continuing operations - Dilutive | 0.12 | 0.60 |

Note No. - 26 First-time adoption of Ind-AS

These financial statements, for the year ended March 31, 2017, are the first the Group has prepared in accordance with Ind-AS. For periods up to and including the year ended March 31, 2016, the Group prepared its financial statements in accordance with statutory reporting requirement in India immediately before adopting Ind AS ("previous GAAP").

Accordingly, the Group has prepared financial statements which comply with Ind-AS applicable for periods ending on or after March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 01, 2015, the Group's date of transition to Ind-AS. This note explains the principal adjustments made by the Group in restating its Indian GAAP financial statements, including the balance sheet as at April 01, 2015 and the financial statements as at and for the year ended March 31, 2016.

This note explains the principal adjustments made by the Group in restating its Indian GAAP financial statements, including the opening Balance sheet as at April 01, 2015 and the financial statements for the year ended March 31, 2016.

Exception to retrospective application

(a) Estimate

The estimates at April 01, 2015, and at March 31, 2016 are consistent with those made for the same dates in accordance with previous GAAP (after adjustments to reflect any differences in accounting policies) apart from the items where application of previous GAAP did not require estimation. The Group has elected to apply change in estimates prospectively from the date of transition to Ind AS:

- Provision for doubtful debt;
- Estimate of useful life and residual value of fixed assets.

Exemption from retrospective application:

The Group has applied the following exemptions:

(a) Investments in subsidiaries, joint ventures and associates

The Group has elected to adopt the carrying value under previous GAAP as on the date of transition i.e. April 01, 2015 in its separate financial statements.

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

(b) Business Combination

Ind AS 103, Business Combinations, has not been applied to acquisitions of subsidiaries, which are considered as “businesses” for Ind AS, or of interests in associates and joint ventures that occurred before April 01, 2015. Use of this exemption means that the previous GAAP carrying amounts of assets and liabilities, which are required to be recognised under Ind AS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with Ind AS.

Assets and liabilities that do not qualify for recognition under Ind AS are excluded from the opening Ind AS Balance sheet. The Group did not recognise or exclude any previously recognised amounts as a result of Ind AS recognition requirements.

Note No. - 26A First-time adoption Reconciliations
(i) Reconciliation of equity and P&L as previously reported under india GAAP to IND AS

| Particulars | Notes | As at 01/04/2015 (Date of Transition) | | |
|---|-----------|---------------------------------------|--------------------------------|------------------------------|
| | | Regrouped Previous GAAP | Effect of Transition to Ind AS | Opening Ind AS balance sheet |
| ASSETS | | | | |
| Non-current assets | | | | |
| (a) Property, Plant and Equipment | (a)(e)(k) | 1,155,099,271 | (337,803,520) | 817,295,750 |
| (b) Capital work-in-progress | | 21,250,579 | - | 21,250,579 |
| (c) Investment Property | (e) | - | 257,156,096 | 257,156,096 |
| (d) Other Intangible assets | | 4,140,471 | (92,480) | 4,047,991 |
| (e) Goodwill on Consolidation | (b) (k) | 730,644,980 | (426,070,316) | 304,574,664 |
| (f) Financial Assets | | | | |
| (i) Investments | (k) | 275,326,211 | 499,540,420 | 774,866,631 |
| (ii) Loans | (k) | 809,316,013 | (28,117,163) | 781,198,850 |
| (iii) Others Financial Assets | (f) (k) | 1,840,380,483 | (26,802,343) | 1,813,578,140 |
| (f) Income Tax Assets (net) | (k) | 480,741,112 | (2,517,093) | 478,224,019 |
| (g) Deferred tax assets (net) | (l)(k) | 37,560,887 | (21,874,355) | 15,686,532 |
| (h) Other non-current assets | (a)(f)(k) | 138,660,496 | 22,146,313 | 160,806,808 |
| Total Non - Current Assets | | 5,493,120,502 | (64,434,441) | 5,428,686,061 |
| Current assets | | | | |
| (a) Inventories | (k) | 3,032,096,187 | (301,687,570) | 2,730,408,617 |
| (b) Financial Assets | | | | |
| (i) Investments | (k) | 336,232,316 | (44,684,489) | 291,547,827 |
| (ii) Trade receivables | (k) | 2,932,054,660 | (47,136,457) | 2,884,918,203 |
| (iii) Cash and cash equivalents | (j)(k) | 525,414,076 | (61,701,675) | 463,712,402 |
| (iv) Bank balances other than (iii) above | | 65,301,034 | - | 65,301,034 |
| (v) Loans | (k) | 117,927,090 | 65,554,428 | 183,481,518 |
| (vi) Others Financial Assets | (k) | 692,800,846 | (222,149) | 692,578,696 |
| (c) Current Tax Assets (Net) | | - | - | - |
| (d) Other current assets | (k) | 373,762,726 | (69,549,034) | 304,213,692 |
| Total Current Assets | | 8,075,588,935 | (459,426,946) | 7,616,161,989 |
| Total Assets (1+2) | | 13,568,709,437 | (523,861,388) | 13,044,848,049 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| (a) Equity Share capital | | 904,759,270 | - | 904,759,270 |
| (b) Other Equity | (d)(k) | 4,280,212,511 | (89,808,163) | 4,190,404,349 |
| Equity attributable to owners of the Company | | 5,184,971,781 | (89,808,163) | 5,095,163,619 |
| Non Controlling Interest | (d) | 113,090,993 | 6,335,047 | 119,426,040 |

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

| | | | | |
|---|--------|-----------------------|----------------------|-----------------------|
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | (k) | 300,937,867 | (44,577,103) | 256,360,764 |
| (ii) Other financial liabilities | (k) | 225,470,952 | - | 225,470,952 |
| (b) Provisions | (k) | 214,470 | (214,470) | - |
| (c) Deferred tax liabilities (Net) | (k) | 2,946,781 | (2,946,781) | - |
| (d) Other non-current liabilities | (l) | - | 2,716,667 | 2,716,667 |
| Total Non - Current Liabilities | | 529,570,070 | (45,021,687) | 484,548,383 |
| Current liabilities | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | (k) | 2,382,604,937 | (29,153,253) | 2,353,451,684 |
| (ii) Trade payables | (k) | 2,212,290,562 | (38,680,010) | 2,173,610,552 |
| (iii) Other financial liabilities | (k) | 1,378,782,511 | (68,950,725) | 1,309,831,786 |
| (b) Provisions | (k) | 144,988,978 | (2,234,045) | 142,754,933 |
| (c) Current Tax Liabilities (Net) | | - | - | - |
| (d) Other current liabilities | (k)(l) | 1,622,409,605 | (256,348,553) | 1,366,061,051 |
| Total Current Liabilities | | 7,741,076,593 | (395,366,585) | 7,345,710,007 |
| Total Equity and Liabilities (1+2+3) | | 13,568,709,437 | (523,861,388) | 13,044,848,049 |

| Particulars | Notes | As at 31/3/2016 (end of last period presented under previous GAAP) | | |
|---|------------|---|--------------------------------------|----------------------|
| | | Regrouped Previous GAAP | Effect of transition to Ind AS | Ind AS |
| ASSETS | | | | |
| Non-current assets | | | | |
| (a) Property, Plant and Equipment | (a)(e)(k) | 1,046,696,683 | (296,745,118) | 749,951,565 |
| (b) Capital work-in-progress | | - | - | - |
| (c) Investment Property | (e) | - | 232,770,737 | 232,770,737 |
| (d) Other Intangible assets | | 2,465,233 | - | 2,465,233 |
| (e) Goodwill on Consolidation | (b) (k) | 782,224,662 | (373,037,668) | 409,186,994 |
| (f) Financial Assets | | | | |
| (i) Investments | (k) | 306,778,704 | 472,883,265 | 779,661,969 |
| (ii) Loans | (k) | 563,267,895 | (24,093,615) | 539,174,280 |
| (iii) Others Financial Assets | (f) (k) | 1,053,048,798 | (21,234,282) | 1,031,814,515 |
| (f) Income Tax Assets (net) | (k) | 554,909,544 | (648,537) | 554,261,007 |
| (g) Deferred tax assets (net) | (k)(l) | 69,365,242 | (15,578,790) | 53,786,452 |
| (h) Other non-current assets | (a)(f)(k) | 155,150,887 | 19,791,263 | 174,942,150 |
| Total Non - Current Assets | | 4,533,907,648 | (5,892,745) | 4,528,014,902 |
| Current assets | | | | |
| (a) Inventories | (k) | 4,683,668,319 | (408,108,026) | 4,275,560,292 |
| (b) Financial Assets | | | | |
| (i) Investments | (b)(c)(k) | 212,482,131 | (1,626,404) | 210,855,727 |
| (ii) Trade receivables | (k) | 2,476,404,093 | (64,003,601) | 2,412,400,492 |
| (iii) Cash and cash equivalents | (j)(k) | 377,439,530 | (21,702,555) | 355,736,975 |
| (iv) Bank balances other than (iii) above | (k) | 448,478,367 | (93,902,425) | 354,575,942 |
| (v) Loans | (k) | 34,917,142 | 253,522,939 | 288,440,081 |

VASCON ENGINEERS LIMITED

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

| | | | | |
|---|--------|-----------------------|----------------------|-----------------------|
| (vi) Others Financial Assets | (k) | 868,627,567 | (32,933,561) | 835,694,006 |
| (c) Current Tax Assets (Net) | | - | - | - |
| (d) Other current assets | (k) | 402,962,811 | (140,960,559) | 262,002,251 |
| Total Current Assets | | 9,504,979,958 | (509,714,193) | 8,995,265,766 |
| Total Assets (1+2) | | 14,038,887,607 | (515,606,938) | 13,523,280,668 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| (a) Equity Share capital | | 1,613,067,160 | - | 1,613,067,160 |
| (b) Other Equity | (d)(k) | 4,706,366,499 | (58,213,765) | 4,648,152,734 |
| Equity attributable to owners of the Company | | 6,319,433,659 | (58,213,765) | 6,261,219,894 |
| Non Controlling Interest | (d) | 122,589,314 | 4,496,974 | 127,086,288 |
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | (k) | 1,004,106,500 | (6,248,224) | 997,858,275 |
| (ii) Other financial liabilities | (k) | 334,619,398 | - | 334,619,398 |
| (c) Deferred tax liabilities (Net) | (k) | 1,710,606 | (1,710,606) | - |
| (c) Other non-current liabilities | (l) | - | 2,316,667 | 2,316,667 |
| Total Non - Current Liabilities | | 1,340,436,504 | (5,642,164) | 1,334,794,340 |
| Current liabilities | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | (k) | 1,488,335,983 | (19,634,705) | 1,468,701,278 |
| (ii) Trade payables | (k) | 1,951,087,757 | (108,164,330) | 1,842,923,427 |
| (iii) Other financial liabilities | (k) | 781,109,909 | (126,933,076) | 654,176,833 |
| (b) Provisions | (k) | 208,082,382 | (42,568,687) | 165,513,695 |
| (c) Current Tax Liabilities (Net) | | - | - | - |
| (d) Other current liabilities | (k)(l) | 1,827,812,098 | (158,947,186) | 1,668,864,912 |
| Total Current Liabilities | | 6,256,428,129 | (456,247,984) | 5,800,180,146 |
| Total Equity and Liabilities (1+2+3) | | 14,038,887,607 | (515,606,939) | 13,523,280,668 |

Reconciliation of profit or loss for the year ended March 31, 2016

| Particulars | Notes | Year ended 31/3/2016 (latest period presented under previous GAAP) | | |
|---|--------|---|--------------------------------------|----------------------|
| | | Regrouped Previous GAAP | Effect of transition to Ind AS | Ind AS |
| Revenue from operations | (k)(n) | 6,318,265,020 | (437,812,845) | 5,880,452,174 |
| Other Income | (f)(m) | 267,481,783 | 684,406 | 268,166,190 |
| Total Revenue | | 6,585,746,803 | (437,128,439) | 6,148,618,364 |
| EXPENSES | | | | |
| Cost of materials consumed | (k) | 4,633,596,987 | (375,268,650) | 4,258,328,337 |
| Purchases of finished, semi-finished and other products | | 393,613 | - | 393,613 |
| Changes in stock of finished goods, work-in-progress and stock-in-trade | (k) | (150,032,918) | 99,352,638 | (50,680,280) |

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

| | | | | |
|--|-----------|----------------------|----------------------|----------------------|
| Excise duty on sale of goods | (n) | - | 2,415,287 | 2,415,287 |
| Employee benefit expense | (h)(i)(k) | 603,853,862 | (1,186,528) | 602,667,334 |
| Finance costs | (k) | 381,882,595 | (765,363) | 381,117,232 |
| Depreciation and amortisation expense | (a)(b) | 214,354,791 | (59,921,578) | 154,433,213 |
| Other expenses | (a)(c)(k) | 746,225,013 | (25,632,464) | 720,592,549 |
| Total Expenses | | 6,430,273,943 | (361,006,658) | 6,069,267,285 |
| Profit/(loss) before exceptional items and tax | | 155,472,860 | (76,121,781) | 79,351,079 |
| Exceptional Items | | - | - | - |
| Profit/(loss) before tax | | 155,472,860 | (76,121,781) | 79,351,079 |
| Tax Expense | | | | |
| Current tax | | | | |
| (i) Current tax | (k) | 108,090,795 | (88,761,593) | 19,329,202 |
| (ii) Current tax relating to previous years | (k) | 2,535,582 | (2,407,385) | 128,197 |
| Deferred tax | | | | |
| Deferred tax | (k)(l) | (25,375,226) | (6,839,386) | (32,214,612) |
| Total tax expense | | 85,251,151 | (98,008,364) | (12,757,213) |
| Profit/(loss) for the period | | 70,221,709 | 21,886,584 | 92,108,292 |
| Other comprehensive income | | | | |
| that will not be recycled to profit or loss | | | | |
| Remeasurements of the defined benefit plans | (h) | - | 5,332,168 | 5,332,168 |
| Income tax relating to items that will not be reclassified to profit or loss | (h) | - | (1,204,676) | (1,204,676) |
| | | - | 4,127,492 | 4,127,492 |
| Total comprehensive income for the period | | 70,221,709 | 26,014,076 | 96,235,784 |
| Total comprehensive income for the period attributable to: | | | | |
| Owners of the Company | | 60,723,388 | 27,852,148 | 88,575,536 |
| Non controlling interests | | (9,498,321) | 17,158,569 | 7,660,248 |

(iii) Adjustments to the statement of cash flows

| Particular | Notes | As at 31/3/2016 (end of last period presented under previous GAAP) | | |
|--|--------|---|--------------------------------------|---------------|
| | | Regrouped Previous GAAP | Effect of transition to Ind AS | Ind AS |
| Net cash flows from operating activities | (a)(k) | 420,820,025 | (43,388,550) | 377,431,475 |
| Net cash flows from investing activities | (a)(k) | (215,110,844) | 6,471,797 | (208,639,047) |
| Net cash flows from financing activities | (k) | (306,230,927) | 45,268,194 | (260,962,733) |
| Net increase (decrease) in cash and cash equivalents | | (100,521,746) | 8,351,441 | (92,170,305) |
| Cash and cash equivalents at beginning of period | (k) | 524,337,677 | 15,871,240 | 540,208,917 |
| Cash and cash equivalents pursuant to addition in subsidiary | | (1,648,865) | - | (1,648,865) |
| Cash and cash equivalents at end of period | (k) | 425,464,796 | 24,222,681 | 449,687,477 |

Notes to reconciliations :

(a) Leasehold Land:

Group has leasehold land in its book of accounts. As per previous GAAP (IGAAP), leasehold land was considered as Lease hold asset and was amortised over the period of lease tenure. As per Ind AS, leasehold land is considered as operating lease. Accordingly, premium paid is considered as prepayment of lease charges and same is charged to Statement of Profit and Loss over the period of lease. The prepayment is disclosed under Other non current assets / Other current assets.

(b) Goodwill:

Notes to the Consolidated financial statements for the year ended 31st March, 2017**(Amount in Rupees)**

As per Ind AS, Goodwill is recognised as an intangible asset with an indefinite useful life and is not amortised but tested for impairment annually or more frequently, if events or changes in circumstances indicate that it might be impaired. Accordingly, goodwill amortized, post transition date, as per previous GAAP (IGAAP) has been reversed.

Further, as per Ind AS, interest acquired in Ajanta Enterprises and Sunflower Real Estate Developers Private Limited is adjusted against reserves of the Group. Accordingly, goodwill recognised under IGAAP for acquisition of 20% stake from Marvel Housing Private Limited in Ajanta Enterprises and 100% stake in Sunflower Real Estate Developers Private Limited is adjusted against reserves of the Group.

(c) Financial Assets:**Investments carried at fair value through Profit and Loss (FVTPL):**

Under previous GAAP, long term investments were measured at cost less diminution in value which is other than temporary. Under Ind AS, these financial assets have been classified as FVTPL. As a result, the impact of fair value on investments as on March 31, 2016 of Rs. 29,201,680 has been recognized in Statement of Profit and Loss.

(d) Effects of transition to Ind AS on retained earnings:

Adjustments for equity effect of all the Ind AS adjustment entries.

(e) Investment Property:

Under previous GAAP, there was no requirement to present investment property separately and the same was included under Property, Plant and Equipment and measured at cost less accumulated depreciation. Under Ind AS, investment property is required to be presented separately in the balance sheet and depreciation is charged on it. Accordingly, the carrying value of Property, Plant and Equipment as at March 31, 2016 of Rs. 232,770,737 and April 01, 2015 of Rs. 257,156,096 under previous GAAP has been reclassified to separate line item on the face of the balance sheet and depreciation provided based on estimated useful life.

(f) Financial assets carried at amortized cost:

Under the previous GAAP, interest-free security deposits (that are refundable in cash at the end of the lease term) are recognised as an asset at transaction value. Under Ind AS 109, all financial assets are required to be recorded at fair value. Accordingly the Group has fair valued these security deposits under IND AS and the difference in the fair value and the transaction value of the security deposit has been recognized as prepaid expenses. The prepaid is amortised over the period of the lease which is partially offset by the notional interest income recognized on the related security deposits.

(g) Other Comprehensive Income:

Under previous GAAP, there was no concept of other comprehensive income. Under Ind AS, specified items of income, expense, gains, or losses are required to be presented in other comprehensive income.

(h) Actuarial Gains / Losses

Indian GAAP and Ind AS, the Group recognised cost related to its post employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to statement of Profit & Loss. Under Ind AS, remeasurement (comprising of actuarial gains and losses, the effect of the assets ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined liability) are recognised immediately in the Balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income (OCI).

(i) Share Based Payments:

Under previous GAAP, the cost of equity-settled employee share-based payments was recognized using the intrinsic value method. This did not result in recognizing any expense in profit or loss in respect of these share-based payments because the fair value of the shares on the grant date equaled the exercise price. Under Ind AS, the cost of equity-settled employee share-based payments is recognized based on the fair value of the options as on the grant date. The change does not affect total equity, but there is a decrease in profit before tax as well as total profit for the year ended March 31, 2016.

(j) Bank Overdrafts:

Under Ind AS, bank overdrafts which are repayable on demand and form an integral part of an entity's cash management system are included in cash and cash equivalents for the purpose of presentation of statement of cash flows. Where as under previous GAAP, there was no similar guidance and hence, bank overdrafts were considered similar to other borrowings and the movements therein were reflected in cash flows from financing activities. The effect of this is that bank overdrafts of Rs. 9,39,50,502 as at March 31, 2016 and Rs. 7,64,96,515 as at April 01, 2015, have been considered as a part of cash and cash equivalents under Ind AS for the purpose of presentation of statement of cash flows. Consequently, the cash flow from financing activities as per the statement of cash flows for the year ended March 31, 2016 prepared as per Ind AS is higher to the extent of this net movement of Rs. 1,74,53,987.

(k) Joint Ventures

Based on an Assessment of IND AS 111 Joint Arrangements, Cosmos Premises Private Limited, Ajanta Enterprises and Phoenix Ventures has been classified as Joint Venture and has been accounted by using the Equity Method.

Under previous GAAP, Cosmos Premises Private Limited, Ajanta Enterprises and Phoenix Ventures was classified as a jointly controlled entity and accounted by using proportionate consolidation method. Accordingly under Ind AS, total assets / liabilities are lower by Rs

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

5,351.75 lakhs as on March 31, 2016 and Rs 5,117.01 lakhs as on April 01, 2015.

(l) Deferred Tax Assets

Ind AS 12 requires entities to account for deferred taxes using the Balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the Balance Sheet and its tax base. Deferred tax adjustments are made for deferred tax impact on account of differences between Previous GAAP and Ind AS.

(m) Government Grants

Under previous GAAP, government grants whose primary condition is that the Group should establish and operate manufacturing units in specified areas, were in the nature of promoters' contribution and were credited to capital reserve. Under Ind AS, such government grants are initially recognised as deferred revenue in the consolidated balance sheet and subsequently transferred to profit or loss as other income on a systematic and rational basis over the useful lives of the related assets. Consequent to this change, on the date of transition to Ind AS, out of total capital reserve of Rs. 60,74,700 as per the previous GAAP, an amount of Rs. 31,16,667 is transferred to deferred revenue in the balance sheet and the balance of Rs. 29,58,033 is adjusted in the retained earnings. The profit before tax for the year ended 31st March 2016 is increased by Rs. 4,00,000 lakhs on account of transfer of deferred revenue to other income.

(n) Revenue

Under previous GAAP, revenue from sale of products was presented net of excise duty under revenue from operations. Whereas, under IND AS, revenue from sale of products includes excise duty. The corresponding excise duty expense is presented separately on the face of the statement of Profit and loss. The change does not affect total equity as at April 1, 2015 and March 31, 2016 or total profit for the year ended March 31, 2016.

Note No. - 27 Fair Value

Set out below is the comparison by class of the carrying amounts and fair value of the Group's financial instruments

(Amount in Rupees)

| Particulars | Carrying amount | | | Fair Value | | |
|---|-----------------|----------------|----------------|----------------|----------------|----------------|
| | March 31, 2017 | March 31, 2016 | March 31, 2015 | March 31, 2017 | March 31, 2016 | March 31, 2015 |
| FINANCIAL ASSETS | | | | | | |
| Financial assets measured at amortised cost | | | | | | |
| Non - Current Assets | | | | | | |
| (i) Investments | 509,251,651 | 502,083,019 | 505,608,951 | 509,251,651 | 502,083,019 | 505,608,951 |
| (ii) Loans | 228,205,368 | 539,174,280 | 781,198,850 | 228,205,368 | 539,174,280 | 781,198,850 |
| (iii) Others Financial Assets | 1,033,976,984 | 1,031,814,515 | 1,813,578,140 | 1,033,976,984 | 1,031,814,515 | 1,813,578,140 |
| Current Assets | | | | | | |
| (i) Trade receivables | 2,241,037,614 | 2,412,400,492 | 2,884,918,203 | 2,241,037,614 | 2,412,400,492 | 2,884,918,203 |
| (ii) Cash and cash equivalents | 282,908,873 | 355,736,975 | 463,712,402 | 282,908,873 | 355,736,975 | 463,712,402 |
| (iii) Bank balances other than (ii) above | 381,684,237 | 354,575,942 | 65,301,034 | 381,684,237 | 354,575,942 | 65,301,034 |
| (iv) Loans | 815,592,821 | 288,440,081 | 183,481,518 | 815,592,821 | 288,440,081 | 183,481,518 |
| (v) Others Financial Assets | 688,594,653 | 835,694,006 | 692,578,696 | 688,594,653 | 835,694,006 | 692,578,696 |
| Financial assets measured at fair value through Statement of Profit & Loss | | | | | | |
| (a) Current investments | 53,021,563 | 210,855,727 | 291,547,827 | 53,021,563 | 210,855,727 | 291,547,827 |
| (b) Non Current investments quoted | 52,500 | 38,950 | 16,000 | 52,500 | 38,950 | 16,000 |
| (b) Non Current investments unquoted | 277,525,000 | 277,540,000 | 269,241,680 | 277,525,000 | 277,540,000 | 269,241,680 |
| FINANCIAL LIABILITIES | | | | | | |
| Financial liabilities measured at amortised cost | | | | | | |
| Non - Current Liabilities | | | | | | |
| (i) Borrowings | 640,244,529 | 311,758,275 | 256,360,764 | 640,244,529 | 311,758,275 | 256,360,764 |
| (ii) Other financial liabilities | 334,007,600 | 334,619,398 | 225,470,952 | 334,007,600 | 334,619,398 | 225,470,952 |
| Current Liabilities | | | | | | |
| (i) Borrowings | 1,378,882,362 | 1,468,701,278 | 2,353,451,684 | 1,378,882,362 | 1,468,701,278 | 2,353,451,684 |
| (ii) Trade and other payables | 1,641,805,867 | 1,842,923,427 | 2,173,610,552 | 1,641,805,867 | 1,842,923,427 | 2,173,610,552 |
| (iii) Other financial liabilities | 468,771,317 | 654,176,833 | 1,309,831,786 | 468,771,317 | 654,176,833 | 1,309,831,786 |

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

| Financial liabilities measured at fair value through Statement of Profit & Loss | | | | | | |
|--|-------------|-------------|---|-------------|-------------|---|
| Zero Coupon, Rupee denominated, Unrated, Unlisted, Secured, Non Convertible Debentures | 686,100,000 | 686,100,000 | - | 686,100,000 | 686,100,000 | - |

The management assessed that the fair values of short term financial assets and liabilities significantly approximate their carrying amounts largely due to the short - term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Group determines fair values of financial assets and financial liabilities by discounting the contractual cash inflows/outflows using prevailing interest rates of financials instruments with similar terms. The initial measurement of financial assets and financial liabilities is at fair value. The fair value of investment is determined using quoted net assets value from the fund. Further, the subsequent measurement of all financial assets and liabilities (other than investment in mutual funds) is at amortised cost, using the effective interest method.

Discount rates used in determining fair value

The interest rate used to discount estimated future cash flows, where applicable, are based on the incremental borrowing rate of the borrower which in case of financial liabilities is the weighted average cost of borrowing of the Group and in case of financial assets is the average market rate of similar credit rated instrument.

The Group maintain policies and procedure to value financial assets or financial liabilities using the best and most relevant data available. In addition, the Group internally reviews valuation, including independent price validation for certain instruments.

Fair value of financial assets and liabilities is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The following methods and assumptions were used to estimate fair value:

(a) Fair value of short term financial assets and liabilities significantly approximate their carrying amounts largely due to the short term maturities of these instruments.

(b) Security deposit paid are evaluated by the Group based on parameters such as interest rate non performance risk of the customer. The fair value of the Group's security deposit paid are determined by estimating the incremental borrowing rate of the borrower (primarily the landlords). Such rate has been determined using discount rate that reflects the average interest rate of borrowing taken by similar credit rate companies where the risk of non performance risk is more than significant.

(c) Fair value of quoted mutual funds is based on the net assets value at the reporting date. The fair value of other financial liabilities as well as other non current financial liabilities is estimated by discounting future cash flow using rate currently applicable for debt on similar terms, credit risk and remaining maturities.

(d) The fair value of the Group's interest bearing borrowing received are determined using discount rate that reflects the entity's borrowing rate as at the end of the reporting period. The own non performance risk as at the reporting was assessed to be insignificant.

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) price is active market for identical assets or liabilities.

Level 2: Valuation technique for which the lowest level input that has a significant effect on the fair value measurement are observed , either directly or indirectly.

Level 3: Valuation technique for which the lowest level input has a significant effect on the fair value measurement is not based on observable market data.

The following table presents the assets and liabilities measured at fair value on recurring basis at March 31, 2017 and March 31, 2016.

| Particulars | Level 1 | Level 2 | Level 3 |
|---|------------|---------|-------------|
| March 31, 2017 | | | |
| Investment in mutual funds | 29,621,563 | - | - |
| Equity | 52,500 | - | - |
| Investment in Optionally Convertible Redeemable Debentures | - | - | 277,525,000 |
| Zero Coupon, Rupee Denominated, Unrated, Unlisted, Secured Non Convertible Debentures | - | - | 686,100,000 |
| March 31, 2016 | | | |
| Investment in mutual funds | 1,157,897 | - | - |
| Equity | 38,950 | - | - |
| Investment in Optionally Convertible Redeemable Debentures | - | - | 277,540,000 |

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

| | | | |
|---|---|---|-------------|
| Zero Coupon, Rupee Denominated, Unrated, Unlisted, Secured Non Convertible Debentures | - | - | 686,100,000 |
|---|---|---|-------------|

During the year ended March 31, 2017, there were no transfer between Level 1 and Level 2 fair value measurement and no transfer into and out of Level 3 fair value measurement.

Note No. - 28 Financial Instruments and Risk Review**Capital Management**

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 20% and 45%. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations.

(Amount in Rupees)

| Particulars | As at | As at | As at |
|----------------------------------|-----------------------|----------------------|----------------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Borrowings | 2,705,226,891 | 2,466,559,553 | 2,609,812,449 |
| Trade Payables | 1,641,805,867 | 1,842,923,427 | 2,173,610,552 |
| Less : Cash and Cash Equivalents | 664,593,110 | 710,312,916 | 529,013,436 |
| Net Debt | 3,682,439,648 | 3,312,945,451 | 3,673,125,988 |
| Equity | 6,484,935,253 | 6,261,219,894 | 5,095,163,619 |
| Total Capital | 6,484,935,253 | 5,925,393,346 | 4,774,708,209 |
| Capital and Net Debt | 10,167,374,901 | 9,238,338,797 | 8,447,834,197 |
| Gearing Ratio | 36% | 36% | 43% |

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2017 and March 31, 2016.

Financial Risk Management Framework

Vascon Engineers Limited is exposed primarily to credit risk, liquidity risk, which may adversely impact the fair value of its financial instruments. The Group assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Group.

i) Credit Risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade payables and borrowings. None of the financial instruments of the Group result in material concentration of credit risk.

Exposure to credit risk

The carrying amount of financial liability represents the maximum credit exposure. The maximum exposure to credit risk was Rs. 496.52 Lakhs, Rs. 508.69 Lakhs and Rs. 632.01 Lakhs as of March 31, 2017, March 31, 2016 and April 01, 2015 respectively, being the total of the carrying amount of trade payables and borrowings.

Trade receivables

Ind AS requires expected credit losses to be measured through a loss allowance. The Group assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. The Group recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix.

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. Group's exposure to customers is diversified and some customer contributes more than 10% of outstanding accounts receivable as of March 31, 2017, March 31, 2016 and April 01, 2015, however there was no default on account of those customer in the past. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Before accepting any new customer, the Group uses an external/internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed on periodic basis.

The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows.

Movement in the expected credit loss allowance:

(Amount in Rupees)

| Particulars | As at | As at | As at |
|---|----------------|----------------|----------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Balance at the beginning of the period/year | 317,756,855 | 245,366,313 | 187,134,358 |
| Movement in the expected credit loss allowance on trade receivables calculated at lifetime expected credit losses | 27,902,317 | 109,654,723 | 127,789,703 |
| Utilization / Reversals | (14,113,886) | (37,264,181) | (69,557,748) |
| Balance at the end of the period/year | 331,545,285 | 317,756,855 | 245,366,313 |

ii) Liquidity Risk

a) Liquidity risk management

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

b) Maturities of financial liabilities

The following tables detail the remaining contractual maturity for its financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

(Amount in Rupees)

| Particulars | March 31, 2017 | | |
|--|------------------|-------------|-----------|
| | Less than 1 Year | 1-3 Years | 4-5 Years |
| Financial liabilities | | | |
| Trade payables | 1,641,805,867 | | |
| Other Financial Liabilities | 468,771,317 | 334,007,600 | |
| Working capital demand loans / Term loans | 1,378,882,362 | 637,498,969 | 2,745,560 |
| Zero Coupon, Rupee denominated, Unrated, Unlisted, Secured, Non Convertible Debentures | | 686,100,000 | |

(Amount in Rupees)

| Particulars | March 31, 2016 | | |
|--|------------------|-------------|-----------|
| | Less than 1 Year | 1-3 Years | 4-5 Years |
| Financial liabilities | | | |
| Trade payables | 1,842,923,427 | | |
| Other Financial Liabilities | 654,176,833 | 334,619,398 | |
| Working capital demand loans / Term loans | 1,468,701,278 | 311,758,275 | |
| Zero Coupon, Rupee denominated, Unrated, Unlisted, Secured, Non Convertible Debentures | | 686,100,000 | |

(Amount in Rupees)

| Particulars | April 1, 2015 |
|-------------|---------------|
| | |

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

| | Less than 1 Year | 1-3 Years | 4-5 Years |
|---|------------------|-------------|-----------|
| Financial liabilities | | | |
| Trade payables | 2,173,610,552 | | |
| Other Financial Liabilities | 1,309,831,786 | 225,470,952 | |
| Working capital demand loans / Term loans | 2,353,451,684 | 256,360,764 | |

Zero Coupon, Rupee denominated, Unrated, Unlisted, Secured, Non Convertible Debentures

Excessive Risk Concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or having economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels

iii) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Group's exposure to market risk is primarily on account of foreign currency exchange rate risk.

Foreign Currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar, Euro, Singapore Dollar, Great Britain Pound, Japanese Yen against the respective functional currencies of the Group. The Group, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange.

The Group evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges these risks by using derivative financial instruments in line with its risk management policies. The information on derivative instruments is as follows.

1) Foreign currency exposures hedged by derivatives - Rs. Nil (Previous Year - Rs. Nil)**2) Details of foreign currency exposures that are not hedged by a derivative instrument or otherwise :**

| Particulars | Currency | Amount in foreign currency | | | Equivalent amount (Rs.) | | |
|---|----------|-----------------------------------|-----------------------------------|----------------------------------|-----------------------------------|-----------------------------------|----------------------------------|
| | | For the year ended March 31, 2017 | For the year ended March 31, 2016 | For the year ended April 1, 2015 | For the year ended March 31, 2017 | For the year ended March 31, 2016 | For the year ended April 1, 2015 |
| Trade Payable | AED | - | 32,005 | 32,005 | - | 576,632 | 543,698 |
| | BHD | 11,941 | 9,816 | - | 2,053,629 | 1,723,024 | - |
| | EURO | 3,610 | 17,341 | - | 249,984 | 1,302,202 | - |
| | GBP | 1,504 | 807 | 56 | 121,643 | 76,736 | 5,178 |
| | USD | 168,528 | 184,721 | 112,515 | 10,927,118 | 12,253,102 | 7,042,420 |
| Trade Receivables | AED | 48,229 | 33,662 | - | 851,676 | 606,486 | - |
| | EURO | 429,766 | 325,300 | 496,782 | 29,760,298 | 24,428,562 | 33,537,964 |
| | USD | 1,834,743 | 1,956,808 | 3,926,309 | 118,962,163 | 129,800,749 | 245,750,792 |
| AXIS Mumbai USD EEFC A/C - 913020041819734 | USD | - | 69,761 | 0.45 | - | 4,627,443 | 28 |
| Bank of Baroda EEFC A/C - 137802000001204 | USD | - | 0.88 | 0.30 | - | 58 | 19 |
| Bank of Maharashtra- EEFC A/c - Mahim - 60146271615 | USD | 0.64 | 0.60 | 0.64 | 42.45 | 40 | 40 |

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

Foreign Currency Sensitivity

The following table demonstrates the sensitivity to a reasonable possible change in USD, EUR and JPY exchange rates, with all other variables held constant, the impact on the Group's profit before tax due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

| For the Period ended | Currency | Change in Rate | Effect on Pre Tax Profit |
|----------------------|----------|----------------|--------------------------|
| March 31, 2017 | USD | +10% | 10,803,509 |
| | USD | -10% | (10,803,509) |
| | EURO | +10% | 2,951,031 |
| | EURO | -10% | (2,951,031) |
| | GBP | +10% | (12,164) |
| | GBP | -10% | 12,164 |
| | AED | +10% | 2,467,612 |
| | AED | -10% | (2,467,612) |
| | BHD | +10% | (205,363) |
| BHD | -10% | 205,363 | |
| March 31, 2016 | USD | +10% | 12,217,519 |
| | USD | -10% | (12,217,519) |
| | EURO | +10% | 2,312,636 |
| | EURO | -10% | (2,312,636) |
| | GBP | +10% | (7,674) |
| | GBP | -10% | 7,674 |
| | AED | +10% | 2,157,404 |
| | AED | -10% | (2,157,404) |
| | BHD | +10% | (172,302) |
| BHD | -10% | 172,302 | |

In Management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not affect the exposure during the year.

Note No - 29: Share Based Payments

Employee stock option scheme (ESOS) - 2014

The ESOS was approved by Board of Directors of the Company on 12th August, 2014 and thereafter by the share holders on 15th Sept, 2014. A compensation committee comprising of independent directors of the company administers the ESOS plan. Each option carries with it the right to purchase one equity share of the company. All options have been granted at a predetermined rate of Rs. 10/- per share. The maximum exercise period is 1 year from the date of vesting.

Number of options granted , exercised , cancelled / lapsed during the financial year are as follows :

| Particulars | FY 2016 - 17 | FY 2015 - 16 |
|--|--------------|--------------|
| Options granted, beginning of the year | 35,000 | 2,250,000 |
| Granted during the year | - | - |
| Exercised during the year | (30,000) | (2,215,000) |
| Cancelled/lapsed during the year | (5,000) | - |
| Options granted, end of the year | - | 35,000 |
| Weighted Average remaining life | - | 0.42 |

Employee stock option scheme (ESOS) - 2015

The ESOS was approved by Board of Directors of the Company on 11th August 2015 and thereafter by the share holders on 29th September 2015. A compensation committee comprising of independent directors of the company administers the ESOS plan. Each option carries with it the right to purchase one equity share of the company. All options have been granted at a predetermined rate of Rs. 20/- per share. The maximum exercise period is 1 year from the date of vesting.

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

Number of options granted , exercised , cancelled / lapsed during the financial year are as follows :

| Particulars | FY 2016 - 17 | FY 2015 - 16 |
|--|--------------|--------------|
| Options granted, beginning of the year | 6,400,000 | - |
| Granted during the year | - | 6,400,000 |
| Exercised during the year | (6,323,470) | - |
| Cancelled/lapsed during the year | - | - |
| Options granted, end of the year | 76,530 | 6,400,000 |
| Weighted Average remaining life | 0.92 | 1.92 |

The fair value of the stock option is calculated through the use of option pricing models, requiring subjective assumptions which greatly affect the calculated values. The said fair value of the options have been calculated using Binomial lattice option pricing model, considering the expected weighted average term of the options to be 1 year from the date of vesting, an expected dividend rate on the underlying equity shares, a risk free rate and weighted average volatility in the share price. The Group's calculations are based on a single option valuation approach, and forfeitures are recognized as they occur. The expected volatility is based on historical volatility of the share price after eliminating the abnormal price fluctuations.

Employee stock option scheme (ESOS) - 2016

The ESOS was approved by Board of Directors of the Group on 17th May 2016 and thereafter by the share holders on 15th September 2016. A compensation committee comprising of independent directors of the Group administers the ESOS plan. Each option carries with it the right to purchase one equity share of the Group. All options have been granted at a predetermined rate of Rs. 20/- per share. The maximum exercise period is 1 year from the date of vesting.

Number of options granted , exercised , cancelled / lapsed during the financial year are as follows :

| Particulars | FY 2016 - 17 | FY 2015 - 16 |
|--|--------------|--------------|
| Options granted, beginning of the year | 6,400,000 | - |
| Granted during the year | - | - |
| Exercised during the year | - | - |
| Cancelled/lapsed during the year | - | - |
| Options granted, end of the year | - | - |
| Weighted Average remaining life | 1.75 | - |

The fair value of the stock option is calculated through the use of option pricing models, requiring subjective assumptions which greatly affect the calculated values. The said fair value of the options have been calculated using Binomial lattice option pricing model, considering the expected weighted average term of the options to be 1 year from the date of vesting, an expected dividend rate on the underlying equity shares, a risk free rate and weighted average volatility in the share price. The Group's calculations are based on a single option valuation approach, and forfeitures are recognized as they occur. The expected volatility is based on historical volatility of the share price after eliminating the abnormal price fluctuations.

The inputs used in the measurement of the fair values at grant date of the share-based payment plans were as follows.

| | Employee Share Purchase Plan | | |
|---|---------------------------------|---------------------------------|---------------------------------|
| | ESOS - 2016 | ESOS - 2015 | ESOS - 2014 |
| Share price at grant date | 29.60 | 21.40 | 29.75 |
| Exercise price | 20 | 20 | 10 |
| Expected volatility | 57.60% | 67.42% | 61.10% |
| Expected life / Option Life | 1 Year from the date of vesting | 1 Year from the date of vesting | 1 Year from the date of vesting |
| Expected dividends yield | - | 2% | 2% |
| Risk-free interest rate (based on government bonds) | 6.90% | 8.40% | 8.40% |

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

Note 30: Disclosures under Ind AS 17

| Note | Particulars | For the year ended 31 March, 2017 | For the year ended 31 March, 2016 | For the year ended 1 April, 2015 |
|------|--|--------------------------------------|--------------------------------------|-------------------------------------|
| 30 | Details of leasing arrangements | | | |
| | As Lessee | | | |
| | <u>Finance Lease</u> | | | |
| 30.1 | The Group has entered into finance lease arrangements for certain vehicles which provide the Group an option to purchase the assets at the end of the lease period. The average lease term is 5 years (prior Year: 5 Years) | | | |
| | Reconciliation of minimum lease payments | | | |
| | Future minimum lease payments | | | |
| | not later than one year | 18,388,097 | 7,722,685 | 7,804,311 |
| | later than one year and not later than five years | 39,656,842 | 11,523,381 | 19,260,751 |
| | later than five years | 58,044,939 | 19,246,066 | 27,065,062 |
| | | 565,216 | 968,311 | 1,467,531 |
| | Less: Unmatured finance charges | 57,479,723 | 18,277,755 | 25,597,531 |
| | Present value of minimum lease payments payable | 18,084,994 | 7,319,587 | 7,804,321 |
| | not later than one year | 39,394,729 | 10,958,168 | 17,793,210 |
| | later than one year and not later than five years | 57,479,723 | 18,277,755 | 25,597,531 |
| | later than five years | 18,084,994 | 7,319,587 | 7,804,321 |
| | Included in the financial statements as: | 39,394,729 | 10,958,168 | 17,793,210 |
| | - Current Borrowings | 57,479,723 | 18,277,755 | 25,597,531 |
| | - Non Current Borrowings | 39,394,729 | 10,958,169 | 17,793,210 |
| | | 57,479,724 | 18,277,756 | 25,597,535 |
| | <u>Operating Lease</u> | | | |
| 30.2 | The Group has entered into operating lease arrangements for certain facilities and office premises. The leases are non-cancellable and are for a period of 1 to 95 years and may be renewed for a further period based on mutual agreement of the parties. The lease agreements provide for an increase in the lease payments by 5 to 10% every 2 years. | | | |
| | Future Non-Cancellable minimum lease commitments | | | |
| | not later than one year | 32,361,510 | 33,800,478 | 75,442,021 |
| | later than one year and not later than five years | 49,061,607 | 78,073,860 | 112,256,932 |
| | later than five years | 10,384,197 | 10,583,010 | 19,774,024 |
| | | 91,807,313 | 122,457,348 | 207,472,977 |
| | Expenses recognised in the Statement of Profit and Loss | 49,885,794 | 76,457,421 | 120,917,625 |

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

Note - 31: Contingent liabilities and commitments

| Contingent liabilities (to the extent not provided for) | (Amount in Rupees) | | |
|---|-------------------------|-------------------------|------------------------|
| | As at 31 March, 2017 | As at 31 March, 2016 | As at April 1, 2015 |
| Contingent liabilities | | | |
| (a) Disputed demands for Income Tax | 217,112,344 | 307,351,218 | 109,157,306 |
| (b) Disputed demands for Service Tax / Excise Duty | 25,173,011 | 19,183,073 | 46,082,818 |
| (c) Disputed demands for Value Added Tax | 151,480,197 | 35,724,158 | 31,103,150 |
| (d) Performance and financial guarantees given by the Banks on behalf of the Group | 1,201,479,324 | 1,493,353,225 | 1,745,230,169 |
| (e) Corporate guarantees given for other companies / entities and mobilization | 750,000,000 | 750,000,000 | 750,000,000 |
| (f) Claims against the Group not acknowledged as debt | 3,901,169,487 | 3,910,769,487 | 3,620,533,994 |
| (i) In respect of claim against the Group amounting to Rs.360,00,00,000/- (Previous year 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. | | | |
| (ii) The Creditors of the Group have filed a civil suit claiming of Rs 1,11,49,741/- (Previous year Rs. 1,00,66,624/-) as amount due to them, which claims the Group is disputing. | | | |
| (iii) Short Levy of Stamp Duty due to misclassification of conveyance deed as development agreement amounting to Rs 8,67,370/- (Previous year Rs. 8,67,370/-) with Joint District Registrar & Collector of Stamps , Pune. | | | |
| (iv) One of the labour supplier has filed a criminal complaint in Additional Magistrate Court, Dadar, Mumbai, for recovery of his dues for Rs.3,94,840/- (Previous year - Nil). | | | |
| (v) One of the customer has filed arbitration proceeding against the Group for loss on account of wastage i.e. excess consumption of cement and steel, loss on account of escalation of cement and steel, additional cost incurred for completing the balance work, loss for rectifying defective work, refund of amount in VAT and excess duty, loss of reputation and liquidated damages and interest, amounting to Rs. 28,67,00,100/- (Previous year - Nil). | | | |
| (vi) Reimbursement of additional electricity charges of Rs 20,57,436/- towards erstwhile lease. | | | |
| (g) 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. | | | |
| (h) 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 Group 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. | | | |

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

| | | | | |
|----|---|---------------|---------------|---------------|
| i) | Others | 1,514,181,748 | 1,514,181,748 | 1,514,716,681 |
| | Maharashtra State Electricity Distribution Company Limited has raised demand dated September 17, 2014 of Rs. 1,41,81,748/- on account of unauthorised use of Electricity based on provisional assessment made. The Group has not accepted the same and legal process in respect to the above is carried on. | | | |
| | In respect of Land admesuring 13,563 sq.mtr Situated at Vadgan Sheri, Pune consent term have been entered between the land owner Rock Enterprises and the Ultimate Owner Sansara Developers India Pvt. Ltd. For about 150 Crores Payable to the Land Owner. However Due to chain of agreement the compay is also party to the case filed by the Land Owner. | | | |
| | Contingent liabilities incurred by the Group arising from its interests in a joint venture (i) | - | - | - |
| | Contingent liabilities incurred by the Group arising from its interests in associates | - | - | - |

| Note | Particulars | (Amount in Rupees) | | |
|------|--|-------------------------|-------------------------|------------------------|
| | | As at 31 March, 2017 | As at 31 March, 2016 | As at April 1, 2015 |
| | Commitments | ₹ | ₹ | ₹ |
| | (a) Estimated amount of contracts remaining to be executed on capital account and not provided for | 67,171,664 | 214,004,000 | 40,916,371 |

Note 32 : Employee benefits

(a) Defined Contribution Plan

The Group makes Provident Fund contributions to defined contribution plan administered by the Regional Provident Fund Commissioner. Under this scheme, the Group is required to contribute a specified percentage of payroll cost to fund the benefits. The Group has recognized Rs.25,063,999 for Provident Fund contributions (March 31, 2016 : Rs.31,594,347) and Rs 4,668,879 towards ESIC (March 31, 2016 : Rs.2,535,118) in the Statement of Profit and Loss. The provident fund and ESIC contributions payable by the Group are in accordance with rules framed by the Government from time to time.

(b) Defined Benefit Plans:

Gratuity

The Group operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Group scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Group makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

Defined benefit plans – as per actuarial valuation on 31st March, 2017

| Particulars | Funded Plan | |
|--|-------------|------------|
| | Gratuity | |
| | 2017 | 2016 |
| Service Cost | | |
| Current Service Cost | 9,940,966 | 12,878,383 |
| Past service cost and (gains)/losses from settlements | - | - |
| Net interest expense | 4,244,062 | 3,399,166 |
| Components of defined benefit costs reconised in profit or loss | 14,185,028 | 16,277,549 |
| Remeasurement on the net defined benefit liability | | |
| Return on plan assets (excluding amunt included in net interest expense) | 175,271 | 1,388,392 |
| Actuarial gains and loss arising form changes in financial assumptions | 1,262,084 | -366,144 |
| Actuarial gains and loss arising form experience adjustments | -2,873,668 | -6,354,416 |
| Actuarial gains and loss arising from demographic adjustments | -4,687,689 | - |

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

| Particulars | Funded Plan | |
|--|--------------------|--------------------|
| | Gratuity | |
| | 2017 | 2016 |
| Components of defined benefit costs recognised in other comprehensive income | -6,124,002 | -5,332,168 |
| Total | 8,061,026 | 10,945,381 |
| I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March | | |
| 1. Present value of defined benefit obligation as at 31st March | 67,151,225 | 61,003,331 |
| 2. Fair value of plan assets as at 31st March | 5,572,952 | 7,467,784 |
| 3. Surplus/(Deficit) | -61,578,274 | -53,535,547 |
| 4. Current portion of the above | 61,578,274 | 53,535,547 |
| 5. Non current portion of the above | 5,572,952 | 7,467,784 |
| II. Change in the obligation during the year ended 31st March | | |
| 1. Present value of defined benefit obligation at the beginning of the year | -20,269,563 | -14,034,945 |
| 2. Add/(Less) on account of Scheme of Arrangement/Business Transfer | - | - |
| 3. Expenses Recognised in Profit and Loss Account | - | - |
| - Current Service Cost | -4,028,650 | -2,531,037 |
| - Past Service Cost | - | - |
| - Interest Expense (Income) | -1,577,297 | -940,072 |
| 4. Recognised in Other Comprehensive Income | - | - |
| Remeasurement gains / (losses) | - | - |
| - Actuarial Gain (Loss) arising from: | - | - |
| i. Demographic Assumptions | -4,538,923 | - |
| ii. Financial Assumptions | 6,015,376 | 84,654 |
| iii. Experience Adjustments | 3,593,010 | -2,331,720 |
| 5. Benefit payments | -2,253,100 | -516,443 |
| 6. Others (Specify) | - | - |
| 7. Present value of defined benefit obligation at the end of the year | -23,059,147 | -20,269,563 |
| III. Change in fair value of assets during the year ended 31st March | | |
| 1. Fair value of plan assets at the beginning of the year | 7,467,784 | 13,035,456 |
| 2. Add/(Less) on account of Scheme of Arrangement/Business Transfer | - | - |
| 3. Expenses Recognised in Profit and Loss Account | - | - |
| - Expected return on plan assets | 38,986 | 133,105 |
| 4. Recognised in Other Comprehensive Income | - | - |
| Remeasurement gains / (losses) | - | - |
| - Actual Return on plan assets in excess of the expected return | 381,752 | -548,487 |
| - Others (specify) | - | - |
| 5. Contributions by employer (including benefit payments recoverable) | 18,300 | 1,526,211 |
| 6. Benefit payments | -2,333,870 | -6,678,501 |
| 7. Fair value of plan assets at the end of the year | 5,572,952 | 7,467,784 |
| IV. The Major categories of plan assets | | |
| - List the plan assets by category here | 100% | 100% |

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

Maturity Profile of Defined Benefit Obligation:

| Year Ending March 31 | Expected Benefit Payment Rounded to the nearest thousand (in Rs.) |
|----------------------|---|
| 2018 | 21,238,458 |
| 2019 | 10,820,569 |
| 2020 | 10,425,381 |
| 2021 | 8,384,106 |
| 2022 | 8,381,628 |
| 2023-2027 | 36,713,535 |

| A. Effect of 1 % change in the assumed discount rate | 1% Increase | 1% Decrease |
|--|----------------|----------------|
| | March 31, 2017 | March 31, 2016 |
| Defined Benefit Obligation | 86,925,989 | 91,657,003 |

| B. Effect of 1 % change in the assumed Salary Escalation Rate | 1% Increase | 1% Decrease |
|---|----------------|----------------|
| | March 31, 2017 | March 31, 2016 |
| Defined Benefit Obligation | 91,433,594 | 87,058,011 |

| C. Effect of 1 % change in the assumed Withdrawal Rate | 1% Increase | 1% Decrease |
|--|----------------|----------------|
| | March 31, 2017 | March 31, 2016 |
| Defined Benefit Obligation | 88,478,921 | 90,139,417 |

| V. Experience Adjustments : | Period Ended | |
|--|-----------------|-------------|
| | 2017 | 2016 |
| | Gratuity | |
| 1. Defined Benefit Obligation | 67,151,225 | 61,003,331 |
| 2. Fair value of plan assets | 5,572,952 | 7,467,784 |
| 3. Surplus/(Deficit) | -61,578,274 | -53,535,547 |
| 4. Experience adjustment on plan liabilities [(Gain)/Loss] | -2,873,668 | -6,354,416 |
| 5. Experience adjustment on plan assets [Gain/(Loss)] | 3,483,081 | 383,851 |

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Note 33 : Significant estimates and assumptions
Estimates and Assumptions

The preparation of the Group's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the acgrouping disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the group. Such changes will be reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or Cash Generating Unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amounts sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

Defined Benefit Plans (Gratuity Benefits)

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publically available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Details about gratuity obligations are given in Note 32.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, the fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value target and the discount factor.

The Group has valued its financial instruments through profit & loss which involves significant judgements and estimates such as cash flows for the period for which the instrument is valid, EBITDA of investee group, fair value of share price of the investee group on meeting certain requirements as per the agreement, etc. The determination of the fair value is based on expected discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

Notes forming part of the financial statements**Note 34 : Related Party Transactions****I Names of related parties**

1. Joint Ventures
 - Phoenix Ventures
 - Cosmos Premises Private Limited
 - Ajanta Enterprises
 - Vascon Qatar WLL
2. Associates
 - Mumbai Estate Private Limited
3. Key Management Personnel
 - Mr. R. Vasudevan
 - Dr Santosh Sundararajan
 - Mr. D.Santhanam
 - Mr.M.Krishnamurthi
4. Relatives of Key Management Personnel
 - Mrs. Lalitha Vasudevan
 - Ms. Soumya Vasudevan
 - Mrs. Thangam Moorthy
 - Mrs. Lalitha Sundararajan
 - Mr. Siddarth Vasudevan
 - Mrs Shilpa Shivram
 - Mrs. Sailaxmi Santhanam Mudaliar
 - Ms Mathangi Krishnamuthy
 - Ms Aishwarya Santhanam
 - Mrs. K Jeyanthi
5. Establishments where in which individuals in serial number (3) and (4) exercise significant Influence
 - Flora Facilities Private Limited (Formerly known as Flora Premises Private Limited)

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

- Vastech Consultants Private Limited
- Vastech consultants and engineers LLP
- Vatsalya Enterprises Private Limited
- Bellflower Premises Private Limited
- Cherry Construction Private Limited
- Stresstech Engineers Pvt Ltd.
- Syringa Engineers Private Limited (Formerly known as Syringa Properties Private Limited)
- Vascon Infrastructure Limited
- Venus Ventures
- Seraphic Design Private Limited
- D. Santanam (HUF)
- M krishnamurthi (HUF)

II Related party transactions

| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|-------------------------|-------------------------|------------------------|
| (a) Sales and work | 143,249,296 | 264,315,602 | 175,090,127 |
| Joint Ventures | | | |
| Phoenix Ventures | 37,769,263 | - | - |
| Ajanta Enterprises | 67,651,924 | 199,691,587 | 107,417,052 |
| Total | 105,421,187 | 199,691,587 | 107,417,052 |
| Associates | | | |
| Angelica Properties Private. Limited. | - | - | 260,000 |
| Total | - | - | 260,000 |
| Key management Personnel | | | |
| Mr. R. Vasudevan | - | - | - |
| Dr Santosh Sundararajan | - | - | 4,229,701 |
| Total | - | - | 4,229,701 |
| Enterprise where KMP & Relatives of KMP significant influence | | | |
| Flora Facilities Private Limited (Formerly known as Flora Premises Private Limited) | 13,644,706 | 39,008,759 | 13,615,530 |
| Stresstech Engineers Private Limited | - | - | - |
| Cherry Constructions Private Limited. | 24,183,403 | 25,615,256 | 49,567,844 |
| Total | 37,828,109 | 64,624,015 | 63,183,374 |
| (b) Interest Income/commission Received/Dividend Received | 39,171,277 | - | - |
| Joint Venture | | | |
| Ajanta Enterprises | 30,386,177 | - | - |
| Cosmos Premises Private Limited-dividend received | 8,785,100 | - | - |
| Total | 39,171,277 | - | - |
| (c) Interest Expense | 15,076,336 | 18,732,018 | 46,320,801 |
| Joint Venture | | | |
| Ajanta Enterprises | 2,363,291 | 5,922,505 | 35,250,916 |
| Total | 2,363,291 | 5,922,505 | 35,250,916 |
| Enterprise where KMP & Relatives of KMP significant influence | | | |
| Stresstech Engineers Private Limited | 73,788 | 202,500 | 257,240 |
| Vastech Consultants Private Limited | 1,002,160 | 1,033,296 | 1,173,770 |
| D Santhanam- HUF | 125,000 | 129,211 | - |
| Flora Facilities Private Limited | 8,326,870 | 3,471,781 | - |
| M. Krishnamurthi (HUF) | 149,350 | 284,217 | - |
| Total | 9,677,168 | 5,121,005 | 1,431,010 |
| Relatives of Key Management Personnel | | | |
| Mr. Siddarth Vasudevan | 135,450 | 75,155 | 39,945 |

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|-------------------------|-------------------------|------------------------|
| Mrs. Mathangi Krishnamurthi | - | - | 111,544 |
| Ms. Sailaxmi Santhanam Mudaliar | 50,000 | 50,130 | 72,481 |
| Ms. Aishwarya Santhanam Mudaliar | 77,550 | - | - |
| Mrs. Thangam Moorthy | 175,960 | 239,707 | 365,753 |
| Total | 438,960 | 364,992 | 589,723 |
| Key Management Personnel | | | |
| Mr. R. Vasudevan | - | 4,117,616 | 6,138,186 |
| Mr. Santosh Sundararajan | 2,187,927 | 2,712,528 | 2,363,764 |
| D Santhanam | 408,990 | 493,372 | 547,202 |
| Total | 2,596,917 | 7,323,516 | 9,049,152 |
| (d) Purchase of Goods / Work/Rent | 42,003,457 | 61,222,328 | 45,062,471 |
| Enterprise where KMP & Relatives of KMP significant influence | | | |
| Bellflower Premises Private Limited | - | - | 3,600,000 |
| Vatsalya Enterprises Private Limited | - | - | 3,600,000 |
| Rent | | | |
| Flora Facilities Private Limited | 23,759,614 | 23,408,436 | 12,623,530 |
| Works | | | |
| Stresstech Engineers Private Limited | 16,546,851 | 22,727,172 | 24,512,389 |
| Vastech Consultants & Engineers LLP | 1,696,992 | 15,086,720 | 726,552 |
| Total | 42,003,457 | 61,222,328 | 45,062,471 |
| (e) Receiving of Services | 166,881,209 | 51,626,132 | 191,090,097 |
| Key Management Personnel | | | |
| Mr R Vasudevan | | | |
| a) Short term benefits | 12,000,000 | (45,292,462) | 117,452,862 |
| b) Post Employment benefits* | 598,523 | 2,016,923 | 2,016,923 |
| Dr Santosh Sundararajan | | | |
| a) Short term benefits | 40,582,518 | 26,535,720 | 32,518,000 |
| b) Post Employment benefits | 21,600 | 2,285,280 | 1,987,200 |
| c) Share based payments | 71,990,528 | 19,888,072 | - |
| Mr. D.Santhanam | | | |
| a) Short term benefits | 6,824,736 | 6,525,320 | 7,323,840 |
| b) Post Employment benefits* | 21,600 | 326,016 | 326,016 |
| c) Share based payments | 5,380,740 | 4,255,123 | - |
| Mr.M.Krishnamurthi | | | |
| a) Short term benefits | 5,844,960 | 5,273,209 | 5,827,000 |
| b) Post Employment benefits* | 21,600 | 262,560 | 259,200 |
| c) Share based payments | 5,196,730 | 4,255,054 | - |
| Total | 148,483,535 | 26,330,815 | 167,711,041 |
| *Post employment benefit represents contribution to provident fund. As Gratuity expense is based on actuarial valuations, the same cannot be computed for individual employees and hence not included | | | |
| Relatives of Key Management Personnel | | | |
| Mr. Siddarth Vasudevan | 13,722,840 | 18,357,400 | 9,320,000 |
| Mrs. Sailaxmi Santhanam Mudaliar | - | 10,000 | 18,000 |
| Mrs.Shilpa Sivram | 64,000 | 130,500 | 277,420 |
| Ms. Aishwarya Sathanam | 52,000 | - | - |
| Mrs.Lalitha Sundararajan | 15,000 | - | - |

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|-------------------------|-------------------------|------------------------|
| Mrs. K Jeyanthi | 21,000 | - | 25,200 |
| Total | 13,874,840 | 18,497,900 | 9,640,620 |
| Enterprise where KMP & Relatives of KMP significant influence | | | |
| Flora Facilities Private Limited | - | - | 399,431 |
| Vastech Consultants Private Limited | 4,514,834 | 4,942,041 | 13,339,005 |
| D Santhanam-HUF | 8,000 | 34,000 | - |
| Seraphic Designs Private Limited | - | 1,821,376 | - |
| Total | 4,522,834 | 6,797,417 | 13,738,436 |
| (f) Share of Profit from AOP/Firm | 88,559,213 | 155,190,765 | 100,841,242 |
| Joint Ventures | | | |
| Phoenix Ventures | - | 771,482 | - |
| Ajanta Enterprises | 88,559,213 | 154,419,283 | 100,841,242 |
| Total | 88,559,213 | 155,190,765 | 100,841,242 |
| (g) Share of Loss from AOP/Firm | 7,096,740 | - | 3,077,824 |
| Joint Ventures | | | |
| Phoenix Ventures | 7,096,740 | - | 1,977,980 |
| Weikfield ITCITI Info Park (AOP) | - | - | 1,099,844 |
| Total | 7,096,740 | - | 3,077,824 |
| (h) Reimbursement of expenses | 19,644,720 | 26,355,764 | 12,590,637 |
| Joint Ventures | | | |
| Ajanta Enterprises | 11,373,320 | 11,225,592 | 11,783,077 |
| Cosmos Premises Private Limited | 7,501,500 | 14,381,100 | - |
| Phoenix Ventures | 600,000 | 600,000 | 609,924 |
| Total | 19,474,820 | 26,206,692 | 12,393,001 |
| Key Management Personnel | | | |
| Dr Santosh Sundararajan | 63,300 | 40,800 | 57,800 |
| M. Krishnamurthi | 45,800 | 40,800 | 70,275 |
| D Santhanam | 60,800 | 67,472 | 69,561 |
| Total | 169,900 | 149,072 | 197,636 |
| (i) Finance Provided (including equity contributions in cash or in kind)/ repayment of loan/repayment of fixed deposit | 184,122,202 | 329,768,748 | 587,396,025 |
| Joint Ventures | | | |
| Phoenix Ventures | 3733912 | 11,371,210 | 14,594,418 |
| Just Homes (AOP) | 2792304 | 4,253,011 | 445,051 |
| Ajanta Enterprises | 110725222 | 25,592,251 | 164,965,134 |
| Total | 117,251,438 | 41,216,472 | 180,004,603 |
| Associates | | | |
| Mumbai Estate Private Limited | - | - | 1,000,000 |
| Angelica PropertiersPrivate. Limited. | - | - | 19,895,242 |
| Total | - | - | 20,895,242 |
| Enterprise where KMP & Relatives of KMP significant influence | | | |
| Stresstech Engineers Private Limited | 1,980,175 | - | 6,025,724 |

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|--|-------------------------|-------------------------|------------------------|
| Vastech Consultants Private Limited | 11,841,270 | - | 13,317,377 |
| Sunflower Real Estate Developers Private Limited | - | - | 352,413,079 |
| Flora Facilities Private Limited | 25,018,012 | - | - |
| M. Krishnamurthi (HUF) | 1,684,405 | 2,055,794 | - |
| Venus Ventures | - | - | 5,000,000 |
| D.Santhanam (HUF) | - | 100,000 | - |
| Total | 40,523,862 | 2,155,794 | 376,756,180 |
| Relatives of Key Management Personnel | | | |
| Mr. Siddarth Vasudevan | - | - | - |
| Ms. Mathangi Krishnamurthi | - | - | 1,175,000 |
| Ms. Sailaxmi Santhanam Mudaliar | - | - | - |
| Mrs. Thangam Moorthy | 1,500,000 | 1,500,000 | - |
| Total | 1,500,000 | 1,500,000 | 1,175,000 |
| Key Management Personnel | | | |
| Mr. R. Vasudevan | 4,546,902 | 273,354,482 | - |
| Mr. Santosh Sundararajan | 18,900,000 | 9,942,000 | 8,565,000 |
| D Santhanam | 1,400,000 | 1,600,000 | - |
| Total | 24,846,902 | 284,896,482 | 8,565,000 |
| (j) Finance availed /Received back(including equity contributions in cash or in kind) | 67,513,840 | 209,201,792 | 295,400,614 |
| Joint Ventures | | | |
| Phoenix Venture | - | 973,001 | 500,000 |
| Just Homes AOP | - | 800,000 | - |
| Ajanta Enterprises | 44,799,610 | - | - |
| Total | 44,799,610 | 1,773,001 | 500,000 |
| Enterprise where KMP & Relatives of KMP significant influence | | | |
| Flora Facilities Private Limited | 20,000,000 | 50,000,000 | - |
| Vastech Consultants Private Limited | - | - | 14,000,000 |
| Sunflower Real Estate Dev Private Limited | - | - | 128,570,614 |
| Stresstech Engineers Private Limited | 2,214,230 | - | 7,500,000 |
| Venus Ventures | - | 1,300,000 | 27,430,000 |
| Total | 22,214,230 | 51,300,000 | 177,500,614 |
| Relatives of Key Management Personnel (Through Fixed Deposit) | | | |
| Mr. Siddarth Vasudevan (Through Fixed Deposit) | 500,000 | - | 600,000 |
| Mr. Siddarth Vasudevan (Others) | - | 493,791 | - |
| Total | 500,000 | 493,791 | 600,000 |
| Key Management Personnel | | | |
| Mr. R. Vasudevan | - | 154,535,000 | 115,000,000 |
| Mr. Santosh Sundararajan | - | 1,100,000 | - |
| D Santhanam | - | - | 1,800,000 |
| Total | - | 155,635,000 | 116,800,000 |
| (k) Outstanding corporate / bank guarantees given | - | 100,000,000 | 200,000,000 |
| Joint Ventures | | | |

VASCON ENGINEERS LIMITED

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|-------------------------|-------------------------|------------------------|
| Phoenix Ventures | - | 100,000,000 | 100,000,000 |
| Cosmos Premises Private Limited | - | - | 100,000,000 |
| Total | - | 100,000,000 | 200,000,000 |
| (I) Outstanding as on | | | |
| A) Receivable to Vascon Engineers Limited | 935,032,136 | 826,229,850 | 903,008,391 |
| Joint Ventures | 558,427,622 | 466,204,762 | 234,005,345 |
| a) Sundry Debtors | | | |
| Just Homes (AOP) | 13,375,290 | 13,375,290 | 13,375,290 |
| Phoenix Ventures | 103,849,576 | 63,311,405 | 62,731,671 |
| Ajanta Enterprises | 4,934,869 | 45,667,637 | - |
| Total | 122,159,735 | 122,354,332 | 76,106,961 |
| b) Loans & Advances | | | |
| Phoenix Ventures | 26,732,695 | 22,998,783 | 12,600,574 |
| Ajanta Enterprises | 5,000,000 | - | - |
| Total | 31,732,695 | 22,998,783 | 12,600,574 |
| c) Balance in capital and current accounts | | | |
| Phoenix Ventures | 62,193,539 | 69,290,280 | 68,518,798 |
| Ajanta Enterprises | 341,965,077 | 251,561,367 | 76,779,012 |
| Total | 404,158,616 | 320,851,647 | 145,297,810 |
| d) Reimbursement of expenses | | | |
| Cosmos Premises Private Limited | 376,576 | - | - |
| Total | 376,576 | - | - |
| Associates | 256,300,010 | 256,300,010 | 256,603,346 |
| a) Loans & Advances | | | |
| Mumbai Estate Private Limited | 256,300,010 | 256,300,010 | 256,300,010 |
| Total | 256,300,010 | 256,300,010 | 256,300,010 |
| b) Sundry Debtors | | | |
| Angelica Properties Private Limited | - | - | 266,136 |
| Total | - | - | 266,136 |
| c) Share Application money | | | |
| Angelica Properties Private Limited | - | - | 37,200 |
| Total | - | - | 37,200 |
| Enterprise where KMP & Relatives of KMP significant influence | 115,387,046 | 98,704,151 | 407,482,245 |
| a) Sundry Debtors | | | |
| Flora Facilities Private Limited (Formerly known as Flora Premises Private Limited) | 15,730,292 | 3,241,312 | 14,608,267 |
| Cherry Constructions Private Limited. | 37,057,770 | 31,020,052 | 28,254,969 |
| Total | 52,788,062 | 34,261,364 | 42,863,236 |
| b) Loans & Advances (Including deposits and trade advances) | | | |
| Vastech Consultants Private Limited | 1,500,000 | 3,343,803 | 40,000,000 |
| Bellflower Premises Private Limited | 5,000,000 | 5,000,000 | 5,000,000 |
| Flora Facilities Private Limited | 12,500,000 | 12,500,000 | 12,500,000 |
| Vatsalya Enterprises Private Limited | 5,000,000 | 5,000,000 | 14,900,000 |
| Venus Ventures | 38,598,984 | 38,598,984 | 39,898,984 |
| Sunflower Real Estate Developers Private Limited | - | - | 252,124,601 |
| Syringa Engineers Private Limited | - | - | 195,424 |
| Total | 62,598,984 | 64,442,787 | 364,619,009 |
| Key Management Personnel | 4,917,458 | 5,020,928 | 4,917,456 |
| a) Sundry Debtors | | | |

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|-------------------------|-------------------------|------------------------|
| Mr. R. Vasudevan | - | 103,470 | - |
| Mr.Santosh Sundararajan | 4,917,458 | 4,917,458 | 4,917,456 |
| Total | 4,917,458 | 5,020,928 | 4,917,456 |
| B) Receivable from Vascon Engineers Limited | 451,365,911 | 521,668,629 | 653,514,595 |
| Joint Venture | 361,155,270 | 389,204,546 | 362,400,585 |
| a) Loans & Advances | | | |
| Cosmos Premises Private Limited | 5,000,000 | - | - |
| Ajanta Enterprises | - | 30,256,972 | - |
| Just Homes (AOP) | 356,155,270 | 358,947,574 | 362,400,585 |
| Total | 361,155,270 | 389,204,546 | 362,400,585 |
| Key Management Personnel | 8,672,495 | 34,437,657 | 231,516,188 |
| a) For Services Received | | | |
| Mr. R Vasudevan | 89,071 | - | 76,292,024 |
| Santosh Sundararajan | - | 4,781,716 | 4,981,107 |
| M. Krishnamurthi | - | 1,352,626 | 1,028,603 |
| D Santhanam | 1,488,400 | 1,698,005 | 1,270,330 |
| Total | 1,577,471 | 7,832,347 | 83,572,064 |
| b) Advance from Customers | | | |
| R Vasudevan | 4,773,090 | - | - |
| Total | 4,773,090 | - | - |
| c) For Deposit Received | | | |
| Mr. R Vasudevan | - | - | 115,000,000 |
| Dr.Santosh Sundararajan | - | 18,900,000 | 27,742,000 |
| D Santhanam | 2,000,000 | 3,400,000 | 5,000,000 |
| Total | 2,000,000 | 22,300,000 | 147,742,000 |
| d) Expenses reimbursement | | | |
| M. Krishnamurthi | - | 17,000 | 39,565 |
| D Santhanam | 23,800 | 29,342 | 16,809 |
| Mr.Santosh Sundararajan | - | 10,200 | 145,750 |
| Total | 23,800 | 56,542 | 202,124 |
| e) Loans and advances | | | |
| Mr. R Vasudevan | 298,134 | 4,248,768 | - |
| Total | 298,134 | 4,248,768 | - |
| Enterprise where KMP & Relatives of KMP significant influence | 70,869,813 | 91,800,545 | 54,030,269 |
| a) Sundry Creditors | | | |
| Vatsalya Enterprises Private Limited | - | - | 2,904,942 |
| Flora Facilities Private Limited (Formerly known as Flora Premises Private Limited)) | 5,298,191 | 3,133,590 | 9,777,678 |
| Stresstech Engineers Private Limited | 4,643,853 | 12,492,238 | 15,633,179 |
| Bellflower Premises Private Limited | - | - | 3,024,719 |
| Seraphic Design Private Limited | 48,982 | 330,000 | - |
| Vastech Consultants & Engineers LLP | 5,143,238 | 10,396,477 | 653,897 |
| D. Santhanam HUF | 12,600 | 12,600 | - |
| Vastech Consultants Private Limited | - | - | 9,194,978 |
| Total | 15,146,864 | 26,364,905 | 41,189,393 |
| b) Loans/(Advances) | | | |
| Flora Facilities Private Limited | 52508719 | 50,032,548 | - |

VASCON ENGINEERS LIMITED

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

| | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|--|-------------------------|-------------------------|------------------------|
| Stresstech Engineers Private Limited | 2214230 | 1,913,766 | 1,731,516 |
| Vascon Infrastructure Limited | - | - | - |
| Vastech Consultants Private Limited | - | 10,939,326 | 10,009,360 |
| Total | 54,722,949 | 62,885,640 | 11,740,876 |
| c) Deposit Received | | | |
| M. Krishnamurthi | - | 1,550,000 | - |
| D. Santhanam HUF | 1,000,000 | 1,000,000 | 1,100,000 |
| Total | 1,000,000 | 2,550,000 | 1,100,000 |
| Relatives of Key Management Personnel | 10,668,333 | 6,225,881 | 5,567,553 |
| a) Deposits Recd. | | | |
| Mr. Siddarth Vasudevan | 1,100,000 | 600,000 | 600,000 |
| Mrs. Sailaxmi Santhanam Mudaliar | 400,000 | 400,000 | 400,000 |
| Mrs. Thangam Moorthy | - | 1,500,000 | 3,000,000 |
| Ms.Aishwarya Santhanam | 800,000 | - | - |
| Total | 2,300,000 | 2,500,000 | 4,000,000 |
| b) For services received | | | |
| Siddharth Vasudevan | 8,368,333 | 3,169,090 | 1,567,553 |
| Total | 8,368,333 | 3,169,090 | 1,567,553 |
| c) Loans /(Advances | | | |
| Mr. Siddarth Vasudevan | - | 493,791 | - |
| Total | - | 493,791 | - |
| d) Sundry Creditors | | | |
| MRs. Shilpa Sivram | - | 63,000 | - |
| Total | - | 63,000 | - |

Notes:-

- Related party relationships are as identified by the Company on the basis of information available and accepted by the auditors.
- No provision have been made in respect of receivable from related party as at March 31, 2017.

Note 35 : Disclosure of additional information as required by the Schedule III

a) As at and for the year ended March 31, 2017 :

| Name of the entity | Net assets | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|--|-----------------------------------|---------------|---------------------------------------|--------------|---------------------------------------|-----------|---------------------------------------|--------------|
| | As a % of consolidated net assets | Amount | As a % of consolidated profit or loss | Amount | As a % of consolidated profit or loss | Amount | As a % of consolidated profit or loss | Amount |
| Parent | | | | | | | | |
| Vascon Engineers Limited | 55% | 3,550,216,790 | -332% | (40,125,792) | 97% | 5,833,849 | -189% | (34,291,943) |
| Subsidiaries | | | | | | | | |
| Sunflower Real Estate Developers Private Limited | 6% | 375,823,053 | 628% | 75,979,470 | | | 419% | 75,979,470 |
| Shreyas Strategists Private Limited | 0% | 20,924,806 | -5% | (577,953) | | | -3% | (577,953) |
| Sansara Developers Private Limited | 19% | 1,240,131,572 | -3% | (306,033) | | | -2% | (306,033) |
| Marvel Housing Private Limited | 0% | 15,346,939 | -17% | (2,086,746) | | | -12% | (2,086,746) |
| Vascon Dwelling Private Limited | 3% | 195,650,367 | -76% | (9,162,663) | | | -51% | (9,162,663) |
| IT-Citi Infopark Private Limited | 0% | 1,311,566 | -1% | (108,276) | | | -1% | (108,276) |
| Windflower Properties Private Ltd | 0% | 6,130,938 | -2% | (264,166) | | | -1% | (264,166) |
| Floriana Properties Private Limited | 1% | 63,446,210 | 0% | (33,808) | | | 0% | (33,808) |
| Vascon Pricol Infrastructure Limited | 2% | 129,315,003 | 128% | 15,515,478 | | | 86% | 15,515,478 |
| Greystone Premises Private Limited | -2% | (119,256,904) | 8% | 954,915 | | | 5% | 954,915 |
| GMP Technical Solutions Private Limited | 10% | 661,304,078 | -206% | (24,962,095) | 3% | 165,094 | -137% | (24,797,001) |
| Angelica Properties Private Limited | 1% | 60,023,728 | 23% | 2,786,957 | | | 15% | 2,786,957 |
| Just Homes (India) Pvt. Ltd | -4% | (227,262,962) | -8% | (991,369) | | | -5% | (991,369) |
| Almet Corporation Limited | 2% | 148,307,149 | -17% | (2,083,668) | | | -11% | (2,083,668) |
| Marathawada Realtors Private Limited | 3% | 219,272,783 | -18% | (2,201,740) | | | -12% | (2,201,740) |

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

| | | | | | | | | |
|---------------------------------|------|---------------|------|-------------|------|-----------|------|-------------|
| Joint Ventures | | | | | | | | |
| Cosmos Premises Private Limited | 0% | 25,146,464 | 64% | 7,778,468 | | | 43% | 7,778,468 |
| Non Controlling Interest | 2% | 119,103,673 | -66% | (8,011,748) | 0% | 29,134 | -44% | (7,982,614) |
| Total | 100% | 6,484,935,251 | 100% | 12,099,232 | 100% | 6,028,077 | 100% | 18,127,309 |

a) As at and for the year ended March 31, 2016 :

| Name of the entity | Net assets | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|--|-----------------------------------|---------------|---------------------------------------|--------------|---------------------------------------|-----------|---------------------------------------|--------------|
| | As a % of consolidated net assets | Amount | As a % of consolidated profit or loss | Amount | As a % of consolidated profit or loss | Amount | As a % of consolidated profit or loss | Amount |
| Parent | | | | | | | | |
| Vascon Engineers Limited | 49% | 3,045,325,923 | -26% | (24,171,391) | 41% | 1,688,260 | -23% | (22,483,131) |
| Subsidiaries | | | | | | | | |
| Sunflower Real Estate Developers Private Limited | 5% | 343,992,752 | 49% | 45,500,193 | | | 47% | 45,500,193 |
| Shreyas Strategists Private Limited | 0% | 21,479,794 | -2% | (2,257,018) | | | -2% | (2,257,018) |
| Sansara Developers Private Limited | 20% | 1,239,555,836 | 0% | (409,279) | | | 0% | (409,279) |
| Marvel Housing Private Limited | 0% | 3,900,927 | 0% | (52,451) | | | 0% | (52,451) |
| Vascon Dwelling Private Limited | 5% | 324,630,647 | 24% | 21,777,187 | | | 23% | 21,777,187 |
| IT-Citi Infopark Private Limited | 0% | 1,319,998 | -1% | (598,205) | | | -1% | (598,205) |
| Windflower Properties Private Ltd | 0% | 6,305,206 | -1% | (534,849) | | | -1% | (534,849) |
| Floriana Properties Private Limited | 1% | 63,444,808 | 0% | (103,325) | | | 0% | (103,325) |
| Vascon Pricol Infrastructure Limited | 3% | 167,482,625 | 5% | 4,559,327 | | | 5% | 4,559,327 |
| Greystone Premises Private Limited | 0% | (6,412,125) | 0% | (349,714) | | | 0% | (349,714) |
| GMP Technical Solutions Private Limited | 13% | 786,910,705 | 48% | 44,588,946 | 50% | 2,073,347 | 48% | 46,662,293 |
| Angelica Properties Private Limited | 0% | (3,268,817) | -2% | (2,298,496) | | | -2% | (2,298,496) |
| Just Homes (India) Pvt. Ltd | -4% | (228,483,607) | -2% | (1,684,767) | | | -2% | (1,684,767) |
| Almet Corporation Limited | 2% | 131,821,616 | -2% | (2,174,818) | | | -2% | (2,174,818) |
| Marathwada Realtors Private Limited | 3% | 218,149,486 | -2% | (2,018,566) | | | -2% | (2,018,566) |
| Joint Ventures | | | | | | | | |
| Cosmos Premises Private Limited | 0% | 17,977,833 | 5% | 5,041,155 | | | 5% | 5,041,155 |
| Non Controlling Interest | 2% | 127,086,288 | 8% | 7,294,363 | 9% | 365,885 | 8% | 7,660,248 |
| Total | 100% | 6,261,219,894 | 100% | 92,108,291 | 100% | 4,127,492 | 100% | 96,235,783 |

Note No. 36 - Business Combinations

(a) Business Acquired

On August 31, 2015 the Company acquired 100% stake in Sunflower Real Estate Developers Private Limited and Shreyas Strategies Private Limited for an amount of Rs. 10,000,000 and Rs 100,000 respectively.

| Name of the Company | Principal Activity | Date of Acquisition | Proportion of voting equity interest acquired | Consideration transferred [Refer Note (d)] - Rs. Lakhs |
|--|----------------------|---------------------|---|--|
| Sunflower Real Estate Developers Private Limited | Real Estate Business | August 31, 2015 | 100% | 100 |
| Shreyas Strategies Private Limited | Real Estate Business | August 31, 2015 | 100% | 1 |
| Angelica Properties Private Limited | Real Estate Business | April 14, 2015 | 100% | 302.06 |

| (b) Consideration Transferred | Sunflower Real Estate Developers Private Limited | Shreyas Strategies Private Limited | Angelica Properties Private Limited |
|-------------------------------|--|------------------------------------|-------------------------------------|
| Transfer through Bank | 10,000,000 | 100,000 | 30,206,000 |
| Total Consideration | 10,000,000 | 100,000 | 30,206,000 |

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

(c) Assest Acquired and liabilities recognised at the date of acquisition

| Particulars | Sunflower Real Estate Developers Private Limited | Shreyas Strategies Private Limited | Angelica Properties Private Limited |
|--------------------------------|--|------------------------------------|-------------------------------------|
| <i>Current Assets</i> | | | |
| Cash and & cash equivalents | 1,025,065 | 216,543 | 407,257 |
| Trade and other receivables | 344,258,900 | | |
| Inventories | 61,991,729 | 1,238,755,943 | |
| Other Current Assets | 31,666,433 | 2,114,857 | 56,052,628 |
| <i>Non-current assets</i> | - | - | - |
| Plant and equipment | | | |
| <i>Current liabilities</i> | | | |
| Trade and other payables | 44,074,765 | 472,757,779 | |
| Other Current liabilities | 189,703,218 | 725,390,041 | 3,735,958 |
| <i>Non-current liabilities</i> | 273,715,749 | 68,866,994 | |

Deferred tax liabilities

(d) Goodwill arising on acquisition

A qualitative description of the factors that make up the goodwill recognised, such as expected synergies from combining operations of the acquiree and the acquirer, intangible assets that do not qualify for separate recognition or other factors.

The total amount of goodwill that is expected to be deductible for tax purposes is required to be disclosed.

| Particulars | Sunflower Real Estate Developers Private Limited | Shreyas Strategies Private Limited | Angelica Properties Private Limited |
|--|--|------------------------------------|-------------------------------------|
| Consideration transferred | 10,000,000 | 100,000 | 30,206,000 |
| Less : Fair Value of net assets acquired | (68,552,000) | (25,961,000) | 52,723,927 |
| Goodwill / (Capital Reserve) Arising on acquisition | 78,552,000 | 26,061,000 | (22,517,927) |

Note No. 37 - Investment in Joint Arrangements

(a) Details of Material Joint Ventures

Details of each of the Company's joint ventures at the end of the reporting period are as follows:

| Name of associate | Principal activity | Place of incorporation and principal place of business | Proportion of ownership interest/ voting rights held by the Company (%) | | | Quoted (Y/N) |
|---------------------------------|--------------------|--|---|-----------|-----------|--------------|
| | | | 31-Mar-17 | 31-Mar-16 | 01-Apr-15 | |
| Ajanta Enterprises | Real Estate | Pune | 50% | 50% | 50% | N |
| Phoenix Ventures | Real Estate | Pune | 50% | 50% | 50% | N |
| Cosmos Premises Private Limited | Hospitality | Goa | 44% | 44% | 44% | N |

All of the above Joint Ventures are accounted for using the equity method in these financial statements.

Summarised financial information in respect of Ajanta Enterprise is set out below.

| Particulars | 31-Mar-17 | 31-Mar-16 | 01-Apr-15 |
|---|-------------|-------------|-------------|
| Current assets | 90,245,238 | 82,112,776 | 59,330,094 |
| Non-current assets | 168,924,547 | 155,300,953 | 164,771,846 |
| Current liabilities | 46,234,331 | 40,296,510 | 26,719,503 |
| Non-current liabilities | 3,690,249 | 4,227,552 | 10,245,922 |
| The above amounts of assets and liabilities include the following: | | | |
| Cash and cash equivalents | 57,335,325 | 42,833,659 | 25,263,610 |
| Current financial liabilities (excluding trade and other payables and provisions) | 16,186,422 | 22,631,029 | 18,383,495 |
| Non-current financial liabilities (excluding trade and other payables and provisions) | 2,329,076 | 3,165,136 | 9,600,233 |

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

| | | | |
|---|-------------|-------------|--|
| Revenue | 168,709,636 | 159,184,263 | |
| Profit (loss) for the year | 17,746,905 | 10,110,625 | |
| Other comprehensive income for the year | - | - | |
| Total comprehensive income for the year | 17,746,905 | 10,110,625 | |
| Dividends received from the joint venture during the year | 8,781,349 | - | |
| The above profit (loss) for the year includes the following: | | | |
| Depreciation and amortisation | 15,487,014 | 15,138,569 | |
| Interest income | - | - | |
| Interest expense | 411,459 | 632,144 | |
| Income tax expense (income) | 7,949,967 | 13,144,435 | |

Reconciliation of the above summarised financial information to the carrying amount of the interest in the Ajanta Enterprise recognised in the consolidated financial statements.

| Particulars | 31-Mar-17 | 31-Mar-16 | 01-Apr-15 |
|---|--------------------|--------------------|--------------------|
| Net assets of Ajanta Enterprise | 688,723,199 | 416,143,085 | 241,804,066 |
| Proportion of the Company's ownership interest in Ajanta Enterprise | 50% | 50% | 50% |
| Receivables / (Payable) from / to Partners | 1,547,284 | 43,489,824 | (8,860,402) |
| Goodwill | 395,323,552 | 395,323,552 | 395,323,552 |
| Carrying amount of the Company's interest in Ajanta Enterprise * | 741,232,435 | 646,884,919 | 507,365,182 |

* Includes Partner's Fixed and Current Capital

Summarised financial information in respect of Phoenix Venture is set out below.

| Particulars | 31-Mar-17 | 31-Mar-16 | 01-Apr-15 |
|---|--------------|-------------|-------------|
| Current assets | 106,680,200 | 144,486,599 | 131,647,547 |
| Non-current assets | 83,337,106 | 84,882,106 | 83,823,771 |
| Current liabilities | 143,116,238 | 159,611,621 | 133,519,651 |
| Non-current liabilities | 1,025,703 | 13,422,152 | 37,557,907 |
| The above amounts of assets and liabilities include the following: | | | |
| Cash and cash equivalents | 222,256 | 26,601 | 48,510 |
| Current financial liabilities (excluding trade and other payables and provisions) | 31,451,320 | 95,446,506 | 69,172,337 |
| Non-current financial liabilities (excluding trade and other payables and provisions) | 1,025,703 | 13,422,152 | 37,557,907 |
| Revenue | 61,478,400 | 22,430,736 | |
| Profit (loss) for the year | (17,448,764) | 1,542,964 | |
| Other comprehensive income for the year | - | - | |
| Total comprehensive income for the year | (17,448,764) | 1,542,964 | |
| Dividends received from the joint venture during the year | 8,781,349 | 8,781,349 | |
| The above profit (loss) for the year includes the following: | | | |
| Depreciation and amortisation | - | - | |
| Interest income | - | - | |
| Interest expense | 52,123 | 447,949 | |
| Income tax expense (income) | - | 689,982 | |

Reconciliation of the above summarised financial information to the carrying amount of the interest in the Phoenix Venture recognised in the consolidated financial statements.

| Particulars | 31-Mar-17 | 31-Mar-16 | 01-Apr-15 |
|---|-------------------|-------------------|-------------------|
| Net assets of Phoenix Venture | 45,875,365 | 56,334,932 | 44,393,759 |
| Proportion of the Company's ownership interest in Phoenix Venture | 50% | 50% | 50% |
| Receivables from Partners | 65,988,553 | 64,121,597 | 58,922,493 |
| Carrying amount of the Company's interest in Phoenix Venture * | 88,926,235 | 92,289,063 | 81,119,372 |

* Includes Partner's Fixed and Current Capital

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

Summarised financial information in respect of Cosmos Premises Private Limited is set out below.

| Particulars | 31-Mar-17 | 31-Mar-16 | 01-Apr-15 |
|---|-------------|-------------|-------------|
| Current assets | 90,245,238 | 82,112,776 | 59,330,094 |
| Non-current assets | 168,924,547 | 155,300,953 | 164,771,846 |
| Current liabilities | 46,234,331 | 40,296,510 | 26,719,503 |
| Non-current liabilities | 3,690,249 | 4,227,552 | 10,245,922 |
| The above amounts of assets and liabilities include the following: | | | |
| Cash and cash equivalents | 57,335,325 | 42,833,659 | 25,263,610 |
| Current financial liabilities (excluding trade and other payables and provisions) | 16,186,422 | 22,631,029 | 18,383,495 |
| Non-current financial liabilities (excluding trade and other payables and provisions) | 2,329,076 | 3,165,136 | 9,600,233 |
| Revenue | 168,709,636 | 159,184,263 | |
| Profit (loss) for the year | 17,746,905 | 10,110,625 | |
| Other comprehensive income for the year | - | - | |
| Total comprehensive income for the year | 17,746,905 | 10,110,625 | |
| Dividends received from the joint venture during the year | 8,781,349 | - | |
| The above profit (loss) for the year includes the following: | | | |
| Depreciation and amortisation | 15,487,014 | 15,138,569 | |
| Interest income | - | - | |
| Interest expense | 411,459 | 632,144 | |
| Income tax expense (income) | 7,949,967 | 13,144,435 | |

Reconciliation of the above summarised financial information to the carrying amount of the interest in the Cosmos Premises Private Limited recognised in the consolidated financial statements.

| Particulars | 31-Mar-17 | 31-Mar-16 | 01-Apr-15 |
|---|-------------------|-------------------|-------------------|
| Net assets of the Cosmos Premises Private Limited | 209,245,204 | 192,889,667 | 187,136,515 |
| Proportion of the Company's ownership interest in Cosmos Premises Private Limited | 44% | 44% | 44% |
| Capital Reserve | 29,775,099 | 29,775,099 | 29,775,099 |
| Carrying amount of the Company's interest in Cosmos Premises Private Limited | 61,937,074 | 54,768,442 | 52,246,835 |

38 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

(Amount in Rupees)

| Particulars | March 31, 2017 | March 31, 2016 |
|---|----------------|----------------|
| (i) Principal amount remaining unpaid to MSME suppliers as on | 528,159 | 490,292 |
| (ii) Interest due on unpaid principal amount to MSME suppliers as on | 739,473 | 686,456 |
| (iii) The amount of interest paid along with the amounts of the payment made to the MSME suppliers beyond the appointed day | Nil | Nil |
| (iv) The amount of interest due and payable for the year (without adding the interest under MSME Development Act) | 53,017 | 113,993 |
| (v) The amount of interest accrued and remaining unpaid as on | 739,473 | 686,456 |
| (vi) The amount of interest due and payable to be disallowed under Income Tax Act, 1961 | 53,017 | 113,993 |

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

39 Details of Specified Bank Notes (SBNs) held and transacted during the period 08/11/2016 to 30/12/2016 are provided in the table below:

| | SBNs | Other Denomination Notes | Total |
|---------------------------------------|------------|--------------------------|------------|
| Closing Cash on Hand as on 08.11.2016 | 17,970,000 | 6,176,255 | 24,146,255 |
| (+) Permitted Receipts | - | 2,918,286 | 2,918,286 |
| (-) Permitted Payments | 1,046,000 | 4,304,632 | 5,350,632 |
| (-) Amounts Deposited in Banks | 16,916,500 | 415,299 | 17,331,799 |
| (-) Exchange in in Banks | 7,500 | - | 7,500 |
| Closing Cash on Hand as on 30.12.2016 | - | 4,374,610 | 4,374,610 |

Notes to the Consolidated financial statements for the year ended 31st March, 2017

- 40 The group enters into "domestic transactions" with specified parties that are subject to the Transfer Pricing regulations under the Income Tax Act, 1961 ('regulation'). The pricing of such domestic transactions will need to comply with Arm's length principle under the regulations. These regulations, inter alia, also required the maintenance of prescribed documents and information including furnishing a report from an accountant which is to be filed with the Income tax authorities.

The group has undertaken necessary steps to comply with the regulations. The management is of the opinion that the domestic transactions are at arm's length, and hence the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

- 41 Segment information has been presented in the Annexed Statements as permitted by Indian Accounting Standard (Ind AS) 108 on operating segment as notified under the Companies (Indian Accounting Standards) Rules, 2015.
- 42 The estimates as at April 01, 2015 and as at March 31, 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies).
- 43 **Disclosure of particulars of contract revenue**

| | (Amount in Rupees) | |
|--|--------------------|----------------|
| | March 31, 2017 | March 31, 2016 |
| Contract Revenue Recognized during the year | 1,934,731,589 | 2,628,085,872 |
| Contract costs incurred during the year | 1,451,925,021 | 2,126,403,935 |
| Recognized Profit | 482,806,568 | 501,681,936 |
| Advances received for contracts in progress | 411,510,633 | 541,919,188 |
| Retention money for contracts in progress | 429,031,429 | 381,935,125 |
| Gross amount due from customer for contract work (assets) | 365,719,004 | 633,536,745 |
| Gross amount due to customer for contract work (liability) | 446,736,650 | 224,170,474 |

- 44 The company has not performed CSR activities as mentioned in Section 135 read with companies (Corporate Social responsibility) Rules, 2014 (CSR rules) and Notification and circulars issued by the ministry during the financial year as the company is not within the criteria of 'Qualifying company'.
- 45 In June 2012, the Income Tax Department had initiated proceedings against the Company, under Section 132 of the Income Tax Act, 1961. During the year, the Company has received order from the Income Tax Settlement Commission under Section 245D(4), for the assessment years 2007-08 to 2014-15 (except assessment year 2013-14 which is reverted to respective assessing officer for further assessment) and based on which necessary effects has been given in the accounts.
- 46 The Board of Directors of the Company at its meeting held on May 17, 2016, have approved a Scheme of Amalgamation (the "Scheme") between the Company and its 11 wholly owned subsidiaries (the "Transferor Companies") with effect from April 01, 2016. NSE and BSE have provided their "No Objection" to the proposed merger and shareholders of the Transferor Companies and Vascon Engineers Limited have approved the Scheme with requisite majority. The Scheme is now subject to the approval of the National Company Law Tribunal (NCLT) and other regulatory approvals.
- 47 Consequent to non-receipt of necessary approval, the provision for Managerial Remuneration for FY 2014 - 15 amounting to Rs. 587 lakhs and FY 2015 - 16 provided till September, 2015 amounting to Rs. 316 lakhs has been reversed in the quarter ended 31st December, 2015 and credited to Employees benefits expenses.
- 48 During the previous financial year, the company has sold stake in one of its associate Ascent Hotels Private Limited for a consideration of Rs. 30,42,01,680/- (6669492 equity shares of Rs.10/- each fully paid and share application money Rs. 37,500,000).
- 49 During the previous financial year, the Company has invested an amount of Rs. 30,42,01,680/- (Face Value of Rs 10 each) in Optionally Convertible Redeemable Debentures of Ascent Hotels Private Limited.
- 50 The financial statements of subsidiaries, joint ventures and associates used in the consolidation are drawn upto the same reporting dates as off the company.

Following Subsidiaries along with Joint Ventures and Associates have not been audited for the year ended March 31, 2017 as of balance sheet date by other auditors, same have been consolidated on the basis of the accounts as certified by the management.

Cosmos Premises Private Limited (Joint Venture)

Mumbai Estate Private Limited (Associate)

GMP Technical Solutions Middle East (FZE)

GMP Technical Services (LLC)

- 51 Note on litigation (A)

The company has entered into agreement for sale in respect of plot of land admeasuring 5,016.95 sq mtrs for a consideration of Rs. 3,76,27,125/-.

Notes to the Consolidated financial statements for the year ended 31st March, 2017**(Amount in Rupees)**

In respect of the above land one of the original co-owner has filed special civil suit before the Hon'ble Civil Court, Division Nashik against the other co-owners and purchaser of land from whom the company has purchased the said land.

As per the conditional sale the company has to obtain clear enforceable title within 18 months of the execution of the agreement.

In case the company is unable to obtain the permission/clearance the Transferee has right either to terminate the Development Agreement in which case the company will have to refund the sale consideration received amounting to Rs. 87,80,000/- along with interest @ 18% p.a. from the date of disbursement of the amount till the date of refund. Alternatively, the Transferee will have right for specific performance along with interest @ 18% p.a. from the date on which amount has been disbursed till the date of curing the breach of contract and in addition to that penalty of Rs. 3,00,000/- per month from the date of breach till the date of curing the breach.

Note on litigation (B)

The company has transferred Development rights in respect of plot of land admeasuring 3,940 sq mtrs for a consideration of Rs. 2,95,50,000/-.

In respect of the above land one of the original co-owner has filed special civil suit before the Hon'ble Civil Court, Division Nashik against the other co-owners and purchaser of land from whom the company has purchased the said land.

As per the conditional sale the company has to obtain clear enforceable title and to obtain certain permission/clearance within 18 months of the execution of the agreement.

In case the company is unable to obtain the permission/clearance the Transferee has right either to terminate the Development Agreement in which case the company will have to refund the sale consideration received amounting to Rs. 68,95,000/- along with interest @ 18% p.a. from the date of disbursement of the amount till the date of refund. Alternatively, the Transferee will have right for specific performance along with interest @ 18% p.a. from the date on which amount has been disbursed till the date of curing the breach of contract and in addition to that penalty of Rs. 2,35,000/- per month from the date of breach till the date of curing the breach.

Note on Litigation (C)

The company has entered into agreement for sale in respect of plot of land admeasuring 11,377 sq mtrs for a consideration of Rs. 8,53,35,000/-

The company is under obligation to obtain tentative layout approval from corporation, which is subject to new Development Plan to be issued by the corporation.

In case the company is unable to obtain the permission/clearance the Transferee has right either to terminate the Development Agreement in which case the company will have to refund the sale consideration received amounting to Rs. 1,00,00,000/- along with interest @ 18% p.a. from the date of disbursement of the amount till the date of refund. Alternatively, the Transferee will have right for specific performance along with interest @ 18% p.a. from the date on which amount has been disbursed till the date of curing the breach of contract and right to claim damages.

In respect of the above three agreement to sale of plots the company has recognised the sales amounting to Rs.152,512,125 /- and profit of Rs. 65,966,508/-. As on date of the balance sheet the company has not received any notice from the purchaser/transferee for termination of the agreement or claiming any interest/compensation.

For and on behalf of the Board of Directors

R Vasudevan
Managing Director
(DIN-00013519)

Mukesh Malhotra
Director
(DIN-00129504)

Dr Santosh Sundararajan
Chief Executive Officer

M Krishnamurthi
Company Secretary & Compliance Officer

D Santhanam
Chief Financial Officer

Notes to the Consolidated financial statements for the year ended 31st March, 2017

(Amount in Rupees)

Date : May 29, 2017

Place : Pune

Annexure referred to in Note 46 of the notes forming part of accounts for the period ended on Mar 31, 2017

Disclosure of particulars of segment reporting as required by Indian Accounting Standard (Ind AS) 108

Information about primary business segments

| Particulars | EPC | | Real Estate Development | | Manufacturing & BMS | | Unallocable | | Total | |
|---|---------------|---------------|-------------------------|---------------|---------------------|---------------|---------------|---------------|----------------|----------------|
| | 3/31/2017 | 3/31/2016 | 3/31/2017 | 3/31/2016 | 3/31/2017 | 3/31/2016 | 3/31/2017 | 3/31/2016 | 3/31/2017 | 3/31/2016 |
| Revenue | | | | | | | | | | |
| Total Sales including eliminations | 1,958,162,644 | 2,751,043,112 | 362,910,384 | 692,508,395 | 2,571,586,295 | 2,436,410,575 | - | - | 4,892,659,323 | 5,879,962,081 |
| External sales | 1,978,774,364 | 2,653,915,111 | 362,910,384 | 692,508,395 | 2,532,160,992 | 2,374,881,139 | - | - | 4,873,845,740 | 5,721,304,644 |
| Less: Eliminations | 20,611,721 | (97,128,001) | - | - | (39,425,303) | (61,529,436) | | | (18,813,583) | (158,657,437) |
| Other operating income | - | - | 81,827,209 | 154,106,374 | - | - | 7,778,468 | 5,041,155 | 89,605,678 | 159,147,529 |
| Total Revenue | 1,958,162,644 | 2,751,043,112 | 444,737,594 | 846,614,769 | 2,571,586,295 | 2,436,410,575 | 7,778,468 | 5,041,155 | 4,982,265,002 | 6,039,109,610 |
| Result | | | | | | | | | | |
| Segment result | 398,087,199 | 473,031,875 | (13,330,406) | 65,240,342 | 16,976,200 | 53,626,163 | | | 401,732,993 | 591,898,380 |
| Unallocated expenditure net of unallocated income | | | | | | | (301,458,919) | (178,262,563) | (301,458,921) | (178,262,563) |
| Operating profit | | | | | | | (301,458,919) | (178,262,563) | 100,274,072 | 413,635,817 |
| Interest expenses | | | | | | | (327,377,188) | (381,116,488) | (327,377,188) | (381,116,488) |
| Interest and dividend income | | | | | | | 254,132,734 | 46,831,749 | 254,132,734 | 46,831,749 |
| Income taxes | | | | | | | (14,930,385) | 12,757,214 | (14,930,385) | 12,757,214 |
| Profit after tax | | | | | | | (389,633,759) | (499,790,088) | 12,099,232 | 92,108,292 |
| Other information | | | | | | | | | | |
| Segment assets | 1,875,655,355 | 1,882,026,960 | 6,589,456,468 | 6,548,131,768 | 2,222,187,028 | 2,170,460,300 | 2,688,318,671 | 2,922,661,640 | 13,375,617,521 | 13,523,280,669 |
| Segment liabilities | 1,275,513,682 | 1,274,455,611 | 1,650,582,874 | 1,754,884,789 | 1,160,485,139 | 1,305,590,986 | 2,804,100,574 | 2,927,129,388 | 6,890,682,270 | 7,262,060,775 |
| Capital expenditure | 100,591,602 | 48,687,446 | - | - | 132,149,849 | 29,799,607 | - | 46,744,797 | 232,741,451 | 125,231,850 |
| Depreciation and amortization | 47,598,630 | 48,726,160 | 4,515,468 | 4,548,653 | 81,084,447 | 73,017,132 | 23,240,971 | 28,141,268 | 156,439,517 | 154,433,213 |

Notes :

1 The business group/Segment comprise of the following

| | |
|-------------------------|---|
| EPC | Construction of Residential, Commercial, Industrial and other constructions |
| Real Estate Development | Development of Residential, Hotel premises, Industrial park etc |
| Manufacturing&BMS | Manufacturing of clean room partition & Building Management System (BMS) |

2 Revenue and expenses have been identified to segment on the basis of nature of operations of segment. Revenue and expenses which relates to enterprises as whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".

3 Segment assets and liabilities represents assets and liabilities in respective segments. Investments, Tax related assets and other assets and liabilities that cannot be allocated to segment on reasonable basis have been disclosed as "Unallocable"

4 The Subsidiaries ,Jointventures and Associates have been included in segment classified as follows

| | |
|-------------------------|--|
| EPC | Vascon Engineers Limited |
| Real Estate Development | Vascon Engineers Limited, Vascon Dwellings Private Limited, Marvel Housing Private Limited, IT CITI Infopark Private Limited, Sansara Developers Private Limited, Shreyas Strategists Private Limited, Sunflower Real Estate Developers Private Limited, Windflower Properties Private Limited, Floriana Properties Private Limited, Vascon Pricol Infrastructure Limited, Greystone Premises Private Limited, Ajanta Enterprises, Zircon Ventures, Zenith Ventures, Phoenix Ventures, Just Homes (I) Private Limited, Weikfield IT Citi Infopark, Almet Corporation Limited, Marathwada Realtors Private Limited Angelica Properties Private Limited, Mumbai Estate Private Limited |
| Manufacturing & BMS | GMP Technical Solutions Private limited, GMP Technical Solutions Middle East (FZE), GMP Technical Servicers (LLC) |



VASCON

Vascon Engineers Limited

Registered Office: 15/16, Hazari Baug, L.B.S. Marg, Vikhroli (W), Mumbai - 400 083, India, **Tel No.:** +91 22 2578 1143

Corporate Office: Vascon Wiekfield Chamber, Behind Hotel Novotel, Opposite Hyatt Hotel, Nagar Road, Pune-411014.

Tel No.: +91 20 3056 2200, **Fax No.:** +91 20 30562600.

Contact Person: Mr. M. Krishnamurthi, Company Secretary and Compliance Officer

E-mail: compliance.officer@vascon.com, **Website:** www.vascon.com.

Corporate Identity Number: L70100MH1986PLC038511

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 32nd Annual General Meeting of Members of Vascon Engineers Limited will be held at Babasaheb Dahanukar Hall, Oricon House, 12, K. Dubhash Marg, Near Jahangir Art Gallery, Kalaghoda, Fort, Mumbai - 400001, on Thursday, 28th day of September, 2017 at 1530 hours to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt:
 - a) the audited financial statement of the Company for the financial year ended March 31, 2017, the reports of the Board of Directors and Auditors thereon; and
 - b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2017 reports of Auditors thereon.
2. To reappoint Mr. R. Vasudevan (DIN: 00013519), who retires by rotation and being eligible offers himself for re-appointment.
3. To ratify the continuation of the Statutory Auditors, to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and their corresponding Rules, pursuant to the recommendations of the Audit Committee and the resolution passed by the members at their 29th AGM held on September 15, 2014, the appointment of Deloitte Haskins & Sells LLP, Chartered Accountants having a (ICAI Firm Registration No. 117366W/W-100018), who have confirmed their eligibility in terms of the provisions of Section 141 of the Companies Act, 2013 and Rule 4 of Companies (Audit and Auditors) Rules, 2014, as Statutory Auditors to hold office up to the conclusion of the 34th Annual General Meeting, be and is hereby ratified at such remuneration as may be decided by the Board of Directors of the Company.”

SPECIAL BUSINESS:

4. Acceptance of Unsecured Fixed Deposit

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 and other applicable provisions, if any, and subject to such conditions, approvals, permissions, as may be necessary, consent of the members of the Company be and is hereby accorded to invite/ accept/ renew from time to time unsecured fixed deposits from members of the Company, on such terms and conditions as the Board of Directors may think proper and beneficial for the Company, up to a limit not exceeding 10% of the aggregate paid up share capital, free reserves and Securities Premium account of the Company, as prescribed under Rule 3(4)(a) of the Companies (Acceptance of Deposits) Rules, 2014.

RESOLVED FURTHER THAT Board of Directors, Company Secretary and Compliance Officer of the Company be and are hereby, severally authorised to formulate the Scheme, to file necessary forms and to do compliances as required under Companies Act, 2013, the Companies (Acceptance of Deposits) Rules, 2014 and other applicable provisions, if any.

5. TO DIVEST/SALE/SLUMP SALE/DEMERGER OF NON-CORE ASSETS AND/OR MATERIAL SUBSIDIARY

To consider and if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution:**

RESOLVED THAT pursuant to **section 180(1) (a)** of the Companies Act, 2013, read with Regulation 24(5) and (6) of SEBI (Listing Obligations and Disclosure Requirements) 2015, the proposal to sell, transfer, dispose of as a going concern the whole or substantially the whole of the undertaking or one or more undertakings of the Company and its material subsidiaries (including GMP Technical Solutions Pvt. Ltd) wherever situated, comprising of movable and immovable properties, other assets, rights and interest therein at price and on such terms and conditions by any method like sale, slump sale, demerger or private Equity Divestment as the Board of directors of the Company deems fit and proper be and is hereby approved.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take necessary action to give effect to the said proposal.

6. TO AMEND THE ARTICLES OF ASSOCIATION OF THE COMPANY:

To consider and if thought fit, to pass the following resolution as a Special Resolution:-

“**RESOLVED THAT** pursuant to the provisions of Sections 5 and 14 and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, the Articles of Association of the Company be and is hereby altered by deletion of clause 79 of Articles of Associations of the Company which is as under:-

THE SEAL

- i) The Board shall provide for the safe custody of the seal.
- ii) The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorised by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.

RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby severally authorized to file all the necessary forms and other necessary documents as may be required by the statutory authorities including the Registrar of Companies (ROC) and to do such acts, deeds and things that may be required for the purpose of alteration of Articles of Association of the Company that may be suggested by the Registrar of Companies or such other statutory authorities in the implementation of the aforesaid resolutions and to authorize such person or persons to give effect to the above resolutions and to submit all documents to the concerned authorities with regard to the same and to take all the necessary steps in this regard.”

7. TO CONVERT LOAN AVAILED FROM ECL INTO EQUITY SHARES UPON, EVENT OF DEFAULT:

To consider and, if thought fit, to pass with or without modifications, the following resolutions by way of Special Resolution:-

RESOLVED THAT pursuant to the provisions of Section 62(3) of the Companies Act, 2013 and other enabling provisions, if any, consent of the Company be and is hereby accorded to the Board of Directors of the Company for signing the loan agreement, inter alia, containing the following clause of conversion;

If the Company defaults in repayment of principal amounts of the Loan of an amount of Rs. 70 crores granted by ECL Finance Limited (“Loan”) or interest thereon or any combination thereof as per the repayment schedule, then, the Lender shall have the right but not the obligation to convert at their option the whole or part of the defaulted amount of the Loan into fully paid-up equity shares of the Company, at par or as per the SEBI guidelines/ Applicable Law and in the manner specified in a notice in writing to be given by the Lender to the Company.

RESOLVED FURTHER THAT the Board of Directors shall take necessary steps for issuing certified copy of the resolution and taking all steps as and when required for acting upon the resolution on occurrence of event of default for conversion of loan of Lender into paid up equity of the company.

8. SHIFTING OF REGISTERED OFFICE OF THE COMPANY:

To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 12 and all other applicable provisions, if any, of the Companies Act, 2013 read with the relevant Rules hereunder, the Registered Office of the Company be shifted from-15/16, Hazari Baug, L.B.S. Marg, Vikhroli, Mumbai-400083 to ‘Vascon Weikfield Chambers’, Behind Hotel Novotel Opposite Hyatt Regency, Pune- Nagar Road, Pune - 411 014 within the State of Maharashtra;

RESOLVED FURTHER THAT the Board of Directors and Company Secretary of the Company, be and is hereby severally authorized to file the e-forms with the Registrar of Companies, Maharashtra, Mumbai, being the notice for change in situation of the Registered Office of the Company from Mumbai to Pune and to take all such actions and do all such things as may be deemed prudent in this regard from time to time”

Registered Office

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

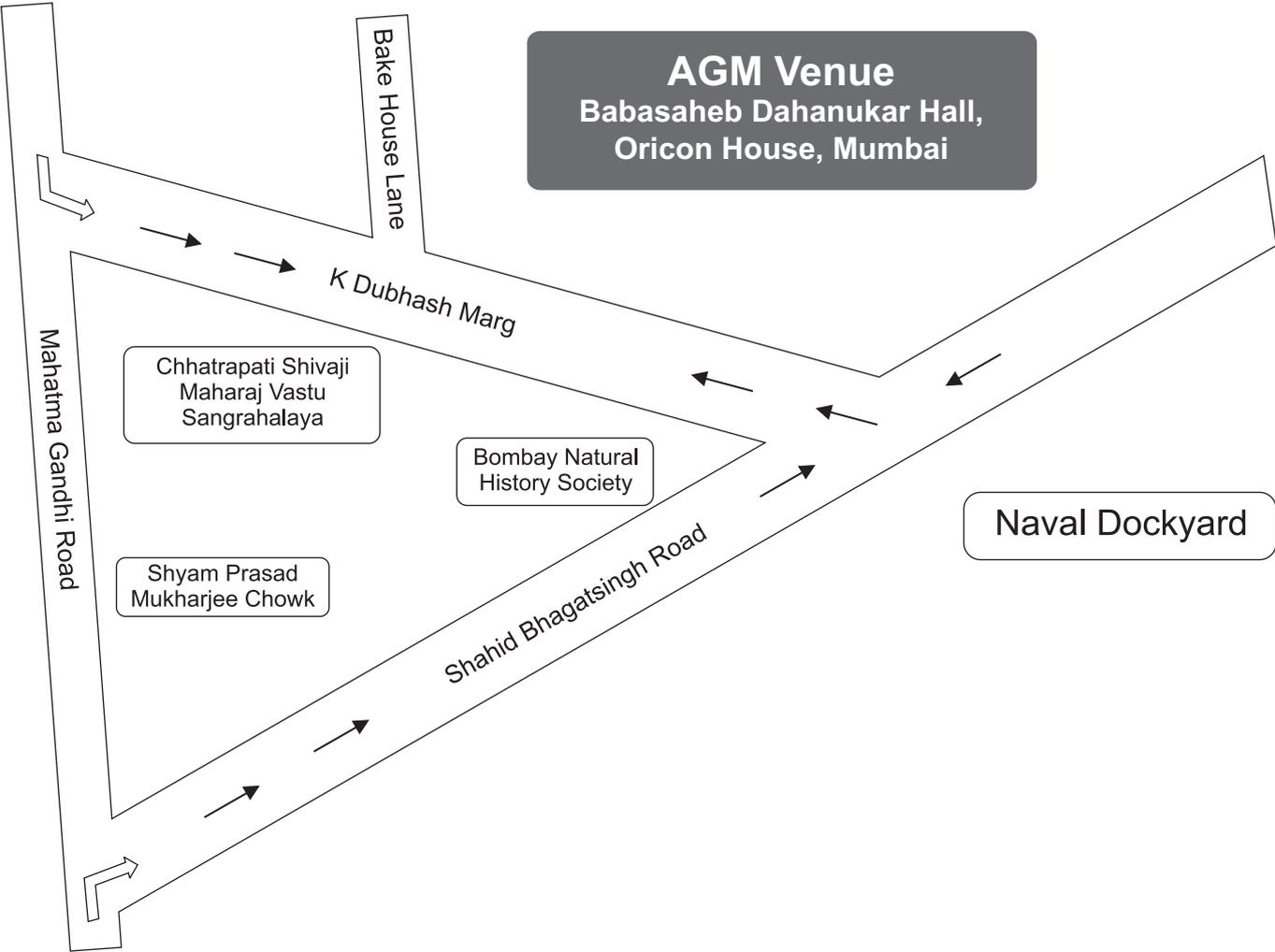
By order of the board of Directors

Sd/-
M. Krishnamurthi
Company Secretary and Compliance Officer

Corporate Office

Vascon Weikfield Chamber,
Behind Hotel Novotel, Opposite Hyatt Hotel,
Nagar Road, Pune-411014.
Tel: +91 (20) 30562 100/ 200
Fax: +91 +91 20 30562600.

Place: Pune
Date: August 10, 2017.



Notes:

1. The Statement pursuant to section 102(1) of the Companies Act, 2013 in respect of the special business set out in the Notice, is annexed hereto.
2. A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. The instrument of proxy in order to be effective, must be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of meeting.
A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.
3. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
4. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged with the Company, at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
5. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
6. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
7. The annual report for the financial year 2016-17 has been sent through email to those members who have opted to receive electronic communication or who have registered their email addresses with the Company/depository participants. The annual report is also available on our website, i.e. www.vascon.com. The physical copy of the annual report has been sent to those members who have either opted for the same or have not registered their email addresses with the Company/depository participant. The members will be entitled to a physical copy of the annual report for the financial year 2016-17, free of cost, upon sending a request to the Company Secretary.
In case any member is desirous to receive communication from the Company in electronic form, they may register their email address with their depository participant or send their consent at compliance.officer@vascon.com along with their folio no. and valid email address for registration.
8. Pursuant to Section 108 of the Companies Act, 2013, read with Rules 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the Company is pleased to offer voting by electronic means to the members to cast their votes electronically on all resolutions set forth in this notice. The detailed instructions for e-voting are given as a separate attachment to this notice.
9. Members, desiring any information relating to the accounts, are requested to write to the Company at an early date so as to enable the management to keep the information ready.
10. Members are requested to kindly bring their copy of the Annual Report with them at the AGM, as no extra copy of Annual Report would be made available at the AGM. Members/proxies should also bring the attached Attendance Slip, duly filled and hand it over at the entrance to the venue.
11. Members are requested to intimate immediately, any change in their address or bank mandates to their depository participants with whom they are maintaining their demat accounts or to the Company's Registrar and Transfer Agent, M/s. Karvy Computershare Private Limited if the shares are held by them in physical form.
12. In terms of the Circular No. CIR/MRD/DP/10/2013 dated 21 March 2013 issued by the Securities and Exchange Board of India, listed companies are required to use the Reserve Bank of India's approved electronic mode of payment such as Electronic Clearance Service (ECS), LECS (Local ECS)/RECS (Regional ECS)/NECS (National ECS), NEFT, etc. for making cash payments like dividend etc. to the members.
Accordingly, members holding securities in demat mode are requested to update their bank details with their depository participants. Members holding securities in physical form may send a request updating their bank details, to the Registrar and Transfer Agent, M/s. Karvy Computershare Private Limited.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company or its Registrar and Share Transfer Agent, M/s. Karvy Computershare Private Limited.

VASCON ENGINEERS LIMITED

14. Pursuant to Section 72 of the Companies Act, 2013, members are entitled to make a nomination in respect of shares held by them. Members desirous of making a nomination, pursuant to the Rule 19 (1) of the Companies (Share Capital and Debentures) Rules, 2014 are requested to send their requests in Form No. SH- 13, to the Registrar and Share Transfer Agent (RTA) of the Company. Further, members desirous of cancelling/varying nomination pursuant to the Rule 19 (9) of the Companies (Share Capital and Debentures) Rules, 2014, are requested to send their requests in Form No. SH- 14, to the RTA of the Company. These forms will be made available on request.
15. All documents referred to in the accompanying Notice and Statement pursuant Section 102(1) of the Companies Act 2013 will be available for inspection at the Registered Office of the Company during business hours on all working days up to the date of declaration of the result of the 32nd Annual General Meeting of the Company.

By Order of the Board

Place: Pune
Date: 10th August, 2017

M. Krishnamurthi
Company Secretary and
Compliance Officer

ANNEXURE TO NOTICE OF AGM

ITEM NO. 2

This statement is provided under Secretarial Standard on General Meetings (SS-2)

Mr. R. Vasudevan holds a bachelor's degree in Civil Engineering from the University of Pune. He has also completed an 'Owner President' Management Program from the Harvard Business School. He has been a Director on the Board of the Company since January 1, 1986. He is responsible for the overall management of our Company. He has over 33 years of experience in the Construction Industry.

He has been awarded several awards for his contribution in the field of construction and Real Estate Industry. He has been awarded the Top Management Consortium Award of Excellence for the year 2005, the "Construction World -Top Builder Award" in 2007, Award for Life Time Achievements by the Alumni Association of College of Engineering, Pune in 2005 and the South Indian Education Society on the occasion of its Platinum Jubilee (1932-2008) honored and felicitated Mr. R. Vasudevan as a distinguished alumni. He has over 35 years of experience in the construction industry.

Vascon Engineers Limited from 1986 is providing Engineering Procurement Construction Services and the Real Estate Development. The Company undertakes the entire spectrum of Real Estate Development activities including identification and acquisition of land, providing EPC services, and sales and marketing of projects and operation of the completed projects. It has Pan India operations.

Mr. R Vasudevan has been instrumental in bringing the company from scratch to the position of eminence over the last 30 years. He has been our director since January 1, 1986. He is instrumental to introduce the JDA model of real estate development and this unique innovation in Real Estate industry has helped the company to grow to this size and stature.

The EPC Business requires special skill set for timely execution of projects and monitoring on continuous basis. Mr. R. Vasudevan possesses these special skill due to which the Company has grown tremendously.

In the past few years, the construction industry has been deeply affected by market conditions and Government policies and the entire set of companies in the industry has suffered. Hence the company has incurred losses. The Company has taken lots of steps to overcome the existing situation.

Mr. R. Vasudevan is also a Director on the Boards of

1. Ascent Hotels Private Limited
2. NovaCare Drugs Specialties Private Limited
3. Vasumangal Constructions LLP
4. Uday Gujar Foundation

He has attended 4 Meetings of the Board held during the Financial Year 2016-17. He holds the membership of following Committees:

| Sr. No | Name of the Company | Name of the Committee |
|--------|--------------------------|---|
| 1 | Vascon Engineers Limited | Audit Committee |
| | | Stakeholders Relationship Committee |
| | | Corporate Social Responsibility Committee |
| | | Risk Management Committee |
| | | Restructuring Committee |

Statement pursuant to Section 102(1) of the Companies Act, 2013 and under Secretarial Standard on General Meetings (SS-2).

Item No. 4:

By virtue of Section 73 read with the Companies (Acceptance of Deposits) Rules, 2014, approval of members by way of ordinary resolution is a prerequisite to accept or renew unsecured fixed deposit by your Company and thus member's approval is sought for accepting unsecured deposit from members. Further the Companies Act, 2013 provides that the deposits raised in terms of provisions of the previous Act shall be repaid as per the term of respective deposit, which is being complied by your Company.

The Board recommends the Resolution at Item Nos. 4 for approval by the Members.

None of the Directors or Key Managerial Personnel of the Company or any of their relatives are in anyway, concerned or interested, financially or otherwise in the said resolution except to their holding in the Fixed Deposits of the Company.

Item No. 5:

The Management and the Board of Directors of the Company have decided to focus on the main two verticals viz EPC and Real Estate of the Group. However, the Group has diversified into other businesses through subsidiaries and part of main Company. The Company has decided to dispose of all non-core assets in the Company and its subsidiaries. One of such material subsidiary is GMP Technical Solutions Private Limited with three businesses viz (1) manufacturing clean room partitions; (2) executing contracts of HUAC and BMC; and (3) certification of weights and measurements. The Company shall be looking at various options to move out of these businesses at appropriate valuations. This shall enable the Company to improve the cash flow and utilize the capital on lucrative businesses.

The approval by way of Special Resolution of the Shareholders of the parent Company is required as per Regulation 24(5) and Regulation 24(6) of the SEBI (Listing Obligations and Disclosure Requirements), 2015.

The Board recommends the Resolution at Item Nos. 5 for approval by the Members.

None of the Directors, Key Managerial Personnel of the Company and any of their relatives are in any way concerned or interested, financially or otherwise, in the said Resolution except to the extent of shares held by them in the Company.

Item No.6:

Pursuant to Companies Amendment Act, 2015 use of Common seal has now become optional for companies. The Company has to execute various agreements, documents etc. towards its business matters including for borrowing proposals and other administrative necessities. In view of the same and to facilitate administrative convenience for execution of such documents on behalf of the Company it is proposed to alter the existing Articles of Association ("AOA") of the Company by removing the related clauses in AOA.

Pursuant to Section 14 of the Companies Act, 2013, the said alteration can be effected only with the approval of Shareholders by passing a special resolution.

The Board recommends the Resolution at Item Nos. 6 for approval by the Members.

None of the Directors, Key Managerial Personnel of the Company and any of their relatives are concerned or interested, financial or otherwise, in the said resolution except to the extent of shares held by them in the Company.

Item No.7:

In terms of provisions of section 180(1)(c) of the Companies Act, 2013 shareholders of the Company have accorded approval of Board of Directors of the Company to borrow money upto Rs. 1000 Crores by passing a special resolution in the Annual General meeting of the Company dated September 29, 2015.

In line with regulatory changes in the recent past and pursuant to section 62(3) of the Companies Act, 2013 and other applicable provisions & rules framed thereunder, Company has been advised to pass special resolution to enable banks/Financial Institutions (hereinafter referred to as Lender's) to convert the outstanding principal and interest into Equity shares at the option of lenders upon such terms and conditions as may be deemed appropriate by Board and at a price determined in accordance with SEBI (Regulations) applicable at the time of conversion.

VASCON ENGINEERS LIMITED

Accordingly, Board recommends the resolution to enable the lenders in terms of Lending Arrangements entered to convert whole or part of the out standings into Equity Shares

As per the Letter of Approval dated November 07, 2016 bearing reference number ECLFL/RE/2070, Borrowers shall have furnished corporate approvals inter alia approving clause in the loan agreement regarding conversion of loan into equity on occurrence of event of default i.e. Event of Default in payment of Principal or Interest.

Section 62(3) of the Companies Act, 2013, requires to obtain the approval of shareholders by special resolution, for the conversion of the loan (including interest thereon) into equity shares of the company.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested financial or otherwise in the above resolution except to the extent of their respective shareholding in the Company to the same extent as that of every other member of the Company.

Item No.8:

As per provisions of Section 12 of the Companies Act, 2013 shifting of registered office of a company outside the local limits of any city or town requires approval of the Members by way of Special Resolution.

The Registered Office of the Company is presently situated at Mumbai. With a view to improve the operational efficiency, the Board of Directors considered and subject to approval of the Members, approved the proposal for shifting the registered office to Pune. The proposed location is outside the local limits of Mumbai city and therefore requires approval of the Members by way of a special resolution.

If approved, the registered office will be moved to 'Vascon Weikfield Chambers', Behind Hotel Novotel and beside Hyatt Regency, Pune- Nagar Road, Pune - 411 014.

None of the Directors or the Key Managerial Personnel or their relatives are in any way interested or concerned, financially or otherwise in this Resolution.

Registered Office

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

Corporate Office

Vascon Weikfield Chamber,
Behind Hotel Novotel, Opposite Hyatt Hotel,
Nagar Road,Pune-411014.
Tel: +91 (20) 30562 100/ 200
Fax: +91 +91 20 30562600.

By order of the board of Directors

M. Krishnamurthi
Company Secretary and Compliance Officer

Place: Pune
Date: 10th August, 2017.



VASCON Vascon Engineers Limited

Registered Office: 15/16, Hazari Baug, L.B.S. Marg, Vikhroli (W), Mumbai - 400 083, India, **Tel No.:** +91 22 2578 1143

Corporate Office: Vascon Wiekfield Chamber, Behind Hotel Novotel, Opposite Hyatt Hotel, Nagar Road, Pune-411014.

Tel No.: +91 20 3056 2200, **Fax No.:** +91 20 30562600.

Contact Person: Mr. M. Krishnamurthi, Company Secretary and Compliance Officer

E-mail: compliance.officer@vascon.com, **Website:** www.vascon.com.

Corporate Identity Number: L70100MH1986PLC038511

ATTENDANCE SLIP

Folio No./DP ID and

Client ID: No. of Shares:

Name and address of
First/Sole Member:

I, hereby record my presence at the 32nd Annual General Meeting of the Company to be held on Thursday, 28th day of September, 2017 at 1530 hours at Babasaheb Dahanukar Hall, Oricon House, 12, K. Dubhash Marg, Near Jahangir Art Gallery, Kalaghoda, Fort, Mumbai 400001

Name of the Member/Proxy
(Block Letters)

Signature of the Member/Proxy

Notes:

- a. Only Member/Proxy can attend the meeting. No minors would be allowed at the meeting
- b. Member/Proxy who wish to attend the meeting must bring this attendance slip to the meeting and hand over at the entrance duly filled in and signed.
- c. Member/Proxy should bring his/her copy of the Annual Report for reference at the meeting.



VASCON Vascon Engineers Limited

Registered Office: 15/16, Hazari Baug, L.B.S. Marg, Vikhroli (W), Mumbai - 400 083, India, **Tel No.:** +91 22 2578 1143

Corporate Office: Vascon Wiekfield Chamber, Behind Hotel Novotel, Opposite Hyatt Hotel, Nagar Road, Pune-411014.

Tel No.: +91 20 3056 2200, **Fax No.:** +91 20 30562600.

Contact Person: Mr. M. Krishnamurthi, Company Secretary and Compliance Officer

E-mail: compliance.officer@vascon.com, **Website:** www.vascon.com.

Corporate Identity Number: L70100MH1986PLC038511

Form No. MGT-11 PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Day, Date & Time : Thursday, 28th September, 2017 at 1530 hours

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

Please fill attendance slip and hand it over at the entrance of the meeting venue

| | |
|---------------------------|--|
| Name | |
| Registered Address | |
| Email ID | |
| DP ID* | |
| Client ID* | |
| Folio No | |

*Applicable for investors holding shares in Electronic form.

I/We, being the member(s) of Vascon Engineers Limited, as my/our Proxy to attend vote (for me/us and on my/our behalf at the 32nd Annual General Meeting of the Company to be held on 28/09/2017 at 3.30 pm and at any adjournment thereof) in respect of such resolutions as are indicated below;

- 1) _____ of _____ having e-mail id _____ or failing him
- 2) _____ of _____ having e-mail id _____ or failing him
- 3) _____ of _____ having e-mail id _____

Affix
Revenue
Stamp

Signature of Member

Signature of 1st proxy holder

Signature of 2nd proxy holder

Signature of 3rd proxy holder

VASCON ENGINEERS LIMITED

** I/We direct my/our Proxy to vote on the Resolutions in the manner as indicated below:

| Sr. No. | Resolutions | No. of Shares Held | For | Against | Abstain |
|--------------------------|--|--------------------|-----|---------|---------|
| 1. | Consider and adopt: a. Audited Financial Statement for the Financial Year ended March 31, 2017 and the report of Board of Directors and Auditors thereon b. Audited Consolidated Financial Statement for the Financial Year ended March 31, 2017 and the report of Board of Directors and Auditors thereon | | | | |
| 2. | Re-appointment of Mr. R Vasudevan (DIN: 00013519), who retires by rotation, and being eligible offers himself for re-appointment. | | | | |
| 3. | To ratify continuation of Statutory Auditors M/s Deloitte Haskins & Sells LLP (Firm's Registration No. 117366W/W-100018). | | | | |
| SPECIAL BUSINESS: | | | | | |
| 4. | Acceptance of unsecured Fixed Deposit | | | | |
| 5. | To divest / sale / slump sale / demerger of non-core assets and / or Material Subsidiary | | | | |
| 6. | To amend Articles of Association of the Company | | | | |
| 7. | To convert loan availed from ECL into Equity Shares upon Event of Default | | | | |
| 8. | Shifting of Registered Office of the Company | | | | |

** This is optional. Please put a tick mark (✓) in the appropriate column against the resolutions indicated in the box. If a member leaves the "For" or "Against" column blank against any or all the Resolutions, the proxy will be entitled to vote in the manner he/she thinks appropriate. If a member wishes to abstain from voting on a particular resolution, he/she should write "Abstain" across the boxes against the Resolution.

Signature (s) of Member(s)

Notes:

- The Proxy to be effective should be deposited at the Registered office of the company not less than FORTY EIGHT HOURS before the commencement of the Meeting.
- A Proxy need not be a member of the Company.
- In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.
- The form of Proxy confers authority to demand or join in demanding a poll.
- The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the meeting.
- In case a member wishes his/her votes to be used differently, he/she should indicate the number of shares under the columns "For" or "Against" as appropriate.
- Appointing a proxy doesn't present a member from attending the meeting in person if he/she wishes. When a member appoints a proxy and both member and proxy attend the meeting, proxy will stand automatically revoked.
- Undated Proxy Form will not be considered.



VASCON ENGINEERS LTD.

Corporate Office: Vascon Weikfield Chambers, Vascon Weikfield IT City Infopark, Pune-Nagar Road, Viman Nagar, Pune - 14.
Tel: +91 20 3056 2100/200/300 Fax: +91 20 3056 2600
www.vascon.com