

REPORT ON CORPORATE GOVERNANCE

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

1. PHILOSOPHY:

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

compliance of all mandatory requirements of Clause 49 of the Listing Agreement.

2. BOARD OF DIRECTORS

A. COMPOSITION

Composition of Board of Directors of Vascon Engineers Limited as on March 31, 2015 is as mentioned in Table A.

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.

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. | R. Kannan | 00017321 | Director | Independent Non-Executive Director |
| 5. | Sowmya Vasudevan Moorthy | 06470039 | Additional Director | Additional Director (Promoter Non-Executive) |

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.

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, 2015

| 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 | March 6, 2007 | None | 5 | 9 | 1 | 1 |
| R. Vasudevan | Managing Director | January 1, 1986 | Related to Sowmya Vasudevan Moorthy | 1 | 2 | - | - |
| K. G. Krishnamurthy | Independent Director | June 21, 2006 | None | 5 | 2 | 3 | 2 |
| R. Kannan | Independent Director | September 19, 2007 | None | - | 5 | - | - |
| Sowmya Vasudevan Moorthy | Additional Director | March 31, 2015 | Related to R. Vasudevan | - | 1 | - | - |

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 have been excluded.
3. None of the Independent Directors serves as an Independent Director in more than seven listed companies.
4. 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.

B. 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. 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 32 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.

Mr. V. Mohan is also a fellow member of the Institute of Chartered Accountants of India. He is a practicing chartered accountant with more than 31 years of experience in the areas of audit and assurance services, company law, tax planning, tax representations and foreign exchange regulations with V Sankar Aiyar 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. Kannan holds a bachelor's degree in commerce from the Mumbai University. He has over 21 years of experience in the pharmaceutical industry. He is currently the Managing Director of Novacare Drug Specialties Private Limited in addition to being appointed on the board of various other companies. He has been appointed as a Director on the Board of our Company since September 19, 2007.

Ms. Sowmya Vasudevan Moorthy holds degree of bachelor's degree in business administration from Symbiosis International University, Pune and an advanced diploma in Interior Design from Raffles College of Higher Education. She has over 3 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.

2) Nature of relationship between Directors

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.

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.

C. 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 term ranging from 1-5 years at the 29th Annual General Meeting.

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, Whole-time Director, retires by rotation at the forthcoming Annual General Meeting, and being eligible, seeks reappointment.

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 Clause 49 of the Listing Agreement. 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

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.

Updates on relevant statutory changes and judicial pronouncements around important industry related laws are regularly circulated to the Directors. Each director of the Company has complete access to any Company's information and freedom to interact with the senior management. The policy is attached as an **annexure C** to the Corporate Governance report.

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 appointment of Independent Directors are available on the Company's website http://vascon.com/investor_corporate_updates.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 Clause 49 of the Listing Agreement.

In accordance with Section 178(3) of the Companies Act, 2013, Clause 49(IV) (B) of the Listing Agreement and on recommendations of the Nomination & Remuneration Committee, the Board adopted a

remuneration policy for Directors, Key Management Personnel (KMPs) and Senior Management. The policy is attached as an annexure A to the Corporate Governance report.

I. REMUNERATION PAID OR PAYABLE TO THE DIRECTORS FOR FY 2015:

| Sr No | Name of the Director | Salary Paid | Sitting Fees Paid | Shareholding in the Company |
|-------|--------------------------|-------------|-------------------|-----------------------------|
| 1. | V. Mohan | - | 1,65,000 | - |
| 2. | R. Vasudevan | 70,732,462 | - | 94,15,529 |
| 3. | K. G. Krishnamurthy | - | 1,50,000 | - |
| 4. | R. Kannan | - | 1,50,000 | - |
| 5. | Sowmya Vasudevan Moorthy | N.A. | N.A. | 4,03,200 |

5. MEETINGS

A. BOARD MEETINGS:

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

Under Indian law, the Board of Directors must meet at least four times a year, with a maximum gap of four months between two Board meetings. Board of Vascon Engineers Limited met eight times during the financial year under review: on May 16, 2014, August

12, 2014, October 20, 2014, November 14, 2014, December 30, 2014, February 7, 2015, February 7, 2015 and March 31, 2015.

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

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

DIRECTORS ATTENDANCE FOR FY 2015

| Sr. No. | Name of the Director | Meetings held during year | Number of Board Meetings Attended | Attendance in Last AGM held on September 15, 2014 |
|---------|--------------------------|---------------------------|-----------------------------------|---|
| 1. | V. Mohan | 8 | 7 | Present |
| 2. | R. Vasudevan | 8 | 7 | Present |
| 3. | K. G. Krishnamurthy | 8 | 6 | Present |
| 4. | R. Kannan | 8 | 6 | Present |
| 5. | Sowmya Vasudevan Moorthy | N.A. | N.A. | N.A. |

B. MEETING OF INDEPENDENT DIRECTORS

During FY2015, 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 the Board as a whole. They also

assess the quality and adequacy of the information between the Company's management and the Board.

The Independent Directors also discuss 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.

C. ANNUAL GENERAL MEETING/ EXTRA ORDINARY GENERAL MEETING:**Last Three Annual General Meetings of the Company**

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

In an Annual General Meeting held in 2014, pursuant to Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the facility of e-voting was provided to the Members of the Company. There was no demand of poll.

| DATE AND TIME | VENUE | SPECIAL RESOLUTIONS PASSED |
|----------------------------------|---|---|
| September, 12, 2012 at 3.30 P.M. | Babasaheb Dhanakur Hall, Oricon House, 12, K. Dubhash Marg, Near Jahangir Art Gallery, Kalaghoda, Fort, Mumbai 400001 | <ol style="list-style-type: none"> To remove the lock in period in respect of the shares already issued/allotted on exercised options or may be issue/allotted in the future on exercise of the options granted pursuant to this Scheme. Pursuant to Clause 22.2A (2) SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guideline, 1999. Pursuant to section 163 of the Companies Act, 1956 to keep the Register of Members, Index of Members, Register & Index of Debenture holders, copies of Annual Return and other related books at the office of the R & T agent, M/s Karvy Computershare Private Limited, situated at Andheri (East) Mumbai - 400 099 in place of registered office of the Company. |
| September, 12, 2013 at 4.00 P.M. | Vascon Engineers Limited, Neelkanth Business Park, "C" Wing ,502/503, 5th floor, Near Vidyavihar bus depot, Vidyavihar (West), Mumbai 400 086 | <ol style="list-style-type: none"> Resolution for implementation of 'Employees Stock Options Scheme 2013' ('ESOS- 2013') Resolution under sub-section (1B) of the section 314 read with Director's Relatives (Office or Place of Profit) Amended Rules, 2011 for appointment of Mr. Siddharth Moorthy to hold an office or place of profit of the Company on the mentioned remuneration. Resolution under Article 125 of Articles of Association of the Company to be amended by deleting the word "Jointly" Resolution for granting rights to IDFC to convert the loan amount and other monies due to it ('due amount') into the equity shares of the Company in the event of default of payment of said due amount by the Company as per Loan Agreement between the company and IDFC. |
| September 15, 2014 at 4.00 P.M. | Babasaheb Dhanakur 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 |

D. EXTRA ORDINARY GENERAL MEETING:

During the financial year 2014, Company did not conduct any extra ordinary general meeting or a postal ballot.

Till the date of this Report Company does not propose to conducted postal ballot for passing of a special resolution.

6. 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.

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.

7. 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

8. 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.
- e) 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 FY2015, no personnel has been denied access to the Audit Committee.

9. 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/investor_services.asp

10. 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 Clause 49 of the Listing Agreement. 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/investor_services.asp

11. DISCLOSURE ON ACCOUNTING TREATMENT

In the preparation of financial statements for FY 2015, 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.

12. 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.

13. PROHIBITION OF 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.

E. COMMITTEE MEETINGS

Following are Committees of Board:

The Company has 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

I. AUDIT COMMITTEE:

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

During the year the Audit committee met four times.

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

II. AUDIT COMMITTEE:

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

During the year the Audit committee met four times.

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

| Sr. No. | Name | Status | No of Meeting Attended |
|---------|--------------|----------|------------------------|
| 1. | V. Mohan | Chairman | 4 |
| 2. | R. Kannan | Member | 4 |
| 3. | R. Vasudevan | Member | 4 |

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

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

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

1. If the remuneration to Auditors is not fixed by shareholders and is delegated to the Board then the Audit Committee should make a suitable recommendation to the Board.
2. Where the Audit Committee finds the quality, efficiency and contribution of the Auditor is not satisfactory then, the Audit Committee shall take up the matter with the Auditor and in case he does not resign, the Audit Committee shall find a suitable replacement and recommend his appointment to the Board, including terms & conditions as to remuneration or otherwise.
3. To approve payment to the Auditor for services other than Audit.
4. To approve the bill of the Auditor for services in any other capacity.
5. To examine any changes in accounting policies and the reasons thereof.
6. To examine major accounting entries based on the exercise of judgment by management.
7. Where the Auditor made some qualifications in his draft report, to examine the details causing such qualification and suggest suitable addendum in the Director's Report.
8. Reviewing with the management, the quarterly financial statement before submission to the board for approval.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of material nature and reporting the matter to the Board.
10. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividend) and creditors.
11. To carry out such other functions as may be specifically referred to by the Board from time to time.

12. Relationships with Suppliers and Customers: The Directors and senior management employees of the Company during the course of interaction with suppliers and customers shall neither receive nor offer or make, directly and indirectly, any illegal payments, remuneration, gifts, donations or comparable benefits which are intended or perceived to obtain business or uncompetitive favors for the conduct of its business. However this is not intended to include gifts of customary nature.

13. Interaction with Media: The Directors and senior management employees other than the designated spokespersons shall not engage with any member of press and media in matters concerning the Company. In such cases, they should direct the request to the designated spokespersons.

14. Safety and Environment: The Directors and senior management employee shall follow all prescribed safety and environment-related norms.

III. NOMINATION AND REMUNERATION COMMITTEE

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

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

The current composition of the Remuneration Committee is as follows:

| Name | Status | No of Meeting Attended |
|--------------------|----------|------------------------|
| R. Kannan | Chairman | 4 |
| V. Mohan | Member | 4 |
| K.G. Krishnamurthy | Member | 4 |

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. The NRC shall identify persons who are qualified to become directors and who may be

appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance

2. The NRC shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees

3. The NRC shall 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

4. The NRC shall ensure that relationship of remuneration to performance is clear and meets appropriate performance benchmarks;

5. The NRC shall ensure that remuneration to directors, key managerial personnel 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

6. The NRC shall discharge the Board's responsibilities relating to compensation to the Company's Executive Directors.

7. The NRC shall formulate, administer and adopt the Employees' Stock Option Plan (ESOP) of the Company

8. The NRC shall determine the quantum of option to be granted under an ESOP per employee and the total number in aggregate.

9. The NRC shall determine at such intervals, as the Committee considers appropriate, the persons to whom shares or options may be granted.

10. The NRC shall decide the conditions under which option vested in employees may lapse in case of termination of employment for misconduct.

11. The NRC shall determine the exercise period within which the employee should exercise the option and that the option would lapse on failure to exercise the option within the exercise period.

12. The NRC shall determine the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of the employee.

13. The NRC shall determine the right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period.

14. The NRC shall determine the procedure for making a fair and reasonable adjustment to the

number of options and to the exercise price in case of corporate actions such as rights issue, bonus issue, merger, sale of division and others. In this regard the following shall be taken into consideration by the committee-

i. The number and the price of the ESOP shall be adjusted in a manner such that the total value of the ESOP remains the same after the corporate action.

15. The NRC shall determine the grant, vest and exercise of option in case of employees who are on long leave.

16. The NRC shall determine the procedure for cashless exercise of options.

17. The NRC shall construe and interpret the plan and to establish, amend and revoke rules and regulations for its administration. The Compensation Committee may correct any defect, omission or inconsistency in the plan or option and/or vary/amend the terms to adjust to the situation that may arise.

18. The NRC shall approve the transfer of the shares in the name of the employee at the time of exercise of options by such employee under ESOP.

19. The NRC shall review and approve any disclosures in the annual report or elsewhere in respect of compensation policies or directors' compensation.

20. The NRC shall obtain such outside or professional advice as it may consider necessary to carry out its duties

21. The NRC shall invite any employee or such document as it may deem fit for exercising of its functions.

22. The NRC shall attend to such matters with respect to the remuneration of senior and other employees as may be submitted to it by the Managing Director.

23. The NRC shall attend to any other responsibility as may be entrusted by the Board.

It is confirmed by the NRC that, Non-Executive Directors of the Company are paid sitting fees.

IV. STAKEHOLDERS RELATIONSHIP COMMITTEE:

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

During the year the Stakeholders Relationship Committee met four times.

The current composition of the Stakeholders Relationship Committee is as follows:

| Name | Status | No of Meetings Attended |
|---------------------|----------|-------------------------|
| V. Mohan | Chairman | 4 |
| R. Vasudevan | Member | 4 |
| K. G. Krishnamurthy | Member | 4 |

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 Committee are broadly as under:

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

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

V. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The current composition of the Corporate Social Responsibility Committee is as Follows:

| NAME | STATUS | NO OF MEETINGS ATTENDED |
|--------------|----------|-------------------------|
| R. Vasudevan | Chairman | 4 |
| V. Mohan | Member | 4 |
| R Kannan | Member | 4 |

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.

VI. RISK MANAGEMENT COMMITTEE

The current composition of the Risk Management Committee is as follows:

| NAME | STATUS | NO OF MEETINGS ATTENDED |
|--------------|----------|-------------------------|
| R. Kannan | Chairman | 4 |
| V. Mohan | Member | 4 |
| R. Vasudevan | Member | 4 |

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.

VII. RIGHTS ISSUE COMMITTEE

The current composition of the Rights Issue Committee is as follows:

| NAME | STATUS | NO OF MEETINGS ATTENDED |
|--------------|----------|-------------------------|
| V. Mohan | Chairman | 1 |
| R. Vasudevan | Member | 1 |
| R Kannan | Member | 1 |

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;

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.

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 corporate 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, *interalia*, 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 Clause 47(f) of the Listing Agreement, 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, 2013.

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

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

I hereby confirm that:

All members of the Board & Senior Management Personnel of the Company have affirmed compliance with Vascon's Code of Conduct for the financial year 2014-2015.

Sd/-

Managing Director
Mumbai

May 12, 2015

16. SHAREHOLDERS INFORMATION

a) Details of Annual General Meeting

30th Annual General Meeting of Vascon Engineers Limited

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

Date : Tuesday, September 29, 2015

Time : 4.00 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) 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.

e) Book Closure

The register of Shareholders of the Company shall be closed from September 23, 2015 to September 29, 2015 for the purposes of Annual General Meeting.

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

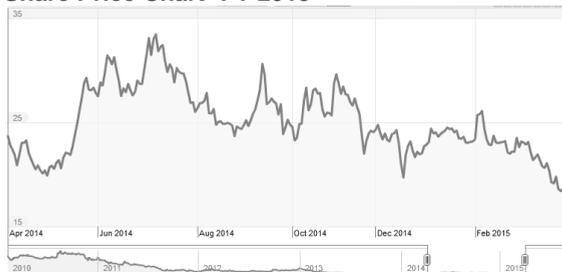
Company shares are listed on Bombay Stock Exchange and National Stock Exchange. High and Low in the share price during FY 2015 are mentioned below:

a) Master Price Data

Company shares are listed on Bombay Stock Exchange and National Stock Exchange. High and Low in the share price during FY 2015 are mentioned below:

| Month and Year | BSE | | NSE | |
|----------------|-------|-------|-------|-------|
| | High | Low | High | Low |
| April 2014 | 24.00 | 20.00 | 24.00 | 19.70 |
| May 2014 | 30.35 | 19.80 | 29.50 | 20.00 |
| June 2014 | 32.95 | 27.25 | 32.20 | 27.10 |
| July 2014 | 34.95 | 26.15 | 35.15 | 25.70 |
| August 2014 | 28.85 | 23.15 | 28.75 | 22.50 |
| September 2014 | 31.90 | 22.05 | 32.00 | 21.25 |
| October 2014 | 29.50 | 23.00 | 29.80 | 23.00 |
| November 2014 | 31.50 | 21.10 | 31.50 | 21.70 |
| December 2014 | 25.00 | 19.00 | 24.70 | 19.05 |
| January 2015 | 25.00 | 22.30 | 25.00 | 20.45 |
| February 2015 | 27.45 | 21.85 | 28.00 | 20.65 |
| March 2015 | 23.90 | 18.00 | 23.90 | 17.90 |

Share Price Chart- FY 2015



Comparison with Sensex



Indicator

Vascon: Sensex

Distribution of shareholding of the Company as on March 31, 2015 is as follows:

| No. of Equity Shares held | Shareholders | | Equity shares held | |
|---------------------------|---------------------|------------|--------------------|-------------|
| | No. of shareholders | % to Total | No. of Shares | % To Equity |
| 001-500 | 4645 | 81.73 | 5,89,046 | 0.65 |
| 501-1000 | 550 | 9.68 | 3,83,535 | 0.42 |
| 1001-2000 | 181 | 3.18 | 2,69,951 | 0.30 |
| 2001-3000 | 80 | 1.41 | 2,03,840 | 0.23 |
| 3001-4000 | 30 | 0.53 | 1,05,905 | 0.12 |
| 4001-5000 | 37 | 0.65 | 1,73,602 | 0.19 |
| 5001-10000 | 61 | 1.07 | 4,33,210 | 0.48 |
| 10001 & Above | 99 | 1.74 | 8,83,16,838 | 97.61 |
| Total | 5683 | 100 | 9,04,75,927 | 100 |

b) Shareholding pattern of the Company as on 31st March, 2015

| Category | No. of Shares held | % to Total |
|--|--------------------|---------------|
| Promoters Holdings | 3,48,69,823 | 38.54 |
| Public Share holding: | - | - |
| Mutual Funds | 18,38,095 | 2.03 |
| Banks, Financial Institutions & others | - | - |
| Insurance companies | - | - |
| Foreign Institutional Investors | 7,74,523 | 0.86 |
| Bodies Corporate | 4,77,81,871 | 52.81 |
| NRI/Foreign Nationals | 2,95,812 | 0.33 |
| Indian Public | 49,15,803 | 5.43 |
| Total | 9,04,75,927 | 100.00 |

Shareholding pattern of the Company as on 31st March, 2015

| Category | No. of Shares held | % to Total |
|--|--------------------|---------------|
| Promoters Holdings | 34869823 | 38.54 |
| Public Share holding: | - | - |
| Mutual Funds | 1838095 | 2.03 |
| Banks, Financial Institutions & others | - | - |
| Insurance companies | - | - |
| Foreign Institutional Investors | 774523 | 0.86 |
| Bodies Corporate | 47781871 | 52.81 |
| NRI/Foreign Nationals | 295812 | 0.33 |
| Indian Public | 4915803 | 5.43 |
| Total | 90475927 | 100.00 |

c) Investors Complaint

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

Investors' complaint status as on 31.3.2015

| No. of compliant received | No. of Complaints resolved | No. of complaints pending |
|--------------------------------------|----------------------------|---------------------------|
| April 1, 2014 to June 30, 2014 | | |
| NIL | NIL | NIL |
| July 1, 2014 to September 30, 2014 | | |
| 5 | 5 | NIL |
| October 1, 2014 to December 31, 2014 | | |
| 1 | 1 | NIL |
| January 1, 2015 to March 31, 2015 | | |
| NIL | NIL | NIL |

d) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity:

The Company has not issues any GDRs/ADRs/Warrants

e) Stock Code/ Symbol:

National Stock Exchange of India Ltd – VasconEQ
BSE Ltd – 533156
ISIN No. - INE893I01013

f) Details of unclaimed shares

| At the being of the year | | During the year | | At the end of the year | |
|----------------------------------|---|--|--|----------------------------------|---|
| Aggregate number of shareholders | 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 to whom shares are transfer from suspense account | Aggregate number of shareholders | Outstanding shares in the suspense account lying at the end of the year |
| 01.04.2014 | | | | | |
| Nil | Nil | Nil | Nil | Nil | Nil |

g) Registrar and Transfer Agents & Share Transfer System:**Karvy Computershare Private Limited**

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.

h) Shareholders' Correspondence:

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

& sending the prepaid inland letter attached with the Annual Report).

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

Karvy Computershare Private Limited

Plot 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

Company Secretary and Compliance Officer
Vascon Wiekfield Chamber, Behind Hotel Novotel,
Opposite Hyatt Hotel, Nagar Road, Pune-411014.

Tel: +91 (20) 30562 100/ 200

Fax: +91 +91 20 30562600.

Website: www.vascon.com

Email: compliance.officer@vascon.com