**DRAFT LETTER OF OFFER**
November 21, 2014
For the Eligible Equity Shareholders of the Company only

# VASCON ENGINEERS LIMITED

Vascon Engineers Limited (the "**Company**" or "**Issuer**") was originally incorporated on January 1, 1986 as a private limited company under the provisions of the Companies Act, 1956, in Maharashtra, India. For details of changes in the name of our Company, please see the section titled "*General Information*" on page 49 of the Draft Letter of Offer.

**Registered Office:** 15/16, Hazari Baug, L.B.S. Marg, Vikhroli (W), Mumbai - 400 083, India, **Tel No:** +91 22 2578 1143
**Corporate Office:** 201, Phoenix, Bund Garden Road, Camp, Pune - 411 001, India, **Tel No.**: +91 20 3056 2200, **Fax No.:** +91 20 2613 1071.
**Contact Person:** Mr. M. Krishnamurthi, Company Secretary and Compliance Officer
**E-mail:** compliance.officer@vascon.com, **Website:** www.vascon.com.
**Corporate Identity Number:** L70100MH1986PLC038511
**Promoters of our Company: R. VASUDEVAN, LALITHA VASUDEVAN, THANGAM MOORTHY, GEETA LULLA, VATSALYA ENTERPRISES PRIVATE LIMITED, PREMRATAN EXPORTS LLP AND GOLDEN TEMPLE PHARMA LLP**

## FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY ONLY

## DRAFT LETTER OF OFFER

**ISSUE OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("RIGHTS EQUITY SHARES") OF VASCON ENGINEERS LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] (INCLUDING A PREMIUM OF ₹ [●] PER RIGHTS EQUITY SHARE) PER RIGHTS EQUITY SHARE NOT EXCEEDING AN AMOUNT OF ₹ 1,000 MILLION BY THE COMPANY TO THE ELIGIBLE EQUITY SHAREHOLDERS OF THE COMPANY IN THE RATIO OF [●] RIGHTS EQUITY SHARES FOR EVERY [●] EQUITY SHARES HELD ON THE RECORD DATE, I.E. [●] (THE "ISSUE"). THE ISSUE PRICE OF EACH RIGHTS EQUITY SHARE IS [●] TIMES THE FACE VALUE OF THE RIGHTS EQUITY SHARE**.

## GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and Investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in relation to this Issue. For taking an investment decision, Investors must rely on their own examination of the Issuer and the Issue including the risks involved. The securities have not been recommended or approved by the Securities and Exchange Board of India, ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of this document. **Investors are advised to refer to the section titled "*Risk Factors*" on page 10 of the DLOF before making an investment in this Issue.**

## ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that the Draft Letter of Offer contains all information with regard to the Issuer and the Issue, which is material in the context of this Issue, that the information contained in the Draft Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes the Draft Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

## LISTING

The existing Equity Shares of our Company are listed on the National Stock Exchange of India Limited, ("**NSE**") and the BSE Limited, ("**BSE**"). Our Company has received in-principle approvals from NSE and BSE for listing the Rights Equity Shares arising from this Issue pursuant to their letters dated [●] and [●], respectively. For the purposes of the Issue, the Designated Stock Exchange is the NSE.

| LEAD MANAGERS TO THE ISSUE | | REGISTRAR TO THE ISSUE |
|---|---|---|
| **IDFC Securities Limited**<br>Naman Chambers, C - 32, G-Block,<br>Bandra Kurla Complex,<br>Bandra (East), Mumbai - 400 051<br>Telephone: +91 22 6622 2500<br>Facsimile: +91 22 6622 2501<br>Email: vel.ri@idfc.com<br>Website: www.idfccapital.com<br>Investor Grievance Email: investorgrievance@idfc.com<br>Contact Person: Mr. Akshay Bhandari<br>SEBI Registration Number: MB/INM000011336 | **IDBI Capital Market Services Limited**<br>3rd Floor, Mafatlal Centre,<br>Nariman Point, Mumbai 400 021,<br>Maharashtra, India<br>Telephone: +91 22 4322 1219<br>Facsimile: +91 22 2285 0785<br>Email: vel.ri@idbicapital.com<br>Website: www.idbicapital.com<br>Investor Grievance Email: redressal@idbicapital.com<br>Contact Person: Mr. Sumit Singh<br>SEBI Registration Number: INM000010866 | **Karvy Computershare Private Limited**<br>Plot No. 17-24,<br>Vittal Rao Nagar,<br>Hi-Tech City Road<br>Madhapur, Hyderabad - 500 081<br>Telephone: +91 40 4465 5300<br>Facsimile: +91 40 2343 1551<br>E-mail: vascon.rights@karvy.com<br>Website: www.karvy.com<br>Contact Person: Mr. Muralikrishna M.<br>SEBI Registration No.: INR000000221 |

| ISSUE SCHEDULE | | |
|---|---|---|
| ISSUE OPENS ON | LAST DATE FOR REQUEST FOR SPLIT APPLICATION FORMS | ISSUE CLOSES ON |
| [●] | [●] | [●] |

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## SECTION I – GENERAL

## DEFINITIONS AND ABBREVIATIONS

*The following list of defined terms is intended for the convenience of the reader only and is not exhaustive.*

**Company Related Terms**

| Term | Description |
|---|---|
| Articles/Articles of Association/AoA | Articles of Association of our Company, as amended |
| Associates | The associates of our Company namely, Angelica Properties Private Limited and Mumbai Estate Private Limited |
| Board /Board of Directors | The board of directors of our Company or a duly constituted committee thereof |
| Chairman | The chairman of our Board |
| Chief Operating Officer | The chief operating officer of our Company |
| Company Secretary and Compliance Officer/Compliance Officer | The company secretary and compliance officer of our Company |
| Director(s) | Any or all director(s) of our Company, as the context may require |
| EPC Contract(s) | Engineering, procurement and construction contract(s) for third parties |
| ESOP 2007 | The employee stock option plan of our Company, as approved by the shareholders of our Company vide a special resolution dated October 23, 2007 |
| ESOS 2013 | The employee stock option scheme of our Company, as approved by the shareholders of our Company vide a special resolution dated September 12, 2013 |
| ESOS 2014 | The employee stock option scheme of our Company, as approved by the shareholders of our Company vide a special resolution dated September 15, 2014 |
| Equity Share(s) | The equity share(s) of our Company having a face value of ₹ 10 each |
| Group Companies | Companies, firms, ventures, etc. promoted by the Promoters of our Company |
| Joint Ventures | The joint ventures of our Company namely, (i) Phoenix Ventures, (ii) Weikfield IT Citi Infopark, (iii) Zenith Ventures, (iv) Zircon Ventures, (v) Cosmos Premises Private Limited, and (vi) Ajanta Enterprises |
| Land Reserves | Refers to land where, title of the land or the interest in land, is owned either by our Company, our Subsidiaries or our Joint Ventures. They also include lands, in respect of which our Company, our Subsidiaries and our Joint Ventures have entered into an agreement or a memorandum of understanding to purchase or develop lands. |
| Managing Director | The managing director of our Company |
| Memorandum/Memorandum of Association | Memorandum of Association of our Company, as amended |
| "we" or "us" or "our" | Unless the context otherwise indicates or implies, refers to Vascon Engineers Limited, Subsidiaries, Associates and Joint Ventures |
| Promoters | The promoters of our Company namely, R. Vasudevan, Lalitha Vasudevan, Thangam Moorthy, Geeta Lulla, Vatsalya Enterprises Private Limited, Premratan Exports LLP (Formerly, Premratan |

| Term | Description |
| --- | --- |
| | Exports Private Limited) and Golden Temple Pharma LLP (Formerly, Golden Temple Pharma Private Limited) |
| Promoter Group | Persons and entities constituting the promoter group of our Company in terms of Regulation 2(1)(zb) of the SEBI ICDR Regulations |
| Registered Office | The registered office of our Company located at 15/16, Hazari Baug, L.B.S. Marg, Vikhroli (W), Mumbai - 400 083, India |
| Statutory Auditor | Deloitte Haskins & Sells LLP, Chartered Accountants |
| Subsidiaries | The subsidiaries of our Company namely, (i) Marvel Housing Private Limited, (ii) Vascon Dwelling Private Limited, (iii) IT-Citi Infopark Private Limited, (iv) Greystone Premises Private Limited, (v) Vascon Pricol Infrastructure Limited, (vi) Floriana Properties Private Limited, (vii) Windflower Properties Private Limited, (viii) GMP Technical Solutions Private Limited, (ix) GMP Technical Solutions Middle East (FZE), (x) Almet Corporation Limited, (xi) Marathawada Realtors Private Limited, (xii) Just Homes (India) Private Limited and (xiii) Vascon Renaissance (LLP) |
| "our Company" or "the Company" | Vascon Engineers Limited, a public limited company incorporated under the provisions of the Companies Act, 1956, having its registered office at 15/16, Hazari Baug, L.B.S. Marg, Vikhroli (W), Mumbai - 400 083, India |

**Issue Related Terms**

| Term | Description |
| --- | --- |
| Abridged Letter of Offer | The abridged letter of offer to be sent to Eligible Equity Shareholders of our Company with respect to this Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act, 2013. |
| Allottee(s) | The successful Investor(s) to whom Rights Equity Shares of our Company will be allotted pursuant to the Issue |
| Allotment/Allotted | Unless the context otherwise requires, the allotment of Rights Equity Shares pursuant to the Issue to the Allottees |
| Application | Application made by the Investor whether submitted by way of CAF or in the form of a plain-paper Application, to subscribe to the Rights Equity Shares issued pursuant to the Issue at the Issue Price including applications by way of the ASBA Process |
| Application Amount | The aggregate value of the Application indicated in the Application Form or SAF, payable at the time of the Application |
| Application Form | The form in terms of which an Investor shall make an Application to subscribe to the Rights Equity Shares pursuant to the Issue, including plain-paper Applications |
| ASBA/Application Supported by Blocked Amount | An application (whether physical or electronic) used compulsorily by ASBA Investors to make an application authorizing the SCSB to block the amount payable on application in their specified bank account maintained with the SCSB |
| ASBA Account | Account maintained with a SCSB and specified in the CAF or plain paper application for blocking the amount mentioned in the CAF, or the plain paper application, as the case may be. |
| ASBA Investor(s) | Investor who;<br><br>• hold the Equity Shares in dematerialized form as on the Record Date and have applied towards his/her Rights |

| Term | Description |
|---|---|
| | Entitlements or additional Rights Equity Shares in the Issue in dematerialized form;<br>• have not renounced his/her Rights Entitlements in full or in part;<br>• are not a Renouncee;<br>• apply through a bank account maintained with one of the SCSBs; and<br>• have not split the CAF.<br><br>Please note that, in terms of SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, QIB Investors, Non-Institutional Investors (including all companies and bodies corporate) and other Investors whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process, subject to them complying with the requirements of SEBI circular dated December 30, 2009. Further, all QIB Investors and Non-Institutional Investors are mandatorily required to use the ASBA facility, even if application amount does not exceed ₹ 200,000. |
| Banker to the Issue | The banker to the Issue being [●] |
| BSE | BSE Limited |
| Category III FPI(s) | Includes all other investors who are not eligible under category I and category II foreign portfolio investors (as defined under the SEBI (FPI) Regulations) such as endowments, charitable societies, charitable trusts, foundations, corporate bodies, trusts, individuals and family offices |
| Composite Application Form/CAF | Form used by an Eligible Equity Shareholder to make an Application for Allotment of Equity Shares in the Issue, or renounce his Rights Entitlement or request for SAFs, and used by sole Renouncee to make an Application for Allotment of Equity Shares in the Issue to the extent of renunciation of Rights Entitlement in their favour |
| Consolidated Certificate | In case of holding of Rights Equity Shares in physical form, our Company would issue one certificate for the Rights Equity Shares allotted to one folio |
| Controlling Branches of the SCSBs | Such branches of the SCSBs which coordinate applications under the Issue by the ASBA Investors with the Registrar to the Issue and the Stock Exchanges and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries |
| Designated Branches | Such branches of the SCSBs which shall collect CAF from ASBA Investor and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries |
| Designated Stock Exchange/DSE | NSE |
| Draft Letter of Offer/DLOF | The draft letter of offer of our Company dated November 21, 2014 filed with SEBI |
| Eligible Equity Shareholder(s) | A holder of Equity Shares as on the Record Date |
| FPI(s) | A foreign portfolio investor as defined under the SEBI (FPI) Regulations |
| Investor(s) | The Eligible Equity Shareholders of our Company on the Record Date i.e. [●], and Renouncees |
| Issue | Issue of [●] Equity Shares of face value of ₹ 10 each ("**Rights Equity Shares**") of the Company for cash at a price of ₹ [●] (including a premium of ₹ [●] per Rights Equity Share) per |

| Term | Description |
|---|---|
| | Rights Equity Share not exceeding an amount of ₹ 1,000 million by the Company to the Eligible Equity Shareholders of the Company in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held on the Record Date, i.e. [●]. The Issue Price of each Rights Equity Share is [●] times the face value of the Rights Equity Share. |
| Issue Closing Date | [●] |
| Issue Opening Date | [●] |
| Issue Price | ₹ [●] per Rights Equity Share |
| Issue Proceeds | The monies received by our Company pursuant to the Rights Equity Shares which are allotted pursuant to the Issue |
| Lead Managers/LMs | IDFC Securities Limited and IDBI Capital Market Services Limited |
| Letter of Offer/LOF | The letter of offer dated [●] to be filed with the Stock Exchanges |
| Listing Agreement(s) / Equity Listing Agreement(s) | The listing agreements entered into between our Company and the Stock Exchanges |
| Net Proceeds / Net Proceeds of the Issue | The Issue Proceeds less the Issue related expenses. For further details, please see the section titled "*Objects of the Issue*" on page 62 of the DLOF |
| Non Institutional Investor(s) | All Investors including FPIs which are foreign corporates or foreign individuals, that are not QIBs or Retail Individual Investors and who have applied for Equity Shares for a cumulative amount of more than ₹ 0.2 million. |
| Non Retail Investor(s) | Investors who are QIBs or Non Institutional Investors |
| NSE | National Stock Exchange of India Limited |
| QIB(s) / Qualified Institutional Buyer(s) | Qualified Institutional Buyer means: (i) a mutual fund, venture capital fund and FVCI registered with the Board; (ii) a FPI other than Category III FPI; (iii) a public financial institution as defined in Section 2 clause (72) of the Companies Act, 2013; (iv) a scheduled commercial bank; (v) a multilateral and bilateral development financial institution; (vi) a state industrial development corporation; (vii) an insurance company registered with the Insurance Regulatory and Development Authority; (viii) a provident fund with minimum corpus of 200 million rupees; (ix) a pension fund with minimum corpus of twenty five crore rupees; (x) National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;(xi) insurance funds set up and managed by army, navy or air force of the Union of India; and (xii) insurance funds set up and managed by the Department of Posts, India. |
| Qualified Foreign Investors/ QFI | QFI shall mean a person who has opened a dematerialized account with a qualified depositary participant as a qualified foreign investor under the SEBI (FPI) Regulations |
| Record Date | [●] |
| Registrar to the Issue or Registrar | Karvy Computershare Private Limited, situated at Plot Nos. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad – 500 081. |
| Renouncee(s) | Any person(s) who have/has acquired Rights Entitlements from Eligible Equity Shareholders |
| Retail Individual Investor(s) | Individual Investors who have applied for Equity Shares for an amount not more than ₹ 0.2 million (including HUFs applying through their Karta) |
| Rights Entitlement | The number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to his/ her shareholding in |

| Term | Description |
|---|---|
| | our Company as on the Record Date |
| Rights Equity Shares | The Equity Shares offered and to be issued and allotted pursuant to the Issue |
| SAF(s) | Split Application Form(s) |
| Self Certified Syndicate Bank or SCSB | The banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offers services of ASBA, including blocking of bank account and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries |
| Stock Exchange(s) | National Stock Exchange of India Limited and the BSE Limited where our Equity Shares are currently listed |

**Conventional and General Terms**

| Term | Description |
|---|---|
| Acre | Equals 43,560 sq. ft. |
| AGM | Annual General Meeting |
| AS | Accounting Standards, as issued by the ICAI |
| Brickwork | Brickwork Ratings India Private Limited |
| CDSL | Central Depository Services (India) Limited |
| Companies Act | The Companies Act, 2013 to the extent notified as on date of the Draft Letter of Offer and the rule/s prescribed thereunder or the Companies Act, 1956, to the extent applicable as on date of the Draft Letter of Offer |
| Companies Act, 1956 | The Companies Act, 1956, to the extent applicable as on date of the Draft Letter of Offer |
| Companies Act, 2013 | The Companies Act, 2013 to the extent notified as on date of the Draft Letter of Offer and the rule/s prescribed thereunder |
| Depository | A depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996 |
| Depositories Act | The Depositories Act, 1996 |
| Developable Area | Total area which is developed in each property, and includes carpet area, common area, service and storage area, as well as other open area |
| DIN | Director Identification Number |
| DP | Depository Participant |
| EGM | Extraordinary General Meeting |
| EPC | Engineering, Procurement and Construction |
| EPS | Earnings Per Share |
| FDI | Foreign Direct Investment |
| FEMA | Foreign Exchange Management Act, 1999 and any circulars, notifications, rules and regulations issued pursuant to the provisions thereof |
| FI | Financial Institution |
| FII(s) | Institution which is registered under the SEBI (FPI) Regulations |
| Financial Year/Fiscal | The period of 12 months beginning April 1 and ending March 31 of that particular year, unless otherwise stated |
| FSI | Floor Space Index |
| FVCI(s) | Foreign venture capital investor registered with the SEBI under applicable laws |
| GoI | Government of India |
| HUF | Hindu Undivided Family |

| Term | Description |
| --- | --- |
| ICAI | Institute of Chartered Accountants of India |
| Indian GAAP | The generally accepted accounting principles in India |
| Industrial Policy | The industrial policy and guidelines issued by the Ministry of Industry, GoI |
| ISIN | International Securities Identification Number |
| IT Act | The Income Tax Act, 1961 |
| LLP | Limited liability partnership formed and registered under the Limited Liability Partnership Act, 2008 |
| MICR | Magnetic Ink Character Recognition |
| MOU | Memorandum of Understanding |
| N.A. | Not Applicable |
| NECS | National Electronic Clearing Service |
| NEFT | National Electronic Fund Transfer |
| Non Resident | Persons resident outside India as defined in the FEMA |
| NR | Non Resident |
| NRI(s) | Non Resident Indians, as defined in the Foreign Exchange Management (Deposit) Regulations, 2000 |
| NSDL | National Securities Depository Limited |
| OCB(s) | Overseas Corporate Body(ies) |
| Ongoing Projects | Real estate development projects that are currently under construction and planned for construction and development |
| Order Backlog | Consists of anticipated EPC Contract revenues from the uncompleted portion of existing EPC Contracts |
| PAN | Permanent Account Number |
| RBI | Reserve Bank of India |
| Regulation S | Regulation S under the Securities Act |
| RoC | Registrar of Companies Mumbai, situated at 100, Everest, Marine Drive, Mumbai - 400 002, India |
| RTGS | Real Time Gross Settlement |
| Rupees / ₹ / Rs. | The official currency of Republic of India |
| SEBI | Securities and Exchange Board of India |
| SEBI Act | The Securities and Exchange Board of India Act, 1992, as amended |
| SEBI (FPI) Regulations | The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended |
| SEBI ICDR Regulations | The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended |
| Securities Act | The United States Securities Act of 1933 |
| SEZ | Special Economic Zone |
| Takeover Regulations | The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 |
| w.e.f. | with effect from |

The words and expressions used but not defined herein shall have the same meaning as is assigned to such terms under the Companies Act, 2013, the Depositories Act and the rules and regulations made thereunder. Notwithstanding the foregoing, terms under the sections titled "*Financial Statements*" and "*Statement of Tax Benefits*" on pages 84 and 68, of the DLOF, respectively, shall have the meanings given to such terms in these respective Sections.

## NOTICE TO INVESTORS

The distribution of the Draft Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession the Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer or the CAF may come are required to inform themselves about and observe such restrictions. We are making this Issue of Equity Shares on a rights basis to the Equity Shareholders and will dispatch the Draft Letter of Offer / the Letter of Offer / the Abridged Letter of Offer and CAFs to such shareholders who have provided an Indian address. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Draft Letter of Offer / the Letter of Offer / the Abridged Letter of Offer and CAFs, shall not be sent the Draft Letter of Offer / the Letter of Offer / the Abridged Letter of Offer and CAFs. No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Draft Letter of Offer has been filed with SEBI for observations. Accordingly, the rights or Equity Shares may not be offered or sold, directly or indirectly, and the Draft Letter of Offer may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, under those circumstances, the Draft Letter of Offer must be treated as sent for information only and should not be copied or redistributed.

Accordingly, persons receiving a copy of the Draft Letter of Offer should not, in connection with the Issue of the rights or Equity Shares, distribute or send the same in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If the Draft Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the rights or Equity Shares referred to in the Draft Letter of Offer. Envelopes containing a CAF should not be dispatched from any jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Equity Shares in this Issue must provide an Indian address. Any person who makes an application to acquire rights and the Equity Shares offered in this Issue will be deemed to have declared, represented, warranted and agreed that he is authorised to acquire the rights and the Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction. We, the Registrar, the Lead Managers or any other person acting on behalf of us reserve the right to treat any CAF as invalid where we believe that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such CAF. Neither the delivery of the Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in the Company’s affairs from the date hereof or that the information contained herein is correct as at any time subsequent to the date of the Draft Letter of Offer.

**The contents of the Draft Letter of Offer should not be construed as legal, tax or investment advice. Prospective Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Equity Shares. As a result, each Investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of Equity Shares. In addition, neither our Company nor the Lead Managers are making any representation to any offeree or purchaser of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or purchaser under any applicable laws or regulations.**

## PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Our Company's fiscal year commences on April 1 and ends on March 31 of the following calendar year, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year. Our Company is an Indian listed company and prepares its financial statements in accordance with Indian GAAP, applicable accounting standards and guidance notes issued by the ICAI, the applicable provisions of the Companies Act, 2013 and other statutory and/or regulatory requirements. Indian GAAP differs significantly in certain respects from IFRS and US GAAP. Neither the information set forth in our financial statements nor the format in which it is presented should be viewed as comparable to information prepared in accordance with IFRS or any accounting principles other than principles specified in the Indian accounting practices. All references to "India" contained in the Draft Letter of Offer are to the Republic of India, all references to the "US", or the "U.S." or the "USA" is to the United States of America and all references to "UK" are to the United Kingdom.

Unless otherwise stated, the financial information in the Draft Letter of Offer is derived from our: i) audited consolidated financial statements and audited standalone financial statements, for the Financial Year ended March 31, 2014; and ii) Audited consolidated financial results and audited standalone financial results, for the six month period ended September 30, 2014. For details of such financial information, please see the section titled "*Financial Statements*" on page 84 of the DLOF. We publish our financial statements in Indian Rupees.

In the Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures. Numerical values have been rounded off to two decimal places.

Unless stated otherwise, throughout the Draft Letter of Offer, all figures have been expressed in Rupees in million.

**Currency of Presentation**

All references to "India" contained in the Draft Letter of Offer are to the Republic of India, all references to the "Rupees" or "₹" or "Rs." are to Indian Rupees, the official currency of the Republic of India.

Unless stated otherwise, throughout the Draft Letter of Offer, all figures have been expressed in million. In the Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures.

In the Draft Letter of Offer, references to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable, and the words 'Lakh" or "Lac" mean "100 thousand"; "10 lakhs" means a "million", and; "10,000 lakhs" means a "billion".

## FORWARD LOOKING STATEMENTS

Our Company has included statements in the Draft Letter of Offer which contain words or phrases such as "may", "will", "aim", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "seek to", "future", "objective", "goal", "project", "should", "potential" and similar expressions or variations of such expressions, that are or may be deemed to be forward looking statements.

All forward looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, factors affecting:

- We are exposed to significant construction risks under our contracts that could cause us to incur losses**.**
- The demand for our property development business is dependent on the performance of the property market in the areas in which we operate, and any slowdown in the demand for such development and demand for business of our customers could adversely affect our business.
- We have derived significant revenues from key customers and projects. The loss of one or more of our key customers or projects could adversely affect us.
- Our revenues depend upon the award of new contracts and the timing of those awards. Consequently, our results of operations and cash flows may be adversely affected or fluctuate materially from period to period.
- A significant portion of our revenues are generated from one state in India. Our growth strategy to expand into new geographic areas poses risks. We may not be able to successfully manage some or all of such risks, which may have a material adverse effect on our revenues, profits and financial condition.
- Our industry is highly fragmented and competitive and increased competitive pressure could result in a reduction in our market share or require us to incur substantial expenditures which may adversely affect our business, results of operations and financial conditions.
- We are dependent on our senior management and our inability to retain them and attract new key personnel may have an adverse impact on the functioning of our business.
- The monetary and fiscal policies of India;
- Unanticipated turbulence in interest rates; and
- Equity prices or other rates or prices, the performance of the financial markets in India and globally.

For a further discussion of factors that could cause our Company's actual results to differ, please refer to the section titled "*Risk Factors*" on page 10 of the DLOF. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor the Lead Managers nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI / Stock Exchanges requirements, our Company and Lead Managers will ensure that Investors are informed of material developments until the time of the grant of listing and trading permission for the Rights Equity Shares by the Stock Exchanges.

## SECTION II – RISK FACTORS

*An investment in equity and equity related securities involves a high degree of risk. You should carefully consider all of the information in the Draft Letter of Offer, including the risks and uncertainties described below, before making an investment. Our Company's actual results could differ materially from those anticipated in the section titled "Forward Looking Statements" on page 9 of the DLOF, as a result of certain factors, including the considerations described below. If any of the following risks actually occur, our business, financial condition, results of operations and prospects could suffer, the trading price of our Equity Shares and the Rights Equity Shares could decline and you may lose all or part of your investment. You should also pay particular attention to the fact that we are governed in India by a legal and regulatory environment which in some material respects may be different from that which prevails in other countries.*

*Unless specified or quantified in the relevant risk factors detailed below, we are not in a position to quantify the financial or other implications of any of the risks described in this section.*

**Internal Risks**

***1. Our Company and our Subsidiaries are party to certain civil and taxation legal proceedings.***

There are certain outstanding legal proceedings initiated against our Company and our Subsidiaries. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. The amounts claimed in these proceedings have been disclosed to the extent ascertainable as on date of the Draft Letter of Offer and include amounts claimed jointly and severally from us and other parties. Should any new developments arise, such as any change in applicable Indian laws or any rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase expenses and current liabilities. There can be no assurance that these proceedings will not be determined adversely to us or that penal or other action will not be taken against our Company or our Subsidiaries. Any adverse decision in such proceedings may have an adverse effect on our business, results of operations and financial condition. A summary of litigation and disputes involving potential financial liability of ₹ 50 million or more and certain other litigation which we consider material, is as follows:

- *Litigations initiated against our Company:*

(in ₹ million)

| Nature of Litigation | Number of Outstanding Litigation | Amount Involved |
|---|---|---|
| Civil Proceedings | 1 | 3,600.00 |

- *Litigations initiated against our Subsidiaries:*

(In ₹ million)

| Nature of Litigation | Number of Outstanding Litigation | Amount Involved |
|---|---|---|
| Civil Proceeding | 1 | 1,500.00 |

- *Litigations initiated by our Company :*

(In ₹ million)

| Nature of Litigation | Number of Outstanding Litigation | Amount Involved |
|---|---|---|
| Civil Proceedings | 2 | 1,228.00 (plus applicable interest) |

- *Litigations initiated by our Subsidiaries :* Nil

- *Litigations against our Company / Subsidiaries where the Company / Subsidiary is only a party to the suit but there is no monetary claim:*

| Nature of Litigation | Number of Outstanding Litigation |
|---|---|
| Civil Proceeding | 2 |

Our failure to successfully defend claims could result in our business, prospects, financial condition and results of operations being adversely affected. For more information regarding pending litigation, please see the section titled "*Outstanding Litigations and Other Defaults*" on page 234 of the DLOF.

***2. Some of our financing agreements require prior consent of our lenders for undertaking a number of corporate actions, including for initiating and consummating the Issue out of which we are yet to obtain consent from one lender.***

Under some of our financing agreements, we are required to obtain prior consents from the respective lenders to undertake certain actions, including initiating and consummating the Issue, altering the memorandum and articles of association of our Company, prepayment of such loans, effecting any change in the capital structure, issuing any fresh capital and for completion of other requirements pertaining to the Issue.

As on the date of the Draft Letter of Offer, we have applied for such consents for the Issue from all our existing lenders and have yet to receive consents from one lender, namely, Central Bank of India. Although we have applied for such consent, there can be no assurance that we will be able to obtain such consent in a timely manner. Undertaking the Issue without obtaining such lender consents in a timely manner or at all, or in contravention of any conditions contained in such consents, may constitute a breach of the respective loan agreements. Any such default will enable the lenders to cancel any outstanding commitments, accelerate the repayment and enforce their security interests and may also trigger cross-defaults of other loan facilities. Further, such lenders may also curtail our ability to utilise a portion the Issue Proceeds for repayment or prepayment of certain debt availed to us. For further details of the proposed objects of the Issue, see *"Objects of the Issue"* on page 62 of the DLOF. This may have a material adverse effect on the business, operations, prospects and financial conditions of our Company. We are also subject to restrictive covenants in debt facilities provided to us by our lenders which may limit our strategic decisions and operations and we may not be able to service our debt or make repayments on a timely basis or at all thereunder which may materially and adversely affect our business, results of operations, financial condition and prospects

***3. The loss of major customers could adversely affect our business, results of operations and financial condition.***

Our Company's top ten EPC customers represent 59.59% of our total revenue on a standalone basis, amounting to ₹ 960.54 million for the six month period ended September 30, 2014. The loss of our major customers could lead to penalties, damages and cancellation/ non-renewal of orders which may result in loss of any of these customers or a significant reduction in demand and this could have an adverse effect on our business, results of operations and financial condition. Additionally, there can be no assurance that we will be able to renew our orders with such customers when the said orders come up for renewal and there can be no assurance that we will be able to replace the business lost due to the non-renewal of the same. Further, the loss or financial difficulties of any of our most significant customers, or significant decreases in the volumes of work from our customers, would have an adverse effect on our financial condition and profitability.

***4. Our industry is highly fragmented and competitive and increased competitive pressure could result in a reduction in our market share or require us to incur substantial expenditures which may adversely affect our business, results of operations and financial conditions.***

We operate in an intensely competitive and highly fragmented industry with low entry barriers. Our business may face competition from businesses that are larger and have substantially greater resources than we do. We face significant competition in our business from a large number of Indian construction companies who also operate in the same regional markets as us. It is difficult for us to predict the timing and scale of our competitors' actions in these areas. We expect competition to continue to be intense going forward as our existing competitors may expand their operations. The extent of the competition we face in property development market depends on a number of factors, such as the size and type of property development, contract value and potential margins, the complexity and location of the property development, facilities and supporting infrastructure services, the reputation of our competitors, and the risks relating to revenue generation.

Some of our competitors are larger and have greater land reserves or financial resources or a more experienced management team than us. Competitors may, whether through consolidation or growth, present more credible, integrated, or low cost solutions than we do, causing us to win fewer contracts. Given the fragmented nature of the construction industry, we often do not have adequate information about the projects our competitors are developing and constructing and accordingly, we run the risk of underestimating supply in the market. Further, our competitors may commence operations in the vicinity of our Ongoing Projects and may offer their products at competitive prices, resulting in a decreasing of sales of our projects. We cannot assure you that we can continue to compete effectively with our competitors, which could adversely affect our business, financial condition and results of operations.

5. ***As of September 30, 2014, we had total debt of ₹ 3,391.62 million outstanding. Our indebtedness and the conditions and restrictions imposed by our financing agreements could adversely affect our ability to conduct our business and operations.***

As of September 30, 2014 we had total debt of ₹ 3,391.62 million outstanding. We and our Subsidiaries, Associates and Joint Ventures may incur additional indebtedness in the future. Our indebtedness and that of our Subsidiaries, Associates and Joint Ventures could have several important consequences, including but not limited to the following:

- a portion of our and our Subsidiaries, Associates and Joint Ventures cash flow may be used towards repayment of existing debt, which will reduce the availability of cash flow to fund working capital, capital expenditures, acquisitions and other general corporate requirements;
- our and our Subsidiaries, Associates and Joint Ventures ability to obtain additional financing in the future at reasonable terms may be restricted;
- fluctuations in market interest rates may affect the cost of our and our Subsidiaries, Associates and Joint Ventures borrowings, as some of our and our Subsidiaries, Associates and Joint Ventures indebtedness are at variable interest rates;
- there could be an adverse effect on our business, financial condition and results of operations if we or our Subsidiaries, Associates and Joint Ventures are unable to service the indebtedness or otherwise comply with financial and other covenants specified in the financing agreements; and
- we may be more vulnerable to economic downturns, may be limited in our ability to withstand competitive pressures and may have reduced flexibility in responding to changing business, regulatory and economic conditions.

Most of our and our Subsidiaries, Associates and Joint Ventures financing arrangements are secured by our or our Subsidiaries, Associates and Joint Ventures movable and immovable assets, as applicable. Many of our and our Subsidiaries, Associates and Joint Ventures financing agreements also include various conditions and covenants that require us or them, as applicable, to obtain lender consents prior to carrying out certain activities and entering into certain transactions. Failure to meet these conditions or obtain these consents could have significant consequences on our business and operations.

The agreements and instruments governing our and our Subsidiaries, Associates and Joint Ventures existing indebtedness and the agreements we and our Subsidiaries, Associates and Joint Ventures expect to enter into governing future indebtedness, contain and are likely to contain restrictions and limitations, such as restrictions on issuance of new Equity Shares or other securities, incurring further indebtedness, creating further encumbrances on assets, disposing of assets, effecting any scheme of amalgamation or restructuring, undertaking guarantee obligations, declaring dividends or incurring capital expenditures beyond certain limits. In addition, some of these financing agreements contain and are likely to contain financial covenants, which may require us to maintain, among other things, a specified net worth to assets ratio, debt service coverage ratio, and maintenance of collateral. Furthermore, some of these financing arrangements entered into by our Subsidiar(ies) require us, in the event of a default in repayment or prepayment, to convert the whole or part of the outstanding amount into fully paid up equity shares.

We cannot assure you that we have complied with all such covenants in a timely manner or at all or that we will be able to comply with all such covenants in the future. A failure to observe the covenants under our financing arrangements or to obtain necessary consents required thereunder may lead to the termination of our credit facilities, levy of penal interest, acceleration of all amounts due under such facilities and the enforcement of any security provided. Any acceleration of amounts due under such facilities may also trigger cross default provisions under our other financing agreements. If the obligations under any of our financing agreements are accelerated, we may have to dedicate a substantial portion of our cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash for our working capital requirements and other general corporate purposes.

Moreover, our ability to make payments on our indebtedness will depend on our future performance and our ability to generate cash, which to a certain extent is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors, many of which are beyond our control. Our Company has in the past defaulted in the repayment of loans to banks and financial institutions. Although these defaulted repayments have since been rescheduled with the lenders, there is no assurance that these defaults will not occur in the future. In addition, any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our creditworthiness and/or any credit rating we may hold, which could harm our ability to incur additional indebtedness on acceptable terms.

***6. Demand for our EPC services business is dependent on industry and general economic conditions.***

The demand for our EPC services is also dependent on the level of domestic, regional and global economic growth and we are vulnerable to general economic downturns with respect to our EPC services business as well as our real estate business. Our EPC services business is also directly affected by changes in Government spending and capital expenditures by our customers. The growth rate of India’s economy and that of the demand for infrastructure services in India have fluctuated since the global downturn in the latter half of 2007. During periods of strong economic growth, demand for our EPC services may grow at a rate equal to, or even greater than, that of the Indian GDP. Conversely, during periods of slow GDP growth, such demand may exhibit slow or even negative growth. Recent global economic developments have adversely affected the Indian markets. There can be no assurance that future fluctuations in economic or business cycles, or other events that could influence GDP growth, will not have an adverse effect on our EPC services business and as a result our results of operations.

***7. Our business is heavily dependent on the availability of real estate financing and the failure to obtain additional financing may adversely affect our ability to grow and our future profitability.***

Our business and growth strategy is highly capital intensive, requiring substantial capital on acceptable terms to develop and market our projects. The actual amount and timing of our future capital requirements may also differ from estimates as a result of, among other things, unforeseen delays or cost overruns in developing our projects, unanticipated expenses, regulatory changes and engineering design changes. To the extent our capital expenditure requirements exceed our available resources we will be required to seek additional debt or equity financing. Additional debt financing could increase our interest cost and require us to comply with additional restrictive covenants in our financing agreements. Additional equity financing could dilute our earnings per share and your interest in our Company and could adversely affect our share price. In addition, the Indian regulations on foreign investment in townships, housing, built-up infrastructure and construction and development projects impose significant restrictions on us. Further, under current Indian regulations, external commercial borrowings cannot be raised for investment in real estate, which may further restrict our ability to obtain necessary financing.

Our ability to obtain additional financing on favourable commercial terms, if at all, will depend on a number of factors, including:

- our future financial condition, results of operations and cash flows;
- the amount and terms of our existing indebtedness;
- general market conditions for financing activities by real estate companies; and
- economic, political and other conditions in the markets where we operate.

Our attempts to consummate future financings may not be successful at terms acceptable to us and failure to obtain financing on such terms could have an adverse effect on our business, prospects and results of operations. If we are unable to incur sufficient indebtedness or have access to capital, our ability to grow could be limited.

Furthermore, changes in the global and Indian credit and financial markets have recently significantly diminished the availability of credit and led to an increase in the cost of financing. In many cases, the markets have exerted downward pressure on the availability of liquidity and credit capacity. We may need liquidity for future growth and development of our business and may have difficulty accessing the financial markets, which could make it more difficult or expensive to obtain financing in the future. Without sufficient liquidity, we may not be able to purchase additional land or develop additional projects, which would adversely affect our results of operations. We cannot assure you that we will be able to raise additional financing on acceptable terms in a timely manner or at all. Our failure to renew existing funding or to obtain additional financing on acceptable terms in a timely manner could adversely affect our planned capital expenditure, business and results of operations including our growth prospects.

***8. Since we implement many of our real estate development projects through project-specific Subsidiaries, Associates and Joint Ventures, we are substantially dependant on the performance of such Subsidiaries, Associates and Joint Ventures.***

We have equity interests in thirteen Subsidiaries, six Joint Ventures and two Associates, each of which develops a real estate development project. Some of our Subsidiaries**,** Associates and Joint Ventures not only develop real estate but also continue to own and operate such developments subsequent to their completion. As a result, although we generate revenues from our EPC services business and at times directly develop real estate, our financial condition and results of operations are dependent on the performance of our Subsidiaries**,** Associates and Joint Ventures and the revenues from EPC Contracts, dividends and other distributions we receive from them. As a result, in the event of non-performance of our Subsidiaries, Associates and Joint Ventures, losses incurred by such entities or non-receipt of EPC services revenues, or a lack of dividends or other distributions from them, our results of operations and financial condition may be adversely affected.

***9. We depend upon the fulfilment of the obligations of our Joint Venture partners, as well as the products and services of a number of suppliers and sub-contractors, in the operation of our business.***

Our Joint Venture projects depend upon the fulfilment of the obligations of our Joint Venture partners. Although, typically, our joint development agreements and joint venture and other agreements and documents may legally obligate the other parties to provide the relevant services, we cannot assure you that they will provide such services on a timely basis, or at all, which could adversely affect our as well as our joint ventures' business and results of operations. In some cases, under the terms of the agreements with our partners, we along with our partners are required to provide additional funding into such entities. We cannot assure you that our partners will contribute towards such additional funding at the appropriate time and in the manner specified in such agreements, or at all. In addition, though our joint ventures and joint development agreements confer rights on us to construct, develop, market and sell the developed properties, our Joint Venture partners have certain decision-making rights which may limit our flexibility to make decisions relating to such projects, and may cause delays or losses.

We rely upon the products and services of a number of third-parties, suppliers and sub-contractors in the construction of our projects, such as architects, engineers, contractors and suppliers of labour and materials. These third parties undertake certain responsibilities for the services they are specialists in. Suppliers and sub-contractors also provide us with raw materials and equipment. We have limited control over the cost, availability or quality of their products or services, and as such the inability or unwillingness of such suppliers and sub-contractors to provide their products and services to us, including on a timely and cost-efficient basis, may adversely affect our business and results of operations. As a result, we may be required to make additional investments or provide additional services to ensure the adequate performance and delivery of contracted services. Any consequent delay in project execution could adversely affect our profitability and reputation.

***10. Out of the total Land Reserves around 39.82 acres is in the name of our Company and the remaining is in the name of SPVs.***

We own, in our name, a total of 39.82 acres of land aggregating 11.47% of our total Land Reserves. Most of our remaining Land Reserves are held in the project specific companies which will develop our projects. As a result, such project – SPVs will have significant control over our Land Reserves. Such control may limit our flexibility to make decisions relating to such Land Reserves and may cause delays or losses. If we are unable to carry out our operations in connection with such land, in a timely manner, our financial condition, profitability and results of operation may be adversely affected.

***11. Portions of the land forming part of our Land Reserves consists of agricultural land, and as such require consents or approvals of regulating authorities prior to development.***

Approximately 48.07% or 166.80 acres of the total Land Reserves consists of agricultural land. We shall commence development on such land upon receiving approvals from the relevant authority for the conversion of its usage to commercial and residential purpose. If such approvals from the relevant authority are not granted, we may not be able to carry on any developments on such land.

***12. Sustained high raw material or equipment costs or the lack of their availability may adversely affect our business and results of operations.***

Costs of raw materials constitute a significant part of our operating expenses. Our construction operations require a wide range of construction materials including steel, cement, sand and other aggregates, fittings, frames, doors and windows. In addition, we require the use of a range of construction equipment such as excavators, cranes and cement mixers in our construction processes. Furthermore, the increased number of infrastructure projects currently ongoing in India may lead to an increase in prices. Our ability to pass on increases in materials and equipment costs may be limited under contracts with limited or no price variation provisions. Although, historically, we have not faced any significant shortage of raw materials or equipment, we cannot assure you that we would not face any shortage in the future. Unanticipated increases in materials and equipment costs, not taken into account in our EPC Contracts or real estate development projects or the lack of their availability, may adversely affect our business and results of operations.

***13. As of September 30, 2014 our Order Backlog was ₹ 8061.06 million. Projects included in our Order Backlog may be delayed or modified, which could harm our cash flow position, revenues and income.***

Projects included in our Order Backlog may be delayed or cancelled which could adversely harm our cash flow position, revenues and earnings. As of September 30, 2014, our Order Backlog was ₹ 8061.06 million. This can be primarily attributed to the current challenging economic environment and delays in getting necessary approvals. However, Order Backlog does not necessarily indicate future earnings related to the performance of that work but merely refers to expected future revenues under signed contracts or contracts where letters of intent have been received. Order Backlog projects represent only business that is considered firm, although cancellations or scope of adjustments may occur. Due to changes in project scope and schedule, we cannot predict with certainty when or if Order Backlog projects will be performed. In addition, even if a project were to proceed as scheduled, it is possible that contracting parties may default and fail to pay amounts owed. Any delay, cancellation or payment default could adversely harm our cash flow position, revenues or earnings.

For some of the contracts in our Order Backlog, our clients are obliged to perform or take certain actions, such as securing of the right of way, clearance of agricultural land or forest, obtaining required approvals, licenses or permits, timely payments of advances or opening of letters of credit, timely approval of designs and shifting of existing utilities. If a client does not perform all of such actions in a timely manner, or at all, our operations and our results of operations may be adversely affected.

***14. Our profitability and results of operations may be adversely affected in the event of increases in the prices of raw materials or other inputs.***

A significant part of our projects are executed on a fixed-price range basis, however, certain projects are subject to price variation or owner-supply provisions for the supply of steel and cement. In view of the same, the cost of raw materials and other input costs constitute a part of our operating expenses. Our construction services require various construction raw materials including steel, cement, bricks, building blocks and ready mixed concrete. For the six months period ended September 30, 2014, the cost of materials consumed constituted 70.21% of our expenses. Our ability to pass on increases in the purchase price of materials may be limited in the case of fixed-price contracts or contracts with limited price escalation provisions. Any unforeseen rise in prices of construction material makes it expensive for us to acquire such raw materials and may materially and adversely effect on financial condition and results of operations.

***15. In our EPC services business, we are exposed to significant construction risks that could cause us to incur losses.***

Our projects are generally performed on a fixed-price range basis, except in certain projects where we have price variation or owner-supply provisions for the supply of steel and cement. Under the terms and conditions of such fixed-price contracts, we generally agree to a fixed price for providing engineering, procurement and construction services for the project contracted to us, subject however, in certain cases to project variations pursuant to changes in the client's requirements. Our actual expense for executing a fixed-price contract may vary substantially from the assumptions underlying our bid for several reasons, including unanticipated changes in engineering or design of the project, unanticipated increases in the cost of equipment, materials or manpower, delays associated with the delivery of equipment and materials to the project site, unforeseen construction conditions, including the inability of the client to obtain requisite regulatory, environmental and other approvals, resulting in delays and increased costs, delays caused by local weather conditions, and suppliers' or subcontractors' failure to perform.

Unanticipated costs or delays in performance of a part of the contract can have compounding effects by increasing costs of other parts of the contract. These variations, and the risks generally inherent to the construction industry, may result in our actual profits being different from those originally estimated and may result in our experiencing reduced profitability or losses on projects. Depending on the size of a project, these variations from estimated contract performance could have an adverse effect on our results of operations.

***16. Inadequate project management could affect our results of operations and financial condition as we may have to incur liquidated damages for time overruns.***

Our EPC services and real estate development businesses depend on proper and timely project management of our projects. Although we focus on project management in a number of ways, including by appointing project managers at our sites and project coordinators at our headquarters and by obtaining progress reports periodically, ineffective or inefficient project management could increase our costs and expenses, and thus adversely affect our profitability.

Time is often of the essence in our projects. In our EPC services business, while we may enter into contracts which provide for liquidated damages for time overruns, in our real estate development business, we or our Subsidiaries, Associates and Joint Ventures may have to pay liquidated damages for delays in completion or delivery of the property. Additionally, in some EPC

Contracts, in case of delays attributable to us or due to defective work undertaken by us, clients may have the right to appoint a third party to complete such work and also have the right to deduct additional costs or charges incurred for completion from the contract price payable to us. In case we are unable to meet the performance criteria as prescribed by the clients and if liquidated damages are levied, our results of operations and financial condition could be adversely affected.

17. ***Our operations are subject to hazards and other risks and could expose us to liabilities, loss in revenues and increased expenses.***

Our operations are subject to hazards inherent in providing engineering and construction services, such as risk of equipment failure, work accidents, fire or explosion, including hazards that may cause injury and loss of life, severe damage to, and destruction of, property and equipment, and environmental damage.

We may also be subject to claims from construction defects in the projects constructed by us within the warranty periods provided by us in our contracts. Actual or claimed defects in construction quality could give rise to claims, liabilities, costs and expenses, relating to loss of life, personal injury, damage to property, damage to equipment and facilities, pollution, inefficient operating processes, loss of production or suspension of operations. Our policy of covering these risks through contractual limitations of liability and insurance may not always be effective. Losses may derive from risks not addressed in our insurance policies, or it may no longer be possible to obtain adequate insurance against some risks on commercially reasonable terms. Failure to effectively cover ourselves against engineering and construction industry risks for any of these reasons could expose us to substantial costs and could potentially lead to losses. Additionally, the occurrence of any of these risks may also adversely affect public perception about our operations and the perception of our suppliers, clients and employees, leading to an adverse effect on our business. These liabilities and costs could have an adverse effect on our business, results of operations and financial condition.

18. ***We may not be able to replenish our Land Reserves by acquiring suitable sites at suitable prices which may adversely affect our business and prospects.***

Our growth plans require us to develop our Land Reserves at a rapid rate. In order to maintain and grow our business, we will be required to replenish our Land Reserves with suitable sites for future development. Our ability to identify and acquire suitable sites is dependent on a number of factors that may be beyond our control. These factors include the price and availability of suitable land, the willingness of land owners to sell or develop land on terms acceptable to us, the ability to obtain and complete an agreement to sell or develop land from all the land owners, where the land has multiple owners, the availability and cost of financing, encumbrances on targeted land, Government of India directives on land use and the obtaining of permits, consents and approvals for land acquisition and development. The failure to acquire or obtain development rights over targeted land may cause us to modify, delay or abandon entire projects, which in turn could cause our business to suffer.

In addition, land acquisition in India has historically been subject to regulatory restrictions on foreign investment. In addition to these restrictions being gradually relaxed, the aggressive growth strategies and financing plans of real estate development companies as well as real estate investment funds in India, is likely to make suitable land increasingly expensive. If we are unable to compete effectively for acquiring suitable land, our business and prospects will be adversely affected.

19. ***Certain information contained herein and estimated construction costs, are based on management estimates which may change for various reasons. Certain statistical and financial data from third parties contained herein may be incomplete or unreliable.***

Some of the information contained in the Draft Letter of Offer with respect to our projects such as the amount of land or land development rights owned by us and our Subsidiaries, Associates and Joint Ventures, the costs of construction, the location and type of development of such land used for development is based on management estimates. The total area of property that is ultimately developed may differ from the descriptions of the property presented herein depending on various factors such as market conditions, title defects, modification of architect estimates, and any inability to obtain necessary regulatory approvals. Therefore, our management's estimates with respect to our Ongoing Projects are subject to uncertainty.

We have not independently verified data from certain government and industry publications and other sources contained herein and therefore cannot assure you that they are complete or reliable. Also, data with respect to other countries may be produced on a different basis than the data that relates to India. Therefore, certain statements, contained herein, relating to India, its economy or our industry have not been verified by us and may be incomplete or unreliable.

***20. We may not be successful in identifying suitable projects, which may impede our growth.***

Our ability to identify suitable projects is fundamental to our business and involves certain risks, including identifying and acquiring appropriate land or development rights over appropriate land, appealing to the tastes of residential customers, understanding and responding to the requirements of commercial clients and anticipating the changing trends in India. In identifying new projects, we also need to take into account land use regulations, the land's proximity to resources such as water and electricity and the availability and competence of third parties such as architects, surveyors, engineers and contractors. While we have successfully identified suitable projects in the past, we may not be as successful in identifying suitable projects that meet market demand in the future. The failure to identify suitable projects, build or develop properties that meet customer demand in a timely manner could result in lost or reduced profits. In addition, it could reduce the number of projects we undertake and slow our growth.

***21. We have in the past received show cause notices and work stop notices from regulatory authorities in connection with our development projects. There can be no assurance that we will not receive any such show cause notices and / or work stop notices in the future. Further, receipt of the any work stop notice may have an adverse impact on our results of operations, profitability and cash flows.***

We have in the past received the following show cause / work stop notices: i) a show cause notice dated January 13, 2014, issued by the Government of Maharashtra in connection with Project Phoenix, Pune; and ii) development of a proposed five star hotel at Lohegaon, Pune, for which two Demand Notices (bearing nos. 1123 and 1124) were issued on July 6, 2009, a Work Stop Notice was issued on October 15, 2009 and a Notice by the Building Control Department under Section 267 of the BPMC Act, 1949, for which a suit is currently pending before the Court of the Civil Judge Senior Division, Pune. (iii) the Superintendent Engineer, Public Works Department, Tamil Nadu, Chennai issued a stop works letter dated June 3, 2011 on accound of excess and wasteful expenditure and deficiency in standard of construction. The said stop works order was revoked on November 4, 2013.

There can be no assurance that we will not receive any such show cause notices and / or work stop notices in the future. Further, receipt of the any work stop notice may have an adverse impact on our results of operations, profitability and cash flows.

***22. A decline in the financial stability of our commercial tenants as well as our prospective tenants may adversely affect our business and financial results.***

Our Subsidiaries, Associates and Joint Ventures and ourselves, in some cases, own and lease commercial properties until such properties are sold. General economic conditions and other factors may affect the financial stability of our tenants and prospective tenants and/or the demand for our commercial real estate. In the event of a default or termination of the lease by the tenant prior to its expiry, we will suffer a rental shortfall and incur additional costs, including legal expenses, in maintaining, insuring and re-letting the property. If we are unable to re-let or renew lease contracts promptly, if the rentals upon such renewals or re-leasing are lower than the expected value or if reserves, if any, for these purposes prove inadequate, our results of operations, financial condition and the value of our real estate could be adversely affected.

***23. The success of our residential property business is dependent on our ability to anticipate and respond to consumer requirements.***

The disposable income of India's middle and upper income classes, together with changes in lifestyle, has resulted in a substantial change in the nature of their demands. Increasingly, consumers are seeking better housing and better amenities in new residential developments. Our focus on the development of high quality luxury and comfortable residential accommodation requires us to satisfy these demanding consumer expectations. The range of amenities now demanded by consumers include those that have historically been uncommon in India's residential real estate market such as covered parking, gardens, community space, security systems, playgrounds, swimming pools, fitness centres, tennis courts and golf courses. If we fail to anticipate and respond to consumer requirements, we could lose potential clients to competitors, which in turn could adversely affect our business and prospects.

***24. The estimated completion dates with respect to our Ongoing Projects are based on existing real estate regulations and current development plans, and may differ once the project is complete.***

The estimated completion dates with respect to our Ongoing Projects are based on existing real estate regulations and current development plans. Any change in these regulations or plans may lead to changes in the estimated completion dates including a reduction in such area, which could adversely affect our business and results of operations. In addition, our estimates with respect to such completion dates necessarily contain assumptions that may not prove to be correct.

We are in the process of making the applications to regulatory authorities in connection with the development of some of our projects which are in the initial stages of development. As these property developments are still in initial stages of development, the proposed use and development plans for these projects may be subject to further changes, as may be decided by us keeping in mind various factors including the economic conditions, the prevailing preferences of the consumers and regulations applicable to us. We cannot assure you that we shall receive any of such approvals in a timely manner, or at all. In the event that we do not receive these approvals, our business, prospects, financial condition and results of operations could be adversely affected.

***25. Any downturn in the real estate industry could continue to, adversely affect our business, liquidity and results of operations.***

Our business is heavily dependent on the performance of the real estate market in India, particularly in the regions in which we operate or intend to operate, and could be adversely affected if real estate prices or market conditions deteriorate. In the recent past, economic developments outside India have adversely affected the property market in India and our overall business. The global credit markets have been experiencing, and may continue to experience, significant volatility that has originated from adverse developments in the United States, and the European Union's credit and sub-prime residential mortgage markets. These and other related events, such as the collapse of a number of financial institutions, have had, and continue to have, an adverse effect on the availability of credit and the confidence of the financial markets globally, as well as in India.

In light of such events, the real estate industry in India has been experiencing a significant downturn. An industry-wide softening of demand for property has resulted from a lack of consumer confidence, decreased affordability, decreased availability of mortgage financing, and large supplies of resale and new inventories. As we generate most of our revenues from the lease or sale of our developments, a decrease in rental or selling prices of real estate could adversely affect our financial condition and results of operations.

Though the global credit market and the Indian real estate market are recovering, economic turmoil may continue to exacerbate industry conditions or have other unforeseen consequences, leading to uncertainty about future conditions in the real estate industry. These effects include, but are not limited to, decreases in the sales of, or market rates for, our residential development projects; delays in the release of certain of our residential projects in order to take advantage of future periods of more robust real estate demand; inability of our customers to obtain credit to finance the purchase of our properties or obtain working capital. We cannot assure you that Government responses to the disruptions in the financial markets will restore consumer confidence, stabilise the markets or increase liquidity and the availability of credit. Worsening of this downturn or general economic conditions would have an adverse effect on our business, liquidity and results of operations.

***26. The expansion of our commercial real estate business is dependent on the willingness and ability of corporate customers to purchase or pay rent at suitable levels.***

Our commercial real estate business has historically targeted, and will continue to target, domestic and multinational pharmaceutical, IT and ITES companies. Our growth and success will therefore depend on the provision of high quality office space to attract and retain clients who are willing and able to purchase or pay rent at suitable levels and on our ability to anticipate the future needs and expansion plans of these clients. We will incur significant costs for the integration of modern fittings, contemporary architecture and landscaping. Further, the security, telecommunications, broadband and wireless systems that our clients require involve additional costs associated with installation and maintenance by third parties. In addition, our commercial customers may choose to acquire or develop their own commercial facilities, which may reduce the demand for our commercial properties from these customers. Companies in the IT and ITES sector, constitute a significant proportion of our commercial tenant base and our commercial business would be adversely affected if these industries were to experience a slowdown or if companies in these industries were to scale down their operations.

***27. The success of our real estate development business also depends on our ability to build hospitality properties, resorts, shopping malls and multiplexes in appropriate locations and attract suitable retailers and customers.***

The success of our real estate development business depends on our ability to recognise and respond to the changing trends in India's hospitality, consumer and retail sectors. Within our real estate development business, we and our Subsidiaries, Associates and Joint Ventures also continue to own hospitality properties, resorts and a service apartment complex. We believe that in order to draw consumers away from traditional shopping environments such as small local retail stores or markets as well as from competing shopping malls, we need to create demand where customers can take advantage of a variety of consumer and retail options, such as large department stores, designer stores, comprehensive entertainment facilities, multiplexes, restaurants, bars, air conditioning and underground parking.

Further, to help ensure our shopping malls' success, we must secure suitable anchor tenants and other retailers as they play a key role in generating customer traffic. With the likely entry of major international retail companies into India and the establishment of competing retail operations, there will be an increasing need to attract and retain major anchor tenants and other retailers who can successfully compete with the growing presence of large international retailers. A decline in consumer and retail spending or a decrease in the popularity of the retailers' businesses could cause retailers to cease operations or experience significant financial difficulties that in turn could harm our ability to continue to attract successful retailers and visitors to our shopping malls and hospitality properties.

***28. Our hospitality properties and shopping mall operations and our plans to develop hospitality properties and shopping malls, are subject to risks inherent to such businesses and other contingencies, and may not be successful.***

As part of our growth strategy, we have developed number of hospitality properties and shopping malls and office complexes and intend to develop several others. We derive revenue from entities involved in owning and operating hospitality properties and service apartment complexes. The success of our hospitality properties and shopping malls business is subject to the state of the Indian economy and the hospitality and retail industries and our ability to select appropriate locations and to successfully undertake and complete projects with our Subsidiaries, Associates and Joint Ventures.

We have entered into various arrangements with operators for our hospitality properties. Under these arrangements, we are required to develop the hospitality properties while our partners operate and manage the hospitality properties, resorts and serviced residences, in return for a management fee payable to them. The success of this business depends on our ability to identify and develop appropriate locations and to successfully operate these hospitality properties, resorts or serviced residences. In addition, the role of our partners is critical for the uninterrupted operations of these hospitality properties. If our hospitality partners fail to meet their obligations, experience financial or other difficulties or suffer a loss of reputation, the projects may suffer and as a result our business and results of operations may be adversely affected. In addition, in the event that these arrangements with our partners are not successful, our reputation as a hospitality partner for future projects may be adversely affected. The hospitality business entails additional risks that are distinct from those applicable to our EPC services business or the business of developing residential and commercial real estate, such as the oversupply of rooms, failure to attract and retain clients, and adverse international, national and regional travel or security risks. Any of these developments may have an adverse effect on our business, results of operations and financial condition.

***29. In relation to some of our SPVs, we have entered into certain shareholders agreements with certain investors with respect to certain project specific companies which contain certain conditions which may adversely affect our business, financial condition and results of operations.***

As of September 30, 2014, in relation to some of our SPVs, we have entered into certain shareholders agreements with certain investors with respect to certain project specific companies. Certain business decisions and some of the operations of the project specific companies involved with these projects will require the prior consent of the relevant SPV Investor, such as in the case of, among other things, acquiring land, changing certain aspects of the project, commencing new business operations, incurring indebtedness beyond certain levels or restrictions on the amount of interest payable to our Company. We cannot assure you that such SPV Investors or their board nominees in the relevant project specific companies will vote in favour of our interests and the project specific companies may be prevented from implementing decisions which could be beneficial to our business, financial condition and results of operations. In addition, there could be delays in making such business decisions which could adversely affect our business, financial condition and results of operations. Some of these shareholders agreements also lay down certain restrictions on payment of dividend by the project specific companies. Further, certain shareholders agreements also provide the SPV Investor with rights such as right of first refusal, right of first offer, "drag along" right and "tag along" right. Fulfilling our obligations in compliance with the respective shareholder agreements may lead to a greater financial risk and capital expenditure with regard to the relevant project(s), which may have an adverse effect on our business, financial condition and results of operations.

***30. We will face competition from SEZ developments and this may adversely affect our growth plans.***

Owing to the relaxation of the regulatory framework and availability of fiscal and other benefits for setting up operations in SEZs, a large number of companies have expressed interest in developing SEZs in anticipation of demand for space in the SEZs. We realise that many approvals have been granted in various locations including in and around Hyderabad, Chennai and Pune. We may face competition arising from SEZs being developed in neighbouring areas as well as from our current and potential customers who may set up their own SEZs. The entities in which we have an interest and with whom we carry on joint development activities could also prefer to carry on SEZ development on their own. This increased competition from future SEZ developments could adversely affect our growth plans.

***31. We may not be able to complete the acquisitions or registrations of the land for which we, our Subsidiaries, Associates and Joint Ventures have entered into agreements to purchase.***

We, our Subsidiaries, Associates and Joint Ventures, have entered into, and from time to time will enter into, agreements to purchase land from third parties. These agreements are entered into prior to acquiring the land or entering into a joint venture or joint development arrangements. These acquisition agreements typically stipulate time frames within which title to land or interest in such land must be conveyed and provide that all or a part of the advance monies paid to these third parties may be forfeited in the event that the acquisition process is not completed within the agreed time frames. In certain situations, agreements to purchase land may expire or contain irregularities that may invalidate them. As a result, we cannot assure you that we or our Subsidiaries or our Associates or our Joint Ventures will be successful in acquiring interest or in registering such land, and consequently, may not be able to develop such properties, which could have an adverse effect on our financial condition and results of operations.

We also cannot assure you that the land identified will be acquired at competitive prices. In the event that the prices are increased by the land owners, we may not be able to acquire additional land or proceed with the developments.

32. ***We have incurred losses for the Financial Year ended March 31, 2014 and for the six month period ended September 30, 2014 and may continue to experience losses in the future.***

On a consolidated basis, our Company incurred a net loss after minority interest of ₹ 439.16 million and ₹ 264.74 million, for the Financial Year ended March 31, 2014 and for the six month period ended September 30, 2014, respectively, and on a standalone basis, our Company incurred a net loss after tax of ₹ 448.76 million and ₹ 292.25 million, for the Financial Year ended March 31, 2014 and for the six month period ended September 30, 2014, respectively. For further details of such financial information, please see the section titled "*Financial Statements*" on page 84 of the DLOF.

We cannot guarantee that we will become profitable in future. Further, in case we continue to incur losses our net worth shall get affected. We may continue to incur losses in the future for a number of reasons, including the other risks described in the Draft Letter of Offer, and we may also encounter unforeseen expenses, difficulties, complications, delays and other unknown events. If we incur losses in the future, our financial condition, our reputation and the market price of our Equity Shares could suffer.

33. ***Governmental agencies in India may exercise rights of compulsory purchase or eminent domain in respect of our Land Reserves.***

We are subject to the risk that Governmental agencies in India may exercise rights of eminent domain, or compulsory purchase in respect of our Land Reserves. The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 allows the central and state Governments to exercise rights of compulsory purchase, or eminent domain, which, if used in respect of our land, could require us to relinquish land with minimal compensation. The likelihood of such actions may increase as the central and state Governments seek to acquire land for the development of infrastructure projects such as roads, airports and railways. Any such action in respect of one or more of our major current or proposed developments could adversely affect our business, prospects and results of operations.

34. ***A substantial portion of our business and operations are concentrated in Maharashtra, which exposes us to risks of geographic concentration.***

A substantial portion of our business and operations are concentrated in Maharashtra, especially in and around Pune. As of September 30, 2014, we have 27 ongoing EPC Contracts, with an Order Backlog of ₹ 8,061.06 million out of which 45.04% of our Order Backlog is in Maharashtra. We, together with our Subsidiaries, Associates and Joint Ventures, have 11 Ongoing real estate projects, out of which 94.92% is being or to be developed in Maharashtra. In the event of a regional slowdown in the business, economic or construction activity in Maharashtra, especially in and around Pune, or any developments that make projects in Maharashtra less economically beneficial, our business, financial condition and results of operations could be adversely affected.

In addition, we may not be successful in diversifying our business and operations to other cities and states, due to our lack of experience regarding the development and regulations applicable in new geographic areas or because of the differences in scale or style of projects in such areas. In addition, our competitors may be better known in markets other than Maharashtra, enjoy better relationships with land-owners, gain early access to information regarding attractive parcels of land and be better placed to acquire such parcels of land.

***35. We are exposed to significant construction risks under item rate contracts that could cause us to incur losses.***

Our Company derives revenue from contracts where the consideration is predominantly payable on an item rate basis. Under the terms and conditions of such item rate contracts, we agree to provide certain construction activities in a particular project at a rate specified in the relevant bill of quantities ("**BOQ**") for performing each such activity. The BOQ is an estimate of the quantity of activities involved and these quantities may be varied by the parties during the course of the project. The unit rate, however, is fixed, although it may be increased pursuant to the occurrence of agreed escalation events. The actual expense to us for executing an item rate contract may vary substantially from the assumptions underlying our bid for several reasons, including:

a. unanticipated increases in the cost of subcontracting, cost of equipment and materials;
b. delays associated with the delivery of equipment and materials to the project site;
c. unforeseen construction conditions, resulting in delays and increased costs;
d. delays caused by local weather conditions; and
e. suppliers' or sub-contractors' failure to perform.

Unanticipated costs or delays in performing part of the contract can have compounding effects by increasing costs of performing other parts of the contract. These variations and the risks generally inherent to the construction industry may result in our profits being different from those originally estimated and may result in us experiencing reduced profitability or losses on projects. Depending on the size of a project, these variations from estimated contract performance could have a significant effect on our financial condition and results of operations.

***36. We are required to pay security deposits and comply with certain obligations in relation to our joint ventures or joint development agreements.***

We are often required to pay substantial advance payments as security deposits to the land owners in connection with the development of our Ongoing Projects. As of September 30, 2014, we paid an aggregate of ₹ 1,593.58 million as refundable security deposits / advances in relation to our Land Reserves. Under the terms of some of these joint ventures and joint development agreements, we are required to contribute a certain amount as initial capital contribution to the partnership and are entitled to a percentage of the profits that is generated by the partnership. Such joint ventures and joint development agreements also require us to obtain consents and approvals in a timely manner from the regulatory authorities to develop our projects. Further, we are required to complete the construction of our projects within specified periods of time. Under our joint venture and joint development agreements, we also indemnify our joint venture partners or land owners in connection with the development of our projects.

We cannot assure you that we will be able to obtain all necessary consents and approvals or develop our projects in a timely manner and, therefore we may not be able to recover the deposits paid by us or may be required to indemnify the land owners. This could adversely affect our business and business prospects, financial condition and results of operations. In addition, even if we comply with all terms and conditions of our joint ventures or joint development agreements, our joint venture or joint development partners may violate the terms of or terminate our agreements with them, which could adversely affect our business and results of operations.

***37. We have high working capital and capital expenditure requirements. If we experience insufficient cash flows to meet required payments on our debt and working capital and capital expenditure requirements, there may be an adverse effect on our results of operations.***

Our EPC services and real estate development businesses require a significant amount of working capital and capital expenditure. In many cases, significant amounts of our working capital are required to finance the purchase of materials and the performance of engineering, procurement, construction and other work on projects before payment is received from clients. Capital expenditure is required by us to purchase equipment. Moreover, we may need to incur additional indebtedness in the future to satisfy our working capital and capital expenditure needs.

Our working capital requirements may increase if the payment terms in our contracts include reduced advance payments or payment schedules that specify payment towards the end of a project. These factors may result, or have resulted, in increases in the amount of our receivables and short-term borrowings. Continued increases in working capital requirements may have an adverse effect on our financial condition and results of operations.

It is customary in our businesses to provide advances, security deposits, bank guarantees or performance bonds in favour of customers to secure obligations under contracts. We may not be able to continue obtaining additional indebtedness, or new bank guarantees and performance bonds, in sufficient amounts to meet our business requirements. If we are unable to incur sufficient additional indebtedness or provide sufficient collateral to secure the bank guarantees or performance bonds, our ability to enter into new contracts could be limited.

***38. We face uncertainty of title to land, which could adversely affect our property valuations and prospects.***

The difficulty of obtaining title guarantees in India means that title records provide only for presumptive rather than guaranteed title. The original title to land may often be fragmented and the land may have multiple owners. Some of such land may have irregularities of title, such as non-execution or non-registration of conveyance deeds and inadequate stamping and may be subject to encumbrances of which we may not be aware. As we also undertake development in collaboration with third parties, in some of these properties, the title to the land may be owned by one or more of such third parties. In such instances, we cannot assure you that the persons with whom we enter into joint ventures or joint development agreements have clear title to such land.

While we and our Subsidiaries, Associates and Joint Ventures conduct due diligence and assessment exercises prior to acquiring land or entering into joint development agreements with land owners or such third parties, we may not be able to assess or identify all risks and liabilities associated with the land, such as faulty or disputed title, unregistered encumbrances or adverse possession rights. As a result, most of such land does not have guaranteed title and title has not been independently verified. The uncertainty of title to land makes the acquisition and development process more complicated, may impede the transfer of title, expose us to legal disputes, adversely affecting our land valuations and our business and financial condition.

Legal disputes in respect of land title can take several years and considerable expense to resolve if they become the subject of court proceedings and their outcome can be uncertain. If we or the owners of the land, with whom we enter into development agreements or our Subsidiaries, Associates and Joint Ventures who own the land, are unable to resolve such disputes with these claimants, the interest in the land may be lost. The failure to obtain good title to a particular plot of land may materially prejudice the success of a development for which that plot is a critical part and may require us to write off expenditures in respect of the development. In addition, land for which we or entities which have granted us development rights, have entered into agreements to acquire but have not yet acquired form a significant part of our growth strategy and the failure to obtain good title to such land could adversely affect our property valuations and prospects.

***39. Our Statutory Auditor has in its examination report on our Company's audited standalone financial statements for the Financial Year ended March 31, 2014 listed findings in accordance with the Companies (Auditors' Report) Order, 2003 and the six month period September 30, 2014, made observations and placed emphasis on certain matters and which may adversely impact our results of operations.***

Our Statutory Auditor has in its examination report on our Company's audited standalone financial statements for the Financial Year ended March 31, 2014, listed the following findings in accordance with the Companies (Auditors' Report) Order, 2003:

i) "According to the information and explanations given to us, there have been delays in depositing with appropriate authority undisputed statutory dues in respect of Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Wealth-tax, Service Tax, Custom Duty, Cess and other statutory dues as may be applicable. Arrears of outstanding statutory dues for a period more than 6 months from the date they become payable is as under:

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

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

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

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

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

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

As on September 30, 2014 all the above outstanding dues have been paid off.

Further, the Statutory Auditor in his Auditors' Report for the six month period ended September 30, 2014 has placed emphasis on the following matters:

With regard to repayment of debentures the company is yet to deposit 15 % of the amounts repayable during the year ending on March 31, 2015 in one or more methods prescribed under the Companies (Share Capital & Debentures) Rules 2014, which in accordance with the said rules were required, to be deposited by April 15, 2014.

***40. If we do not generate adequate profits, we may not be able to maintain an adequate Debenture Redemption Reserve, ("DRR").***

Pursuant to Section 71 of the Companies Act, 2013 a company is required to maintain DRR up to 25% of the value of debentures issued through a public issue and also 25% DRR is required in the case of privately placed debentures by listed companies. Further, the amount to be credited as DRR will be carved out of the profits of the company only and there is no obligation on the part of the company to create DRR if there is no profit for the particular year. Further, pursuant to Rule 18(7) of the Companies (Share Capital and Debentures) Rules, 2014, every company required to create or maintain DRR shall before the 30$^{th}$ day of April of each year, deposit or invest, as the case may be, a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March next, following any one or more of the following methods, namely: (a) in deposits with any scheduled bank, free from charge or lien (b) in unencumbered securities of the Central Government or of any State Government; (c) in unencumbered securities mentioned in sub-clauses (a) to (d) and (e) of Section 20 of the Indian Trusts Act, 1882; (d) in unencumbered bonds issued by any other company which is notified under sub-clause (f) of section 20 of the Indian Trusts Act, 1882. The amount deposited or invested, as the case may be, shall not be utilized for any purpose other than for the repayment of debentures maturing during the year referred to above, provided that the amount remaining deposited or invested, as the case may be, shall not at any time fall below 15% of the amount of debentures maturing during the 31st day of March of that year.

The Statutory Auditor in his Auditors' Report for the six month period ended September 30, 2014 has placed emphasis on the matter of the deposit of 15% of the amounts repayable during the year ending on March 31, 2015 in one or more methods prescribed under the Companies (Share Capital & Debentures) Rules 2014, which in accordance with the said rules were required, to be deposited by April 15, 2014.

***41. Inability to procure contiguous parcels of land may affect our future development activities.***

We acquire parcels of land or development rights to such land in one or more locations, over a period of time, for future development. Some of these parcels of land may need to be subsequently consolidated to form a contiguous landmass, upon which we may undertake development. However, we may not be able to procure such parcels of land on terms that are acceptable to us, or at all, which may affect our ability to consolidate parcels of land into a contiguous mass. Failure to acquire such contiguous parcels of land may cause delays or force us to abandon or modify the development of the land in such locations in the manner sought by us, which may result in our failing to realise our investment for acquiring such parcels of land. Accordingly, our inability to procure contiguous parcels of land may adversely affect our business prospects, financial conditions and results of operations.

***42. We and our Subsidiaries, Associates and Joint Ventures do not obtain independent purchase price estimates for our land.***

We and our Subsidiaries, Associates and Joint Ventures have not obtained any third party appraisals in connection with the valuation for acquiring land or development rights to such land. The pricing methods used to calculate the price of our land are determined by our senior management. Our purchase price may exceed fair market value or the value that would have been determined by third party appraisals, which may have an adverse effect on our business.

***43. Our insurance coverage may not adequately protect us against certain operational risks to or claims by our employees, and we may be subject to losses that might not be covered in whole or in part by existing insurance coverage.***

We maintain insurance for a variety of risks, which is consistent with industry practice, including for loss or damage to equipment and materials supplied to our sites, fire and certain other eventualities. In addition, we generally carry workers' compensation and accident and medical insurance for certain of our employees. Under many of our EPC Contracts, we are required to obtain insurance for the projects undertaken by us, and as such regularly purchase specific business operations insurance policies for individual projects. However, in some cases, we may not have obtained the required insurance or such insurance policies may have lapsed prior to the completion of the project.

There are various other types of risks and losses for which we are not insured, such as loss of business, environmental liabilities and natural disasters, because they are either uninsurable or not insurable on commercially acceptable terms. We also do not carry any key-man insurance. Should an uninsured loss or a loss in excess of insured limits occur, we could incur liabilities, lose capital invested in that property or lose the anticipated future income derived from that business or property, while remaining obligated for any indebtedness or other financial obligations related to our business. Any such loss could result in an adverse effect to our financial condition.

***44. We recognize revenue based on the 'percentage of completion method' of accounting on the basis of our management's estimates of the revenues and development costs of the project. Our revenues and development costs may fluctuate significantly from period to period.***

We follow the percentage of completion method of accounting for revenue recognition. For further details, in connection with the method followed by the Company for revenue recognition, please see the '*Notes Forming part of the Financial Statements*' under the section titled "*Financial Statements*" beginning on page 84 of the DLOF. We cannot assure you that the estimates used under the percentage of completion method will equal either the actual cost incurred or revenue received with respect to our projects. The effect of such changes to estimates is recognised in the financial statements of the period in which such changes are determined. This may lead to significant fluctuations in revenues and development costs. Therefore, we believe that period to period comparisons of our results of operations may not be indicative of our future performance. Such fluctuations in our revenues and costs could also cause our share price to fluctuate significantly.

***45. We may not be able to compete effectively, particularly in regional markets which may adversely affect our profitability.***

We operate our businesses in an intensely competitive and highly fragmented environment, and in industries with low entry barriers. We face significant competition in our business from a large number of international and Indian EPC services, real estate development and hospitality companies. The extent of the competition we face in a potential project depends on a number of factors, such as the sector, the size and type of project, contract value and potential margins, the complexity and location of the project, the reputations of the customer and us, and the risks relating to revenue generation.

In our EPC services business, while technical qualification is an important consideration in client decision, the price of the contract is a primary factor in most tender awards. The contract is usually awarded to the bidder quoting the lowest price. As a result of this competition, we face intense margin pressure from existing competitors and new entrants, which could have an adverse effect on our financial condition and prospects.

We face significant competition in our real estate development business from other developers, many of whom undertake similar projects within the same regional markets as us. Given the fragmented nature of the real estate development industry, we often do not have adequate information about the projects our competitors are developing and accordingly, we run the risk of underestimating supply in the market. Our business plan is to expand across India; however, our operations have historically focused on the Maharashtra state region. As we seek to diversify our regional focus, we face the risk that some of our competitors, who are also engaged in real estate development, may be better known in other markets, enjoy better relationships with land-owners and international or domestic joint venture partners, gain early access to information regarding attractive parcels of land and be better placed to acquire such land.

In our shopping malls business, we and certain of our tenants compete with other retail distribution channels, including department stores and other shopping malls, in attracting customers. In our hospitality properties business, we compete with other hospitality properties, resorts and service apartments operating in the neighbourhoods where our and our Subsidiaries, Associates and Joint Ventures' hospitality properties, resorts and service apartments are located. Increasing competition could result in price and supply volatility, which could cause our business to suffer.

Some of our competitors are larger than us and have greater land banks or financial resources. They may also benefit from greater economies of scale and operating efficiencies. Competitors may, whether through consolidation or growth, present more credible integrated and/or lower cost solutions than we do, causing us to win fewer tenders. There can be no assurance that we can continue to compete effectively with our competitors in the future, and failure to compete effectively may have an adverse effect on our business, financial condition and results of operations. Also, in the areas of business where we are a new entrant to the market, such as SEZs, shopping malls and hospitality properties, we may not be able to compete effectively with our competitors, some of whom may have greater breadth of experience and qualifications.

***46. If we are unable to manage our growth effectively, our business and financial results will be adversely affected.***

We are embarking on a growth strategy, which involves a substantial expansion of our current business lines. We have entered into agreements giving us and our Subsidiaries, Associates and Joint Ventures ownership or development rights over a significant amount of land. As of September 30, 2014, we are engaged in 27 EPC Contracts and we and our Subsidiaries, Associates and Joint Ventures are currently engaged in the development of 11 Ongoing Projects, including hospitality properties and resorts, spread over 7 states.

Our expansion and diversification is on a scale that is unprecedented in our history and places significant demands on our management as well as our financial, accounting and operating systems. We may not be able to sustain such growth in revenues and profits or maintain a similar rate of growth in the future. Further, as we grow and diversify, we may not be able to execute our projects efficiently, which could result in delays, increased costs and diminished quality and may adversely affect our reputation. If we are unable to manage our growth effectively, our business and financial results will be adversely affected.

***47. We may not be successful in implementing our strategies, including our growth strategy.***

The success of our business will depend greatly on our ability to effectively implement our business and strategies. Even if we have successfully executed our business strategies in the past, there can be no assurance that we will be able to execute our strategies on time and within the estimated budget, or that we will meet the expectations of targeted customers. We expect our strategies to place significant demands on our management and other resources and require us to continue developing and improving our operational, financial and other internal controls. Our inability to manage our business and strategies could have an adverse effect on our business, financial condition and profitability.

***48. Our revenues and profits are difficult to predict and can vary significantly from period to period, which could cause the price of our Equity Shares to fluctuate.***

Under our business model, our revenues and profits are derived primarily from our EPC services business and from the sale of properties, leasing of commercial properties and income from hospitality properties and mall operations. While rental income can be relatively stable, revenues from EPC services and sale of properties vary and are dependent on various factors such as the current stage and size of our projects and the expected completion dates of such projects, rights of lessors or third parties that could impair our ability to sell properties, in case of sales, and general market conditions. Our income from hospitality properties could also vary due to various factors such as the state of the economy and the hospitality industry. The anticipated completion dates for our projects, including those set forth in the Draft Letter of Offer, are estimates based on current expectations and could change significantly, thereby affecting our income. Our revenue recognition policy in relation to real estate development projects recognises revenue only when the risks and rewards on the properties are transferred to the buyer. The combination of these factors may result in significant variations in our revenues and profits.

***49. If we are unable to retain or recruit key personnel or maintain uninterrupted relationships with our sub-contractors of labour, our business could suffer.***

Our senior management and key managerial personnel, many of whom have decades of experience with us and in the industries in which we operate, are difficult to replace. Any loss or interruption of the services of such key personnel, or our inability to recruit qualified additional or replacement personnel, could adversely affect our business. In addition, certain aspects of our construction processes depend upon highly skilled employees. As a result of economic growth and increased EPC services activity in India, we may be unable to find or retain skilled personnel in sufficient numbers to satisfy our requirements. This risk may be exacerbated by governmental policies and mandates to hire a local force, which may not be as skilled or available at rates commensurate with our operations in other geographical areas.

We also regularly contract with sub-contractors and third parties for the provision of labour for our projects. The number of contract labourers vary from time to time based on the nature and extent of EPC services. We are dependent on these sub-contractors and third parties, and if they experience disruptions related to their work force, including strikes and work stoppages, those disruptions may have an adverse effect on our business and results of operations. We cannot assure you that skilled labour, whether hired through sub-contracts, third parties or directly, will continue to be available at reasonable rates and in the areas in which we execute our projects. As a result, we may be required to mobilise additional resources at a greater cost to us to ensure the adequate performance and delivery of our EPC services. Also, all contract labourers engaged at our facilities are assured minimum wages that are fixed by local government authorities. Any upward revision of wages required by such governments to be paid to such contract labourers or offer of permanent employment or the unavailability of the required number of contract labourers, may increase our labour costs.

***50. We may continue to enter into transactions with related parties.***

We have entered into certain transactions with related parties including in relation to income, expenditure, purchase and sale of fixed assets and loans and advances. These transactions or any future transactions with our related parties could potentially involve conflicts of interest and may harm our business or reputation. There can be no assurance that such transactions, individually or in the aggregate, will always be in the best interests of our minority shareholders and/or will not have an adverse effect on our business and results of operations. For details in connection with our related party transactions, please see the section titled "*Financial Statements*" on page 84 of the DLOF.

***51. Certain of our Subsidiaries, Associates and Joint Ventures have incurred losses in the past.***

Certain of our Subsidiaries, Associates and Joint Ventures and companies forming a part of our Group Companies have incurred losses for the fiscal years 2014, 2013 and 2012.

The following Subsidiaries, Associates and Joint Ventures have incurred losses in the past:

| Name of the Company | Profit/Loss after Tax (₹ in million) Fiscal Year 2014 | Fiscal Year 2013 | Fiscal Year 2012 |
|---|---|---|---|
| ***Subsidiaries*** | | | |
| Marvel Housing Private Limited | (0.08) | 0.02 | 0.50 |
| Vascon Dwelling Private Limited | (11.65) | 15.77 | 16.50 |
| Greystone Premises Private Limited | (1.06) | (27.13) | (0.73) |
| Vascon Pricol Infrastructure Limited | (1.54) | (6.91) | 24.66 |
| Floriana Properties Private Limited | (0.09) | 0.07 | (0.08) |
| Windflower Properties Private Ltd | 0.08 | (7.80) | (0.41) |
| Almet Corporation Limited | (1.60) | (0.51) | (2.60) |
| Marathawada Realtors Private Limited | (1.19) | 1.20 | (1.27) |
| Just Homes (India) Pvt. Ltd | (6.52) | (2.14) | (208.91) |
| ***Joint Ventures*** | | | |
| Zenith Ventures | 295.25 | (0.70) | (0.24) |
| Zircon Ventures | 17.82 | (3.56) | (3.92) |
| ***Associates*** | | | |
| Angelica Properties Private Limited | (176.08) | 17.99 | 10.12 |
| Mumbai Estate Private Limited | (1.15) | (0.89) | (0.56) |

***52. We had negative cash flows in the past, which if occurs in future could adversely affect our financial standing***

We have incurred negative cash flow in the past and cannot assure that such negative cash flows will not occur again in the future. Details of cash flows for the preceding three years:

**(₹ in million)**

| Particulars | For the six month period ended September 30, 2014 | For the Fiscal 2014 (₹ in million) | 2013 (₹ in million) | 2012 (₹ in million) |
|---|---|---|---|---|
| Net cash (used in)/ generated from operating activities | 270.20 | (1,017.86) | 388.99 | (146.44) |
| Net cash generated (used) in/ generated from investing activities | (2.35) | (39.29) | 27.45 | 23.04 |
| Net cash (used in)/ generated from financing activities | (368.59) | 1,118.43 | (542.15) | (548.81) |
| Net increase in cash and cash equivalents | (100.74) | 61.28 | (125.71) | (672.21) |

In case, we have negative cash flows in future, it could adversely impact our operations and financial standing of our Company.

***53. Our Promoters will continue to exercise influence over us, and their interests in our business may be different to those of other shareholders.***

38.67% of our issued and outstanding Equity Shares are currently owned by our Promoters and Promoter Group. Immediately following this Issue, but assuming no other changes in shareholding, the Promoters and the Promoter Group will own 38.67% of our issued and outstanding Equity Shares. Accordingly, our Promoters and Promoter Group can exercise influence over our business policies and affairs and all matters requiring a shareholders' vote. This concentration of ownership also may delay, defer or even prevent a merger, acquisition or change in control of our Company and may make some transactions more difficult or impossible without the support of these shareholders. We cannot assure you that the interests of these shareholders may not conflict with the interests of other shareholders.

***54. Our contingent liabilities which have not been provided for in our financial statements could adversely affect our financial condition.***

As of September 30, 2014, we had contingent liabilities not provided for, as disclosed in the notes to our condensed consolidated financial statements:

| **Particulars** | **(₹ in million)** |
|---|---|
| a) Contingent Liabilities for Income tax, Service Tax and others: | |
| *It has not been considered necessary to make a provision in respect of Income-Tax demands and Service Tax not accepted by company for the amounts mentioned here below and disputed by the company in Appeal before higher authorities.* | |
| For Income Tax | 107.16 |
| For Service Tax, VAT | 46.34 |
| | |
| b) Other Contingent liabilities: | |
| Bank guarantee | |
| - for performance | 1,515.58 |
| Corporate guarantees | 2,015.00 |
| Claims against the Company not acknowledged as debt | 3,620.75 |
| In respect of claim against the Company amounting to ₹ 360,00,00,000/- (₹ 360,00,00,000/) by a party who was originally claiming interest in a property, no provision has been considered necessary by the Management in view of the legal opinion that the said claim is not tenable on various grounds. | |
| One of our creditor has filed a civil suit claiming of Rs 88,28,380/- as amount due to him, which claim the company is disputing. | |
| One of the creditor of the Company has filed a winding up petition of Rs. 3,50,134/- (including interest) in respect of material supplied by the said party, which claim the company is disputing | |
| Short Levy of Stamp Duty due to misclassification of conveyance deed as development agreement amounting to Rs 8,67,370/- with Joint District Registrar and Collector of Stamps , Pune. | |
| | |
| c) Others | 1514.72 |
| It includes demand raised by Maharashtra State Electricity Distribution Company Limited dated September 17, 2014 of ₹ 1,41,81,748/- on account of unauthorised use of Electricity based on provisional assessment made. The Company has not accepted the same and legal process in respect to the above is carried on. | |
| In respect of Land admeasuring 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 company is also party to the case filed by the Land Owner. | |
| | |
| d) 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. | |
| | |
| e) Vascon Dwelling Private Limited - Litigation in Vista Annexs Project<br>The company has purchased the property bearing S. no. 84/1b/2 (part) admeasuring about 7942 sq mt , Nashik at ₹ 2,14,36,400/- from the owners namely Shri. Khanderao Khode and other through their POA holder M/s. Sanklecha Construction Nashik by executing Development agreement along with irrevocable Power of Attorney.one of the co-owner has filed a regular civil suit before court of civil judge Nashik requesting for effecting partition of the suit property and to declare various documents executed by the owner with M/s. Sanklecha Construction vis-à-vis M/s. Vascon Dwelling Pvt. Ltd. as illegal null and void. The company has taken the possession of the said suit property. The matter is pending in the Court of Civil judge Nashik. | |
| | |
| f) 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 | |

| Particulars | (₹ in million) |
|---|---|
| decision, a decision has been pronounced by the Hon'ble Mumbai High Court and the matter has not reached finality. | |
| The Industry, accounting and legal fraternity is examining the implications of the decisions and the way the liability will be worked out under various options provided. In view of such uncertainties, the management has been advised that in the present scenario it is difficult to correctly determine MVAT liability payable in respect of real estate development sales executed during the period 20th June, 2006 to 31st March, 2010. The Company is currently in process of ascertaining the exact applicability of these pronouncements, contractual ability to collect MVAT from past customers and the mechanism of collection of MVAT in respect of real estate development sales executed during the period 20th June, 2006 to 31st March, 2010. | |

Contingent liabilities which have not been provided for in our financial statements could adversely affect our financial condition.

***55. Our Company has availed certain working capital demand loans and other loans which are repayable upon demand and/or notice by the relevant lenders. If such lenders call upon our Company to repay such borrowings on demand and/or upon serving a notice for the prescribed period, we may have to raise funds to refinance these obligations, which may adversely affect our business, operations, financial condition and cash flows.***

Our Company has availed various working capital demand loans and other loans which are repayable upon demand and/or notice by the relevant lenders under the respective agreements. If such lenders call upon our Company to repay such borrowings on demand and/or upon serving a notice for the prescribed period, we may have to raise funds to refinance these obligations. If we are unable to raise such finance in a timely manner or at all or our failure to otherwise repay such loans in a timely manner or at all, could adversely affect our business operations, financial condition and cash flows.

***56. We operate in a highly regulated environment, and the government policies, laws and regulations affecting the sectors in which we operate and the related industries, could adversely affect our operations and our profitability.***

We must comply with extensive and complex regulations affecting the construction and land development processes. These regulations impose on us additional costs and delays, which affect our business and results of operations. In particular, we are required to obtain the approval of numerous governmental authorities regulating matters such as permitted land uses, levels of density, the installation of utility services, zoning and building standards. The regulatory framework in India is evolving and regulatory changes could have an adverse effect on our business, results of operations and financial condition. In addition, the real estate industry in India is also heavily regulated by local governments. Non-compliance with any regulation may also lead to penalties, revocation of our permits or licenses or litigation.

Future government policies and changes in laws and regulations in India may adversely affect our business and operations, and restrict our ability to do business in our existing and target markets. The timing and content of any new law or regulation is not in our control and such new law or regulation could have an adverse effect on our business, results of operations and financial condition.

***57. We require regulatory approvals in the ordinary course of our business, and the failure to obtain them in a timely manner or at all may adversely affect our operations.***

We require regulatory approvals, licenses, registrations and permissions to operate our businesses, particularly to develop and construct our projects. For further details, please see the section titled "*Government and Other Approvals*" on page 237 of the DLOF. These approvals, licenses, registrations and permissions are required from a range of Central and State Governments and their agencies. In addition, some of the regulatory approvals, licenses, registrations and permissions required for operating our businesses expire from time to time. We generally apply for renewals of such regulatory approvals, licenses, registrations and permissions, prior to or upon their expiry. Further, certain approvals / licenses for our projects are obtained in the name of some of subsidiaries and joint ventures.

However, we cannot assure you that we will obtain all regulatory approvals, licenses, registrations and permissions that we may require in the future, or receive renewals of existing or future approvals, licenses, registrations and permissions in the time frames required for our operations or at all, which could adversely affect our business.

***58. The Central Government has vide its letter dated September 30, 2014 has rejected the application of the Company made under Section 314 (1B) of the Companies Act, 1956 in connection with the remuneration payable to Mr. Siddharth Vasudevan Moorthy to hold an office or place of profit as the Chief Operating Officer of the Company. There can be no assurance that the refund of the remuneration paid to him shall be made in a timely manner.***

Pursuant to resolutions passed by the Board of our Company on July 22, 2013 and the shareholders of our Company on September 12, 2013, subject to the approval of the Central Government, Mr. Siddharth Vasudevan Moorthy was been appointed to hold an office or place of profit as the Chief Operating Officer of our Company and payment of remuneration of ₹ 1,20,00,000 per annum for a period of five years with effect from April 1, 2013 to March 31, 2018. The Central Government has vide its letter dated September 30, 2014 has rejected the application of the Company made under Section 314 (1B) of the Companies Act, 1956 due to failure of the Company to submit the requisite information required to process the application. There can be no assurance that the refund of the remuneration paid to him shall be made by him in a timely manner.

***59. Compliance with, and changes in, environmental, health and safety laws and regulations may adversely affect our financial condition and results of operations.***

We are subject to environmental, health and safety regulations. Governments may take steps towards the adoption of more stringent environmental, health and safety regulations, and we cannot assure you that we will be at all times in full compliance with these regulatory requirements. Due to the possibility of unanticipated regulatory developments, the amount and timing of future expenditures to comply with regulatory requirements may vary substantially from those currently anticipated. If there is any unanticipated change in the environmental, health and safety regulations we are subject to, we may need to incur substantial capital expenditures to comply with such new regulations. Our costs of complying with current and future environmental, health and safety laws and our liabilities arising from failure to comply with applicable regulatory requirements may adversely affect our business, financial condition and results of operations.

***60. Our business is subject to extensive government regulation. For example, the Government of India proposes to enact the Real Estate (Regulation and Development) Bill, 2013 (the "Real Estate Bill") with respect to real estate projects. Pending the Real Estate Bill becoming a statute, our Company is currently not in a position to analyze the requirements that our Company may have to comply with in accordance with the Real Estate Bill and accordingly predict the impact it may have on our business, prospects, financial condition and results of operations.***

The Government of India proposes to enact the Real Estate Bill which is expected to include, *inter alia*, requirements to register real estate projects and obtain a certificate of registration and other approvals from the relevant authority constituted thereunder. Failure to comply with such provisions may attract penalties from the relevant authorities and/ or cause delays in the completion of a project. The Real Estate Bill is yet to be approved by the Parliament of India, as well as by the President of India, and will require publication in the Official Gazette before becoming a law. There is no certainty that the Real Estate Bill will be passed in its current form, or at all, and our Company is accordingly not in a position to analyze the requirements that our Company may have to comply with and the implications of the same on our business and results of operations. At this stage, we cannot predict with certainty the impact of the Real Estate Bill on our business and operations, if enacted.

***61. Taxes and other levies imposed by the local authorities, Central or State Governments, as well as other financial policies and regulations, may have an adverse effect on our business, financial condition and results of operations.***

We are subject to taxes and other levies imposed by the Central or State Governments in India, including customs duties, excise duties, central sales tax, state sales tax, fringe benefit tax, service tax, income tax, value added tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time. The central and state tax scheme in India is extensive and subject to change from time to time. Any adverse changes in any of the taxes levied by the Central or State Governments may adversely affect our competitive position and profitability.

***62. Certain other ventures promoted by our Promoters are engaged in a certain line of business similar to us. Any conflict of interest which may occur between our business and the business of our Promoters, could adversely affect our business, prospects, results of operations and financial condition.***

Some of our Promoters are engaged in a similar business as us, including development and construction of residential and commercial projects. In the event, if any of our Promoters undertake any business activity as similar to us, we cannot assure you that such of our Promoters will not favor their own business interests, which may affect our business, prospects, financial condition and results of operations.

We have not entered into any non-solicitation or non-compete agreement with any of our Promoters. While such of our Promoters are not currently carrying on any business in conflict of interest with our Company, there is no assurance that such a conflict of interest will not arise in the future. A conflict of interest may occur between our business and the business of the members of our Promoters, which could adversely affect on our business, prospects, results of operations and financial condition.

***63. The requirement of funds in relation to the Objects of the Issue has not been appraised and our budgeted expenditure program may change.***

We intend to use the Net Proceeds for the purposes as described under the section titled "*Objects of the Issue*" on page 62 of the DLOF. The Objects of the Issue have not been appraised by any bank or financial institution. In view of the highly competitive nature of the industry in which we operate, we may have to revise our management estimates from time to time and consequently our funding requirements may also change. In addition, a certain portion of the total Net Proceeds have been allocated to general corporate purposes and will be used at the discretion of our management.

***64. We may undertake acquisitions, investments, strategic relationships or divestments in the future, which may pose management and integration challenges.***

We may make acquisitions, investments, strategic relationships and divestments in the future as part of our growth strategy in India. These acquisitions, investments, strategic relationships and divestments may not necessarily contribute to our profitability and may divert the attention of our management or require us to assume high levels of debt or contingent liabilities, as part of such transactions. In addition, we could experience difficulty in combining operations and cultures and may not realize the anticipated synergies or efficiencies from such transactions. These difficulties could disrupt our ongoing business, distract our management and employees and increase our expenses.

***65. The unsecured loans taken by us, Promoters, Group Entities or associates can be recalled at any time and this may affect our ability to finance our projects and operations.***

We have in the past obtained unsecured loans. Any of the unsecured loans may be recalled by the lenders at any time. We may not be able to repay these loans or any delay in repaying these loans, could result in penalties being imposed or litigations against our Company. Further, we may be required to borrow funds at substantially high cost to repay these loans, which could adversely impact our financial standing. Additionally, if such loans are recalled, it may affect our ability to borrow in the future. Unsecured loans taken by Promoters, Group Entities or Associates which are recalled may put financial stress on such entities which in turn could impact our operations, financial standings and market positioning.

***66. We have in the past acquired lands from entities in which our Promoters hold a stake.***

Pursuant to a MOU dated October 25, 2007 with Venus Ventures, a partnership firm where R. Vasudevan and Lalitha Vasudevan are partners, we had acquired 5.50 acres located in Wagholi from Venus Ventures. We cannot assure you that we will not enter into any such MoUs in the future and whether the terms and conditions under these MOU will be in the best interests of our Company.

**External Risks**

***67. Our performance and growth are dependent on the performance of the Indian economy and, more generally, the global economy. The downturn in the global economy would have a material adverse effect on us and on the real estate industry generally.***

Our performance and growth are dependent on the health of the Indian economy as well as the global economy. For the Financial Year ended March 31, 2014, approximately 91.20% and 8.80% of our total revenue was derived from revenue in India and overseas, respectively. The economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalisation policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in the Indian economy or the global economy may adversely affect our business and financial performance and the price of our Equity Shares.

***68. Our future operating results are difficult to predict. Any unfavorable changes in the factors affecting our operations, including the economic, political, legal or social environments of the locations in which we operate may adversely affect our operating results and profitability.***

Our business and results of operations may be adversely affected by, among other factors, the following:

- general economic and business environment in India;
- our ability to successfully implement our strategy and growth plans;
- our ability to compete effectively and access funds at competitive cost;
- changes in domestic or international interest rates and liquidity conditions;
- defaults by customers resulting in an increase in the level of non-performing assets in our portfolio;
- interest rates and our ability to enforce security; and
- change in political conditions in india.

All of the above factors may affect our revenues and therefore have an impact on our operating results and profitability.

Our business, earnings, asset values and the value of our Equity Shares may be materially and adversely affected by developments with respect to inflation, interest rates, currency fluctuations, government policies, price and wage controls, exchange control regulations, retail laws and regulations, taxation, expropriation, social instability and other political, legal or economic developments in or affecting the states in which we primarily operate. We have no control over such conditions and developments and can provide no assurance that such conditions and developments will not have a material adverse effect on our operations or the price of or market for our Equity Shares.

***69. Restrictions on foreign direct investment in the real estate sector may adversely affect our business and prospects.***

Foreign investment in Indian securities is subject to regulation by Indian regulatory authorities. Under the Consolidated Foreign Direct Investment Policy notified under Circular No. 1 of 2014 effective from April 17, 2014 (the "**FDI Policy**") issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, for the construction development sector: townships, housing, built-up infrastructure and construction-development projects, FDI is permitted up to 100%, subject to certain restrictions under the FDI Policy under Sr. No. 6.2.11, for the construction development sector: townships, housing, built-up infrastructure and construction-development projects (which would include, but not be restricted to, housing, commercial premises, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure), which inter alia includes:

i) minimum area to be developed under different types of projects;

ii) minimum capitalization requirements to be satisfied within a stipulated time period;

iii) compliance of the applicable building control regulations, by-laws, rules and other regulations as laid down by the State Government and/or the concerned Municipal/Local Body;

iv) lock-in and repatriation restrictions on the original investment brought in as FDI; and

v) the State Government and/or the concerned Municipal/Local Body to monitor compliance of the conditions by the developer as stipulated.

Our inability to raise additional capital as a result of these and other restrictions could adversely affect our business and prospects.

Also, under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are permitted subject to compliance with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements or certain other conditions, then the prior approval of the RBI will be required.

Due to the aforementioned factors FPIs, FVCIs, multilateral and bilateral institutes intending to apply for additional Rights Equity Shares or intending to apply for Rights Equity Shares renounced in their favour shall be required to obtain prior approval from the appropriate regulatory authority.

***70. The Companies Act, 2013 has effected significant changes to the existing Indian company law framework, which may subject us to higher compliance requirements and increase our compliance costs.***

A majority of the provisions and rules under the Companies Act, 2013 have recently been notified and have come into effect from the date of their respective notification, resulting in the corresponding provisions of the Companies Act, 1956 ceasing to have effect. The Companies Act, 2013 has brought into effect significant changes to the Indian company law framework, such as in the provisions related to issue of capital (including provisions in relation to issue of securities on a private placement basis), disclosures in offer document, corporate governance norms, accounting policies and audit matters, related party transactions, introduction of a provision allowing the initiation of class action suits in India against companies by shareholders or depositors, a restriction on investment by an Indian company through more than two layers of subsidiary investment companies (subject to certain permitted exceptions), prohibitions on loans to directors and insider trading and restrictions on directors and key managerial personnel from engaging in forward dealing. We are also required to spend, in each financial year, at least 2% of our average net profits during three immediately preceding financial years towards corporate social responsibility activities. Further, the Companies Act, 2013 imposes greater monetary and other liability on our Company and Directors for any non-compliance. To ensure compliance with the requirements of the Companies Act, 2013, we may need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention.

The Companies Act, 2013 introduced certain additional requirements which do not have corresponding equivalents under the Companies Act, 1956. Accordingly, we may face challenges in interpreting and complying with such provisions due to limited jurisprudence on them. In the event, our interpretation of such provisions of the Companies Act, 2013 differs from, or contradicts with, any judicial pronouncements or clarifications issued by the Government in the future, we may face regulatory actions or we may be required to undertake remedial steps. Additionally, some of the provisions of the Companies Act, 2013 overlap with other existing laws and regulations (such as the corporate governance norms and insider trading regulations issued by SEBI). Recently, SEBI issued revised corporate governance guidelines which are effective from October 1, 2014. Pursuant to the revised guidelines, we will be required to, amongst other things ensure that there is at least one woman director on our Board of Directors at all times, establish a vigilance mechanism for directors and employees and reconstitute certain committees in accordance with the revised guidelines. We may face difficulties in complying with any such overlapping requirements. Further, we cannot currently determine the impact of provisions of the Companies Act, 2013 and the revised SEBI corporate governance guidelines, which are yet to come in force. Any increase in our compliance requirements or in our compliance costs may have an adverse effect on our business, results of operations and financial condition.

***71. Any downgrading of India's sovereign debt rating by an independent agency may harm our ability to raise financing.***

Any adverse revisions to India's sovereign credit ratings for domestic and international debt by international rating agencies may adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our capital expenditure plans, business and financial performance and the price of our Equity Shares.

***72. Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.***

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets on which our Equity Shares trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, and adversely affect our business. In addition, any deterioration in relations between India and its neighbouring countries might result in investor concern about stability in the region, which could adversely affect the price of our Equity Shares.

India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have a negative effect on us. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the price of our Equity Shares.

***73. Political instability or changes in the Government or its policies could impact the liberalization of the Indian economy and adversely affect economic conditions in India generally.***

Our performance and growth are dependent on the health of the Indian economy and more generally the global economy. The economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors.

The rate of economic liberalization could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well. As a result, our business and the market price and liquidity of the Equity Shares may be affected by such economic and/or political changes.

While the current Government is expected to continue the liberalization of India's economic and financial sectors and deregulation policies, there can be no absolute assurance that such policies will be continued. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India generally and specifically have an adverse effect on our operations.

***74. Changes in trade policies may affect us.***

Any change in policies by the countries, in terms of tariff and non-tariff barriers, from which our suppliers import their raw materials may have an adverse effect on our profitability.

***75. If the rate of Indian price inflation increases, our business and results of operations may be adversely affected.***

In the recent past, India has experienced fluctuating wholesale price inflation as compared to historical levels due to the global economic downturn. An increase in inflation in India could cause a rise in the price of raw materials and wages, or any other expenses that we incur. If this trend continues, we may be unable to accurately estimate or control our costs of production and this could have an adverse effect on our business and results of operations.

***76. Currency exchange rate fluctuations could have an adverse effect on our results of operations.***

We have exposure, related to our revenue, expenditure and financing, to currencies other than Indian Rupees. Exchange rate fluctuations may have an adverse effect on our revenues and financial results.

***77. The price of the Equity Shares may be highly volatile after the Issue.***

The price of the Equity Shares on the Indian stock exchanges may fluctuate after this Issue as a result of several factors, including: volatility in the Indian and global securities market; our operations and performance; performance of our competitors and the perception in the market about investments in the automotive / automotive ancillary industry; adverse media reports on us or the Indian automotive / automotive ancillary industry; changes in the estimates of our performance or recommendations by financial analysts; significant developments in India's economic liberalization and deregulation policies; and significant developments in India's fiscal and environmental regulations. There can be no assurance that the prices at which the Equity Shares are initially traded will correspond to the prices at which the Equity Shares will trade in the market subsequently.

***78. The Issue Price of our Equity Shares may not be indicative of the market price of our Equity Shares after the Issue.***

The Issue Price of Equity Share may not be indicative of the market price for our Equity Shares after the Issue. The market price of our Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. There can be no assurance that the investor will be able to sell their shares at or above the Issue Price. Among the factors that could affect our share price are:

- quarterly variations in the rate of growth of our financial indicators, such as earnings per share, net income and revenues;
- changes in revenue or earnings estimates or publication of research reports by analysts;
- speculation in the press or investment community;
- general market conditions; and
- domestic and international economic, legal and regulatory factors unrelated to our performance.

***79. There is no assurance on our Company's ability to pay dividends on the Equity Shares in the future.***

The amount of future dividend payments by our Company, if any, will depend on our Company's future earnings, financial condition, cash flows, working capital requirements, capital expenditures, applicable Indian legal restrictions and other factors. Our Company may decide to retain all of its earnings to finance the development and expansion of its business and therefore, may not declare dividends on the Equity Shares.

***80. There are restrictions on daily movements in the price of equity shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, equity shares at a particular point in time.***

We are subject to a daily circuit breaker imposed by all stock exchanges in India which does not allow transactions beyond certain volatility in the price of equity shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the equity shares. The stock exchanges do not inform us of the percentage limit of the circuit breaker from time to time, and may change it without our knowledge. This circuit breaker effectively limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares.

***81. Any future issuance of equity shares may dilute your shareholding and sales of our Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares.***

Any future issuances by our Company may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by our Company, including by way of the Equity Shares issued pursuant to any stock options issued under the ESOS 2013, ESOS 2014 or sales of the Equity Shares by our Promoters or other major shareholders or may adversely affect the trading price of the Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares.

***82. There is no guarantee that the Equity Shares issued pursuant to the Issue will be listed on the Stock Exchanges in a timely manner or at all and any trading closures at the Stock Exchanges may adversely affect the trading price of our Company's Equity Shares.***

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until after those Equity Shares have been issued and Allotted. In addition, we are required to deliver the Draft Letter of Offer and Letter of Offer to SEBI and the Stock Exchanges under the applicable provisions of the Companies Act and the SEBI ICDR Regulations. Approval requires all other relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval would restrict investors' ability to dispose of their Equity Shares.

The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in Europe and the U.S. The Stock Exchanges has in the past experienced problems, including temporary exchange closures, broker defaults, settlements delays and strikes by brokerage firm employees, which, if continuing or recurring, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares, in both domestic and international markets. A closure of, or trading stoppage on the Stock Exchanges could adversely affect the trading price of the Equity Shares.

***83. Significant differences exist between Indian GAAP and other accounting principles with which investors may be more familiar.***

Financial statements included in the Draft Letter of Offer are prepared in conformity with Indian GAAP. Indian GAAP differs in certain significant respects from International Financial Reporting Standards, U.S. GAAP and other accounting principles and auditing standards with which prospective investors may be familiar with in other countries. We do not provide a reconciliation of these financial statements to IFRS or U.S. GAAP or a summary of principal differences between Indian GAAP, IFRS and U.S. GAAP relevant to our business. Furthermore, we have not quantified or identified the impact of the differences between Indian GAAP and IFRS or between Indian GAAP and U.S. GAAP as applied to these financial statements. As there are significant differences between Indian GAAP and IFRS and between Indian GAAP and U.S. GAAP, there may be substantial differences in the results of operations, cash flows and financial positions discussed in the Draft Letter of Offer, if the relevant financial statements were prepared in accordance with IFRS or U.S. GAAP instead of Indian GAAP. The significant accounting policies applied in the preparation of these financial statements are as set forth in notes to the audited financial statements included in the Draft Letter of Offer. Prospective investors should review the accounting policies applied in the preparation of these financial statements, and consult their own professional advisors for an understanding of the differences between Indian GAAP and IFRS and between Indian GAAP and U.S. GAAP and how they might affect the financial information contained in the Draft Letter of Offer.

***84. Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.***

The Indian securities markets are smaller than securities markets in more developed economies. Indian Stock Exchanges have in the past experienced substantial fluctuations in the prices of listed securities. These exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian Stock Exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian Stock Exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected.

**Prominent Notes:**

- Issue of [●] Equity Shares of face value of ₹ 10 each of the Company for cash at a price of ₹ [●] (including a premium of ₹ [●] per Rights Equity Share) per Rights Equity Share, not exceeding an amount of ₹ 1,000 million by the Company to the Eligible Equity Shareholders of the Company in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held on the Record Date, i.e. [●]. The Issue Price of each Rights Equity Share is [●] times the face value of the Rights Equity Share.

- Our Company's Net-Worth, on a consolidated basis, was ₹ 6,597.36 million and ₹ 6,337.45 million, as on March 31, 2014 and September 30, 2014, respectively, and on an standalone basis, was ₹ 6,245.90 million and ₹ 5,963.21 million, as on March 31, 2014 and September 30, 2014, respectively, as per our "*Financial Statements*" as disclosed on page 84 of the DLOF.

- For details of the related party transactions of our Company as per AS 18, the nature of such transaction and cumulative values, please refer to the section titled "*Financial Statements*" on page 84 of the DLOF.

- There are no financing arrangements whereby our Promoters and Promoter Group, our Directors or their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing of the Draft Letter of Offer.

## SECTION III – INTRODUCTION

### THE ISSUE

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the section titled "*Terms of the Issue*" on page 247 of the DLOF.

| | |
|---|---|
| **Rights Equity Shares being offered by our Company** | [●] Rights Equity Shares |
| **Rights Entitlement for Rights Equity Shares** | [●] Rights Equity Shares for every [●] Equity Shares held on the Record Date i.e. [●]. |
| **Record Date** | [●] |
| **Face Value per Rights Equity Shares** | ₹ 10 |
| **Issue Price per Rights Equity Share** | ₹ [●] including a premium of ₹ [●] per Rights Equity Share |
| **Equity Shares outstanding prior to the Issue** | 90,182,550 Equity Shares |
| **Issue size** | Issue of [●] Equity Shares of Face Value of ₹ 10 Each for cash at a price of ₹ [●] (Including a premium of ₹ [●] per Rights Equity Share) per Rights Equity Share not exceeding an amount ₹ 1,000 million |
| **Equity Shares outstanding after the Issue** | [●] Equity Shares |
| **Terms of the Issue** | Please refer to the section titled ***"Terms of the Issue"*** on page 247 of the DLOF. |
| **Use of Issue Proceeds** | For further information, see the section titled "*Objects of the Issue*" on page 62 of the DLOF. |
| **ISIN Code** | INE893I01013 |
| **BSE Scrip Code** | 533156 |
| **NSE Scrip Code** | VASCONEQ |

**Payment terms**

The payment terms are as follows:

| **Due Date** | **Amount** |
|---|---|
| On Application of Rights Equity Shares | ₹ [●] per Rights Equity Share which constitutes 100 % of the Issue Price. |

## SUMMARY OF FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from our, audited consolidated financial statements and audited standalone financial statements, for the Financial Year ended March 31, 2014 prepared in accordance with Indian GAAP and the Companies Act, 2013.

Our summary financial information presented below, is in ₹ in million and should be read in conjunction with the financial statements and the notes thereto included in the section titled "*Financial Statements*", respectively, of the Draft Letter of Offer.

### A. Summary Statement of Standalone Balance Sheet

(₹ in million)

| Particulars | September 30, 2014 | March 31, 2014 | March 31, 2013 |
|---|---|---|---|
| **Shareholders' funds** | | | |
| Share capital | 901.83 | 901.83 | 901.80 |
| Reserves and surplus | 5,061.39 | 5,344.08 | 5,780.12 |
| | 5,963.21 | 6,245.90 | 6,681.92 |
| | | | |
| Share application money pending allotment | - | - | 0.02 |
| | | | |
| **Non current liabilities** | | | |
| Long term borrowings | 456.52 | 593.96 | 243.23 |
| Deferred tax liabilities (net) | - | - | - |
| Other long term liabilities | - | - | - |
| Long term provisions | 31.65 | - | - |
| | 488.17 | 593.96 | 243.23 |
| **Current liabilities** | | | |
| Short term borrowings | 1,975.21 | 2,049.20 | 1,699.50 |
| Trade payables | 1,527.09 | 1,576.37 | 1,450.39 |
| Other current liabilities | 2,127.29 | 1,733.64 | 2,046.13 |
| Short term provisions | 54.31 | 83.27 | 72.99 |
| | 5,683.90 | 5,442.48 | 5269.01 |
| **Total equity and liabilities** | 12,135.27 | 12,282.35 | 12,194.19 |
| **Assets** | | | |
| **Non current assets** | | | |
| Fixed assets | | | |
| - Tangible assets | 676.78 | 456.03 | 508.01 |
| - Intangible assets | | - | - |
| - Capital work in progress | | 7.41 | 5.34 |
| - Intangible assets under development | | - | - |
| Non current investments | 1,868.72 | 1,484.75 | 1,467.70 |
| Deferred tax assets (net) | | | - |
| Long term loans and advances | 3,190.95 | 3,336.50 | 2,418.26 |
| Other non current assets | 104.96 | 90.63 | 320.41 |
| | 5,841.41 | 5,375.33 | 4,719.72 |
| **Current assets** | | | |
| Current investments | 80.96 | 535.94 | 504.12 |
| Inventories | 2,386.90 | 2,355.36 | 2,110.00 |
| Trade receivables | 1,782.23 | 2,006.56 | 2,311.30 |
| Cash and bank balances | 205.98 | 297.15 | 249.56 |
| Short term loans and advances | 270.66 | 334.05 | 1,097.50 |
| Other current assets | 1,567.13 | 1,377.97 | 1,201.99 |
| | 6,293.87 | 6,907.02 | 7,474.47 |
| Total assets | 12,135.27 | 12,282.35 | 12,194.19 |

## B. Summary of Standalone Profit and Loss Statement

(₹ in million)

| Particulars | September 30, 2014 | March 31, 2014 | March 31, 2013 |
|---|---|---|---|
| Revenue from operations | 1,525.07 | 3,266.16 | 4,338.28 |
| Other income | 86.88 | 141.27 | 263.09 |
| Total revenue | 1,611.95 | 3,407.43 | 4,601.37 |
| | | | |
| Expenses : | | | |
| Construction expenses | 1,444.20 | 2,941.37 | 3,544.47 |
| Purchases of stock-in-trade | 73.07 | 0.41 | 231.18 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | (126.22) | (274.88) | (197.63) |
| | | - | - |
| Employee benefit expense | 199.83 | 453.05 | 469.34 |
| Finance costs | 127.15 | 362.98 | 305.72 |
| Depreciation and amortization expense | 35.47 | 107.74 | 124.58 |
| Other expenses | 123.79 | 265.59 | 378.15 |
| | | - | - |
| Total expenses | 1,877.28 | 3,856.27 | 4,855.80 |
| | | - | - |
| Profit before exceptional and extraordinary items and tax | (265.33) | (448.84) | (254.43) |
| | - | - | - |
| Prior period (expenses) / income (net) | - | - | (0.04) |
| | - | - | - |
| Exceptional items | 22.32 | 0.08 | (33.59) |
| | - | - | - |
| Profit before extraordinary items and tax | (287.65) | (448.76) | (288.05) |
| | - | - | - |
| | - | - | - |
| Profit / (Loss) before tax from continuing Operations | (287.65) | (448.76) | (288.05) |
| | | - | |
| Tax expense: | | - | |
| Current tax | | - | |
| MAT credit entitlement | - | - | - |
| Deferred tax | - | - | 20.88 |
| Excess / short provision for tax of earlier years | 4.59 | - | - |
| | | | |
| Profit / (loss) after tax for the period from continuing operations | (292.25) | (448.76) | (308.94) |
| | | | |
| Profit /(loss) for the period | (292.25) | (448.76) | (308.94) |
| | | | |
| Earnings per equity share: | | | |
| Basic | (3.24) | (4.98) | (3.43) |

| Particulars | September 30, 2014 | March 31, 2014 | March 31, 2013 |
|---|---|---|---|
| Diluted | (3.24) | (4.94) | (3.43) |

**C. Summary of Standalone Cashflow Statement**

*(₹ in million)*

| Particulars | September 30, 2014 | March 31, 2014 | March 31, 2013 |
|---|---|---|---|
| Net Cash flow from operating activities | 270.20 | (1,017.86) | 388.99 |
| Net Cash generated / (used) in investing activities | (2.35) | (39.29) | 27.45 |
| Net Cash generated / (used) in financing activities | (368.59) | 1,118.43 | (542.15) |
| Net cash inflow / (outflow) | (100.74) | 61.28 | (125.71) |
| Cash and cash equivalents at the beginning of the period | 178.86 | 117.58 | 243.29 |
| Cash and cash equivalents at the end of the period | 78.12 | 178.86 | 117.58 |

**D. Summary of Consolidated Balance Sheet**

**(₹ in million)**

| Particulars | September 30, 2014 | March 31, 2014 | March 31, 2013 |
|---|---|---|---|
| EQUITY AND LIABILITIES | | | |
| Shareholders' Fund : | | | |
| a)Share Capital | 901.83 | 901.83 | 901.80 |
| b) Reserves and Surplus | 5,435.63 | 5,695.54 | 6,232.82 |
| | 6,337.45 | 6,597.36 | 7,134.62 |
| Share application money pending allotment | - | - | 0.02 |
| Minority Interest | 120.92 | 154.31 | 121.65 |
| Non Current Liabilities | | | |
| a) Long Term Borrowings | 515.62 | 772.54 | 460.35 |
| b) Deferred Tax Liabilities (net) | 3.29 | 2.74 | 3.34 |
| c) Other Long Term Liabilities | 12.26 | 51.28 | 51.80 |
| d) Long Term Provisions | 52.87 | 17.01 | 12.62 |
| | 584.04 | 843.57 | 528.11 |
| Current Liabilities | | | |
| a) Short Term Borrowings | 2,339.38 | 2,374.74 | 1,993.57 |
| b) Trade Payables | 1,948.90 | 2,030.04 | 1,736.54 |
| c) Other Current Liabilities | 3,004.47 | 2,574.02 | 3,112.34 |
| d) Short Term Provisions | 114.16 | 174.22 | 156.01 |
| | 7,406.92 | 7,153.02 | 6,998.46 |
| TOTAL | 14,449.32 | 14,748.26 | 14,782.86 |
| ASSETS | | | |
| Non Current Assets | | | |
| a) Fixed Assets | | | |
| - Tangible assets | 1,272.88 | 1,146.29 | 1,294.69 |
| - Intangible assets | 4.05 | 1.87 | 1.81 |
| | 1,276.93 | 1,148.16 | 1,296.50 |
| - Capital work in progress | - | 253.90 | 223.08 |
| | 1,276.93 | 1,402.06 | 1,519.59 |
| b) Goodwill on Consolidation | 741.51 | 729.89 | 750.73 |
| c) Non Current Investments | 546.95 | 148.12 | 177.20 |
| d) Deferred Tax Asset (Net) | 20.61 | 20.01 | 16.50 |
| e) Long Term Loans & Advances | 3,000.14 | 3,231.76 | 2,197.76 |
| f) Other Non Current Assets | 127.45 | 111.91 | 469.98 |
| | 5,713.59 | 5,643.75 | 5,131.75 |
| Current Assets | | | |
| a) Current Investments | 129.86 | 535.94 | 475.14 |
| b) Inventories | 3,515.36 | 3,549.26 | 3,526.60 |
| c) Trade Receivables | 2,453.25 | 2,632.31 | 2,700.92 |
| d) Cash and bank balances | 516.57 | 497.65 | 458.95 |
| e) Short Term Loans & Advances | 122.73 | 188.75 | 982.37 |
| f) Other Current Assets | 1,997.95 | 1,700.60 | 1,507.12 |
| | 8,735.73 | 9,104.51 | 9,651.10 |
| TOTAL | 14,449.32 | 14,748.26 | 14,782.86 |

E. **Summary of Consolidated Profit and Loss Account**

(₹ in million)

| Particulars | September 30, 2014 | March 31, 2014 | March 31, 2013 |
|---|---|---|---|
| Revenue from Operations : | | | |
| Revenue from operations | 2,950.57 | 6,238.77 | 7,076.07 |
| Other Income | 125.91 | 193.62 | 287.03 |
| Total revenue | 3,076.48 | 6,432.39 | 7,363.11 |
| Expenses : | | | |
| Construction expenses/ Cost of material consumed | 2,200.23 | 4,667.24 | 4,854.42 |
| Purchases of stock-in-trade | 73.07 | 0.41 | 231.78 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 37.46 | (25.36) | 301.77 |
| Materials and other direct expenses | 2,310.75 | 4,642.29 | 5,387.97 |
| Employee benefit expense | 389.70 | 802.07 | 772.97 |
| Finance costs | 142.77 | 419.73 | 331.94 |
| Depreciation and amortization expense | 68.65 | 187.70 | 205.39 |
| Operating and Other Expenses | 309.10 | 677.96 | 680.85 |
| Total expenses | 3,220.97 | 6,729.75 | 7,379.12 |
| Profit before exceptional and extraordinary items and tax | (144.49) | (297.35) | (16.01) |
| Exceptional items | (55.95) | 0.08 | (58.83) |
| Profit before extraordinary items and tax | (200.44) | (297.27) | (74.84) |
| Prior period (expenses) / income (net) | 0.03 | 0.10 | 2.73 |
| Extraordinary items | | | |
| Profit before tax | (200.41) | (297.17) | (72.12) |
| Less: Tax Expense | | | |
| Current | 56.61 | 138.64 | 94.49 |
| MAT credit entitlement | - | - | (6.57) |
| Deferred Tax Expenses / (Gain) | (0.60) | (3.47) | 16.29 |
| Excess / short provision for tax of earlier years | 7.80 | (0.43) | (5.85) |
| | 63.81 | 134.74 | 98.36 |
| Profit /(loss) for the period after tax before Minority Interest | (264.22) | (431.91) | (170.47) |
| Minority Share of Losses / (Profits) | (0.52) | (7.25) | 3.30 |
| Profit /(loss) for the period | (264.74) | (439.16) | (167.17) |

**F. Summary of Consolidated Cash Flow Statement**

| | | | (₹ in million) |
|---|---|---|---|
| **Particulars** | **September 30, 2014** | **March 31, 2014** | **March 31, 2013** |
| Net Cash flow from operating activities | 320.05 | (872.45) | 1,257.11 |
| Net Cash genereated / (used) in investing activities | 217.54 | (133.23) | (129.40) |
| Net Cash genereated / (used) in financing activities | (505.48) | 1,004.44 | (1,156.53) |
| NET CASH INFLOW / (OUTFLOW) | 32.11 | (1.23) | (28.83) |
| Cash and cash equivalents at the beginning of the period | 295.86 | 307.71 | 336.54 |
| Cash and Cash equivalents pursuant to change of Subsidiary status to joint Ventures, Associate to joint venture, Joint Venture to Associate, Joint Venture to Subsidiary & sale of Joint Venture | - | 10.62 | - |
| Cash and cash equivalents at the end of the period | 327.97 | 295.86 | 307.71 |
| **NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD** | 32.11 | (1.23) | (28.83) |
| Reconcliation of cash and bank balances | | | |
| Cash And Bank Balances | 516.57 | 497.65 | 458.95 |
| Less: Balances with scheduled bank in deposit accounts | 188.60 | 201.79 | (151.23) |
| Cash and cash equivalents at the end of the period | 327.97 | 295.86 | 307.71 |

## GENERAL INFORMATION

We were originally incorporated on January 1, 1986 as a private limited company under the provisions of the Companies Act, 1956 as Vascon Engineers Private Limited. We became a deemed public company by virtue of Section 43A of the Companies Act, 1956, with effect from July 1, 1997 and were renamed as Vascon Engineers Limited.

Consequent to the amendment of Section 43A of the Companies Act, 1956, we became a private limited company with effect from January 20, 2001 and our name was changed to Vascon Engineers Private Limited. Further, pursuant to a resolution of our shareholders on December 7, 2006 and a fresh certificate of incorporation issued by the RoC on December 20, 2006, consequent upon the change of our name on conversion to a public limited company, we were again renamed as Vascon Engineers Limited.

Pursuant to the resolutions passed by the Board of our Company at its meeting held on October 20, 2014 it has been decided to make the following offer to the Eligible Equity Shareholders of our Company, with a right to renounce:

Issue of [●] Equity Shares of face value of ₹ 10 each ("**Rights Equity Shares**") of the Company for cash at a price of ₹ [●] (including a premium of ₹ [●] per Rights Equity Share) per Rights Equity Share not exceeding an amount of ₹ 1,000 million by the Company to the Eligible Equity Shareholders of the Company in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held on the Record Date, i.e. [●]. The Issue Price of each Rights Equity Share is [●] times the face value of the Rights Equity Share.

For further details please refer to the section titled "*Terms of the Issue*" on page 247 of the DLOF.

**Registered Office of our Company**

15/16, Hazari Baug,
L.B.S. Marg, Vikhroli (W),
Mumbai - 400 083, India.
Telephone: +91 22 2578 1143
Website: www.vascon.com
Email: compliance.officer@vascon.com
Registration No.: 038511
Corporate Identification No.: L70100MH1986PLC038511

**Corporate Office of our Company**

Phoenix, Bund Garden Road, Camp,
Pune - 411 001, India.
Telephone: +91 20 3056 2200
Fax: +91 20 2613 1071
Website: www.vascon.com
Email: compliance.officer@vascon.com

**Address of the RoC**

Registrar of Companies, Mumbai
100, Everest,
Marine Drive,
Mumbai - 400 002, India.

The Equity Shares of our Company are listed on the National Stock Exchange of India Limited and the BSE Limited.

**Company Secretary and Compliance Officer**

**Mr. M. Krishnamurthi**
Phoenix, Bund Garden Road,
Camp, Pune - 411 001
Telephone: +91 20 3056 2200
Fax: +91 20 2613 1071
Website: www.vascon.com
Email: compliance.officer@vascon.com

Investors may contact the Compliance Officer for any pre-issue /post-issue related matters such as non-receipt of letters of allotment/ share certificates/ refund orders, etc.

**Lead Managers to the Issue:**

**IDFC Securities Limited**
Naman Chambers,
C - 32, G-Block, Bandra Kurla Complex,
Bandra (East), Mumbai - 400 051
Telephone: +91 22 6622 2500
Facsimile: +91 22 6622 2501
Email: vel.ri@idfc.com
Website: www.idfccapital.com
Investor Grievance Email: investorgrievance@idfc.com
Contact Person: Mr. Akshay Bhandari
SEBI Registration Number: MB/INM000011336

**IDBI Capital Market Services Limited**
3rd Floor, Mafatlal Centre,
Nariman Point,
Mumbai 400 021,
Maharashtra, India
Telephone: +91 22 4322 1219
Facsimile: +91 22 2285 0785
Email: vel.ri@idbicapital.com
Website: www.idbicapital.com
Investor Grievance Email: redressal@idbicapital.com
Contact Person: Mr. Sumit Singh
SEBI Registration Number: INM000010866

**Banker to the Issue**

[●]

**Refund Banker to the Issue:**

[●]

**Self Certified Syndicate Bankers:**

The list of banks that have been notified by SEBI to act as SCSBs for the Applications Supported by Blocked Amount Process is provided at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries. For details on designated branches of SCSB collecting the CAF, please refer the above mentioned SEBI link.

**Please note that, in terms of SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, QIB Investors, Non-Institutional Investors (including all companies and bodies corporate) and other Investors whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process, subject to them complying with the requirements of SEBI circular dated December 30, 2009. Further, all QIB Investors and Non-Institutional Investors are mandatorily required to use the ASBA facility, even if application amount does not exceed ₹ 200,000.**

**Notwithstanding anything contained hereinabove, all Renouncees shall apply in the Issue only through the non-ASBA process.**

Retail Individual Investors may optionally apply through the ASBA process, provided that they are eligible ASBA Investors.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

**All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the Investor, number of Rights Equity Shares applied for, amount blocked, ASBA account number and the Designated Branch of the SCSB where the CAF was submitted by the ASBA Investors.**

For more details on the ASBA process, please refer to the details given in CAF and also please refer to the section titled "*Terms of the Issue*" on page 247 of the DLOF.

**Domestic Legal Advisor to the Issue**

**J. Sagar Associates**
Vakils House,
18 Sprott Road,
Ballard Estate,
Mumbai- 400 001
Telephone: +91 22 4341 8600
Facsimile: +91 22 4341 8617
Email: mumbai@jsalaw.com

**Statutory Auditor of our Company**

**Deloitte Haskins & Sells LLP**
706, 7th Floor, B Wing,
ICC Trade Tower,
Senapati Bapat Road, Pune – 411016
Tel: +91 020 66244600
Email: hmjoshi@deloitte.com
Firm Registration Number: 117366W / W-100018
Contact Person: Hemant M. Joshi
Peer Review Certificate No.: 006742

**Registrar to the Issue**

**Karvy Computershare Private Limited**
Plot No. 17-24, Vittal Rao Nagar, Hi-Tech City Road
Madhapur, Hyderabad - 500 081
Telephone: +91 40 4465 5300
Facsimile: +91 40 2343 1551
E-mail: vascon.rights@karvy.com
Website: www.karvy.com
Contact Person: Mr. Muralikrishna M.
SEBI Registration No.: INR000000221

**Note**: Investors are advised to contact the Registrar to the Issue/Compliance Officer in case of any pre-Issue/post-Issue related problems such as non-receipt of the Draft Letter of Offer / the Letter of Offer / the Abridged Letter of Offer / CAF / allotment advice / share certificate(s) / refund orders.

**Subscription by our Promoters and Promoter Group**

- The following Promoters and the members of the Promoter Group of our Company have confirmed that they intend to subscribe to the full extent of their Rights Entitlement in the Issue including, by subscribing for the Rights Equity Shares pursuant to renunciation, if any, obtained in their favour:

  (i) R. Vasudevan
  (ii) Lalitha Vasudevan
  (iii) Sowmya Vasudevan Moorthy
  (iv) Siddharth Vasudevan Moorthy
  (v) Thangam Moorthy
  (vi) Bellflower Premises Private Limited
  (vii) Vatsalya Enterprises Private Limited

Premratan Exports LLP and Golden Temple Pharma LLP may subscribe to full or part of their Rights Entitlement in the Issue. Further, Geeta Lulla intends subscribe for the Rights Equity Shares pursuant to renunciation, if any, obtained in her favour

- The following Promoters and the members of the Promoter Group of our Company have confirmed that they intend to subscribe to additional Rights Equity Shares to the extent of any unsubscribed portion in the Issue, to ensure achieving minimum subscription (i.e. 90 %) of the Issue:

  (i) R. Vasudevan
  (ii) Lalitha Vasudevan
  (iii) Sowmya Vasudevan Moorthy
  (iv) Siddharth Vasudevan Moorthy
  (v) Thangam Moorthy
  (vi) Bellflower Premises Private Limited
  (vii) Vatsalya Enterprises Private Limited
  (viii) Geeta Lulla

Such subscription for the Rights Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of additional Rights Equity Shares shall not result in a change of control of the management of the Company in accordance with provisions of the Takeover Regulations and shall be exempt in terms of Regulation 10 (4) (a) and (b) of the Takeover Regulations.

The subscription by our Promoters and Promoter Group of the Rights Equity Shares in the Issue and the consequent allotment of the Rights Equity Shares would be subject to the aggregate shareholding of the Promoters and Promoter Group not exceeding 75% of the post-Issue equity share capital of the Company on the date of Allotment, in compliance with Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957 and Clause 40A of the Equity Listing Agreements.

For further details please refer to "*Terms of the Issue - Basis of Allotment*" on page 269 of the DLOF.

**Issue Schedule**

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below:

| | |
|---|---|
| **Issue Opening Date:** | [●] |
| **Last date for receiving requests for SAFs:** | [●] |
| **Issue Closing Date:** | [●] |

**Monitoring Agency**

A monitoring agency is not required pursuant to Regulation 16 (1) of the SEBI ICDR Regulations. Our Board and the Audit Committee of our Board will monitor the use of proceeds of this Issue as per Clause 49 of the Equity Listing Agreements.

**Impersonation**

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-Section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

*"Any person who makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."*

**Expert**

Except as stated below, our Company has not obtained any expert opinions:

i. Our Company has received written consent from the Statutory Auditor namely, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, to include its name as an expert under Section 26 of the Companies Act, 2013 in the Draft Letter of Offer in relation to the: i) reports of the Statutory Auditor dated November 14, 2017 for the audited consolidated financial statements and the audited standalone financial statements, respectively, of our Company for the Financial Year ended March 31, 2014; and ii) statement of tax benefits dated November 17, 2014 included in the Draft Letter of Offer and such consent has not been withdrawn as of the date of the Draft Letter of Offer.

ii. Certificate from Architect Shirish B. Mohile dated November 17, 2014 in connection with total estimated construction cost for the Project Ela- Residential.

iii. Certificate from Architect Sandeep Hardikar dated November 17, 2014 in connection with total estimated construction cost for the Project Windermere- Residential.

**Listing on the Stock Exchanges**

The Equity Shares of our Company are listed on the NSE and the BSE. We have received in-principle approvals for listing of the Rights Equity Shares from the NSE and the BSE by letters dated [●] and [●], respectively. We will make applications to the Stock Exchanges for final listing and trading approvals in respect of the Rights Equity Shares being offered in terms of the Draft Letter of Offer.

**Trustees**

As this is an Issue of Rights Equity Shares, the appointment of trustee/s is not required.

**Underwriting**

This Issue shall not be underwritten.

**Inter-se Statement of responsibility of the Lead Managers:**

| Sr. No. | Activities | Responsibility | Co-ordinator |
|---|---|---|---|
| 1. | Capital structuring with the relative components and formalities such as type of instruments, etc. | IDFC and IDBI | IDFC |
| 2. | Undertaking due diligence documents and together with legal counsels assist in drafting of the Offer Documents and of advertisement/publicity material including newspaper advertisements and brochure/ memorandum containing salient features of the Offer Document. Compliance with the SEBI ICDR Regulations and other stipulated requirements and completion of prescribed formalities with Stock Exchanges and SEBI. | IDFC and IDBI | IDFC |
| 3. | Selection of various agencies connected with the issue, | IDFC and IDBI | IDBI |

| Sr. No. | Activities | Responsibility | Co-ordinator |
|---|---|---|---|
| | namely Registrar to the Issue, Bankers to the Issue, printers and advertisement agencies. | | |
| 4. | Marketing of the Issue, which shall cover, inter alia, formulating marketing strategies, preparation of publicity budget, arrangements for selection of (i) ad-media, (ii) centers for holding conferences of stock brokers, investors, etc., (iii) bankers to the Issue, (iv) collection centers as per schedule III of the SEBI ICDR Regulations, (v) distribution of publicity and Issue material including composite application form, draft letter of offer, letter of offer, etc., and deciding upon the quantum of Issue material. | IDFC and IDBI | IDFC |
| 5. | The post Issue activities will involve essential follow up steps, which must include finalization of basis of allotment / weeding out of multiple applications, listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrar to the Issue, Bankers to the Issue and the bank handling refund business. Lead Managers shall be responsible for ensuring that these agencies fulfill their functions and enable them to discharge this responsibility through suitable agreements with the Company. | IDFC and IDBI | IDFC |

**Credit Rating**

As this is an Issue of Rights Equity Shares, we are not required to obtain a credit rating in connection with the Issue and/or the Rights Equity Shares.

**Principal Terms of Loans and Assets Charged as Security**

For details in connection with the principal terms of loans and assets charged as security, please see the section titled "*Financial Indebtedness*" on page 224 of the DLOF.

## CAPITAL STRUCTURE

Our share capital as on the date of filing of the Draft Letter of Offer is set forth below:

***(₹in million except share data)***

| | | Aggregate Value at nominal value | Aggregate Value at Issue Price |
|---|---|---|---|
| A) | **AUTHORISED SHARE CAPITAL** | | |
| | | | |
| | 200,000,000 Equity Shares of ₹ 10 each | 2,000.00 | |
| | | | |
| B) | **ISSUED, SUBSCRIBED AND PAID UP EQUITY SHARE CAPITAL BEFORE THE ISSUE** | | |
| | | | |
| | 90,182,550 Equity Shares of ₹ 10 each | 901.83 | |
| | | | |
| C) | **PRESENT ISSUE IN TERMS OF THE DRAFT LETTER OF OFFER*** | | |
| | | | |
| | [●] Equity Shares of ₹ 10 each | [●] | [●] |
| | | | |
| D) | **PAID UP EQUITY SHARE CAPITAL AFTER THE ISSUE** | | |
| | | | |
| | [●] Equity Shares of ₹ 10 each | [●] | |
| | | | |
| E) | **SHARE PREMIUM ACCOUNT** | | |
| | | | |
| | Before the Issue | 3,882.89 | |
| | | | |
| | After the Issue | [●] | |

* This Issue is being made pursuant to a resolution passed by the Board of our Company at its meeting held on October 20, 2014.

**Notes to the Capital Structure**

1. **Outstanding Instruments**

- <u>ESOS 2013:</u>

  In terms of the special resolution passed by our shareholders on September 12, 2013 we have granted options in respect of 2,250,000 Equity Shares, which represents 2.49% of the pre-Issue paid up equity share capital of our Company, and [●] % of the fully diluted post-Issue paid up equity share capital of our Company. As of the date of filing the Draft Letter of Offer with SEBI, we have granted options in respect of 2,250,000 Equity Shares, which represent 2.49% of the pre-Issue paid up equity share capital of our Company to the employees of our Company, pursuant to ESOS 2013.

  The following table sets forth the particulars of options under the ESOS 2013 as on September 30, 2014:

| Sl. No. | Description | ESOS 2013 |
|---|---|---|
| 1. | Options Granted | 2,250,000 |
| 2. | The Pricing Formula | Intrinsic value |
| 3. | Options Vested | 2,250,000 |

| Sl. No. | Description | ESOS 2013 |
|---|---|---|
| 4. | Options Exercised | Nil |
| 5. | Total number of Equity Shares arising as a result of exercise of options | Nil |
| 6. | Options lapsed | Nil |
| 7. | Variation in the terms of options | Nil |
| 8. | Money realised by exercise of options (in ₹) | Nil |
| 9. | Total number of options outstanding | 2,250,000 |

Save as provided hereinabove, as on the date hereof there are no other outstanding options or other convertible securities of our Company.

- ESOS 2014

In terms of the special resolution passed by our shareholders on September 15, 2014 we have granted options in respect of 2,250,000 Equity Shares, which represents 2.49% of the pre-Issue paid up equity share capital of our Company, and [●] % of the fully diluted post-Issue paid up equity share capital of our Company. As of the date of the Draft Letter of Offer, we have granted options in respect of 2,250,000 Equity Shares, which represent 2.49% of the pre-Issue paid up equity share capital of our Company to the employees of our Company, pursuant to ESOS 2014.

The following table sets forth the particulars of options under the ESOS 2014 as on September 30, 2014:

| Sl. No. | Description | ESOS 2014 |
|---|---|---|
| 1. | Options Granted | 2,250,000 |
| 2. | The Pricing Formula | Intrinsic value |
| 3. | Options Vested | 2,250,000 |
| 4. | Options Exercised | Nil |
| 5. | Total number of Equity Shares arising as a result of exercise of options | Nil |
| 6. | Options lapsed | Nil |
| 7. | Variation in the terms of options | Nil |
| 8. | Money realised by exercise of options (in ₹) | Nil |
| 9. | Total number of options outstanding | 2,250,000 |

Save as provided hereinabove, as on the date hereof there are no other outstanding options or other convertible securities of our Company.

2. **Details of securities held by our Promoters and Promoter Group**

The table below presents the details of the securities of our Company held by our Promoters and Promoter Group as on September 30, 2014 including details of lock-in, pledge and/or encumbrance on such securities:

| Sl. No. | Name of the Shareholder | Details of Shares held | Encumbered Shares | Details of Warrants | Details of Convertible Securities | Total shares (including |
|---|---|---|---|---|---|---|

| | | No. of shares held | As a % of total no. of equity shares outstanding as on September 30, 2014 | No. of shares held | As a % | As a % of total no. of equity shares outstanding as on September 30, 2014 | No. of warrants held | As a % total number of warrants of the same class | No. of convertible securities | As a % total number of convertible securities of the same clas | underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital |
|---|---|---|---|---|---|---|---|---|---|---|---|
| (I) | (II) | (III) | (IV) | (V) | (VI) = (V) / (III) x 100 | (VII) | (VIII) | (IX) | (X) | (XI) | (XII) |
| **Promoters and Promoter Group** | | | | | | | | | | | |
| 1. | Golden Temple Pharma Private Limited | 9,783,273 | 10.85 | 0 | 0.00 | 0.00 | 0 | 0.00 | 0 | 0.00 | 10.85 |
| 2. | Vasudevan Rammoorthy | 7,615,528 | 8.44 | 0 | 0.00 | 0.00 | 0 | 0.00 | 0 | 0.00 | 8.44 |
| 3. | Premratan Exports Private Limited | 6,667,637 | 7.39 | 0 | 0.00 | 0.00 | 0 | 0.00 | 0 | 0.00 | 7.39 |
| 4. | Vatsalya Enterprises Private Limited | 5,227,273 | 5.80 | 0 | 0.00 | 0.00 | 0 | 0.00 | 0 | 0.00 | 5.80 |
| 5. | Lalitha Vasudevan | 2,669,128 | 2.96 | 0 | 0.00 | 0.00 | 0 | 0.00 | 0 | 0.00 | 2.96 |
| 6. | Vasudevan Rammoorthy | 1,800,001 | 2.00 | 0 | 0.00 | 0.00 | 0 | 0.00 | 0 | 0.00 | 2.00 |
| 7. | Sowmya Vasudevan Moorthy | 403,200 | 0.45 | 0 | 0.00 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0.45 |
| 8. | Siddharth Vasudevan Moorthy | 403,200 | 0.45 | 0 | 0.00 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0.45 |
| 9. | Bellflower Premises Private Limited | 300,583 | 0.33 | 0 | 0.00 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0.33 |
| **Total** | | **34,869,823** | **38.67** | **0** | **0.00** | **0.00** | **0** | **0.00** | **0** | **0.00** | **38.67** |

3. None of the Equity Shares held by our Promoters and Promoter Group are pledged with any banks, institutions, locked-in or subject to any encumbrance as on September 30, 2014.

4. Our Promoters and Promoter Group have not acquired any Equity Shares in the last one year immediately preceding the date of the Draft Letter of Offer.

5. The ex-rights price arrived in accordance with Clause 4(b) of Regulation 10 of the Takeover Regulations, in connection with the Issue is ₹ [●].

6. **Shareholding Pattern:**

The table below presents our Company’s shareholding as on September 30, 2014:

| Sr. No | Category of shareholder | Number of shareholders | Total number of shares | Number of shares held in de materialized form | Total shareholding as a percentage of total number of shares | | Shares pledged or otherwise encumbered | |
|---|---|---|---|---|---|---|---|---|
| | | | | | % of shares (A+B) | % of shares (A+B+C) | Number of shares | % No. of shares |
| **(A)** | **Shareholding of Promoter and Promoter Group** | | | | | | | |
| **(1)** | **Indian** | | | | | | | |
| (a) | Individuals/ Hindu Undivided Family | 5 | 1,28,91,057 | 1,28,91,057 | 14.29 | 14.29 | 0 | 0.00 |
| (b) | Central Government/ State Government(s) | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (c) | Bodies Corporate | 4 | 2,19,78,766 | 2,19,78,766 | 24.37 | 24.37 | 0 | 0.00 |
| (d) | Financial Institutions/ Banks | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (e) | Any Other (specify) | | | | | | | |
| | Sub-Total (A)(1) | 9 | 3,48,69,823 | 3,48,69,823 | 38.67 | 38.67 | 0 | 0.00 |
| **(2)** | **Foreign** | | | | | | | |
| (a) | Individuals (Non-Resident Individuals/ Foreign Individuals) | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (b) | Bodies Corporate | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (c) | Institutions | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (d) | Qualified Foreign Investor | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (e) | Any Other (specify) | | | | | | | |
| | **Sub-Total (A)(2)** | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | **Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)** | 9 | 3,48,69,823 | 3,48,69,823 | 38.67 | 38.67 | 0 | 0.00 |
| **(B)** | **Public shareholding** | | | | | | | |
| **(1)** | **Institutions** | | | | | | | |
| (a) | Mutual Funds/ UTI | 3 | 18,38,095 | 18,38,095 | 2.04 | 2.04 | 0 | 0.00 |
| (b) | Financial Institutions/ Banks | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (c) | Central Government/ State Government(s) | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (d) | Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (e) | Insurance Companies | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (f) | Foreign Institutional Investors | 1 | 7,74,523 | 7,74,523 | 0.86 | 0.86 | 0 | 0.00 |
| (g) | Foreign Venture Capital Investors | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (h) | Qualified Foreign Investor | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |

| Sr. No | Category of shareholder | Number of shareholders | Total number of shares | Number of shares held in de materialized form | Total shareholding as a percentage of total number of shares | | Shares pledged or otherwise encumbered | |
|---|---|---|---|---|---|---|---|---|
| | | | | | % of shares (A+B) | % of shares (A+B+C) | Number of shares | % No. of shares |
| (i) | Any Other (specify) | | | | | | | |
| | **Sub-Total (B)(1)** | 4 | 26,12,618 | 26,12,618 | 2.90 | 2.90 | 0 | 0.00 |
| **(2)** | **Non-institutions** | | | | | | | |
| (a) | Bodies Corporate | 200 | 4,84,15,686 | 4,70,44,776 | 53.69 | 53.69 | 0 | 0.00 |
| (b) | Individuals | | | | | | | |
| (i) | Individual shareholders holding nominal share capital up to Rs. 1 lakh | 5,204 | 17,07,895 | 17,07,893 | 1.89 | 1.89 | 0 | 0.00 |
| (ii) | Individual shareholders holding nominal share capital in excess of Rs. 1 lakh | 46 | 23,88,218 | 23,88,218 | 2.65 | 2.65 | 0 | 0.00 |
| (c) | Qualified Foreign Investor | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (d) | Any Other (specify) | | | | | | | |
| | H U F | 209 | 1,43,108 | 1,43,108 | 0.16 | 0.16 | NA | NA |
| | Clearing members | 16 | 2,957 | 2,957 | 0.00 | 0.00 | NA | NA |
| | Non Resident Indians | 37 | 42,245 | 42,245 | 0.05 | 0.05 | NA | NA |
| | **Sub-Total(B)(2)** | 5,712 | 5,27,00,109 | 5,13,29,197 | 58.44 | 58.44 | 0 | 0.00 |
| | **Total Public Shareholding (B)= (B)(1)+(B)(2)** | 5,716 | 5,53,12,727 | 5,39,41,815 | 61.33 | 61.33 | 0 | 0.00 |
| | **TOTAL(A)+(B)** | 5,725 | 9,01,82,550 | 8,88,11,638 | 100.00 | 100.00 | 0 | 0.00 |
| **(C)** | **Shares held by Custodians and against which Depository Receipts have been issued** | | | | | | | |
| **C1** | Promoter and Promoter group | 0 | 0 | 0 | | 0.00 | 0 | 0.00 |
| **C2** | Public | 0 | 0 | 0 | | 0.00 | 0 | 0.00 |
| | **Total C=C1+C2** | 0 | 0 | 0 | | 0.00 | 0 | 0.00 |
| | **GRAND TOTAL (A)+(B)+(C)** | 5,725 | 9,01,82,550 | 8,88,11,638 | N.A. | 100.00 | 0 | 0.00 |

7. **Participation in the Issue by our Promoters and Promoter Group:**

- The following Promoters and the members of the Promoter Group of our Company have confirmed that they intend to subscribe to the full extent of their Rights Entitlement in the Issue including, by subscribing for the Rights Equity Shares pursuant to renunciation, if any, obtained in their favour:

(i) R. Vasudevan
(ii) Lalitha Vasudevan
(iii) Sowmya Vasudevan Moorthy
(iv) Siddharth Vasudevan Moorthy
(v) Thangam Moorthy

(vi) Bellflower Premises Private Limited
(vii) Vatsalya Enterprises Private Limited

Premratan Exports LLP and Golden Temple Pharma LLP may subscribe to full or part of their Rights Entitlement in the Issue. Further, Geeta Lulla intends subscribe for the Rights Equity Shares pursuant to renunciation, if any, obtained in her favour

- The following Promoters and the members of the Promoter Group of our Company have confirmed that they intend to subscribe to additional Rights Equity Shares to the extent of any unsubscribed portion in the Issue, to ensure achieving minimum subscription (i.e. 90 %) of the Issue:

(i) R. Vasudevan
(ii) Lalitha Vasudevan
(iii) Sowmya Vasudevan Moorthy
(iv) Siddharth Vasudevan Moorthy
(v) Thangam Moorthy
(vi) Bellflower Premises Private Limited
(vii) Vatsalya Enterprises Private Limited
(viii) Geeta Lulla

Such subscription for the Rights Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of additional Rights Equity Shares shall not result in a change of control of the management of the Company in accordance with provisions of the Takeover Regulations and shall be exempt in terms of Regulation 10 (4) (a) and (b) of the Takeover Regulations.

The subscription by our Promoters and Promoter Group of the Rights Equity Shares in the Issue and the consequent allotment of the Rights Equity Shares would be subject to the aggregate shareholding of the Promoters and Promoter Group not exceeding 75% of the post-Issue equity share capital of the Company on the date of Allotment, in compliance with Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957 and Clause 40A of the Equity Listing Agreements.

8. **Persons and Entities owning more than 1% of our Equity Shares:**

Statement showing shareholding of persons belonging to the category "Public" and holding more than 1% of the total number of Equity Shares as on September 30, 2014:

| Sl. No. | Name of the Shareholder | Number of shares held | Shares as a % of total number of equity shares outstanding as on September 30, 2014 | Details of Warrants | | Details of Convertible Securities | | Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital |
|---|---|---|---|---|---|---|---|---|
| | | | | No. of warrants held | As a % total number of warrants of the same class | No. of convertible securities | % w.r.t total number of convertible securities of the same class | |

| Sl. No. | Name of the Shareholder | Number of shares held | Shares as a % of total number of equity shares outstanding as on September 30, 2014 | Details of Warrants | | Details of Convertible Securities | | Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital |
|---|---|---|---|---|---|---|---|---|
| | | | | No. of warrants held | As a % total number of warrants of the same class | No. of convertible securities | % w.r.t total number of convertible securities of the same class | |
| 1. | HDFC Ventures Trustee Company Limited | 11,612,407 | 12.88 | 0 | 0.00 | 0 | 0.00 | 12.88 |
| 2. | Dreamz Impex Private Limited | 9,783,273 | 10.85 | 0 | 0.00 | 0 | 0.00 | 10.85 |
| 3. | DNA Pharma Private Limited | 8,968,000 | 9.94 | 0 | 0.00 | 0 | 0.00 | 9.94 |
| 4. | Medicreams India Private Limited | 6,667,637 | 7.39 | 0 | 0.00 | 0 | 0.00 | 7.39 |
| 5. | Orion Life Sciences Private Limited | 6,112,000 | 6.78 | 0 | 0.00 | 0 | 0.00 | 6.78 |
| 6. | Okasa Private Limited | 1,370,910 | 1.52 | 0 | 0.00 | 0 | 0.00 | 1.52 |
| 7. | Sundaram Mutual Fund A/c Sundaram Smile Fund | 9,83,826 | 1.09 | 0 | 0.00 | 0 | 0.00 | 1.09 |
| | **Total** | 4,54,98,053 | **50.45** | **0** | **0.00** | **0** | **0.00** | **50.45** |

9. The terms of issue to Eligible Equity Shareholders have been presented under the section titled "*Terms of the Issue*" on page 247 of the DLOF.

10. At any given time, there shall be only one denomination of Equity Shares of our Company.

11. We have not revalued our assets during the last five Financial Years.

12. Issue to remain open for a minimum of 15 days and a maximum period which shall not exceed 30 days as may be determined by the Board.

13. All the Equity Shares of our Company are fully paid up and there are no partly paid up Equity Shares as on the date of the Draft Letter of Offer. Further, the Rights Equity Shares when issued shall be fully-paid up.

## OBJECTS OF THE ISSUE

The Objects of the Issue are:

1. Repayment/ pre-payment, in full or part, of certain identified loans availed by our Company;

2. Finance the construction of our Ongoing Projects; and

3. General corporate purposes.

The main objects clause of our Company's Memorandum of Association enables us to undertake our existing activities and the activities for which funds are being raised by our Company pursuant to the Issue.

We intend to utilize the Issue Proceeds after deducting the Issue related expenses ("**Net Proceeds of the Issue**" or "**Net Proceeds**") for the abovementioned objects.

The details of the estimated Issue Proceeds are as follows:

| Sr. No. | Description | Amount (₹ in million) |
|---|---|---|
| 1. | Gross Proceeds of the Issue | 1,000 |
| 2. | Issue Expenses | [●] |
| 3. | Net Proceeds of the Issue | [●] |

**Utilisation of Net Proceeds of the Issue**

The utilization of the Net Proceeds of the Issue is as follows:

| Sr. No. | Particulars | Estimated amount to be utilized (₹ in million) |
|---|---|---|
| 1. | Repayment/ pre-payment, in full or part, of certain identified loans availed by our Company | 620.00 |
| 2. | Finance the construction of our Ongoing Projects | 280.00 |
| 3. | General Corporate Purposes | [●] |

Our fund requirements and deployment of the Net Proceeds of the Issue is based on internal management appraisals and estimates, and have not been appraised by any bank or financial institution. These are based on current conditions and are subject to change in light of changes in external circumstances or costs, or in other financial condition, business or strategy.

We operate in highly competitive and dynamic market conditions and may have to revise our estimates from time to time on account of external circumstances or costs in our financial condition, business or strategy. Consequently, our fund requirements may also change. Any such change in our plans may require rescheduling of our expenditure programs and increasing or decreasing expenditure for a particular object vis-à-vis the utilization of Net Proceeds. Until our Company realises the Net Proceeds, it proposes to utilise its internal accruals and/or raise additional debt and/or receivables from customers in the form of advances, to meet the proposed expenditure in respect of the Objects.

In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue. If surplus funds are unavailable, the required financing will be through our internal accruals, cash flow from our operations and/or debt, as required. In case of a shortfall in the Net Proceeds, we may explore a range of options including utilizing our internal accruals, and / or seeking additional debt from existing and future lenders. In the event that the estimated utilization out of the Net Proceeds in a Fiscal is not completely met, the same shall be utilized in the next Fiscal. For risks relating to our objects please see the risk factor: "*The requirement of funds in relation to the Objects of the Issue has not been appraised and our budgeted expenditure program may change"* in the section titled *"Risk Factors"* on page 10 of the DLOF.

**Appraisal of the Objects:**

None of the objects for which the Net Proceeds will be utilized have been appraised by any agency.

**Details of the Objects of the Issue:**

**1. Repayment/ pre-payment, in full or part, of certain identified loans availed by our Company:**

Our Company has entered into financing arrangements with various banks/ financial institutions /corporate entities. For details of our debt financing arrangements, please see the section titled "*Financial Indebtedness*" on page 224 of the DLOF.

Our Company proposes to utilize an estimated amount of ₹ 620.00 million from the Net Proceeds of the Issue towards repayment/ pre-payment, in full or part, of certain identified loans availed by our Company. The said utilization of the Net Proceeds towards repayment/pre-payment of certain identified loans availed by our Company is proposed to be consummated, in full, during the Financial Year 2014-15. We also believe that such repayment/ pre-payment will help reduce our outstanding indebtedness and our debt-equity ratio. We believe that reducing our indebtedness and an enhanced equity base will assist us in maintaining a favourable debt-equity ratio in the near future and enable utilization of our internal accruals for further investment in business growth and expansion in new projects. In addition, we believe that the strength of our balance sheet and the leverage capacity of our Company will improve significantly which shall enable us raise further resources in the future to fund potential business development opportunities and plans to grow and expand our business in the coming years.

The following table provides details of certain identified loans availed by our Company which we plan to repay/ pre-pay, in full or part, from the Net Proceeds of the Issue:

| Sr. No. | Name of Lender | Nature of Loan and Date of the Loan Agreement | Purpose of Loan* | Amount Sanctioned (in ₹ million) | Total Amount Outstanding as on October 18, 2014 (in ₹ million) | Rate of interest (per annum) | Pre-payment Penalty | Repayment Schedule | Amount to be prepaid /repaid out of the Net Proceeds** (₹ in million) |
|---|---|---|---|---|---|---|---|---|---|
| 1. | IDFC Real Estate Yield Fund | Unlisted Secured non convertible debentures<br><br>Subscription Agreement dated February 18, 2014 | a. to prepay loan facility of ₹ 730.00 million availed by the Company from IDFC Limited; and<br><br>b. to acquire transfer development rights in connection with a residential project named, "Windermere"[#] | 730.00 | 645.00 (Fund Based) | 18.25% | 0% to 3%, depending upon the source of utilized for prepayment | In 30 installments payable on the 15th of every month commencing from September 2014. . Repayment terms are under revision and are yet to be finalized between the parties. | 250.00 |
| [#]<u>First level utilization:</u> A loan of Rs. 650.00 million was availed from IDFC Limited, to prepay ICICI Bank Loan outstanding of ₹ 367.00 million, towards purchase of TDR of ₹ 205.80 million and approval and construction cost of Windermere Project for ₹ 77.20 million.<br><br><u>Eventual utilization</u>: ICICI Loan of ₹ 500.00 million was taken to fund the Windermere Project. | | | | | | | | | |

| Sr. No. | Name of Lender | Nature of Loan and Date of the Loan Agreement | Purpose of Loan* | Amount Sanctioned (in ₹ million) | Total Amount Outstanding as on October 18, 2014 (in ₹ million) | Rate of interest (per annum) | Pre-payment Penalty | Repayment Schedule | Amount to be prepaid /repaid out of the Net Proceeds** (₹ in million) |
|---|---|---|---|---|---|---|---|---|---|
| 2. | State Bank of India | Working Capital Demand Loan (Inter changeable from the letter of credit limit to working capital demand loan facility limit to the extent of ₹ 150.00 million)<br><br>Working Capital Consortium Agreement dated September 26, 2014<br><br>**Sanction Letters** dated May 3, 2014, February 7, 2013 and May 27, 2013 | To meet working capital requirements | 1,000.00 | 1,155.34 (Fund Based) | 4.50% above the base rate currently being 14.50% | Nil | On demand | 270.00 |
| 3. | Leverage Finance & Securities Private Limited | Intercorporate Deposit (Unsecured) | General Corporate Purposes | 25.00 | 25.68 (Fund Based) | 12.00% | Nil | Repayable on March 30, 2015 | 25.00 |
| 4. | Yester Investment Private Limited | Intercorporate Deposit (Unsecured) | General Corporate Purposes | 75.00 | 77.04 (Fund Based) | 12.00% | Nil | Repayable on March 30, 2015 | 75.00 |
| **Total Outstanding Amount as on October 18, 2014 (in ₹ million) (Fund Based)** | | | | | **1,903.06** | | | | 620.00 |

**Certified by M/s. Vamu & Associates, Chartered Accountants, vide their certificate dated November 17, 2014, which certifies that our Company has utilised the above said loan amounts for the purposes for which the loans were raised.*

*** The amount of Net Proceeds proposed to be utilized for repayment / prepayment of each the aforementioned loans availed by our Company will be subject to (i) any conditions attached to the borrowings, (ii) terms and conditions of consents and waivers received from lenders for prepayment.*

Some of our loan agreements provide for the levy of prepayment penalties or premium. We will take such provisions into consideration while deciding the loans to be repaid and/ or pre-paid from the Net Proceeds. Payment of such pre-payment penalty or premium, if any, shall be made by our Company out of the Net Proceeds of the Issue. In the event the Net Proceeds of the Issue are not sufficient for the said payment of pre-payment penalty or premium, our Company shall make such payment from its internal accruals and cash receievables from customers. We may also be required to provide notice to some of our lenders prior to prepayment.

Given the nature of these borrowings and the terms of repayment/ pre-payment, the aggregate outstanding loan amounts may vary from time to time. In addition to the above, we may, from time to time, enter into further financing arrangements and draw down funds thereunder. In such cases or in case any of the above loans are repaid/ pre-paid or further drawn-down prior to the completion of the Issue, we may utilize the Net Proceeds towards repayment/ pre-payment of such additional indebtedness.

**2. Finance the construction of our Ongoing Projects**

We are currently constructing and developing various residential and commercial projects and intend to additionally deploy ₹ 280.00 million for the construction of the following Ongoing Projects:

| Sr. No. | Name of project | Saleable Area (in sq. ft.) | Built-up Area (in sq. ft.) | Year of commencement of construction | Estimated Completion year | Total Estimated Construction Costs | Amount deployed as of September 30, 2014 (₹ in million)* | Estimated balance construction cost (₹ in million) | Balance to be funded out of the Net Proceeds (₹ in million) | Nature of Contract / Documentation |
|---|---|---|---|---|---|---|---|---|---|---|
| 1. | Ela - Residential, Pune | 1,18,432# | 1,30,985# | 2010 | 2015 | 267.50# | 205.94 | 61.56 | 61.56 | Single Joint Venture Agreement dated June 1, 2007 |
| 2. | Wind Ermere- Residential, Pune | 3,79,100^ | 5,15,593 | 2010^ | 2015 | 1,429.9^ | 824.17 | 605.73 | 218.44 | Single Joint Venture Agreement dated February 6, 2003 |

**As per certificate from Deloitte Haskins & Sells LLP dated from November 17, 2014.*
*# The estimated construction cost has been certified by Architect Shirish B. Mohile vide their certificate dated November 17, 2014.*
*^ The estimated construction cost has been certified by Architect Sandeep Hardikar & Associates vide their certificate dated November 17, 2014.*

**Project Ela- Residential**

Our Company has entered into a Single Joint Venture Agreement dated June 1, 2007 for the joint development / construction in connection with Project Ela located at Hadapsar, Pune.

**Breakdown of the balance estimated construction costs is as follows:**

| Particulars | Amount (₹ in million)# |
|---|---|
| Civil Work | 29.70 |
| Services- Electrical, Plumbing, HVAC, Fire Fighting | 14.60 |
| Infrastructure | 17.26 |
| **Total** | 61.56 |

*# The estimated balance construction cost has been certified by Architect Shirish B. Mohile vide their certificate dated November 18, 2014.*

**Project Windermere – Residential**

Our Company has entered into a single joint venture agreement dated February 6, 2003 for the development and construction of flats and other premises located at Ghorpadi, Taluka Haveli, Pune. In furtherance of this single joint venture agreement, two supplementary agreements dated February 1, 2010 and November 1, 2012 were also entered into.

**Breakdown of the balance estimated construction costs is as follows:**

| Particulars | Amount (₹ in million)# |
|---|---|
| Approvals | 17.40 |
| Civil Work | 224.00 |
| Services- Electrical, Plumbing, HVAC, Fire Fighting | 99.30 |
| Infrastructure | 134.20 |
| Podium | 113.30 |
| Other | 17.53 |
| **Total** | 605.73 |

*# The estimated balance construction cost has been certified by Architect Shirish B. Mohile vide their certificate dated November 18, 2014.*

**Schedule of Deployment:**

| Sr. No. | Name of Project and Location | Estimated Schedule of Deployment | |
|---|---|---|---|
| | | FY 15 | FY 16 |
| 1. | Project Ela- Residential, Pune | 61.56 | Nil |
| 2. | Project Windermere – Residential, Pune | 150.00 | 68.44 |
| **TOTAL** | | 211.56 | 68.44 |

### 3. General Corporate Purposes

Our Board, will have flexibility in applying the balance amount towards general corporate purposes, subject to such utilization not exceeding 25% of the Net Proceeds of the Issue, including, strengthening marketing capabilities and brand building exercises, meeting our working capital requirements, routine capital expenditure, funding our growth opportunities, including strategic initiatives, meeting expenses incurred in the ordinary course of business including salaries and wages, rent, administration expenses, insurance related expenses, repairs and maintenance, and the payment of taxes and duties; and meeting of exigencies which our Company may face in course of business.

The quantum of utilization of funds towards each of the above purposes will be determined by the Board of Directors based on the amount actually available under the head "*General Corporate Purposes*" and the business requirements of our Company, from time to time.

### 4. Issue Expenses

The estimated Issue related Expenses are as follows:

| Sr. No. | Activity Expense | Amount (in ₹ million) | Percentage of Total estimated Issue expenditure | Percentage of Issue Size |
|---|---|---|---|---|
| 1. | Fees of lead managers, bankers to the Issue, legal advisor, registrar to the Issue and out of pocket expenses | [●] | [●] | [●] |
| 2. | Expenses relating to advertising, printing, distribution, marketing and stationery expenses | [●] | [●] | [●] |
| 3. | Regulatory fees, filing fees, listing fees, depository fees, auditor fees and miscellaneous expenses | [●] | [●] | [●] |
| | **Total estimated Issue expenses** | [●] | [●] | [●] |

**Means of Finance**

The stated Objects of the Issue are proposed to be entirely financed by the Net Proceeds of the Issue and our Company's internal accruals, receivables from customers in the form of advances, and thus, we are in compliance with the requirements of firm arrangements of finance through verifiable means towards 75% of the stated means of finance excluding the amount to be raised through the proposed Issue, as required under Regulation 4(2)(g) of the SEBI ICDR Regulations.

**Interim Use of Funds**

Our Board will have flexibility in deploying the Net Proceeds of the Issue. Pending utilization for the purposes described above, we intend to invest the funds in high quality interest bearing liquid instruments including investment in liquid money market mutual funds, fixed deposits with banks and other interest bearing securities for the necessary / interim duration or we may temporarily park the proceeds in our cash credit account(s). Such investments will be approved by the Board or its committee from time to time, in accordance with its investment policies.

**Bridge Loan**

We have not raised any bridge loans which are required to be repaid from the Net Proceeds. However, depending upon business requirements, our Company may consider raising bridge financing facilities including any other short-term instrument like non convertible debentures, commercial papers etc, pending receipt of the Net Proceeds.

**Monitoring Utilization of Funds from Issue**

As this is an Issue for an amount less than ₹ 5,000 million, there is no requirement for the appointment of a monitoring agency. Our Board or its duly authorized committees will monitor the utilization of the Issue Proceeds. Our Company will disclose the utilization of the Issue Proceeds, including interim use, under a separate head along with details, for all such Issue Proceeds that have not been utilized. Our Company will indicate investments, if any, of unutilized Issue Proceeds in the balance sheet of our Company for the relevant Financial Years subsequent to the listing.

We will, on a quarterly basis, disclose to the Audit Committee and the Board the uses and applications of the Issue Proceeds in accordance with the provisions of the Equity Listing Agreement. We also will on an annual basis, prepare a statement of funds which have been utilized for purposes other than those stated in the Draft Letter of Offer, if any, and place it before the Audit Committee and the Board. Such disclosure will be made only until such time that all the Issue Proceeds have been utilized in full. The statement shall be certified by our Statutory Auditor. Further, in accordance with Clause 43A of the Equity Listing Agreement we will furnish to the Stock Exchanges on a quarterly basis, a statement including material deviations if any, in the utilization of the Issue Proceeds from the Objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results, after placing the same before the Audit Committee and the Board.

Our Company shall inform material deviations in the utilization of Issue Proceeds to the Stock Exchanges and shall also simultaneously make the material deviations/adverse comments, of the Audit committee and the Board, if any, public through advertisement in newspapers.

**Other Confirmations**

There are no existing or anticipated transactions in relation to the utilization of Net Proceeds with any of our Promoters, the Directors, our key managerial personnel or Group Companies and no part of the Net Proceeds is intended to be paid by our Company as consideration to any of our Promoters, the Directors, our key managerial personnel or Group Companies.

## STATEMENT OF TAX BENEFITS

***Statement of possible direct tax benefits available to the Company and its shareholders under the applicable laws in India***

**Statement of Direct Tax Benefits**

To,
**Board of Directors,**
**Vascon Engineers Limited**
15/16, Hazari Baug, LBS Marg,
Vikhroli (West),
Mumbai - 400 083.

Dear Sirs,

**Sub: Statement of possible direct tax benefits available to Vascon Engineers Limited ("the Company") and its shareholders**

We refer to the proposed right issue of equity shares of **Vascon Engineers Limited** ("the Company") and enclose the statement showing the current position of tax benefits available to the Company and to its shareholders as per the provisions of the Income Tax Act, 1961 and the Wealth Tax Act, 1957 for inclusion in the letter of offer.

This statement is provided for general information purposes only and each investor is advised to consult its own tax consultant with respect to specific income/wealth tax implications arising out of participation in the issue.

Unless otherwise specified, sections referred below are sections of the Income tax Act, 1961 ("IT Act") and the Wealth Tax Act, 1957 ("WT Act"). The benefits set out below are subject to conditions specified therein read with the Income Tax Rules, 1962 and the Wealth Tax Rules, 1957 presently in force.

The amendments in the Finance Act, 2014 have been incorporated to the extent relevant in the enclosed statement.

The Direct Taxes Code Bill, 2010 has lapsed. Having considered the report of the Standing Committee on Finance and the views expressed by the stakeholders, a revised Direct Taxes Code has been placed in the public domain in March, 2014. Thus, it may undergo changes by the time it is actually introduced and hence, at the moment, it is unclear when will it come into effect and what effect the proposed Direct Taxes Code would have on the Company and the investors.

The benefits outlined in the enclosed statement based on the information and particulars provided by the Company are neither exhaustive nor conclusive.

We do not express any opinion or provide any assurance as to whether:

- the Company or its shareholders will continue to obtain these benefits in future;
- the conditions prescribed for availing the benefits have been/would be met with; and
- the revenue authorities/courts will concur with the views expressed herein.

We hereby give our consent to include the enclosed statement regarding tax benefits available to the Company and to its shareholders in the letter for the proposed rights issue of equity shares which the Company intends to submit to the Securities and Exchange Board of India, the Registrar of Companies and the Stock Exchange(s).

**Limitations**

Our views expressed in the statement enclosed are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. The views are exclusively for the use of **Vascon Engineers Limited** and shall not, without our prior written consent, be disclosed to any other person.

Yours faithfully,

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

**Hemant Joshi**
Partner
(Membership No.038019)

Pune, November 17, 2014

## STATEMENT OF DIRECT TAX BENEFITS AVAILABLE TO VASCON ENGINEERS LIMITED ("THE COMPANY") AND ITS SHAREHOLDERS

The direct tax benefits listed below are the possible benefits available under the current tax laws in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfill.

### 1. SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY

There are no special tax benefits available to the Company under the provisions of the Income tax Act, 1961 ("IT Act").

### 2. GENERAL TAX BENEFITS AVAILABLE TO THE COMPANY

The following benefits are available to the Company after fulfilling conditions as per the respective provisions of the relevant tax laws.

**i. Income arising from developing, or operating and maintaining or developing, operating and maintaining infrastructure facility**

As per section 80-IA of the IT Act, a deduction of 100% is allowable for 10 years commencing from the initial assessment year in respect of profits and gains derived from carrying on the business of developing, or operating and maintaining or developing, operating and maintaining specified infrastructure facility, subject to fulfillment of prescribed conditions.

However, the aforesaid deduction is not available while computing tax liability of the Company under Minimum Alternative Tax ('MAT'). Nonetheless, such MAT paid/payable on the book profits of the Company computed in terms of the provisions of IT Act, read with the Companies Act, 2013 would be eligible for credit against tax liability arising under normal provisions of IT Act.

Further, such credit would not be allowed to be carried forward and set off beyond $10^{th}$ assessment year immediately succeeding the assessment year in which such credit becomes allowable.

**ii. Dividends**

**Exemption u/s 10(34) of the IT Act**

As per section 10(34) of the IT Act, any income by way of dividends referred to in section 115-O from a domestic company is exempt from tax in the hands of the Company. Such income is also exempt from tax while computing book profit for the purpose of determination of MAT liability.
However, in view of the provisions of section 14A of the IT Act, no deduction is allowed in respect of any expenditure incurred in relation to earning such dividend income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein.

Also, section 94(7) of the IT Act provides that losses arising from the sale/transfer of shares or units purchased within a period of three months prior to the record date and sold/transferred within three months or nine months respectively after such date, will be disallowed to the extent dividend income on such shares or units is claimed as tax exempt.

**Exemption u/s 10(35) of the IT Act**

As per section 10(35) of the IT Act, the following incomes will be exempt in the hands of the company –

a) Income received in respect of the units of a mutual fund specified under clause (23D) of section 10 of the IT Act; or

b) Income received in respect of units from the administrator of the specified undertaking; or

c) Income received in respect of units from the specified company.

However, this exemption does not apply to any income arising from transfer of units of the administrator of the specified undertaking or of the specified company or of a mutual fund, as the case may be.

Such income is also exempt from tax while computing book profit for the purpose of determination of MAT liability.

However, in view of the provisions of section 14A of the IT Act, no deduction is allowed in respect of any expenditure incurred in relation to earning such dividend income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein.

**iii. Share in income of the partnership firm**

As per section 10(2A) of the IT Act, share of profit from the partnership firm will be exempt from tax in the hands of the Company provided that such partnership firm is separately assessed to tax. Such income is also exempt from tax while computing book profit for the purpose of determination of MAT liability.

**iv. Share in income of the Association of Persons**

As per section 86 of the IT Act, the Company shall not be required to pay tax on its share in the income of the Association of Persons (AOP) provided the AOP is chargeable to tax on its total income at the maximum marginal rate or any higher rate. However, such share from AOP will be considered while computing book profit for the purpose of determination of MAT liability.

**v. Income from House Property**

As per section 24(a) of the IT Act, the Company is eligible for deduction of 30% of the annual value of the property (i.e. actual rent received or receivable on the property or any part of the property which is let out).

**vi. Income from buy back of shares**

As per section 10(34A) of the IT Act, any income arising to the Company being a shareholder, on account of buy back of shares (not being listed on a recognized stock exchange) by a company as referred to in section 115QA of the IT Act will be exempt from tax. Such income is also exempt from tax while computing book profit for the purpose of determination of MAT liability.

**vii. Profits and Gains of Business or Profession**

Under section 35(1)(i) and section 35(1)(iv) of the IT Act, in respect of any revenue or capital expenditure incurred respectively, other than expenditure on the acquisition of any land, on scientific research related to the business of the company are allowed as deduction against the income of Company.

Under section 35(1)(ii) of the IT Act, any sum paid to a research association which has as its object, the undertaking of scientific research or to a university, college or other institution to be used for scientific research is eligible for weighted deduction to the extent of one and three-fourth times (175%) of the sum so paid. This weighted deduction is available to amounts paid to approved research association, university, college or institution.

Under section 35(1)(iia) of the IT Act, any sum paid to a company registered in India which has as its main object the conduct of scientific research and development and is approved by the prescribed authority and fulfills such conditions as may be prescribed shall be liable to deduction at one and one fourth times (125%) of the amount so paid.

Under section 35(iii) of the IT Act, any sum paid to a research association which has as its object the undertaking of research in social science or statistical research or to a university, college or other institution to be used for research in social science or statistical research and is approved by the prescribed authority and fulfills such conditions as may be prescribed shall be liable to deduction at one and one fourth times (125%) of the amount so paid.

Where the Company pays any sum to a National Laboratory or a University or an Indian Institute of Technology or specified person referred to in section 35(2AA) of the IT Act with a specific direction that the said sum shall be used for scientific research undertaken under a programme approved in this behalf by prescribed authority, the deduction shall be allowed of a sum equal to two times (200%) of the sum so paid.

As per section 35AC of the IT Act, a deduction of the amount of expenditure incurred by way of payment of any sum to a public sector company or a local authority or to an association or institution approved by the National Committee for carrying out any eligible project or scheme, is allowable while computing income from profits and gains of business or profession.

In case the Company or any of its subsidiary companies is engaged in any of the specified businesses as prescribed in section 35AD of the IT Act, there shall be allowed a deduction of 100% or 150% of the capital expenditure incurred except cost of land, goodwill or any financial instruments depending on the type and nature of the business and the date on which such business commenced as prescribed in section 35AD.

As per section 35CCD of the IT Act, a weighted deduction to the extent of one and one-half times (150%) of the amount of expenditure incurred (other than cost of land and building) on any skill development project notified by the Board, is allowable while computing income from profits and gains of business or profession.

Subject to certain conditions, section 35D of the IT Act provides for deduction of specified preliminary expenditure incurred before the commencement of the business or after the commencement of business in connection with the extension of the undertaking or in connection with the setting up a new unit. The deduction allowable is equal to one-fifth of such expenditure incurred for each of the five successive previous years beginning with the previous year in which the business commences.

Under section 35DD of the IT Act, the Company will be entitled to a deduction equal to 1/5th of the expenditure incurred in connection with Amalgamation or Demerger of an undertaking by way of amortization over a period of 5 successive years, beginning with the previous year in which the amalgamation or demerger takes place.

**viii. Depreciation**

The Company is entitled to claim depreciation on specified tangible and intangible assets owned and used by it for the purpose of its business as per provisions of section 32 of the IT Act.

**ix. Carry forward and Set-off of Business loss and unabsorbed depreciation**

Business loss (other than speculative loss), if any, arising during a year can be set off against the income under any other head of income, other than income under the head 'salaries', in terms of the provisions of section 71 of the IT Act. Balance business loss, if any, can be carried forward and set off against business profits for eight subsequent years in terms of the provisions of section 72 of the IT Act.

Unabsorbed depreciation under section 32(2) of the IT Act can be carried forward and set off against any source of income in subsequent years subject to provisions of section 72(2) of the IT Act.

**x. Capital gains**

As per section 2(42A) of the IT Act, a security (other than a unit) listed in a recognised stock exchange in India or units of the Unit Trust of India or a unit of an equity oriented fund or zero coupon bonds will be considered as short term capital asset if the period of holding of such shares, units or security is twelve months or less. If the period of holding is more than twelve months, it will be considered as long term capital asset as per section 2(29A) of the IT Act. In respect of other assets, the determinative period of holding is thirty six months as against twelve months mentioned above. Further, gain/loss arising from the transfer of short term capital asset and long term capital asset is regarded as short term capital gains/loss and long term capital gains/loss respectively.

Section 48 of the IT Act, which prescribes the mode of computation of Capital Gains, provides for deduction of cost of acquisition/improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of Capital Gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition/improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition/ improvement by a cost inflation index as prescribed from time to time. However, such indexation benefit would not be available on bonds and debentures.

As per section 10(38) of the IT Act, long term capital gains arising to the Company from transfer of long term capital asset being an equity share in a Company or a unit of an equity oriented fund listed in recognized stock exchange in India where such transaction is chargeable to Securities Transaction Tax (STT) will be exempt in the hands of the Company.

As per section 54EC of the IT Act, capital gains upto Rs. 50 Lakhs arising from the transfer of a long term capital asset (in cases not covered under section 10(38) of the IT Act) are exempt from capital gains tax provided such capital gains are invested within a period of six months after the date of such transfer in specified bonds issued by National Highways Authority of India (NHAI) or Rural Electrification Corporation Ltd (RECL).

Gains arising on transfer of short term capital assets are currently chargeable to tax at the rate of 30% (plus applicable surcharge, education cess and secondary higher education cess). However, as per section 111A of the IT Act, short term capital gains arising to the Company from the sale of equity share or a unit of an equity oriented fund transacted through a recognized stock exchange in India, where such transaction is chargeable to STT, will be taxable at the rate of 15% (plus applicable surcharge, education cess and higher education cess).

However, as per the proviso to section 112(1), if the tax on long term capital gains resulting on transfer of listed securities (other than unit) or zero coupon bond (other than through a recognized stock exchange), calculated at the rate of 20% with indexation benefit exceeds the tax on long term capital gains computed at the rate of 10% without indexation benefit, then such gains are chargeable to tax at concessional rate of 10% (plus applicable surcharge, education cess and secondary higher education cess).

As per section 70 read with section 74 of the IT Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years in terms of the provisions of section 74 of the IT Act.

Long term capital loss arising during a year is allowed to be set-off only against long term capital gains in terms of section 70 of the IT Act. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years in terms of the provisions of section 74 of the IT Act. Long term capital loss arising on sale of equity shares or units of equity oriented fund subject to STT may not be carried forward for set-off.

**xi. Credit of MAT**

As per section 115JAA(1A) of the IT Act, credit is allowed in respect of tax paid under section 115JB of the IT Act for any assessment year commencing on or after April 1, 2006.

MAT credit eligible to be carried forward will be the difference between MAT paid and the tax computed as per the normal provisions of the IT Act for that assessment year. Such MAT credit is allowed to be carried forward for set off purposes for upto ten assessment years immediately succeeding the assessment year in which the MAT credit becomes allowable under section 115JAA(1A) of the IT Act.

MAT credit can be set off in a year when tax is payable under the normal provisions of the IT Act. MAT credit to be allowed shall be the difference between MAT payable and the tax computed as per the normal provisions of the IT Act for that assessment year.

**xii. Tax on distributed profits of domestic companies**

As per section 115-O of the IT Act, tax on distributed profits of domestic companies is chargeable at 15% (plus applicable surcharge, education cess and higher education cess). As per sub-section (1A) to section 115-O, the domestic Company will be allowed to set-off the dividend received from its subsidiary company during the financial year against the dividend distributed by it, while computing the Dividend Distribution Tax (DDT) if:

a) the dividend is received from its domestic subsidiary and the subsidiary has paid the DDT payable on such dividend; or

b) the dividend is received from a foreign subsidiary, the Company has paid tax payable under section 115BBD.

Further, the net distributed profits shall be increased to such amounts as would, after reduction of the tax on such increased amounts at the specified rate, be equal to the net distributed profits.

However, the same amount of dividend shall not be taken into account for reduction more than once.

**xiii. Tax rebates / Tax credits**

As per the provisions of section 90 of the IT Act, for taxes on income paid in foreign countries with which India has entered into Double Taxation Avoidance Agreements (Tax Treaties from projects/activities undertaken thereat), the Company will be entitled to the deduction from the India Income-tax of a sum calculated on such doubly taxed income to the extent of taxes paid in foreign countries. Further, the company, as a tax resident of India, would be entitled to the benefits of such Tax Treaties in respect of income derived by it in foreign countries. In such cases, the provisions of the IT Act shall apply to the extent they are more beneficial to the company. Similar deduction is available in respect of taxes paid in foreign countries, with which India does not have Double Taxation Avoidance Agreements, as per the provisions of section 91 of the IT Act.

**xiv. Other Deductions**

A deduction amounting to 100% or 50%, as the case may be, of the sums paid as donations to various entities is allowable as per section 80G of the IT Act.

A deduction amounting to 100% of any sum contributed to any political party or an electoral trust is allowable under section 80GGB of the IT Act while computing total income.

## 3. SPECIAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS

There are no special tax benefits available to resident as well as Foreign Institutional Investors ("FIIs") shareholders of the Company.

## 4. GENERAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS

### 4.1 RESIDENT SHAREHOLDERS

**i. Dividends exempt under section 10 (34)**

Under section 10(34) of the IT Act, income earned by way of dividend from domestic company referred to in section 115-O of the IT Act is exempt from income-tax in the hands of the shareholders. Accordingly, dividend declared by the Company is exempt in the hands of shareholders.

Such income is also exempt from tax while computing book profit for the purpose of determination of MAT liability.

However, in view of the provisions of section 14A of the IT Act, no deduction is allowed in respect of any expenditure incurred in relation to earning such dividend income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein.

**ii. Taxability of capital gains**

Under section 10(38) of the IT Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the Company (i.e. capital asset held for the period of more than twelve months) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax.

In terms of section 36(1)(xv) of the IT Act, STT paid in respect of the taxable securities transactions entered into in the course of the business by a shareholder is allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head 'Profit and gains of business or profession'.

As per section 2(42A) of the IT Act, shares held in the listed company will be considered as short term capital asset if the period of holding of such shares is twelve months or less. If the period of holding is more than twelve months, it will be considered as long term capital asset as per section 2(29A) of the IT Act. Further, gain/loss arising from the transfer of short term capital asset and long term capital asset is regarded as short term capital gains/loss and long term capital gains/loss respectively.

Section 48 of the IT Act, which prescribes the mode of computation of Capital Gains, provides for deduction of cost of acquisition/improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of Capital Gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition/improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition/ improvement by a cost inflation index as prescribed from time to time.

Under section 111A of the IT Act, capital gains arising from transfer of short term capital assets, being an equity share in a company which is subject to Securities Transaction Tax will be taxable under the IT Act at 15% (plus applicable surcharge, education cess and higher education cess). As per section 70 read with section 74 of the IT Act, short-term capital loss, if any arising during the year can be set-off against short-term capital gain as well as against the long-term capital gains and shall be allowed to be carried forward upto eight assessment years immediately succeeding the assessment year for which the loss was first computed.

Under section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains [not covered under section 10(38) of the IT Act] arising on transfer of shares of a listed company, if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge, education cess and secondary higher education cess) after indexation as provided in the second proviso to section 48 or at 10% (plus applicable surcharge, education cess and secondary higher education cess) (without indexation), at the option of the Shareholders.

Under section 54EC of the IT Act, capital gains upto Rs. 50 Lakhs arising from the transfer of a long term capital asset (in cases not covered under section 10(38) of the IT Act) are exempt from capital gains tax provided such capital gains are invested within a period of six months after the date of such transfer in specified bonds issued by National Highways Authority of India (NHAI) or Rural Electrification Corporation Ltd (RECL).

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition.

Under section 54F of the IT Act, where in the case of an individual or HUF long term capital gain arise from transfer of shares of the a company (other than exempt u/s 10(38) of the IT Act) then such capital gain, subject to the conditions and to the extent specified therein, will be exempt if the net sales consideration from such transfer is utilized for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer. If only a part of the net consideration is so reinvested, the exemption shall be proportionately reduced.

**iii. Other deductions**

Under section 80CCG of the IT Act, a resident individual being a new retail investor will be allowed deduction of 50% of amount invested in listed equity shares or listed units of equity oriented mutual fund in accordance with notified scheme subject to maximum deduction of INR 25,000 and fulfillment of other conditions as prescribed.

## 4.2 NON RESIDENT SHAREHOLDERS

**i. Dividends exempt under section 10 (34) of the IT Act**

Under section 10(34) of the IT Act, income earned by way of dividend from domestic company referred to in section 115-O of the IT Act is exempt from income-tax in the hands of the shareholders. Accordingly, dividend declared by the Company is exempt in the hands of shareholders.

Such income is also exempt from tax while computing book profit for the purpose of determination of MAT liability.

However, in view of the provisions of section 14A of the IT Act, no deduction is allowed in respect of any expenditure incurred in relation to earning such dividend income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein.

**ii. Taxability of capital gains**

Under section 10(38) of the IT Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the Company (i.e. capital asset held for the period of more than twelve months) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax.

As per section 2(42A) of the IT Act, shares held in the listed company will be considered as short term capital asset if the period of holding of such shares is twelve months or less. If the period of holding is more than twelve months, it will be considered as long term capital asset as per section 2(29A) of the IT Act. Further, gain/loss arising from the transfer of short term capital asset and long term capital asset is regarded as short term capital gains/loss and long term capital gains/loss respectively.

Under section 111A of the IT Act, capital gains arising from transfer of short term capital assets, being an equity share in a company which is subject to Securities Transaction Tax will be taxable under the IT Act at 15% (plus applicable surcharge, education cess and higher education cess).

As per first proviso to section 48 of the IT Act, in case of a non-resident, the capital gain/loss arising from transfer of shares of the Company, acquired in convertible foreign exchange, is to be computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer, into the same foreign currency which was initially utilized in the purchase of shares. Cost Indexation benefit will not be available in such a case.

Under section 54EC of the IT Act, capital gains upto Rs. 50 Lakhs arising from the transfer of a long term capital asset (in cases not covered under section 10(38) of the IT Act) are exempt from capital gains tax provided such capital gains are invested within a period of six months after the date of such transfer in specified bonds issued by National Highways Authority of India (NHAI) or Rural Electrification Corporation Ltd (RECL).

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition.

Under section 54F of the IT Act, where in the case of an individual or HUF long term capital gain arise from transfer of shares of the a company (other than exempt u/s 10(38) of the IT Act) then such capital gain, subject to the conditions and to the extent specified therein, will be exempt if the net sales consideration from such transfer is utilized for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer. If only a part of the net consideration is so reinvested, the exemption shall be proportionately reduced.

**iii. Provisions of the IT Act vis-à-vis provisions of the tax treaty**

As per section 90(2) of the IT Act, the provisions of the IT Act would prevail over the provisions of the relevant tax treaty to the extent they are more beneficial to the non-resident.

**iv. Specific benefits available to Non-Resident Indians**

A Non-Resident Indian had the option to be governed by the provisions of Chapter XII-A of the Act, which *inter alia* provide as under:

- In accordance with section 115D read with section 115E, income by way of long term capital gains (other than which is exempt) in respect of shares in Indian company shall be chargeable at 10% (plus education cess and secondary and higher education cess).

- In accordance with section 115F, subject to the conditions and to the extent specified therein, long-term capital gains (other than which is exempt) arising from transfer of shares of the Company acquired out of convertible foreign exchange shall be exempt from capital gains tax, if the net consideration is invested within six months of the date of transfer in any specified asset or saving certificate as specified. If only a part of the net consideration is invested, the exemption shall be proportionately reduced.

- In accordance with section 115G, it is not necessary for a Non-Resident Indian to file a return of income under section 139(1), if his total income consists only of investment income earned on shares of the Company acquired out of convertible foreign exchange or income by way of long-term capital gains earned on transfer of shares of the Company acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the IT Act.

- In accordance with section 115-I, where a Non-Resident Indian opts not to be governed by the provisions of Chapter XII-A for any assessment year, his total income for that assessment year will be computed according to the other provisions of the Act.

**4.3 FIIs**

**i. Dividends exempt under section 10 (34)**

Under section 10(34) of the IT Act, income earned by way of dividend (interim or final) from domestic company referred to in section 115-O of the IT Act is exempt from income tax in the hands of the shareholders.

However, in view of the provisions of section 14A of IT Act, no deduction is allowed in respect of any expenditure incurred in relation to earning such dividend income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein.

**ii. Taxability of capital gains**

Income earned by FII's from transfer of securities shall be taxable as capital gains.
As per section 2(42A) of the IT Act, shares held in a listed company will be considered as short term capital asset if the period of holding of such shares is twelve months or less. If the period of holding is more than twelve months, it will be considered as long term capital asset as per section 2(29A) of the IT Act. Further, gain/loss arising from the transfer of short term capital asset and long term capital asset is regarded as short term capital gains/loss and long term capital gains/loss respectively.

Under section 10(38) of the IT Act, long term capital gains arising out of sale of equity shares will be exempt from tax provided that the transaction of sale of such equity shares is chargeable to STT.

The income by way of short term capital gains or long term capital gains [long term capital gains not covered under section 10(38) of the IT Act] realized by FII's on sale of the shares of the Company would be taxed at the following rates as per section 115AD of the IT Act.

- Short term capital gains, other than those referred to under section 111A of the IT Act shall be taxed @ 30% (plus applicable surcharge, education cess and secondary higher education cess).

- Short term capital gains, referred to under section 111A of the IT Act shall be taxed @ 15% (plus applicable surcharge, education cess and secondary higher education cess).

- Long term capital gains @10% (plus applicable surcharge, education cess and secondary higher education cess) (without cost indexation).

It may be noted that the benefits of indexation and foreign currency fluctuation protection as provided by section 48 of the IT Act are not applicable.

As per section 196D(2) of the IT Act, no deduction of tax at source will be made in respect of income by way of capital gain arising from the transfer of securities referred to in section 115AD.

Under Section 54EC of the IT Act, capital gain arising from transfer of shares of a company (other than those exempt u/s 10(38) of the IT Act) shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds redeemable after three years and issued by National Highways Authority of India ('NHAI') and/or Rural Electrification Corporation Limited ('RECL');

However, if the assessee transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempt earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

**iii. Provisions of the IT Act vis-à-vis provisions of the tax treaty**

As per section 90(2) of the IT Act, the provisions of the IT Act would prevail over the provisions of the relevant tax treaty to the extent they are more beneficial to the non-resident.

## 4.3 BENEFITS AVAILABLE TO MUTUAL FUNDS

As per the provisions of section 10(23D) of the IT Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or regulations made there under, Mutual Funds set up by public sector banks or public financial institutions or authorized by the Reserve Bank of India, would be exempt from income tax subject to the conditions as the Central Government may notify. However, the mutual funds shall be liable to pay tax on distributed income to unit holders under section 115R of the IT Act.

## 4.4 BENEFITS AVAILABLE TO VENTURE CAPITAL COMPANIES/ FUNDS

As per the provisions of section 10(23FB) of the IT Act, any income of Venture Capital Companies/ Funds from investment in venture capital undertaking registered with the Securities and Exchange Board of India, would be exempt from income tax, subject to the conditions specified therein. However, the income distributed by the Venture Capital Companies/ Funds to its investors would be taxable in the hands of the recipients.

## 4.5 BENEFITS AVAILABLE UNDER THE WEALTH-TAX ACT, 1957

Shares of the Company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act, 1957. Hence, no wealth tax will be payable on the market value of shares of the Company held by the shareholder of the Company.

**Notes:**

1. All the above benefits are as per the current tax law and will be available only to the sole/first named holder in case the shares are held by the joint holders.

2. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

3. We have not commented on the taxation aspect under any law for the time being in force, as applicable, of any country other than India. Each investor is advised to consult its own tax consultant for taxation in any country other than India.

## SECTION IV – ABOUT THE COMPANY

## OUR MANAGEMENT

**Board of Directors**

As per the Articles of Association of our Company, we must have a minimum of three (3) and maximum of twelve (12) Directors. At present, our Company has 4 Directors, of which we have 1 Executive Director and 3 Non Executive and Independent Directors.

The Board of Directors of our Company comprises of the following members:

| Sr. No. | Name, Designation, DIN, Address, Term and Occupation | Age (in years) | Other Directorships |
|---|---|---|---|
| 1. | **Mr. R. Vasudevan**<br><br>**Designation:** Managing Director<br><br>**Term:** 5 years with effect from April 01, 2011<br><br>**DIN No:** 00013519<br><br>**Occupation:** Business<br><br>**Address:** Flat No. C10, IvyGlen, Marigold Premises, Wadgaon Sheri, Pune 411 014, India. | 62 | **Company**<br><br>1. Novacare Drug Specialties Private Limited.<br><br>**Partnership**<br><br>1. Venus Ventures. |
| 2. | **Mr. V. Mohan**<br><br>**Designation:** Chairman and Independent Director<br><br>**Term:** Not liable to retire by rotation<br><br>**DIN No:** 00071517<br><br>**Occupation:** Professional<br><br>**Address:** Waman, 46/3, Garodia Nagar, Ghatkopar (E), Mumbai 400 077, India. | 63 | **Companies**<br><br>1. Lloyd Insulations (India) Limited;<br>2. Isolloyd Engineering Technologies Limited;<br>3. Punj Sons Private Limited;<br>4. Champion Industries Limited;<br>5. QH Talbros Limited;<br>6. Talbros Automotive Corporation Limited;<br>7. Cornelia Investments Private Limited;<br>8. Gauder Investments Private Limited;<br>9. Muller Investments Private Limited;<br>10. BEC Industrial Investment Company Private Limited;<br>11. Super Sara Auto Tradings (India) Private Limited;<br>12. GMP Technical Solutions Private Limited; and<br>13. Cosmo Capital and Investments Private Limited.<br><br>**Partnership**<br><br>1. V. Sankar Aiyar and Company |
| 3. | **Mr. K. G. Krishnamurthy** | 58 | **Companies** |

| Sr. No. | Name, Designation, DIN, Address, Term and Occupation | Age (in years) | Other Directorships |
|---|---|---|---|
| | **Designation:** Independent Director<br><br>**Term:** Not liable to retire by rotation<br><br>**DIN No:** 00012579<br><br>**Occupation:** Service<br><br>**Address:** Flat 403, Meru Heights, 268, Telang Road, Matunga (C.R.), Mumbai 400019, India. | | 1. HDFC Venture Capital Limited;<br>2. Gruh Finance Limited;<br>3. New Consolidated Construction Company Limited;<br>4. HDFC Developers Limited;<br>5. Ascent Construction Private Limited; and<br>6. Matsoshree Sahil Infrastructure Private Limited. |
| 4. | **Mr. R. Kannan**<br><br>**Designation:** Independent Director<br><br>**Term:** Not liable to retire by rotation<br><br>**DIN No:** 00017321<br><br>**Occupation:** Service<br><br>**Address:** 1202, Ixora, Banyan Drive, Hiranandani Meadows, Gladys Alwares Road, Off. Pokhran Road, No. 2, Thane (West) 400 610, India. | 55 | **Companies**<br><br>1. Novacare Drug Specialties Private Limited;<br>2. Novamark Specialties Private Limited;<br>3. Medword Pharmaceuticals Private Limited;<br>4. Dawaguru Healthcare Private Limited; and<br>5. Novacare Medical Supplies Private Limited. |

**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** has over 21 years of experience in the pharmaceutical industry. He is currently the Managing Director of Novacare Drug Specialities 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.

**Nature of relationship between Directors**

None of our Directors on the Board are related to each other.

**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 the Draft Letter of Offer.

**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.

**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.

## SECTION V – FINANCIAL INFORMATION

## FINANCIAL STATEMENTS

**INDEPENDENT AUDITORS' REPORT**
**TO THE BOARD OF DIRECTORS OF**
**VASCON ENGINEERS LIMITED**

## Report on the Condensed Financial Statements

We have audited the accompanying interim condensed financial statements of **VASCON ENGINEERS LIMITED** ("the Company"), which comprise the interim condensed balance sheet as at September 30, 2014, and the interim condensed statement of profit and loss and the interim condensed cash flow statement for the six months period then ended, and Selected Explanatory Notes.

## Management's responsibility for the Condensed Financial Statements

Management is responsible for the preparation of these interim condensed financial statements in accordance with the requirements of Accounting Standard (AS - 25) on Interim Financial Reporting specified under the Companies Act, 1956 (which are deemed to be applicable as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014) and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the interim condensed 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 interim condensed financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the interim condensed financial statements are free from material misstatement.

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

**Basis for Qualified Opinion**

**As stated in note 13, the interim condensed statement of profit and loss, the interim condensed cash flow statement and selected explanatory notes to the condensed financial statements does not include comparative figures for the comparable interim financial periods in the immediately preceding financial year i.e., for the six months period ended September 30, 2013, as required in 'Accounting Standard (AS) 25 - Interim Financial Reporting', which as explained by the management have not been compiled and hence not given.**

## Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, **except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above and its consequential effect, if any, in our reporting in terms of the requirements in 'Standard on Auditing 710 (Revised) – Comparative Information – Corresponding Figures and Comparative Financial Statements,** the aforesaid interim condensed financial statements give true and fair view in accordance with the requirements of Accounting Standard (AS-25) on Interim Financial Reporting specified under the Companies Act, 1956 (which are deemed to be applicable as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014) and other accounting principles generally accepted in India:

(a) in the case of the interim condensed balance sheet, of the state of affairs of the Company as at September 30, 2014;

(b) in the case of the interim condensed statement of profit and loss, of the loss of the Company for the six months period ended on that date; and

(c) in the case of the interim condensed cash flow statement, of the cash flows of the Company for the six months period ended on that date.

## Emphasis of Matter

We draw attention to Note 12 to the condensed financial statements regarding 15% of the debenture amounts repayable during the year ending 31st March, 2015 not being maintained in one or more methods as prescribed under the Companies (Shares and Debentures) Rules 2014.

Our opinion is not qualified in respect of this matter.

**Other Matter**

According to the information and explanations given to us, generally delays have been noted in remittances of statutory dues with the appropriate authorities.

Our opinion is not qualified in respect of other matter.

**For Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W / W-100018)

**Hemant M. Joshi**
Partner
(Membership No. 38019)

**Pune, November 14, 2014**

**Vascon Engineers Limited**
**Condensed Balance Sheet as at 30th September 2014**

**(Amount in Rupees)**

| Particulars | As at September 30, 2014 | As at March 31, 2014 |
|---|---|---|
| **Equity and liabilities** | | |
| **Shareholders' funds** | | |
| Share capital | 901,825,500 | 901,825,500 |
| Reserves and surplus | 5,061,387,272 | 5,344,077,569 |
| | 5,963,212,772 | 6,245,903,069 |
| **Non current liabilities** | | |
| Long term borrowings | 456,516,005 | 593,963,786 |
| Long term provisions | 31,649,178 | - |
| | 488,165,183 | 593,963,786 |
| **Current liabilities** | | |
| Short term borrowings | 1,975,213,319 | 2,049,201,294 |
| Trade payables | 1,527,087,398 | 1,576,373,287 |
| Other current liabilities | 2,127,288,073 | 1,733,635,522 |
| Short term provisions | 54,306,424 | 83,270,459 |
| | 5,683,895,214 | 5,442,480,562 |
| **Total equity and liabilities** | 12,135,273,169 | 12,282,347,417 |
| **Assets** | | |
| **Non current assets** | | |
| Fixed assets | | |
| - Tangible assets | 676,780,735 | 456,031,368 |
| - Intangible assets | - | - |
| - Capital work in progress | - | 7,407,409 |
| Non current investments | 1,868,715,875 | 1,484,752,177 |
| Deferred tax assets (net) | - | - |
| Long term loans and advances | 3,190,948,628 | 3,336,504,664 |
| Other non current assets | 104,961,475 | 90,632,641 |
| | 5,841,406,713 | 5,375,328,259 |
| **Current assets** | | |
| Current investments | 80,963,972 | 535,937,553 |
| Inventories | 2,386,895,503 | 2,355,360,227 |
| Trade receivables | 1,782,230,336 | 2,006,558,695 |
| Cash and bank balances | 205,981,640 | 297,152,013 |
| Short term loans and advances | 270,662,773 | 334,045,658 |
| Other current assets | 1,567,132,232 | 1,377,965,012 |
| | 6,293,866,456 | 6,907,019,158 |
| **Total assets** | 12,135,273,169 | 12,282,347,417 |

The Selected Explanatory Notes form an integral part of the above Condensed Balance Sheet.

In terms of our report attached

**For Deloitte Haskins & Sells LLP**
**Chartered Accountants**

Hemant M. Joshi
Partner

Place : PUNE
Date : 14 Nov 2014

For and on behalf of the Board of Directors

R Vasudevan
Managing Director

V Mohan
Chairman

Dr Santosh Sundararajan
Chief Executive Officer

M Krishnamurthi
Company Secretary & Compliance Officer

D Santhanam
Chief Financial Officer

Place : MUMBAI
Date : 14 Nov 2014

**Vascon Engineers Limited**
**Condensed Statement of Profit and Loss For The Six Months Period Ended September 30, 2014**

(Amount in Rupees)

| Particulars | For The Six Months Period Ended September 30, 2014 |
|---|---|
| Revenue from operations | 1,525,071,928 |
| Other income | 86,880,971 |
| Total revenue | 1,611,952,899 |
| Construction expenses | 1,444,197,077 |
| Purchases of stock-in-trade | 73,070,411 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | -126,218,363 |
| Employee benefit expense | 199,830,390 |
| Finance costs | 127,147,773 |
| Depreciation and amortization expense | 35,466,673 |
| Other expenses | 123,787,696 |
| Total expenses | 1,877,281,657 |
| Profit before exceptional and extraordinary items and tax | -265,328,758 |
| Exceptional items | 22,324,586 |
| Profit before extraordinary items and tax | -287,653,344 |
| Extraordinary Items | - |
| Profit / (Loss) before tax from continuing Operations | -287,653,344 |
| Tax expense: | |
| Current tax | - |
| MAT credit entitlement | - |
| Deferred tax | - |
| Excess / short provision for tax of earlier years | 4,593,621 |
| | 4,593,621 |
| Profit / (loss) after tax for the period from continuing operations | -292,246,965 |
| Profit /(loss) for the period | -292,246,965 |
| Earnings per equity share: | |
| Basic | (3.24) |
| Diluted | (3.24) |

The Selected Explanatory Notes form an integral part of the above Condensed Statement of Profit and Loss.

In terms of our report attached

**For Deloitte Haskins & Sells LLP**
**Chartered Accountants**

Hemant M. Joshi
Partner

Place : PUNE
Date : 14 Nov 2014

For and on behalf of the Board of Directors

R Vasudevan
Managing Director

V Mohan
Chairman

Dr Santosh Sundararajan
Chief Executive Officer

M Krishnamurthi
Company Secretary & Compliance Officer

D Santhanam
Chief Financial Officer

Place : MUMBAI
Date : 14 Nov 2014

**(Amount in Rupees)**

| **Particulars** | **For The Six Months Period Ended September 30, 2014** |
|---|---|
| Net Cash flow from operating activities | 270,198,264 |
| Net Cash generated / (used) in investing activities | -2,349,522 |
| Net Cash generated / (used) in financing activities | -368,592,492 |
| Net cash inflow / (outflow) | -100,743,750 |
| Cash and cash equivalents at the beginning of the period | 178,862,771 |
| Cash and cash equivalents at the end of the period | 78,119,021 |

The Selected Explanatory Notes form an integral part of the above Condensed Cash Flow Statement.

In terms of our report attached

**For Deloitte Haskins & Sells LLP**
**Chartered Accountants**

Hemant M. Joshi
Partner

Place : PUNE
Date : 14 Nov 2014

For and on behalf of the Board of Directors

R Vasudevan
Managing Director

V Mohan
Chairman

Dr Santosh Sundararajan
Chief Executive Officer

M Krishnamurthi
Company Secretary & Compliance Officer

D Santhanam
Chief Financial Officer

Place : MUMBAI
Date : 14 Nov 2014

1 These Condensed Interim Financial Statements have been prepared in accordance with Accounting Standard (AS) 25 notified under the Companies Act, 1956 (which are deemed to be applicable as per section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules 2014). These Condensed Interim Financial Statements should be read with in conjunction with the Annual Financial Statements of the Company for the year ended March 31, 2014. The accounting policies followed in preparation and presentation of the Condensed Interim Financial Statements are consistent with those followed in the preparation of the Annual Financial Statements. In the opinion of the management, all adjustments which are necessary for a fair presentation have been included. The results of the interim periods are not indicative of the results that may be expected for any interim period or for the full year.

All the amounts are stated in Indian Rupees, except as other wise specified.

**2 Employee stock option plans (ESOP)** — **As at September 30, 2014** — **As at March 31, 2014**

**Scheme - 2007**

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

| Particulars | No's | No's |
|---|---|---|
| Outstanding at the beginning of the year | - | 4,650 |
| Forfeited during the Period | - | -2,250 |
| Alloted during the Period | - | -2,400 |
| Outstanding at the end of the Period | - | - |

**Scheme - 2013**

The ESOS 2013 was approved by the Board of Directors in August 2013 and thereafter by shareholders in September 2013. The compensation committee of the committee administers the scheme. All options have been granted at a predetermined rate of Rs. 10/- per share.

Number of options granted , exercised , cancelled / lapsed during the period:

| Particulars | No's | No's |
|---|---|---|
| Outstanding at the beginning of the Period | 2,250,000 | - |
| Granted during the Period | - | 2,250,000 |
| Forfeited during the year | - | - |
| Alloted during the Period | - | - |
| Outstanding at the end of the Period | 2,250,000 | 2,250,000 |

**Scheme - 2014**

The Board of Directors and Shareholders of the Company approved another ' Employees stock Option scheme' at their meeting held on 15th Sept 2014. Pursuant to this approval the company institutes this scheme in sept 2014.The Compensation Committee of the company administers this scheme. Each option entitles to one fully paid equity share of Rs. 10/- each of the company on payment of requisite price (not less than the face value) and on such terms and conditions as may be fixed or determined by the board in accordance with ESOS - 2014.

Number of options granted , exercised , cancelled / lapsed during the period:

| Particulars | No's | No's |
|---|---|---|
| Outstanding at the beginning of the Period | - | - |
| Granted during the Period | 2,250,000 | - |
| Forfeited during the year | - | - |
| Alloted during the Period | - | - |
| Outstanding at the end of the Period | 2,250,000 | - |

**3 Earning per share (EPS)** — **(Amount in Rupees)**

| Particulars | For The Six Months Period Ended September 30, 2014 |
|---|---|
| Net Profit available for equity share holder | (292,246,965) |
| Weighted average number of equity shares for Basic EPS | 90,182,550 |
| Face value per share | 10 |
| Basic EPS | (3.24) |
| Weighted average number of equity shares for Diluted EPS | 90,746,059 |
| Diluted EPS | (3.24) |

**4 Commitments** — **(Amount in Rupees)**

| Particulars | As at September 30, 2014 | As at March 31, 2014 |
|---|---|---|
| a) Estimated amount of contracts remaining to be executed on capital accounts and not provided for | 5,807,317 | 4,766,042 |
| b) As per the arrangement with a customer, the assets provided by it for the relevant contract will be acquired by the Company at 50% of the cost at the end of the project. The estimated amount of such commitment at the Period end is | - | 18,102,920 |
| | 5,807,317 | 22,868,962 |

**5 Contingent liabilities** **(Amount in Rupees)**

| | As at September 30, 2014 | As at March 31, 2014 |
|---|---|---|
| a) Disputed demands for Income Tax | 85,599,125 | 64,460,304 |
| b) Disputed demands for Service Tax | 12,629,877 | 16,339,031 |
| c) Disputed demands for Value Added Tax | 3,057,591 | 3,057,591 |
| d) Performance and financial guarantees given by the Banks on behalf of the Company | 1,238,200,325 | 1,466,835,949 |
| e) Corporate guarantees given for other companies / entities and mobilization | 2,015,000,000 | 2,061,200,000 |
| f) Claims against the Company not acknowledged as debts | 3,610,045,884 | 3,609,695,750 |

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

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

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

One of the creditor of the Company has filed a winding up petition for non payment of Rs. 350,134/- (including interest) in respect of material supplied by the said party, which claim the Company is disputing.

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 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.

**6 Disclosure of particulars of significant leases as required by Accounting Standard 19**

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

The Company leases / sub-leases office spaces under Non cancellable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and lessee.

**a) Lease income from operating leases is recognized on a straight-line basis over the period of lease.**

**(Amount in Rupees)**

| Particulars | As at September 30, 2014 | As at March 31, 2014 |
|---|---|---|
| Gross Carrying Amount of Premises | - | 65,991,203 |
| Accumulated Depreciation | - | 20,533,639 |
| Depreciation for the Period | - | 2,392,503 |
| Future minimum lease income under non-cancellable operating leases | | |
| 1) Not later than 1 year | - | 899,990 |
| 2) Later than 1 year and not later than 5 years | - | - |
| 3) Later than 5 years | - | - |
| Income recognised during the Period | 22,790 | 1,919,833 |

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

The particulars of significant leases under operating leases are as under : **(Amount in Rupees)**

| Future minimum lease expenses under non-cancellable operating leases : | As at September 30, 2014 | As at March 31, 2014 |
|---|---|---|
| a) Not later than 1 year | 57,236,879 | 926,925 |
| b) Later than 1 year and not later than 5 years | 12,626,189 | - |
| c) Later than 5 years | - | - |
| Expenses recognised during the Period | 18,722,929 | 7,863,500 |

**7 The particulars of the partnership firms where the Company is a partner are as follows :** **(Amount in Rupees)**

| **Particulars** | | |
|---|---|---|
| **Name of the firm - Ajanta Enterprises** | **As at September 30, 2014** | **As at March 31, 2014** |
| Total capital of the firm | 351,348,714 | 371,208,682 |
| Share of profit / (loss) from partnership firm recognized during the Period/Year | 87,648,716 | 148,588,793 |
| **Names of the partners** | | |
| a) Shree Madhur Realtors Private Limited. | 20.00% | 20.00% |
| b) Dhiren Popatlal Nandu | 10.00% | 10.00% |
| c) Raj Bhansali | 20.00% | 20.00% |
| d) Vascon Engineers Limited | 50.00% | 50.00% |

**8 Disclosure of related party transactions as required by Accounting Standard 18**

I Names of related parties

**1. Subsidiaries**
- Marvel Housing Private Limited
- Grey Stone Premises Private Limited
- Vascon Dwellings Private Limited
- IT CITI Info Park Private Limited
- Caspia Hotels Private Limited (Upto May 28,2014)
- Windflower Properties Private Limited
- GMP Technical Solution Private Limited
- Floriana Properties Private Limited
- Vascon Pricol Infrastructure Limited
- Vascon Renaissance EPC Limited Liability Partnership
- Almet Corporation Limited
- Marathawada Realtors Private Limited
- Just Homes (India) Private Limited
- GMP Technical Solutions Middle East (FZE)

**2. Joint Ventures**
- Weikfield IT CITI Infopark
- Phoenix Ventures
- Zenith Ventures
- Zircon Ventures
- Just Homes (AOP)
- Cosmos Premises Private Limited
- Ajanta Enterprises

**3. Associates**
- Angelica Properties Private Limited
- Mumbai Estate Private Limited

**4. Key Management Personnel**
- Mr. R. Vasudevan
- Dr Santosh Sundararajan

**5. Relatives of Key Management Personnel**
- Mrs. Lalitha Vasudevan
- Mrs. Thangam Moorthy
- Mrs. Lalitha Sundararajan
- Mr. Siddarth Vasudevan
- Ms Shilpa Sundararajan
- Ms. Soumya Vasudevan

**6. Individuals having significant influence over the Company**

**7. Establishments where which individuals in serial number (4), (5) and (6) exercise significant Influence**
- Flora Facilities Private Limited (Formerly known as Flora Premises Private Limited)
- Vastech Consultants Private Limited
- Vatsalya Enterprises Private Limited
- Bellflower Premises Private Limited
- Cherry Construction Private Limited
- Stresstech Engineers Pvt Ltd.
- Sunflower Health Services Private Limited
- Syringa Engineers Private Limited ( Formerly known as Syringa Properties Private Limited)
- Vascon Infrastructure Limited
- Venus Ventures

**8. Venturer in respect of which Company is associate or joint venture**
- There are no parties under this category.

**Note** - Related party relationships are as identified by the Company on the basis of information available with them and accepted by the auditors.

(Amount in Rupees)

| | II Related party transactions | As at September 30, 2014 | As at March 31, 2014 |
|---|---|---|---|
| (a) | **Sales and work** | **125,493,600** | **295,217,020** |
| | **Subsidiaries** | | |
| | Caspia Hotels Private Limited | - | 3,945,255 |
| | GMP Technical Solution Private Limited | - | 1,971,604 |
| | Vascon Renaissance EPC Limited Liability Partnership | - | -777,426 |
| | Vascon Dwellings Private. Limited | - | 560,251 |
| | Windflower Premises Private Limited | - | 1,200,000 |
| | Vascon Pricol Infrastructure Limited | 77,155,659 | 94,615,403 |
| | Total | 77,155,659 | 101,515,087 |
| | **Joint Ventures** | | |
| | Ajanta Enterprises | 5,607,549 | 44,625,022 |
| | Phoenix Ventures | 159,924 | 12,644,399 |
| | Zenith Ventures | - | 26,699,893 |
| | Total | 5,767,473 | 83,969,314 |
| | **Associates** | | |
| | Angelica Properties Private. Limited. | - | 16,936,435 |
| | | - | 16,936,435 |
| | **Key management Personnel** | | |
| | Mr. R. Vasudevan | - | 8,753,595 |
| | Dr Santosh Sundararajan | 4,229,701 | 3,669,444 |
| | | 4,229,701 | 12,423,039 |
| | **Enterprise where KMP & Relatives of KMP significant influence** | | |
| | Flora Facilities Private Limited (Formerly known as Flora Premises Private Limited) | 5,882,615 | 35,075,775 |
| | Cherry Constructions Private Limited. | 32,458,152 | 45,297,370 |
| | | 38,340,767 | 80,373,145 |
| (b) | **Interest Income** | **4,557,529** | **23,093,119** |
| | **Subsidiaries** | | |
| | Vascon Dwellings Private Limited | - | 11,277,718 |
| | IT CITi Info Park Private Limited | - | 1,599,777 |
| | GMP Technical Solutions Private Limited | 4,557,529 | 9,571,334 |
| | | 4,557,529 | 22,448,829 |
| | **Joint Ventures** | | |
| | Zenith Ventures | | |
| | Phoenix Ventures | - | 644,290 |
| | | - | 644,290 |
| (c) | **Dividend Income** | **-** | **5,280,504** |
| | **Joint Venture** | | |
| | Cosmos Premises Private Limited | - | 4,435,025 |
| | Marigold Premises Private Limited | - | 837,775 |
| | | - | 5,272,800 |
| | **Associates** | | |
| | Angelica Properties Private Limited | - | 7,704 |
| | | - | 7,704 |
| (d) | **Interest Expense** | **14,207,589** | **32,412,317** |
| | **Subsidiaries** | | |
| | Almet Corporation Limited | 353,087 | 646,567 |
| | Marathawada Realtors Private Limited | 93,768 | 222,425 |
| | | 446,855 | 868,992 |
| | **Joint Venture** | | |
| | Ajanta Enterprises | 12,306,998 | 26,592,903 |
| | | 12,306,998 | 26,592,903 |
| | **Enterprise where KMP & Relatives of KMP significant influence** | | |
| | Vastech Consultants Private Limited | 463,914 | 1,443,245 |
| | | 463,914 | 1,443,245 |

| | | | |
|---|---|---|---|
| | **Relatives of Key Management Personnel** | | |
| | Mrs. Thangam Moorthy | 188,013 | 355,481 |
| | | 188,013 | 355,481 |
| | **Key Management Personnel** | | |
| | Mr. Santosh Sundararajan | 801,809 | 3,151,696 |
| | | 801,809 | 3,151,696 |
| **(e)** | **Purchase of Goods / Work** | **33,977,799** | **228,006,502** |
| | **Subsidiaries** | | |
| | GMP Technical Solution Pvt Ltd | 15,183,882 | 116,037,410 |
| | | 15,183,882 | 116,037,410 |
| | **Joint Ventures** | | |
| | Marigold Premises Private Limited | - | 42,500,000 |
| | Zenith Ventures | - | 1,777 |
| | | - | 42,501,777 |
| | **Enterprise where KMP & Relatives of KMP significant influence** | | |
| | Bellflower Premises Private Limited | 1,800,000 | 3,600,000 |
| | Vatsalya Enterprises Private Limited | 1,800,000 | 3,600,000 |
| | Syringa Engineers Private Limited | - | 352,927 |
| | Flora Facilities Private Limited | 1,759,444 | 2,033,876 |
| | Stresstech Engineers Private Limited | 13,434,473 | 33,882,203 |
| | Vascon Infrastructure Limited | - | 25,968,309 |
| | | 18,793,917 | 69,437,315 |
| | **Relatives of Key Management Personnel** | | |
| | Mrs. Lalitha Sundararajan | - | 30,000 |
| | | - | 30,000 |
| **(f)** | **Receiving of Services** | **109,821,000** | **150,252,000** |
| | **Key Management Personnel** | | |
| | Mr R Vasudevan | 87,715,000 | 121,822,000 |
| | Dr Santosh Sundararajan | 17,161,000 | 23,415,000 |
| | | 104,876,000 | 145,237,000 |
| | **Relatives of Key Management Personnel** | | |
| | Mr. Siddarth Vasudevan | 4,945,000 | 5,015,000 |
| | | 4,945,000 | 5,015,000 |
| **(g)** | **Rendering of Services** | **4,694,382** | **21,608,496** |
| | **Enterprise where KMP & Relatives of KMP significant influence** | | |
| | Flora Facilities Private Limited | 399,431 | 2,631,801 |
| | Vastech Consultants Private Limited | 4,294,951 | 18,976,695 |
| | | 4,694,382 | 21,608,496 |
| **(h)** | **Share of Profit from AOP/Firm** | **87,648,716** | **152,992,548** |
| | **Joint Ventures** | | |
| | Phoenix Ventures | - | 4,403,755 |
| | Ajanta Enterprises | 87,648,716 | 148,588,793 |
| | | 87,648,716 | 152,992,548 |
| **(i)** | **Share of Loss from AOP/Firm** | **5,463,352** | **48,049,356** |
| | **Joint Ventures** | | |
| | Phoenix Ventures | 2,656,641 | - |
| | Weikfield ITCITI Info Park (AOP) | 1,324,843 | 4,213,176 |
| | Zenith Ventures | 325,935 | 43,836,180 |
| | Zircon Ventures | 1,155,933 | - |
| | | 5,463,352 | 48,049,356 |
| **(j)** | **Reimbursement of expenses** | **3,108,392** | **2,018,829** |
| | **Subsidiary** | | |
| | Vascon Pricol Infrastructures Limited | 3,050,721 | 281,430 |
| | Windflower Properties private Limited | 57,671 | 1,379,978 |
| | Caspia Hotels Private Limited | - | 304,593 |
| | | 3,108,392 | 1,966,001 |
| | **Key Management Personnel** | | |
| | Mr R Vasudevan | - | 3,398 |
| | Dr Santosh Sundararajan | - | 49,430 |
| | | - | 52,828 |

| | | | |
|---|---|---|---|
| **(k)** | **Outstanding corporate / bank guarantees given** | **1,265,000,000** | **1,311,200,000** |
| | **Subsidiaries** | | |
| | Caspia Hotels Private Limited | - | 346,200,000 |
| | GMP Technical Solution Private Limited | 1,065,000,000 | 765,000,000 |
| | | 1,065,000,000 | 1,111,200,000 |
| | **Joint Ventures** | | |
| | Phoenix Ventures | 100,000,000 | 100,000,000 |
| | Cosmos Premises Private Limited | 100,000,000 | 100,000,000 |
| | | 200,000,000 | 200,000,000 |
| **(l)** | **Finance Provided (including equity contributions in cash or in kind)** | **130,906,911** | **539,774,638** |
| | **Subsidiaries** | | |
| | Floriana Properties Private Limited | 78,500 | 63,211 |
| | Marvel Housing Private Limited | - | 5,000 |
| | IT Citi Infopark Private Limited | - | 1,412,287 |
| | Greystone Premises Private Limited | - | 1,022,892 |
| | Marathawada Realtors Private Limited | 134,250 | - |
| | Almet Corporation Limited | - | 160,022 |
| | Vascon Dwellings Private Limited | 40,071,687 | 102,757,749 |
| | Vascon Pricol Infrastructure Limited | 2,500,000 | - |
| | Just Homes (India) Private Limited | - | 29,869,190 |
| | Windflower Properties Private Limited | - | 5,737,588 |
| | | 42,784,437 | 141,027,939 |
| | **Joint Ventures** | | |
| | Phoenix Ventures | 10,380,794 | 3,637,712 |
| | Zenith Ventures | 614,160 | 4,848,445 |
| | Just Homes (AOP) | 2,420,745 | 6,782,044 |
| | Marigold Premises Private Limited | - | 7,934,483 |
| | Ajanta Enterprises | 56,500,000 | 220,183,812 |
| | Zircon Ventures | 2,206,775 | - |
| | | 72,122,474 | 243,386,496 |
| | **Associates** | | |
| | Mumbai Estate Private Limited | 1,000,000 | - |
| | Angelica PropertiersPrivate. Limited. | - | 13,704,758 |
| | | 1,000,000 | 13,704,758 |
| | **Enterprise where KMP & Relatives of KMP significant influence** | | |
| | Vascon Infrastructure Limited | - | 20,200,000 |
| | Vastech Consultants Private Limited | - | 6,144,325 |
| | Venus Ventures | - | 87,028,984 |
| | Sunflower Health Services Pvt Ltd | 15,000,000 | 28,282,136 |
| | | 15,000,000 | 141,655,445 |
| **(m)** | **Finance availed (including equity contributions in cash or in kind)** | **118,322,632** | **482,493,900** |
| | **Subsidiary** | | |
| | Almet Corporation Limited | - | 200,000 |
| | Floriana properties Private Limited | 10,000 | 182,015 |
| | IT Citi Info Park Private Limited | 2,040,324 | 40,263,593 |
| | Windflower Premises Private Limited | - | 5,737,588 |
| | Just Homes (India) Private Limited | 60,000,000 | 6,410,099 |
| | Marvel Housing Private Limited | - | 5,000 |
| | GMP Technical Solution Private Limited | 3,102,162 | 957,135 |
| | Vascon Dwellings Private Limited | 17,392,356 | 108,049,708 |
| | | 82,544,842 | 161,805,138 |
| | **Joint Ventures** | | |
| | Phoenix Venture | - | 171,712 |
| | Marigold Premises Private Limited | - | 43,743,911 |
| | Zenith Ventures | - | 201,712,092 |
| | Just Homes Associates (AOP) | 1,875,290 | - |
| | | 1,875,290 | 245,627,715 |

| | | | |
|---|---|---|---|
| | **Enterprise where KMP & Relatives of KMP significant influence** | | |
| | Vastech Consultants Private Limited | - | 12,854,047 |
| | Venus Ventures | 21,430,000 | 24,700,000 |
| | Sunflower Health Services Pvt. Ltd | 12,472,500 | - |
| | Vascon Infrastructure Limited | - | 200,000 |
| | | 33,902,500 | 37,754,047 |
| | **Relatives of Key Management Personnel** | | |
| | Mrs. Thangam Moorthy | - | 3,000,000 |
| | | - | 3,000,000 |
| | **Key Management Personnel** | | |
| | Dr.Santosh Sundararajan | - | 34,307,000 |
| | | - | 34,307,000 |
| **(n)** | **Outstanding as on** | | |
| | **A) Receivable to Vascon Engineers Limited** | **2,074,618,488** | **1,939,334,104** |
| | **Subsidiaries** | **890,391,369** | **947,183,554** |
| | **a) Sundry Debtors** | | |
| | GMP Technical Solution Private Limited | 5,912,023 | 6,139,043 |
| | Caspia Hotels Private Limited | - | 286,628 |
| | Vascon Dwellings Private Limited | 244,095,400 | 261,218,318 |
| | Vascon Pricol Infrastructure Limited | 78,726,456 | 134,942,077 |
| | Vascon Renaissance EPC Limited Liability Partnership | - | 7,803,381 |
| | Windflower Properties Private Limited | 718,320 | 1,200,000 |
| | | 329,452,199 | 411,589,447 |
| | **b) Loans & Advances / Project Advances** | | |
| | Floriana Properties Private Limited | 67,402,224 | 67,333,724 |
| | GMP Technical Solution Private Limited | 148,205,904 | 146,750,537 |
| | Just Homes (India) Private Limited | 29,869,190 | 29,869,190 |
| | IT Citi Info Park Private Limited | 1 | 2,040,325 |
| | Vascon Dwellings Private Limited | 191,940,830 | 169,261,499 |
| | Vascon Pricol Infrastructure Limited. | 122,294,376 | 119,794,376 |
| | | 559,712,525 | 535,049,651 |
| | **c) Balance in capital and current accounts** | | |
| | Vascon Renaissance EPC Limited Liability Partnership | - | 65,000 |
| | | - | 65,000 |
| | **d) Expenses reimbursement** | | |
| | Vascon pricol Infrastructure Limited | 1,226,645 | - |
| | Windflower Premises Private Limited | - | 90,000 |
| | Caspia Hotels Private Limited | - | 389,456 |
| | | 1,226,645 | 479,456 |
| | **Joint Ventures** | **780,712,426** | **611,963,694** |
| | **a) Sundry Debtors** | | |
| | Cosmos Premises Private Limited | | |
| | Marigold Premises Private Limited | - | 44,186,997 |
| | Just Homes (AOP) | 13,375,290 | 14,500,000 |
| | Phoenix Ventures | 62,226,051 | 62,046,408 |
| | Ajanta Enterprises | 63,206,465 | - |
| | Zircon Ventures | 653,233 | 653,233 |
| | | 139,461,039 | 121,386,638 |

| | | |
|---|---|---|
| **b) Loans & Advances** | | |
| Phoenix Ventures | 9,239,878 | 8,979,084 |
| | 9,239,878 | 8,979,084 |
| **c) Balance in capital and current accounts** | | |
| Phoenix Ventures | 67,487,209 | 60,023,850 |
| Weikfield IT Citi Infopark | 386,763,829 | 364,561,493 |
| Ajanta Enterprises | 132,278,806 | 15,455,260 |
| Zircon Ventures | 40,564,209 | 39,564,246 |
| | 627,094,053 | 479,604,849 |
| **d) Key Management Personnel** | | |
| **Sundry Debtors** | | |
| Mr.Santosh Sundararajan | 4,917,456 | 1,993,123 |
| | 4,917,456 | 1,993,123 |
| **Associates** | **256,337,211** | **256,766,500** |
| **a) Sundry Debtors** | | |
| Angelica Properties Pvt Ltd | 1 | 1,429,290 |
| | 1 | 1,429,290 |
| **b) Loans & Advances** | | |
| Mumbai Estate Private Limited | 256,300,010 | 255,300,010 |
| | 256,300,010 | 255,300,010 |
| **c) Share Application Money** | | |
| Angelica Properties Private Limited | 37,200 | 37,200 |
| | 37,200 | 37,200 |
| **Enterprise where KMP & Relatives of KMP significant influence** | **147,036,203** | **121,318,713** |
| **a) Sundry Debtors** | | |
| Flora Facilities Private Limited (Formerly known as Flora Premises Private Limited) | - | 13,664,525 |
| Cherry Constructions Private Limited. | 25,226,400 | 15,164,731 |
| | 25,226,400 | 28,829,256 |
| **b) Loans & Advances** | | |
| Vastech Consultants Private Limited | 9,900,000 | 1,677,154 |
| Vascon Infrastructure Limited | 5,759 | 5,759 |
| Vatsalya Enterprises Private Limited | 40,000,000 | - |
| Sunflower Health Services Pvt Ltd | 30,809,636 | 28,282,136 |
| Venus Ventures | 40,898,984 | 62,328,984 |
| Syringa Engineers Private Limited | 195,424 | 195,424 |
| | 121,809,803 | 92,489,457 |
| **Key Management Personnel** | **141,279** | **2,101,643** |
| **a) Sundry Debtors** | | |
| Mr.Santosh Sundararajan | - | 1,993,123 |
| | - | 1,993,123 |
| **b) Expenses reimbursement** | | |
| Mr.Santosh Sundararajan | 141,279 | 108,520 |
| | 141,279 | 108,520 |

| | | |
|---|---|---|
| **B) Receivable from Vascon Engineers Limited** | **769,918,334** | **652,448,134** |
| **Subsidiaries** | **92,264,837** | **96,524,901** |
| **a) Security Deposit / other payables** | | |
| Almet Corporation Limited | 8,177,061 | 7,823,974 |
| Marathawada Realtors Private Limited | 2,132,592 | 2,173,074 |
| | 10,309,653 | 9,997,048 |
| **b) Expenses Reimbursement** | | |
| Vascon Pricol Infrastructure Limited | - | 824,076 |
| | - | 824,076 |
| **c) Sundry Creditors** | | |
| GMP Technical Solution Pvt Ltd | 81,955,184 | 85,703,777 |
| | 81,955,184 | 85,703,777 |
| **Joint Ventures** | **518,000,363** | **383,602,523** |
| **a) Loans & Advances** | | |
| Ajanta Enterprises | 135,231,520 | - |
| Just Homes (AOP) | 362,300,181 | 362,845,636 |
| | 497,531,701 | 362,845,636 |
| **b) Balance in current account** | | |
| Zenith Ventures | 20,468,662 | 20,756,887 |
| | 20,468,662 | 20,756,887 |
| **Key Management Personnel** | **22,620,107** | **93,205,001** |
| **a) For Services Received** | | |
| Mr. R Vasudevan | 17,863,362 | 89,518,732 |
| Santosh Sundararajan | 3,624,640 | 3,001,891 |
| Siddharth Vasudevan | 1,132,105 | 684,378 |
| | 22,620,107 | 93,205,001 |
| **Associates** | **-** | **19,895,242** |
| **Security Deposit / Other Payables** | | |
| Angelica Properties Private Limited | - | 19,895,242 |
| | - | 19,895,242 |
| **Enterprise where KMP & Relatives of KMP significant influence** | **137,033,027** | **59,220,467** |
| **a) Sundry Creditors** | | |
| Flora Facilities Private Limited | - | 1,084,625 |
| Vatsalya Enterprises Private Limited | 2,094,942 | 1,046,942 |
| Flora Facilities Private Limited ((Formerly known as Flora Premises Private Limited)) | 866,288 | - |
| Stresstech Engineers Private Limited | 9,724,600 | 10,494,214 |
| Bellflower Premises Private Limited | 2,214,719 | 1,134,719 |
| Vastech Consultants Private Limited | 433,597 | - |
| | 15,334,146 | 13,760,500 |
| **b) Loans/(Advances)** | | |
| Vastech Consultants Private Limited | 8,616,881 | 8,152,967 |
| | 8,616,881 | 8,152,967 |

| | | |
|---|---|---|
| **c) Key Managerial Personnel** | | |
| Mr. R Vasudevan | 80,000,000 | - |
| Dr.Santosh Sundararajan | 30,082,000 | 34,307,000 |
| | 110,082,000 | 34,307,000 |
| **d) Deposits Recd.** | | |
| **Relatives of Key Management Personnel** | | |
| Mrs. Thangam Moorthy | 3,000,000 | 3,000,000 |
| | 3,000,000 | 3,000,000 |

**Note -** No amount is / has been written off or written back during the six months period ended September 30, 2014, in respect of debts due from or to related parties.

**9 Disclosure of particulars of contract revenue as required by Accounting Standard 7** **(Amount in Rupees)**

| Particulars | As at September 30, 2014 | As at March 31, 2014 |
|---|---|---|
| Contract Revenue Recognized | 1,240,601,818 | 2,474,911,091 |
| Contract Expenses Recognized | 1,168,276,916 | 2,247,924,231 |
| Recognized Profit | 72,324,902 | 226,986,860 |
| Contract Cost Incurred | 1,168,276,916 | 2,247,924,231 |
| Progress Billing | 1,217,058,676 | 2,814,101,710 |
| Unbilled Contract Revenue Recognized | 977,792,810 | 916,695,540 |
| Unearned Revenue | 473,989,536 | 436,435,409 |
| Advances from Customers | 525,642,457 | 461,558,897 |
| Contract Cost Incurred and Recognized Profit | 1,240,601,818 | 2,474,911,091 |
| Gross Amount Due from Customer | 1,460,161,263 | 1,843,099,554 |
| Retention | 357,564,004 | 426,319,873 |

**10** Segment information has been presented in the Consolidated Financial Statements as permitted by Accounting Standard (AS) -17 on Segment Reporting as notified under the Companies (Accounting Standard) Rules, 2006.

**11** Disclosures in compliance with Part II of Schedule III of The Companies Act, 2013 have not been given, since in the opinion of the management such disclosure are not required for Interim Financial Reporting purpose.

**12** With regard to repayment of debentures the company is yet to deposit 15 % of the amounts repayable during the year ending on 31st March 2015 in one or more methods prescribed under the companies (share capital & Debentures ) Rules 2014, which in accordance with the said rules were required, to be deposited by 15 the April 2014.

**13** The interim condensed statement of Profit and Loss and the interim condensed cash flow statement does not include comparative figures for the comparable interim financial periods in the immediately preceding financial year i.e., for the Six months period ended September 30, 2013, as required in ' Accounting standard (AS) 25 - Interim Financial Reporting '. Since the same have not been complied and hence not given by us.

**14** The previous year's figures were audited by a firm of chartered Accountants other than Deloitte Haskins & Sells LLP on which the existing auditors have relied upon. Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/disclosure.

R Vasudevan
Managing Director

V Mohan
Chairman

D Santhanam
Chief Financial Officer

Dr Santosh Sundararajan
Chief Executive Officer

M Krishnamurthi
Company Secretary &
Compliance Officer

Place : MUMBAI
Date : 14 Nov 2014

**INDEPENDENT AUDITORS' REPORT**
**TO THE BOARD OF DIRECTORS OF**
**VASCON ENGINEERS LIMITED**

## Report on the Condensed Consolidated Financial Statements

We have audited the accompanying interim condensed consolidated financial statements of **VASCON ENGINEERS LIMITED** ("the Company") its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group"), and its share of the profit / (loss) of its associates for the six months period ended September 30, 2014, which comprise the interim condensed consolidated balance sheet as at September 30, 2014, and the condensed consolidated statement of profit and loss, the condensed consolidated cash flow statement for the six months period ended September 30, 2014 and Selected Explanatory Notes.

### Management's responsibility for the Condensed Consolidated Financial Statements

Management is responsible for the preparation of these interim condensed consolidated financial statements in accordance with the requirements of Accounting Standard (AS - 25) on Interim Financial Reporting specified under the Companies Act, 1956 (which are deemed to be applicable as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014) and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the interim condensed consolidated 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 interim condensed consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the interim condensed consolidated financial statements are free from material misstatement.

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

**Basis for Qualified Opinion**

**As stated in note 15, the interim condensed consolidated statement of profit and loss, the interim condensed consolidated cash flow statement and notes to the condensed consolidated financial statements does not include comparative figures for the comparable interim financial periods in the immediately preceding financial year i.e., for the six months period ended September 30, 2013, as required in 'Accounting Standard (AS) 25 - Interim Financial Reporting', which as explained by the management have not been compiled and hence not given.**

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, **except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above and its consequential effect, if any, in our reporting in terms of the requirement in 'Standard on Auditing 710 (Revised) – Comparative Information – Corresponding Figures and Comparative Financial Statements'** and based on the consideration of the review reports of the other auditors on the financial statements of the 9 subsidiaries and a joint controlled entity and financial statements received from management for a subsidiary, a joint controlled entity and an associate referred to in the Other Matters paragraph below respectively, the aforesaid interim condensed consolidated financial statements give a true and fair view in accordance with the requirements of Accounting Standard (AS - 25) on Interim Financial Reporting specified under the Companies Act, 1956 (which are deemed to be applicable as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014) and other accounting principles generally accepted in India:

(a) in the case of the interim condensed consolidated balance sheet, of the state of affairs of the Group as at September 30, 2014;

(b) in the case of the interim condensed consolidated statement of profit and loss, of the loss of the Group for the six months period ended on that date; and

(c) in the case of the interim condensed consolidated cash flow statement, of the cash flows of the Group for the six months period ended on that date.

**Emphasis of Matter**

We draw attention to Note 13 to the condensed consolidated financial statements regarding 15% of the debenture amounts repayable during the year ending 31st March, 2015 not being maintained in one or more methods as prescribed under the Companies (Shares and Debentures) Rules 2014.

Our opinion is not qualified in respect of this matter.

**Other Matters**

1. We did not audit the interim financial statements of 9 subsidiaries and 1 jointly controlled entity included in the condensed consolidated financial statements, whose interim financial statements reflect total assets of Rs. 11,252.69 lakhs as at 30th September 2014, total revenues of Rs. 220.04 lakhs and net cash inflows amounting to Rs 61.79 lakhs for the six months period then ended. These interim financial statements have been reviewed by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint controlled entity, is based solely on the reports of the other auditors.

2. The condensed consolidated financial results includes the interim financial statements of subsidiary and joint controlled entity which have not been reviewed / audited by their auditors, whose interim financial statements reflect total assets of Rs.1, 259.58 lakhs as at 30th September, 2014, total revenue of Rs. 367.28 lakhs and net cash inflows amounting to Rs 33.71 Lakhs for the six months period then ended. The condensed consolidated financial results also includes the Group's share of profit / (loss) after tax Rs. 13.61 lakhs for six months ended 30th September, 2014, as considered in the consolidated financial statements, in respect of 1 associates, based on their interim financial statements which have not been reviewed / audited by their auditors.

3. According to the information and explanations given to us, generally delays have been noted in remittances of statutory dues with the appropriate authorities.

Our opinion is not qualified in respect of other matters.

**For Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W / W-100018)

**Hemant M. Joshi**
Partner
(Membership No. 38019)

**Pune, November 14, 2014**

**Vascon Engineers Limited**
**Condensed Consolidated Balance Sheet As At September 30, 2014**

(Amount in Rupees)

| Particulars | September 30, 2014 | March 31, 2014 |
|---|---|---|
| **EQUITY AND LIABILITIES** | | |
| **Shareholders' Fund :** | | |
| a)Share Capital | 901,825,500 | 901,825,500 |
| b) Reserves and Surplus | 5,435,625,008 | 5,695,536,097 |
| | 6,337,450,508 | 6,597,361,597 |
| **Minority Interest** | 120,917,184 | 154,307,744 |
| **Non Current Liabilities** | | |
| a) Long Term Borrowings | 515,620,680 | 772,536,427 |
| b) Deferred Tax Liabilities (net) | 3,287,446 | 2,744,600 |
| c) Other Long Term Liabilities | 12,257,958 | 51,282,160 |
| d) Long Term Provisions | 52,871,233 | 17,007,393 |
| | 584,037,317 | 843,570,580 |
| **Current Liabilities** | | |
| a) Short Term Borrowings | 2,339,376,316 | 2,374,744,887 |
| b) Trade Payables | 1,948,903,708 | 2,030,037,080 |
| c) Other Current Liabilities | 3,004,471,930 | 2,574,015,261 |
| d) Short Term Provisions | 114,164,767 | 174,223,026 |
| | 7,406,916,721 | 7,153,020,254 |
| **TOTAL** | 14,449,321,730 | 14,748,260,175 |
| **ASSETS** | | |
| **Non Current Assets** | | |
| a) Fixed Assets | | |
| - Tangible assets | 1,272,875,812 | 1,146,287,854 |
| - Intangible assets | 4,053,956 | 1,868,964 |
| | 1,276,929,768 | 1,148,156,818 |
| - Capital work in progress | - | 253,901,819 |
| | 1,276,929,768 | 1,402,058,637 |
| b) Goodwill on Consolidation | 741,513,080 | 729,891,261 |
| c) Non Current Investments | 546,948,621 | 148,119,895 |
| d) Deferred Tax Asset (Net) | 20,612,565 | 20,012,404 |
| e) Long term loans & Advances | 3,000,138,213 | 3,231,760,216 |
| f) Other Non Current Assets | 127,451,549 | 111,911,486 |
| | 5,713,593,796 | 5,643,753,899 |
| **Current Assets** | | |
| a) Current Investments | 129,861,593 | 535,937,552 |
| b) Inventories | 3,515,358,938 | 3,549,264,005 |
| c) Trade Receivables | 2,453,248,955 | 2,632,309,252 |
| d) Cash and bank balances | 516,573,867 | 497,647,252 |
| e) Short Term Loans & Advances | 122,731,871 | 188,748,309 |
| f) Other Current Assets | 1,997,952,710 | 1,700,599,906 |
| | 8,735,727,934 | 9,104,506,276 |
| **TOTAL** | 14,449,321,730 | 14,748,260,175 |

Note 1 forms part of the interim condensed consolidated financial statements

In terms of our report attached

**For Deloitte Haskins & Sells LLP**
**Chartered Accountants**

Hemant M. Joshi
Partner

Place: Pune
Date: 14 Nov 2014

**For and on behalf of the Board of Directors**

R Vasudevan
Managing Director

V Mohan
Chairman

Dr Santosh Sundararajan
Chief Executive Officer

M Krishnamurthy
Company Secretary &
Compliance Officer
Place: Mumbai
Date: 14 Nov 2014

D Santhanam
Chief Financial Officer

**Vascon Engineers Limited**

**Condensed Consolidated Statement of Profit and Loss For The Six Months Period Ended September 30, 2014**

**(Amount in Rupees)**

| **Particulars** | **September 30, 2014** |
|---|---|
| **Revenue from Operations :** | |
| Revenue from operations | 2,950,569,919 |
| Other Income | 125,911,047 |
| Total revenue | 3,076,480,966 |
| **Expenses :** | |
| Construction expenses/ Cost of material consumed | 2,200,225,686 |
| Purchases of stock-in-trade | 73,070,411 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 37,456,892 |
| Employee benefit expense | 389,696,923 |
| Finance costs | 142,772,269 |
| Depreciation and amortization expense | 68,653,527 |
| Operating and Other Expenses | 309,098,775 |
| Total expenses | 3,220,974,483 |
| Profit before exceptional and extraordinary items and tax | (144,493,517) |
| Exceptional items | (55,945,796) |
| Profit before extraordinary items and tax | (200,439,313) |
| Prior period (expenses) / income (net) | 27,088 |
| Extraordinary items | - |
| Profit before tax | (200,412,225) |
| Less: Tax Expense | |
| Current | 56,609,473 |
| MAT credit entitlement | - |
| Deferred Tax Expenses / (Gain) | (600,161) |
| Excess / short provision for tax of earlier years | 7,796,239 |
| | 63,805,551 |
| Profit /(loss) for the period after tax before Minority Interest | (264,217,775) |
| Minority Share of Losses / (Profits) | (520,962) |
| **Profit /(loss) for the period** | **(264,738,738)** |
| Earnings Per Share (Equity Shares, Par Value of Rs. 10/- Each) | |
| Basic Earnings Per Share | (2.94) |
| Diluted Earnings Per Share | (2.94) |

Note 1 forms part of the interim condensed consolidated financial statements

**For Deloitte Haskins & Sells LLP**
**Chartered Accountants**

Hemant M. Joshi
Partner

Place: Pune
Date: 14 Nov 2014

**For and on behalf of the Board of Directors**

R Vasudevan
Managing Director

V Mohan
Chairman

Dr Santosh Sundararajan
Chief Executive Officer

M Krishnamurthy
Company Secretary &
Compliance Officer

D Santhanam
Chief Financial Officer

Place: Mumbai
Date: 14 Nov 2014

**Vascon Engineers Limited**
**Condensed Consolidated Cash Flow Statement For The Six Months Period Ended September 30, 2014**

| Particulars | (Amount in Rupees) September 30, 2014 |
|---|---|
| Net Cash flow from operating activities | 320,054,254 |
| Net Cash genereated / (used) in investing activities | 217,537,624 |
| Net Cash genereated / (used) in financing activities | (505,484,188) |
| **NET CASH INFLOW / (OUTFLOW)** | **32,107,690** |
| Cash and cash equivalents at the beginning of the period | 295,861,409 |
| Cash and cash equivalents at the end of the period | 327,969,099 |
| **NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD** | **32,107,690** |
| **Reconcliation of cash and bank balances** | |
| Cash And Bank Balances | 516,573,867 |
| Less: Balances with scheduled bank in deposit accounts | 188,604,768 |
| Cash and cash equivalents at the end of the period | 327,969,099 |

Note 1 forms part of the interim condensed consolidated financial statements

In terms of our report attached

**For Deloitte Haskins & Sells LLP**
**Chartered Accountants**

Hemant M. Joshi
Partner

Place: Pune
Date: 14 Nov 2014

**For and on behalf of the Board of Directors**

R Vasudevan
Managing Director

V Mohan
Chairman

Dr Santosh Sundararajan
Chief Executive Officer

D Santhanam
Chief Financial Officer

M Krishnamurthy
Company Secretary & Compliance Officer
Place: Mumbai
Date: 14 Nov 2014

**Vascon Engineers Limited**
**Note 1: Select Explanatory Notes To The Interim Condensed Consolidated Financial Statements**

1 These Interim Condensed Consolidated Financial Statements ("CFS") have been prepared in accordance with Accounting Standard (AS) 25 on "Interim Financial Reporting" notified under the Companies Act, 1956 (which are deemed to be applicable as per section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules 2014). These CFS should be read in conjunction with the Consolidated Financial Statements for the year ended March 31, 2014. The accounting policies followed in the presentation of the CFS are consistent with those followed in the preparation of the Consolidated Financial Statements of the Group for the year ended March 31, 2014. In the opinion of the management, all adjustments which are necessary for fair presentation have been included. The results of the interim period are not necessarily an indication of the result that may be expected for any interim period / full year.

All the amounts are stated in Indian Rupees, except as other wise specified.

2 The interim financial statements of the subsidiaries, associates and jointly controlled entities used in the consolidation are drawn up to the same reporting date and period as that of the Company i.e. as at and for the period ended September 30, 2014.

3 The list of Subsidiary companies, Associates and Joint Ventures considered in Consolidated Financial Statement are as under:

| Name of the company | Relationship | Country of Incorporation | Shareholding As at 30 th September, 2014 |
|---|---|---|---|
| Marvel Housing Private Limited | Subsidiary | India | 100.00% |
| Vascon Dwelling Private Limited | Subsidiary | India | 100.00% |
| IT-Citl Infopark Private Limited | Subsidiary | India | 100.00% |
| Greystone Premises Private Limited | Subsidiary | India | 65.00% |
| Vascon Pricol Infrastructure Limited | Subsidiary | India | 100.00% |
| Floriana Properties Private Limited | Subsidiary | India | 100.00% |
| Windflower Properties Private Ltd | Subsidiary | India | 100.00% |
| GMP Technical Solutions Private Limited | Subsidiary | India | 85.00% |
| GMP Technical Solutions Middle East (FZE), | Step Subsidiary | UAE (Sharjah) | 85.00% |
| Almet Corporation Limited | Subsidiary | India | 100.00% |
| Marathawada Realtors Private Limited | Subsidiary | India | 100.00% |
| Just Homes (India) Pvt. Ltd | Subsidiary | India | 100.00% |
| Vascon Renaissance LLP | Subsidiary (LLP) | India | 65.00% |
| Phoenix Ventures | Joint Venture | India | 50.00% |
| Weikfield IT Citl Info Park | Joint Venture | India | Refer Note III 2 (k) |
| Zenith Ventures | Joint Venture | India | Refer Note III 2 (k) |
| Zircon Ventures | Joint Venture | India | Refer Note III 2 (k) |
| Cosmos Premises Private Limited | Joint Venture | India | 43.83% |
| Ajanta Enterprises | Joint Venture | India | 50.00% |
| Angelica Properties Private Limited | Associates | India | 26.00% |
| Mumbai Estate Private Limited | Associates | India | 44.44% |

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

| Name of the company | Country of Incorporation | Shareholding As at 30 th September, 2014 |
|---|---|---|
| Sita Lakshami Mills Limited | India | 26.00% |
| Viorica Properties Private Limited * | India | 29.76% |

* Company is planning to dispose 10% stake in the associate.

**4 Employee stock option plans (ESOP)** **September 30, 2014** **March 31, 2014**

**Scheme - 2007**

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

| Particulars | No's | No's |
|---|---|---|
| Outstanding at the beginning of the year | - | 4,650 |
| Granted during the period | - | - |
| Forfeited during the period | - | (2,250) |
| Alloted during the period | - | (2,400) |
| Outstanding at the end of the period | - | - |

**Scheme - 2013**

The ESOS 2013 was approved by the Board of Directors in August 2013 and thereafter by shareholders in September 2013. The compensation committee of the committee administers the scheme.All options have been granted at a predetermined rate of Rs. 10/- per share.

Number of options granted , exercised , cancelled / lapsed during the period:

| Particulars | No's | No's |
|---|---|---|
| Outstanding at the beginning of the year | 2,250,000 | - |
| Granted during the period | - | 2,250,000 |
| Forfeited during the period | - | - |
| Alloted during the period | - | - |
| Outstanding at the end of the period | 2,250,000 | 2,250,000 |

**Scheme - 2014**

The Board of Directors and Shareholders of the Company approved another ' Employees stock Option scheme' at their meeting held on 15th Sept 2014. Pursuant to this approval the company institutes this scheme in sept 2014.The Compensation Committee of the company administers this scheme. Each option entitles to one fully paid equity share of Rs. 10/- each of the company on payment of requisite price (not less than the face value) and on such terms and conditions as may be fixed or determined by the board in accordance with ESOS - 2014.

Number of options granted , exercised , cancelled / lapsed during the period:

| Particulars | No's | No's |
|---|---|---|
| Outstanding at the beginning of the year | - | - |
| Granted during the period | 2,250,000 | - |
| Forfeited during the period | - | - |
| Alloted during the period | - | - |
| Outstanding at the end of the period | 2,250,000 | - |

**5 Commitments**

| Particulars | September 30, 2014<br>Rs. | March 31, 2014<br>Rs. |
|---|---|---|
| a) Estimated amount of contracts remaining to be executed on capital accounts and not provided for | 5,807,317 | 297,038,496 |
| b) As per the arrangement with a customer, the assets provided by it for the relevant contract will be acquired by the Company at 50% of the cost at the end of the project. The estimated amount of such commitment for the period ended is | - | 18,102,920 |
| | 5,807,317 | 315,141,416 |

**6 Contingent liabilities:**

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

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

| Particulars | September 30, 2014<br>Rs. | March 31, 2014<br>Rs. |
|---|---|---|
| Income Tax | 107,164,674 | 171,276,122 |
| Service Tax , VAT & Excise Duty | 46,342,030 | 57,327,942 |

**b) Other Contingent liabilities:**

| Particulars | September 30, 2014<br>Rs. | March 31, 2014<br>Rs. |
|---|---|---|
| A. Bank guarantee | | |
| Performance and financial guarantees given by the Banks on behalf of the Company | 1,515,581,574 | 1,793,149,505 |
| B. Corporate guarantees given for other companies / entities and mobilisation | 2,015,000,000 | 2,407,400,000 |
| Claims against the Company not acknowledged as debt | 3,620,745,884 | 3,619,295,750 |

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

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

One of the creditor of the Company has filed a winding up petition of Rs. 350,134/- (including interest) in respect of material supplied by the said party, which claim the company is disputing

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

| | | |
|---|---|---|
| **c) Others** | 1,514,716,681 | - |

It includes demand raised by Maharashtra State Electricity Distribution Company Limited dated September 17, 2014 of Rs. 1,41,81,748/- on account of unauthorised use of Electricity based on provisional assessment made. The Company has not accepted the same and legal process in respect to the above is carried on.

In respect of Land admeasuring 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 company is also party to the case filed by the Land Owner.

**d)** 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.

**e)** Vascon Dwelling Private Limited - Litigation in Vista Annexs Project

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

**f)** The levy of Maharashtra Value Added Tax (MVAT) in respect of Real Estate Development sales has been subject to considerable legislative amendments, litigation and administrative action. During the pendency of special leave petition before the Hon'ble Supreme Court against the earlier Hon'ble Mumbai High Court decision, a decision has been pronounced by the Hon'ble Mumbai High Court and the matter has not reached finality.

The Industry, accounting and legal fraternity is examining the implications of the decisions and the way the liability will be worked out under various options provided. In view of such uncertainties, the management has been advised that in the present scenario it is difficult to correctly determine MVAT liability payable in respect of real estate development sales executed during the period 20th June, 2006 to 31st March, 2010. The Company is currently in process of ascertaining the exact applicability of these pronouncements, contractual ability to collect MVAT from past customers and the mechanism of collection of MVAT in respect of real estate development sales executed during the period 20th June, 2006 to 31st March, 2010.

**7 Disclosure of particulars of significant leases as required by Accounting Standard 19**

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

The Company leases / sub-leases office spaces under Non cancellable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and lessee.

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

| Particulars | September 30, 2014<br>Rs. | March 31, 2014<br>Rs. |
|---|---|---|
| Gross Carrying Amount of Premises | - | 65,991,203 |
| Accumulated Depreciation | - | 20,533,639 |
| Depreciation for the period ended | - | 2,392,503 |

Future minimum lease income under non-cancellable operating leases:-

| Particulars | September 30, 2014<br>Rs. | March 31, 2014<br>Rs. |
|---|---|---|
| 1) Not later than 1 year | - | 899,990 |
| 2) Later than 1 year and not later than 5 years | - | - |
| 3) Later than 5 years | - | - |
| Income recognised during the period | 22,790 | 1,919,833 |

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

The particulars of significant leases under operating leases are as under

**Future minimum lease expenses under non-cancellable operating leases**

| | | |
|---|---|---|
| A) Not later than 1 year | 57,236,879 | 926,925 |
| B) Later than 1 year and not later than 5 years | 12,626,189 | - |
| C) Later than 5 years | - | - |
| Expenses recognised during the period | 18,722,929 | 7,863,500 |

**8 Earning per share**

| Particulars | September 30, 2014<br>Rs. |
|---|---|
| Net Profit available for equity share holder | (264,738,738) |
| Weighted average number of shares outstanding for Basic EPS | 90,182,550 |
| Face Value per share | 10 |
| Earning Per Share - Basic | (2.94) |
| Weighted average number of shares outstanding for Diluted EPS | 90,746,059 |
| Earning Per Share - Diluted | (2.94) |

**9 Disclosure of particulars of contract revenue as required by Accounting Standard 7**

| Particulars | September 30, 2014<br>Rs. | March 31, 2014<br>Rs. |
|---|---|---|
| Contract Revenue Recognised | 1,160,562,422 | 2,324,716,270 |
| Contract Expenses Recognised | 1,089,719,372 | 2,112,733,721 |
| Recognised Profit | 70,843,050 | 211,982,548 |
| Contract Cost Incurred | 1,089,719,372 | 2,112,733,721 |
| Progress Billing | 553,614,955 | 1,784,815,250 |
| Unbilled Contract Revenue | 977,792,810 | 976,336,428 |
| Unearned Revenue | 370,845,344 | 436,435,409 |
| Advances from Customers | 525,642,457 | 461,558,897 |
| Contract Cost Incurred and Recognised Profit | 1,160,562,422 | 2,324,716,270 |
| Gross Amount Due from Customer | 1,066,831,248 | 1,402,144,394 |
| Retention | 357,564,004 | 426,319,873 |

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

**11** During the previous year ended March 31, 2014 account of a joint venture Cosmos Premises Pvt. Ltd was consolidated on the basis of unaudited accounts as certified by management. The difference between such figures and audited accounts subsequently made available have been appropriately adjusted during the current year by decrease in reserve.

**12** **Reporting of Segment wise Revenue, Results and Capital Employed:**

| Particulars | September 30, 2014 Rs. |
|---|---|
| **1. Segment Revenue** | |
| EPC | 1,321,846,380 |
| Real Estate Development | 509,703,408 |
| Hotel | 23,142,945 |
| Manufacturing & BMS | 1,125,918,840 |
| **Total** | **2,980,611,573** |
| Less: Inter-Segment Revenue | (51,719,974) |
| **Net Sales/Income from operations** | **2,928,891,599** |
| | |
| **2. Segment Results** | |
| EPC | 64,825,763 |
| Real Estate Development | 51,342,814 |
| Hotel | 2,125,101 |
| Manufacturing & BMS | 60,150,799 |
| **Subtotal** | **178,444,477** |
| Less: Interest | (141,638,073) |
| Other unallocable expenditure net off unallocable inc | (237,218,629) |
| **Total Profit / (Loss) before Tax** | **(200,412,225)** |
| | |
| **3. Capital Employed (Segment Assets - Segment Liabilities)** | |
| EPC | 1,168,155,067 |
| Real Estate Development | 4,690,531,069 |
| Hotel | 108,884,672 |
| Manufacturing & BMS | 1,060,199,155 |
| Unallocable | (690,319,455) |
| **Total** | **6,337,450,508** |

**13** With regard to repayment of debentures the company is yet to deposit 15 % of the amounts repayable during the year ending on 31st March 2015 in one or more methods prescribed under the companies (share capital & Debentures ) Rules 2014,which in accordance with the said rules were required, to be deposited by 15 th April 2014.

**14** Disclosures in compliance with Part II of Schedule III of The Companies Act, 2013 have not been given, since in the opinion of the management such disclosure are not required for Interim Financial Reporting purpose.

**15** The interim condensed consolidated statement of profit and loss and the interim condensed consolidated cash flow statement does not include comparative figures for the comparable interim financial periods in the immediately preceding financial year i.e., for the six months period ended September 30, 2013, as required in 'Accounting Standard (AS) 25 - Interim Financial Reporting'. Since the same have not been compiled and hence not given by us.

**16** The previous year's figures were audited by a firm of chartered Accountants other than Deloitte Haskins & Sells LLP on which the existing auditors have relied upon. 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<br>Managing Director | V Mohan<br>Chairman |
| Dr Santosh Sundararajan<br>Chief Executive Officer | |
| M Krishnamurthy<br>Company Secretary<br>& Compliance | D Santhanam<br>Chief Financial<br>Officer |

Place: Mumbai
Date: 14 Nov 2014

VASCON ENGINEERS LIMITED

**SCHEDULE 1 A LIST OF RELATED PARTIES AND NATURE OF RELATIONSHIPS**

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

**Note** : Related party relationships are as identified by the Company on the basis of information available with them and accepted by the auditors.

VASCON ENGINEERS LIMITED

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

| Particulars | September 30, 2014<br>Rs. | March 31, 2014<br>Rs. |
|---|---|---|
| **Sales** | | |
| Joint Venture | 2,883,737 | 28,634,711 |
| Associates | - | 16,936,435 |
| Key Management Personnel | 4,229,701 | 12,423,039 |
| Relatives of KMP | - | - |
| Establishment where KMP and their relatives exercise significant influence | 38,340,767 | 80,373,145 |
| **Purchases & Labour Charges** | | |
| Joint Venture | - | 21,250,000 |
| Key Management Personnel | - | - |
| Relatives of KMP | - | 30,000 |
| Associates | - | - |
| Establishment where KMP and their relatives exercise significant influence | 18,793,917 | 69,437,314 |
| **Receiving of Services** | | |
| Joint Venture | - | - |
| Key Management Personnel | 104,876,000 | 145,237,000 |
| Relatives of KMP | 4,945,000 | 5,015,000 |
| Associates | - | - |
| Establishment where KMP and their relatives exercise significant influence | - | - |

| | | |
|---|---|---|
| **Rendering of Services** | | |
| Joint Venture | - | - |
| Key Management Personnel | - | - |
| Relatives of KMP | - | - |
| Associates | - | - |
| Establishment where KMP and their relatives exercise significant influence | 4,694,382 | 21,608,496 |
| **Rent/Dividend Income** | | |
| Joint Venture | - | 2,362,759 |
| Key Management Personnel | - | - |
| Relatives of KMP | - | - |
| Associates | - | 7,704 |
| Establishment where KMP and their relatives exercise significant influence | - | - |

| **Particulars** | **September 30, 2014 Rs.** | **March 31, 2014 Rs.** |
|---|---|---|
| **Interest Paid** | | |
| Joint Venture | 6,153,499 | 13,296,452 |
| Key Management Personnel | 801,809 | 3,151,696 |
| Relatives of KMP | 188,013 | 355,481 |
| Associates | - | - |
| Establishment where KMP and their relatives exercise significant influence | 463,914 | 1,443,245 |
| **Interest Income** | | |
| Joint Venture | - | 322,145 |
| Key Management Personnel | - | - |
| Relatives of KMP | - | - |
| Associates | - | - |
| Establishment where KMP and their relatives exercise significant influence | - | - |

| **Particulars** | **September 30, 2014 Rs.** | **March 31, 2014 Rs.** |
|---|---|---|
| **Reimbursement of expenses** | | |
| Key Management Personnel | - | 52,828 |
| **Finance Provided (including loans and equity contributions in cash or in kind)** | | |
| Joint Venture | 36,261,332 | 115,878,004 |
| Key Management Personnel | - | - |
| Relatives of KMP | - | - |
| Associates | 1,000,000 | 13,704,758 |
| Establishment where KMP and their relatives exercise significant influence | 15,000,000 | 54,626,461 |
| **Finance Availed (including loans and equity contributions in cash or in kind)** | | |
| Joint Venture | - | 85,856 |
| Key Management Personnel | - | 34,307,000 |
| Relatives of KMP | - | 3,000,000 |
| Associates | - | - |
| Establishment where KMP and their relatives exercise significant influence | 33,902,500 | 13,054,047 |
| **Balances as on 30.09.2014 and 31.03.2014** | | |
| **Amount Due To Company** | | |
| Joint Venture | 67,336,198 | 35,512,746 |
| Key Management Personnel | 5,058,735 | 2,101,643 |
| Relatives of KMP | - | - |
| Associates | 256,337,210 | 256,766,500 |
| Establishment where KMP and their relatives exercise significant influence | 147,036,202 | 30,707,592 |
| **Amount Due From Company** | | |
| Joint Venture | 67,615,760 | - |
| Key Management Personnel | 132,702,107 | 127,512,001 |
| Relatives of KMP | 3,000,000 | 3,000,000 |
| Associates | - | 19,895,242 |
| Establishment where KMP and their relatives exercise significant influence | 23,951,026 | 21,913,466 |

**Note :** No amount is / has been written off or written back during the six months period ended 30th September,2014 in respect of debts due from or to related parties.

**Disclosure of transactions with related parties as required by Accounting Standard 18**

**(Amount in Rupees)**

| Sr. No | Nature of Transactions | September 30, 2014 | March 31, 2014 |
|---|---|---|---|
| 1 | **Sales and Work** | | |
| i) | **Joint Ventures** | | |
| | Phoenix Ventures | 79,962 | 6,322,200 |
| | Ajanta Enterprises | 2,803,775 | 22,312,511 |
| | | **2,883,737** | **28,634,711** |
| ii) | **Associates** | | |
| | Angelica PropertiersPrivate. Limited. | - | 16,936,435 |
| iii) | **Key management Personnel** | | |
| | Mr. R Vasudevan | - | 8,753,595 |
| | Dr Santosh Sundararajan | 4,229,701 | 3,669,444 |
| | | **4,229,701** | **12,423,039** |
| iv) | **Establisment where KMP and their relatives exercise significant influences** | | |
| | Flora Faciliites Private Limited (Formerly known as Flora Premises Private Limited) | 5,882,615 | 35,075,775 |
| | Cherry Constructions Private Limited. | 32,458,152 | 45,297,370 |
| | Vascon Infrastructure Limited | - | - |
| | | **38,340,767** | **80,373,145** |
| 2 | **Purchase & Labour Charges** | | |
| i) | **Joint Ventures** | | |
| | Marigold Premises Private Limited | - | 21,250,000 |
| ii) | **Relatives of Key Management Personnel** | | |
| | Mrs. Lalitha Sundarrajan | - | 30,000 |
| iii) | **Establisment where KMP and their relatives exercise significant influences** | | |
| | Bellflower Premises Private Limited | 1,800,000 | 3,600,000 |
| | Vatsalya Enterprises Private Limited | 1,800,000 | 3,600,000 |
| | Syringa Engineers Private Limited | - | 352,927 |
| | Flora Faciliites Private Limited (Formerly known as Flora Premises Private Limited) | 1,759,444 | 2,033,876 |
| | Stresstech Engineers Private Limited | 13,434,473 | 33,882,203 |
| | Vascon Infrastructure Limited | - | 25,968,308 |
| | | **18,793,917** | **69,437,314** |
| 3 | **Receiving Of Services** | | |
| i) | **Key Management Personnel** | | |
| | Mr. R Vasudevan | 87,715,000 | 121,822,000 |
| | Dr Santosh Sundararajan | 17,161,000 | 23,415,000 |
| | | **104,876,000** | **145,237,000** |
| ii) | **Relatives of Key Management Personnel** | | |
| | Siddharth Vasudevan | 4,945,000 | 5,015,000 |
| 4 | **Rendering of Services** | | |
| i) | **Establisment where KMP and their relatives exercise significant influences** | | |
| | Flora Faciliites Private Limited (Formerly known as Flora Premises Private Limited) | 399,431 | 2,631,801 |
| | Vastech Consultants Private Limited | 4,294,951 | 18,976,695 |
| | | **4,694,382** | **21,608,496** |

(Amount in Rupees)

| Sr. No | Nature of Transactions | September 30, 2014 | March 31, 2014 |
|---|---|---|---|
| 5 | **Rent / Dividend Income** | | |
| i) | **Joint Venture** | | |
| | Marigold Premises Private Limited | - | 418,888 |
| | Cosmos Premises Private Limited | - | 1,943,871 |
| | | **-** | **2,362,759** |
| ii) | **Associates** | | |
| | Angelica Properties Private Limited | - | 7,704 |
| 6 | **Interest Expense** | | |
| i) | **Joint Ventures** | | |
| | Ajanta Enterprises | 6,153,499 | 13,296,452 |
| ii) | **Key management Personnel** | | |
| | Dr Santosh Sundararajan | 801,809 | 3,151,696 |
| iii) | **Relatives of Key Management Personnel** | | |
| | Mrs. Thangam Moorthy | 188,013 | 355,481 |
| iv) | **Establisment where KMP and their relatives exercise significant influences** | | |
| | Vastech Consultants Private. Limited. | 463,914 | 1,443,245 |
| 7 | **Interest Income** | | |
| i) | **Joint Ventures** | | |
| | Phoenix Ventures | - | 322,145 |
| 8 | **Reimbursement of expenses** | | |
| i) | **Key Management Personnel** | | |
| | Mr. R Vasudevan | - | 3,398 |
| | Dr Santosh Sundararajan | - | 49,430 |
| | | **-** | **52,828** |
| 9 | **Finance Provided (Including Loans and equity contributions in cash or in kind)** | | |
| i) | **Joint Ventures** | | |
| | Marigold Premises Private Limited | - | 3,967,242 |
| | Zenith Ventures | 614,160 | - |
| | Zircon Ventures | 2,206,775 | - |
| | Phoenix Ventures | 5,190,397 | 1,818,856 |
| | Ajanta Enterprises | 28,250,000 | 110,091,906 |
| | | **36,261,332** | **115,878,004** |
| ii) | **Associates** | | |
| | Mumbai Estate Private Limited | 1,000,000 | - |
| | Angelica Properties Private Limited | - | 13,704,758 |
| | | **1,000,000** | **13,704,758** |
| iii) | **Establisment where KMP and their relatives exercise significant influences** | | |
| | Vascon Infrastructure Limited | - | 20,200,000 |
| | Vastech Consultants Private Limited | - | 6,144,325 |
| | Sunflower Health Services Pvt. Ltd (Formally known as Sunflower Premises Pvt Ltd) | 15,000,000 | 28,282,136 |
| | | **15,000,000** | **54,626,461** |

(Amount in Rupees)

| Sr. No | Nature of Transactions | September 30, 2014 | March 31, 2014 |
|---|---|---|---|
| **10** | **Finance Availed (Including Loans and equity contributions in cash or in kind)** | | |
| **i)** | **Joint Ventures** | | |
| | Phoenix Venture | - | 85,856 |
| | Marigold Premises Private Limited | - | - |
| | Ajanta Enterprises | - | - |
| | | **-** | **85,856** |
| **ii)** | **Key Management Personnel** | | |
| | Dr Santosh Sundararajan | - | 34,307,000 |
| **iii)** | **Relatives of Key Management Personnel** | | |
| | Mrs. Thangam Moorthy | - | 3,000,000 |
| **iv)** | **Establisment where KMP and their relatives exercise significant influences** | | |
| | Vascon Infrastructure Limited | - | 200,000 |
| | Vastech Consultants Private Limited | - | 12,854,047 |
| | Sunflower Health Services Pvt. Ltd (Formally known as Sunflower Premises Pvt Ltd) | 12,472,500 | - |
| | Venus Ventures | 21,430,000 | - |
| | | **33,902,500** | **13,054,047** |
| **11** | **Balance as on 30.09.2014 and 31.03.2014** | | |
| | **Amount Due to Company** | | |
| **i)** | **Joint Ventures** | | |
| | **a) Sundry Debtors** | | |
| | Ajanta Enterprises | 31,603,233 | - |
| | Marigold Premises Private Limited | - | - |
| | Phoenix Ventures | 31,113,026 | 31,023,204 |
| | **b) Loans & Advances** | | |
| | Marigold Premises Private Limited | - | - |
| | Phoenix Ventures | 4,619,939 | 4,489,542 |
| | | **67,336,198** | **35,512,746** |
| **ii)** | **Key Management Personnel** | | |
| | **a) Sundry Debtors** | | |
| | Dr Santosh Sundararajan | 4,917,456 | 1,993,123 |
| | **b) Expenses reimbursement** | | |
| | Dr Santosh Sundararajan | 141,279 | 108,520 |
| | | **5,058,735** | **2,101,643** |
| **iii)** | **Associates** | | |
| | **a) Sundry Debtors** | | |
| | Angelica Properties Pvt Ltd | - | 1,429,290 |
| | **b) Loans & Advances** | | |
| | Mumbai Estate Private Limited | 256,300,010 | 255,300,010 |
| | **c) Share Application Money** | | |
| | Angelica Properties Private Limited | 37,200 | 37,200 |
| | | **256,337,210** | **256,766,500** |

(Amount in Rupees)

| Sr. No | Nature of Transactions | September 30, 2014 | March 31, 2014 |
|---|---|---|---|
| iv) | **Establisment where KMP and their relatives exercise significant influences** | | |
| | **a) Sundry Debtors** | | |
| | Flora Facililites Private Limited (Formerly known as Flora Premises Private Limited) | - | 13,664,525 |
| | Cherry Constructions Private Limited. | 25,226,400 | 15,164,731 |
| | Vascon Infrastructure Limited | - | - |
| | **a) Loans & Advances** | | |
| | Vatsalya Enterprises Private Limited | 9,900,000 | - |
| | Vastech Consultants Private Limited | 40,000,000 | 1,677,154 |
| | Vascon Infrastructure Limited | 5,758 | 5,758 |
| | Sunflower Health Services Pvt. Ltd (Formally known as Sunflower Premises Pvt Ltd) | 30,809,636 | - |
| | Venus Ventures | 40,898,984 | |
| | Syringa Engineers Private Limited | 195,424 | 195,424 |
| | | **147,036,202** | **30,707,592** |
| | **Amount Due From Company** | | |
| i) | **Joint Ventures** | | |
| | **Loans & Advances** | | |
| | Ajanta Enterprise | 67,615,760 | - |
| ii) | **Key Management Personnel** | | |
| | **a) For Services Received** | | |
| | Mr. R Vasudevan | 17,863,362 | 89,518,732 |
| | Dr Santosh Sundararajan | 3,624,640 | 3,001,891 |
| | Siddharth Vasudevan | 1,132,105 | 684,378 |
| | **b) Advance from Customers** | | |
| | Dr Santosh Sundararajan | - | - |
| | **c) Deposits Recd.** | | |
| | Dr Santosh Sundararajan | 30,082,000 | 34,307,000 |
| | R Vasudaven | 80,000,000 | - |
| | | **132,702,107** | **127,512,001** |
| iii) | **Relatives of Key Management Personnel** | | |
| | **Deposits Received** | | |
| | Mrs. Thangam Moorthy | 3,000,000 | 3,000,000 |
| iii) | **Associates** | | |
| | **Security Deposit / Other Payables** | | |
| | Angelica Properties Private Limited | - | 19,895,242 |
| iv) | **Establisment where KMP and their relatives exercise significant influences** | | |
| | **a) Sundry Creditors** | | |
| | Vastech Consultants Private Limited | 433,597 | - |
| | Vatsalya Enterprises Private Limited | 2,094,942 | 1,046,942 |
| | Stresstech Engineers Private Limited | 9,724,599 | 10,494,213 |
| | Bellflower Premises Private Limited | 2,214,719 | 1,134,719 |
| | Flora Facililites Private Limited (Formerly known as Flora Premises Private Limited) | 866,288 | 1,084,625 |
| | Vascon Infrastructures Limited | - | - |
| | **b) Advance from Customers** | | |
| | Sunflower Health Services Pvt. Ltd (Formally known as Sunflower Premises Pvt Ltd) | - | - |
| | Vastech Consultants Private Limited | 8,616,881 | 8,152,967 |
| | | **23,951,026** | **21,913,466** |

## Standalone Independent Auditor's Report

**To the Members of Vascon Engineers Limited**

**Report on the Financial Statements**

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

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Opinion**

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

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

a) In the case of the Balance Sheet , of the state of affairs of the company as at 31st March, 2014;

b) In the case of the Statement of Profit and Loss, loss for the year ended on that date; and

c) In case of the Cash Flow Statement, of the cash flows for the year ended on that date

**Report on Other Legal and Regulatory Requirements**

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

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

a. We have obtained all the information and explanation which, to the best of our knowledge and belief, were necessary for the purpose of our audit;

b. In our opinion, proper books of accounts as required by laws have been kept by the company so far as appears from our examination of those books.

c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;

e. On the basis of written representation received from the directors as on 31st March, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014, from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Act.

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

**Kulin V Mehta**
Partner
Membership No. 38440

Mumbai : May 16, 2014

**ANNEXURE TO AUDITOR'S REPORT**

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

1)

a) The company is maintaining proper records showing full particulars of fixed assets.

b) According to the information and explanations given to us, majority of the fixed assets has been physically verified by the management during the year. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.

c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.

2)

a) The company is engaged mainly in the real estate construction and development business. Substantial part of the stock of the company is in form of constructed units and construction work-in-progress. The said stock and stock of other materials have been regularly verified by the management during the year. In our opinion the frequency of verification is reasonable.

b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management were reasonable and adequate in relation to the size of the company and the nature of its business.

c) As per the information and explanations given to us, the Company has maintained proper records of inventory and the discrepancies noticed on verification between the physical stock and book records were not material in relation to the operations of the Company.

3)

a) The Company has granted loan to a Company listed in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs. 14,67,50,537/- and the yearend balance is Rs. 14,67,50,537/-.

b) The rate of Interest and other terms and conditions of such loans are, in our opinion, prima facie, not prejudicial to the interests of the Company.

c) According to the information and explanations given to us, the company has been regular in repayment of principal and interest, if any as demanded.

d) According to information and explanation given to us, there is no overdue amount for more than Rs. one lakh.

e) The Company has taken unsecured loan from a director covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs. 1,00,00,000/- and the year end balance of the loan was Rs. 1,00,00,000/-.

f) The rate of Interest and other terms and conditions of such loans are, in our opinion, prima facie, not prejudicial to the interests of the Company.

g) The loan taken from a party covered in the register maintained under section 301 of the act is considered repayable on demand. According to the information and explanations given to us, the company has been regular in repayment of principal and interest as demanded.

h) According to information and explanation given to us, there is no overdue amount for more than Rs. one lakh.

4) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventories and fixed assets and for sale of goods/services.

5)

a) According to the information and explanation given to us, we are of the opinion that the contracts/arrangements that need to be entered into a register maintained in pursuance of Section 301 of the Companies Act, 1956 have been so entered.

b) In our opinion and according to information and explanation given to us the transactions for the purchase of goods, materials and services and sales of goods, materials and services where-ever made in pursuance of contracts or arrangement entered in register maintained under section 301 of the companies Act 1956, and exceeding the value of Rs. 5,00,000/- in respect of each such party during the year were at a prices which are reasonable having regard to prevailing market prices at the relevant time.

6) In our opinion and according to the information and explanations given to us, in respect of the deposits accepted by the Company from the public, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA and any other relevant provisions of the Companies Act, 1956 and Rules framed there under as may be applicable. According to the information and explanations given to us, no order has been passed by Company Law Board or the National Company Law Tribunal or any Court or any other Tribunal in regard to the above provisions.

7) The Company has implemented an internal audit system, the scope and coverage of which, in our opinion, requires to be further enhanced to commensurate with the size of the Company and nature of its business.

8) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for maintenance of cost records under section 209(1(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been maintained. However, we have not made a detailed examination of the records.

9)

a) According to the information and explanations given to us, *there have been delays in depositing with appropriate authority undisputed statutory dues in respect of Provident Fund, Investor*

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

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

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

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

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

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

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

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

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

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

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

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

16) The Company has raised new term loans during the year. In our opinion and according to information and explanations given to us, on an overall basis, the term loans raised/applied during the year, prima facie, have been applied for the purposes for which they were raised.

17) According to the information and explanation given to us and overall examination of the financial statements we report that the no funds raised on short term basis have been used for long term investment.

18) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.

19) According to the information and explanation given to us, the Company has created security in respect of assets owned by the Company and a subsidiary and personal guarantee of a director in respect of secured, non-convertible and non-transferable debentures issued by private placement in accordance with the terms of the issue of such debentures.

20) The Company has not made any issue of shares, debenture or any other securities to the public during the year under review. Therefore, there is no question of disclosure of end use or verification thereof.

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

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

**Kulin V Mehta**
Partner
Membership No. 38440

Mumbai; 16th May, 2014

# Standalone Balance Sheet as on March 31, 2014

(Amount in Rupees)

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

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

As per our report of even date

For and on behalf of the Board of Directors

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

**R. Vasudevan**
Managing Director

**V. Mohan**
Chairman

**Dr. Santosh Sundararajan**
Chief Executive Officer

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

**M. Krishnamurthi**
Company Secretary & Compliance Officer

Mumbai : May 16, 2014

**D. Santhanam**
Chief Financial Officer

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

(Amount in Rupees)

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

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

As per our report of even date

For and on behalf of the Board of Directors

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

**R. Vasudevan**
Managing Director

**V. Mohan**
Chairman

**Dr. Santosh Sundararajan**
Chief Executive Officer

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

**M. Krishnamurthi**
Company Secretary & Compliance Officer

Mumbai : May 16, 2014

**D. Santhanam**
Chief Financial Officer

# Standalone Cash Flow Statement for the year ended March 31, 2014

(Amount in Rupees)

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

(Amount in Rupees)

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

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

As per our report of even date

For and on behalf of the Board of Directors

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

**R. Vasudevan**
Managing Director

**V. Mohan**
Chairman

**Dr. Santosh Sundararajan**
Chief Executive Officer

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

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

**D. Santhanam**
Chief Financial Officer

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

(Amount in Rupees)

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

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

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

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

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

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

Shareholders holding more than 5 percent shares in the Company

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

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

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

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

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

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

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

**Note No. 4 : Reserves and surplus**

(Amount in Rupees)

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

**Notes :**

**i) ESOP Scheme 2007**

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

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

**ii) ESOP Scheme 2013**

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

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

| | March 31, 2014 | March 31, 2013 |
|---|---|---|
| | | **(Amount in Rupees)** |
| | **March 31, 2014** | **March 31, 2013** |
| 5 **Share application money pending allotment** | | |
| Share application money received | - | 24,000 |
| | - | 24,000 |

Company has granted stock options to certain employees pursuant to ESOP 2007 scheme. During the year employees have exercised option to purchase 2,400 (2,400) equity shares of Rs. 10/- each. Allotment of shares will be done in the meeting of Board of Directors of the Company and pursuant to the amendment in ESOP scheme the lock in period of three years from the date of allotment of shares is no more applicable.

Stock options granted to the employees under the stock options scheme are accounted as per the accounting treatment prescribed by ICAI. Accordingly, the excess of fair value over the exercise price of the options is recognised as deferred employee compensation and is charged to the profit and loss account on straight line basis over the vesting period of the options. The amortised portion of the cost is shown under reserves and surplus. Amortised cost proportionate to options exercised will be transferred to share premium account on allotment of shares.

| | March 31, 2014 | March 31, 2013 |
|---|---|---|
| 6 **Long term borrowings** | | |
| Secured | | |
| Privately Placed Non Convertable & Non Transferable Debentures | | |
| 18.25% Non - Convertable Debentures of Rs 1,00,000/- each | 570,000,000 | - |
| | 570,000,000 | - |
| Term loans | | |
| - from banks | 11,134,947 | 191,780,983 |
| - from financial institutions | - | - |
| | 11,134,947 | 191,780,983 |
| Unsecured | | |
| Bonds / debentures | | |
| Term loans | | |
| a) from banks | | - |
| b) from financial institutions | | - |
| Public deposits | 1,500,000 | 33,600,000 |
| Inter corporate deposits | 1,331,790 | 7,737,994 |
| Deposits | - | - |
| Loans and advances from related parties | | |
| - Subsidiaries | 9,997,048 | 10,110,970 |
| | 12,828,838 | 51,448,964 |
| | 593,963,786 | 243,229,947 |

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

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

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

Debenture Repayment Schedule

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

7 **Long term provisions**

| | | |
|---|---|---|
| a) Provision for employee benefits | | |
| Gratuity | - | - |
| Compensated absences | - | - |
| | - | - |

Employee benefit plans

Gratuity:

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

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

As per Para 128 read in conjunction with Para 132 of AS 15 ( R) does not require any specific disclosure except where expenses resulting from compensated absence is of such size, nature or incidence that its disclosure is relevant under Accounting Standard No. 5 or Accounting Standard No. 18.

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

| | March 31, 2014 | (Amount in Rupees) March 31, 2013 |
|---|---|---|
| 9 **Trade payables (refer note no 41)** | | |
| Trade payables | 1,049,466,501 | 1,450,387,770 |
| | 1,049,466,501 | 1,450,387,770 |

| | March 31, 2014 | March 31, 2013 |
|---|---|---|
| 10 **Other current liabilities** | | |
| Current maturities of long term debt | 407,632,991 | 564,038,737 |
| Interest accrued but not due on borrowings | 14,730,331 | 2,387,230 |
| Interest accrued and due on borrowings | 154,029,976 | 130,041,480 |
| Unpaid dividends* | 15,702 | 15,702 |
| Statutory and other liabilities | 195,152,322 | 210,283,607 |
| Advance from customers | 791,489,298 | 786,953,770 |
| Less: related unbilled revenue | (403,827,611) | (202,602,435) |
| | 387,661,687 | 584,351,335 |
| Commitment and other deposits | 550,484,531 | 499,992,244 |
| Less: trade receivables | (362,845,636) | (363,217,581) |
| | 187,638,895 | 136,774,663 |
| Advances / loans from firms / aop in which Company or subsidiary is partner / member | 37,271,627 | 182,173,277 |
| Advances / loans from subsidiary | - | - |
| Unearned receivables | 521,685,156 | 283,717,257 |
| Less: related debtors | (293,650,854) | (185,899,413) |
| | 228,034,302 | 97,817,844 |
| Overdrawn Bank Balance due to issue of Cheque | 22,060,129 | 17,669,289 |
| Others | 263,035,611 | 120,580,239 |
| | 1,897,263,573 | 2,046,133,404 |

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

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

(Amount in Rupees)

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

The activity in the provision for warranty is given below:

| | March 31, 2014 | March 31, 2013 |
|---|---|---|
| Balance at the beginning of the year | 9,002,514 | 4,744,487 |
| Additions during the year | - | 8,626,615 |
| Utilisation / transfers | - | (4,368,588) |
| Balance at the end of the year | 9,002,514 | 9,002,514 |

## 12 Fixed assets

(Amount in Rupees)

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

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

Capital work in progress includes borrowing cost capitalised during the year of Nil (previous year Rs. 1504454/-)

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

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

(Amount in Rupees)

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

| | March 31, 2014 | March 31, 2013 |
|---|---|---|
| | | (Amount in Rupees) |
| **14 Deferred tax assets (net)** | | |
| Deferred tax asset | - | - |
| | - | - |
| In accordance with the provision of AS 22 "Accounting for Taxes on Income", in absence of virtual certainity of the taxable income, for the period no provision for deferred tax assets in respect of carried forward business loss / unabsorbed depreciation has not been made. | | |
| Components of deferred tax assets and liabilities are as follows: | | |
| Difference between book depreciation and depreciation under Income Tax | (15,798,547) | (14,561,702) |
| Statutory payments | 7,732,619 | 6,341,742 |
| Reserve for doubtful debts and advances | 42,495,495 | 40,178,219 |
| Carried forward capital losses | 330,316,568 | 133,409,278 |
| Net deferred tax asset / (liability) | 364,746,135 | 165,367,537 |

| | March 31, 2014 | March 31, 2013 |
|---|---|---|
| **15 Long term loans and advances** | | |
| (Unsecured considered good, unless otherwise stated) | | |
| Capital advances | 1,215,613 | 543,427 |
| Security deposits | 1,254,000 | 8,422,520 |
| Add / (less) : provision for doubtful loans and advances | (1,000,000) | (1,000,000) |
| | 254,000 | 7,422,520 |
| Advances / loans to subsidiaries | 236,595,223 | 389,993,433 |
| Advances / loans to firms / AOP in which company or subsidiary is partner / member | 453,128,673 | 619,263,422 |
| Project advances | 1,452,209,290 | 1,238,404,989 |
| Intercorporate deposits | 171,965,000 | 162,635,172 |
| | 2,315,367,799 | 2,418,262,963 |
| Summary of long term loans and advances to related parties: | | |
| Advances / loans to subsidiaries | 236,595,223 | 389,993,433 |
| Advances / loans to firms / AOP in which company or subsidiary is partner / member | | |
| - Joint Ventures | 453,128,673 | 619,263,422 |
| Project advances | | |
| - Joint Ventures | - | 43,743,911 |
| - Associates | 255,300,010 | 255,300,010 |
| Advances / loans to subsidiaries being advance for projects as required to be contributed by the Company. | - | 119,973,312 |
| Project advances being advances / deposits paid to the vendors while acquiring development rights for various projects. | 890,161,975 | 807,982,013 |

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

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

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

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

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

| | | |
|---|---|---|
| 19 **Trade receivables** | | |
| a) Debtors | | |
| (Unsecured considered good, unless otherwise stated) | | |
| Outstanding for period exceeding six months | | |
| Considered good | 1,427,386,029 | 944,733,744 |
| | 1,427,386,029 | 944,733,744 |
| Considered doubtful | 136,525,875 | 129,026,600 |
| Add / (less) : provision for doubtful debts | (136,525,875) | (129,026,600) |
| | - | - |
| Others considered good | 450,839,090 | 1,407,195,661 |
| (Less) : provision for unapproved sales | (4,335,443) | (10,191,133) |
| (Less) : commitment deposit received | (362,845,636) | (363,217,581) |
| | 83,658,011 | 1,033,786,947 |
| b) Retention (accrued but not due) | 426,319,873 | 578,682,694 |
| | 426,319,873 | 578,682,694 |
| Total debtors | 1,937,363,913 | 2,557,203,385 |
| (Less) : related unearned receivables | (293,650,854) | (185,899,413) |
| (Less) : bills discounted accepted by customers | - | (60,000,000) |
| | (293,650,854) | (245,899,413) |
| | 1,643,713,059 | 2,311,303,972 |

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

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

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

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

| | March 31, 2014 | (Amount in Rupees) March 31, 2013 |
|---|---|---|
| 20 **Cash and bank balances** | | |
| a) Cash and cash equivalents | | |
| Balances with banks in current accounts | 135,643,974 | 91,928,050 |
| Balances with banks in deposit accounts with original maturity of less than 3 months | 18,965,120 | 15,064,778 |
| Cheques, drafts on hand | 10,000,000 | - |
| Cash on hand | 14,253,677 | 10,585,778 |
| | 178,862,770 | 117,578,606 |
| b) Other bank balances | | |
| Balances with banks in deposit accounts under banks lien for margin money | 110,850,624 | 98,798,113 |
| Balances with banks in short term deposit accounts | 7,422,916 | 33,169,704 |
| Balances with banks in unpaid dividend account | 15,702 | 15,702 |
| | 118,289,242 | 131,983,520 |
| | 297,152,012 | 249,562,125 |

| | | |
|---|---|---|
| 21 Short term loans and advances | | |
| (Unsecured considered good, unless otherwise stated) | | |
| Security deposits | 116,583,768 | 132,525,478 |
| Advances / loans to subsidiaries | 146,750,537 | 138,136,338 |
| Intercorporate deposits | - | 826,839,275 |
| Others | 70,711,353 | - |
| | 334,045,658 | 1,097,501,091 |
| Summary of short term loans and advances to related parties | | |
| Advances / loans to subsidiaries | 146,750,537 | 138,136,338 |

Intercorporate deposits includes a sum of Rs.Nil (Rs. 71,87,08,752/-) where the borrower has given an undertaking for non disposal of shares acquired from the moneyborrowed from the Company until repayment of the same.

| | | |
|---|---|---|
| 22 Other current assets | | |
| (Unsecured considered good, unless otherwise stated) | | |
| Unbilled revenues | 1,193,085,098 | 1,123,483,601 |
| (Less) : related advance payment received | (403,827,611) | (202,602,435) |
| | 789,257,487 | 920,881,166 |
| Trade Advances | 903,617,779 | 86,519,051 |
| MAT credit entitlement | 6,644,000 | 6,644,000 |
| Prepaid expenses | 17,159,224 | 27,932,549 |
| Other recoverables and receivables | 314,872,642 | 76,031,969 |
| Share application money paid | 42,537,200 | 83,976,270 |
| | 2,074,088,332 | 1,201,985,005 |

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

| | | March 31, 2014 | (Amount in Rupees) March 31, 2013 |
|---|---|---|---|
| **28** | **Employee benefit expense** | | |
| | Salaries and wages | 376,287,698 | 396,005,556 |
| | Contribution to provident and other funds | 20,072,079 | 14,118,852 |
| | Gratuity | 4,501,220 | 12,833,293 |
| | Compensated absence | 12,225,831 | 12,494,667 |
| | Staff welfare expenses | 27,161,736 | 33,883,468 |
| | Expense on Employee Stock Option Scheme | 12,796,875 | - |
| | | 453,045,439 | 469,335,836 |

* Salary includes sum of Rs.3.83 Cr payable to Managing Director for earlier years as approved by central government

| | | | |
|---|---|---|---|
| **29** | **Finance costs** | | |
| | Interest expense | 559,044,559 | 473,652,142 |
| | Other borrowing costs | 24,596,509 | 7,720,198 |
| | Less : borrowing cost transferred to qualifying assets | (220,657,496) | (175,655,742) |
| | | 362,983,572 | 305,716,598 |

| | | | |
|---|---|---|---|
| 30 | Other expenses | | |
| | Advertisement | 5,746,363 | 20,293,327 |
| | Bank charges | 20,630,920 | 27,527,674 |
| | Brokerage/commission | 3,313,945 | 2,125,227 |
| | Bank Gurantee Commission to Managing Director | 55,400,000 | - |
| | Conveyance | 5,270,564 | 7,168,770 |
| | Donations | 3,742,684 | 2,650,456 |
| | Electricity charges | 6,923,257 | 20,998,601 |
| | Foreign exchange gain / loss (net) | 7,566,936 | 449,714 |
| | Insurance | 11,900,307 | 18,789,986 |
| | Other expenses | 28,600,813 | 34,093,227 |
| | Provision for doubtful debt and advances | 7,499,275 | 26,800,600 |
| | Provision for warranty expenses | - | 4,258,027 |
| | Postage and telephone | 7,071,907 | 12,038,930 |
| | Printing and stationery | 4,131,922 | 6,632,972 |
| | Rates & taxes | 1,319,645 | 3,011,894 |
| | Rent/compensation | 34,601,642 | 61,946,597 |
| | Repairs, renovation and maintenance | - | - |
| | Building | 1,385,428 | 741,901 |
| | Plant and machinery | 42,718 | - |
| | Others | 6,599,344 | 18,882,806 |
| | Sales promotion expenses | 1,592,093 | 23,606,063 |
| | Travelling expenses | 4,688,280 | 5,957,677 |
| | Service charges/professional fees/retainership fees | 47,563,130 | 80,173,656 |
| | | 265,591,172 | 378,148,102 |

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

a) Reversals of employee stock option compensation

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

| | | |
|---|---|---|
| 33 **Tax expense** | | |
| Current tax | - | - |
| Deferred tax | - | 20,884,220 |
| | - | 20,884,220 |

**(Amount in Rupees)**

| | **March 31, 2014** | **March 31, 2013** |
|---|---|---|

**34 Employee stock option plans (ESOP)**

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

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

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

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

| | March 31, 2014 | March 31, 2013 |
|---|---|---|
| | | **(Amount in Rupees)** |
| **35 Earning per share (EPS)** | **March 31, 2014** | **March 31, 2013** |
| Net Profit available for equity share holder | (448,755,089) | (308,939,039) |
| Weighted average number of equity shares for Basic EPS | 90,180,183 | 90,160,274 |
| Face value per share | 10 | 10 |
| Basic EPS | (4.98) | (3.43) |
| Weighted average number of equity shares for Diluted EPS | 90,922,303 | 90,162,113 |
| Diluted EPS | (4.94) | (3.43) |

**36 Commitments**

| | | |
|---|---|---|
| a) Estimated amount of contracts remaining to be executed on capital accounts and not provided for | 4,766,042 | 5,875,710 |
| b) As per the arrangement with a customer, the assets provided by it for the relevant contract will be acquired by the Company at 50% of the cost at the end of the project. The estimated amount of such commitment at the year end is | 18,102,920 | 18,102,920 |
| c) Uncalled liability on shares partly paid | - | - |
| | 22,868,962 | 23,978,630 |

**37 Contingent liabilities**

| | | |
|---|---|---|
| a) Disputed demands for Income Tax | 64,460,304 | 132,574,282 |
| b) Disputed demands for Service Tax | 16,339,031 | 38,971,190 |
| c) Disputed demands for Value Added Tax | 3,057,591 | 3,057,591 |
| d) Performance and financial guarantees given by the Banks on behalf of the Company | 1,466,835,949 | 1,476,669,527 |
| e) Corporate guarantees given for other companies / entities and mobilisation | 2,061,200,000 | 2,061,200,000 |
| f) Claims against the Company not acknowledged as debts | 3,609,695,750 | 3,600,000,000 |

- In respect of claim against the Company amounting to Rs.360,00,00,000/-(Rs 360,00,00,000/-) by a party who was originally claiming interest in a property, no provision has been considered necessary by the Management in view of the legal opinion that the said claim is not tenable on various grounds.
- One of our creditor has filed a civil suit claiming of Rs 88,28,380/- as amount due to him, which claim the company is disputing. - Short Levy of Stamp Duty due to misclassification of conveyance deed as development agreement amounting to Rs 8,67,370/- with Joint District Registrar & Collector of Stamps , Pune

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

The Companys significant leasing arrangements are in respect of operating leases for commercial and residential premises The Company leases / sub-leases office spaces under cancellable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and lessee.

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

| Particulars | March 31, 2014 | March 31, 2013 |
|---|---|---|
| Gross Carrying Amount of Premises | 65,991,203 | 65,991,203 |
| Accumulated Depreciation | 20,533,639 | 18,141,136 |
| Depreciation for the year | 2,392,503 | 2,518,425 |
| Future minimum lease income under non-cancellable operating leases | | |
| a) Not later than 1 year | 899,990 | 4,115,298 |
| b) Later than 1 year and not later than 5 years | - | 899,990 |
| c) Later than 5 years | - | - |
| Income recognised during the year | 1,919,833 | 10,021,467 |

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

The particulars of significant leases under operating leases are as under

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

| | | |
|---|---|---|
| Future minimum lease expenses under non-cancellable operating leases | | |
| a) Not later than 1 year | 926,925 | 10,072,700 |
| b) Later than 1 year and not later than 5 years | - | 32,960,325 |
| c) Later than 5 years | - | - |
| Expenses recognised during the year | 7,863,500 | 13,880,966 |

**(Amount in Rupees)**

| | **March 31, 2014** | **March 31, 2013** |
|---|---|---|
| **39 The particulars of the partnership firms where the Company is a partner are as follows** | | |
| Name of the firm | Ajanta Enterprises | |
| Total capital of the firm | 371,208,682 | 31,124,942 |
| Share of profit / (loss) from partnership firm recognised during the year | 148,588,793 | 114,570,183 |
| Names of the partners | Profit / Loss sharing ratio | |
| a) Shree Madhur Realtors Private Limited. | 20.00% | 20.00% |
| b) Dhiren Popatlal Nandu | 10.00% | 10.00% |
| c) Raj Bhansali | 20.00% | 20.00% |
| d) Vascon Engineers Limited | 50.00% | 50.00% |

| | March 31, 2014 | (Amount in Rupees)<br>March 31, 2013 |
|---|---|---|

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

I Names of related parties

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

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

3. Associates
- Angelica Properties Private Limited
- Mumbai Estate Private Limited

4. Key Management Personnel
- Mr. R. Vasudevan
- Dr Santosh Sunderrajan

5. Relatives of Key Management Personnel
- Mrs. Lalitha Vasudevan
- Mrs. Thangam Moorthy
- Mrs. Lalitha Sundarrajan
- Mr. Siddarth Vasudevan
- Ms. Soumya Vasudevan

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

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

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

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

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

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

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

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

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

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

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

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

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

42 **Auditors' Remuneration**

| | | |
|---|---|---|
| Audit Fee | 30,00,000 | 30,00,000 |
| Tax Audit | 6,00,000 | 6,00,000 |
| Other Services | 2,40,000 | 3,20,800 |
| Total | 38,40,000 | 39,20,800 |

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

| | March 31, 2014 | (Amount in Rupees) March 31, 2013 |
|---|---|---|
| 43 **Details of Earnings & ExpenditureInForeignCurrency** | | |
| Earnings on account of | | |
| Sales/Work | - | 6,48,89,000 |
| Total | - | 6,48,89,000 |
| Expenditure on account of | | |
| Purchase of Spares/ materials | 7,66,72,875 | 12,52,90,000 |
| Purchase of services | 1,30,580 | 6,05,242 |
| Purchase of Fixed Assets | 38,22,552 | - |
| Total | 8,06,26,007 | 12,58,95,242 |

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

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

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

46 Particulars of the Joint Ventures undertaken by the Company as required in AS 27 "Financial Reporting of Interest in Joint Venture", in respect of which disclosures have been made are given in the annexed statement.

47 Other additional information required by schedule VI of the Companies Act, 1956 are not applicable to the company for the year.

48 Corresponding figures for previous periods presented have been regrouped, where necessary, to conform to the current year classification.

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As per our report of even date

For and on behalf of the Board of Directors

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

**R. Vasudevan**
Managing Director

**V. Mohan**
Chairman

**Dr. Santosh Sundararajan**
Chief Executive Officer

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

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

**D. Santhanam**
Chief Financial Officer

**Disclosure regarding long term borrowings**

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

**Disclosure regarding long term borrowings**

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

**Disclosure regarding long term borrowings**

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

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

**Note No. 6 : Long term borrowings**

(Amount in Rupees)

| Particulars | March 31, 2014 | | | March 31, 2013 | | |
|---|---|---|---|---|---|---|
| | Total amount outstanding | Long Term | Current maturities of long term debts | Total amount outstanding | Long Term | Current maturities of long term debts |
| **Secured** | | | | | | |
| **Debentures** | | | | | | |
| Privately Placed Non Convertable & Non Transferable Debentures 18.25% Non - Convertable Debentures of Rs 1,00,000/- each (refer note I(a) below) | 650,000,000 | 570,000,000 | 80,000,000 | - | - | - |
| | 650,000,000 | 570,000,000 | 80,000,000 | - | - | - |
| Term loans | | | | | | |
| - from banks (refer note I(b) below) | 66,886,179 | 11,134,947 | 55,751,231 | 585,510,862 | 191,780,983 | 393,729,878 |
| | 66,886,179 | 11,134,947 | 55,751,231 | 585,510,862 | 191,780,983 | 393,729,878 |
| **Secured Total (A)** | **716,886,179** | **581,134,947** | **135,751,231** | **585,510,862** | **191,780,983** | **393,729,878** |
| **Unsecured** | | | | | | |
| Public deposits (refer note II(a) below) | 115,436,999 | 1,500,000 | 113,936,999 | 89,300,000 | 33,600,000 | 55,700,000 |
| Inter corporate deposits (refer note II(b) below) | 159,276,551 | 1,331,790 | 157,944,761 | 120,396,253 | 7,737,994 | 112,658,259 |
| Loans and advances from related parties-Subsidiaries (refer note II(c) below) | 9,997,048 | 9,997,048 | - | 10,110,970 | 10,110,970 | - |
| **Unsecured Total (B)** | **284,710,598** | **12,828,838** | **271,881,760** | **219,807,223** | **51,448,964** | **168,358,259** |
| **Total Borrowings (A+B)** | **1,001,596,777** | **593,963,786** | **407,632,991** | **805,318,085** | **243,229,947** | **562,088,137** |

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

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

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

| Name of the Subsidiary | Marvel Housing Private Limited | Vascon Dwellings Private Limited | IT-CITI InfoPark Private Limited | Floriana Properties Private Limited | Wind Flower Properties Private Limited | Caspia Hotels Private Limited | Vascon Pricol Infras-tructures Ltd | Greystone Premises Private Limited | GMP Technical Solutions Private limited | Almet Corporation Limited | Marathawada Realtors Pvt Ltd | Just Homes (India) Pvt. Ltd | GMP Technical Solutions Middle East (FZE) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Financial year ending of the Subsidary** | March 31, 2014 | March 31, 2014 | March 31, 2014 | March 31, 2014 | March 31, 2014 | March 31, 2014 | March 31, 2014 | March 31, 2014 | March 31, 2014 | March 31, 2014 | March 31, 2014 | March 31, 2014 | March 31, 2014 |
| **Date from which they became subsidary** | January 2, 2006 | April 1, 2006 | April 2, 2006 | August 28, 2008 | November 2, 2006 | September 8, 2009 | April 2, 2007 | January 3, 2008 | August 8, 2010 | November 4, 2011 | November 4, 2011 | August 31, 2013 | May 2, 2013 |
| a) Number of shares held by the company in the subsidary at the end of financial year of holding company. | 10000 | 10000 | 10000 | 10000 | 10000 | 7000 | 4970000 | 6500 | 12689 | 58824 | 39216 | 10000 | 1 |
| b) Extent of interest of holding Company at the end of the financial year of subsidary company. | 100% | 100% | 100% | 100% | 100% | 70% | 70% | 65% | 85% | 100% | 100% | 100% | 85% |
| The net aggregate amount of subsidiary companies profit/(loss) so far as it concerns the members of holding company: | | | | | | | | | | | | | |
| **a) Not dealt with in the holding company's accounts** | | | | | | | | | | | | | |
| i) For the financial year ended Mar 31,2014 | (76049) | (11647219) | 2176755 | (90134) | 82126 | (805934) | (1537688) | (1056306) | 48457940 | (1599615) | (1194791) | -6523593 | 7058298 |
| ii) For the previous year of the subsidiary company since it became holding company's subsidiary. | 524355 | 32268413 | 10030132 | (7912) | (8205333) | (1131734) | 17750491 | (27858335) | 162447506 | (3107113) | (65169) | 0 | 0 |
| **b) Dealt with in the holding company's accounts** | | | | | | | | | | | | | |
| i) For the financial year ended Mar 31,2014 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| ii) For the previous year of the subsidiary company since it became holding company's subsidiary. | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

**Exemption**

| Sr. no. | Particulars | Marvel Housing Private Limited | Vascon Dwellings Private Limited | IT-CITI InfoPark Private Limited | Floriana Properties Private Limited | Wind Flower Properties Private Limited | Caspia Hotels Private Limited | Vascon Pricol Infrastructure Limited | Greystone Premises Private Limited | GMP Technical Solutions Private Limited | Almet Corporation Limited | Marathawada Realtors Pvt Ltd | Just Homes (India) Pvt. Ltd | GMP Technical Solutions Middle East (FZE) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **2013-2014** | **2013-2014** | **2013-2014** | **2013-2014** | **2013-2014** | **2013-2014** | **2013-2014** | **2013-2014** | **2013-2014** | **2013-2014** | **2013-2014** | **2013-2014** | **2013-2014** |
| 1 | Capital | 100000 | 100000 | 100000 | 100000 | 100000 | 180000000 | 71000000 | 100000 | 149300 | 5882400 | 3921600 | 100000 | 2450985 |
| 2 | Reserves & Surplus (adjusted for debit balance in P & L Account , when applicable | (3327881) | (24964950) | 98671347 | (3536234) | 501787 | (4771258) | 22557132 | (34824120) | 775611514 | 34416617 | 69889607 | 94432161 | 7058298 |
| 3 | Share Application money | | | | | | 0 | | | | | | | |
| 4 | Total Liabilities | 3385503 | 532524703 | 4647573 | 67409201 | 9397479 | 155866922 | 424558356 | 35192422 | 1067154734 | 3324097 | 5267064 | 49481400 | 18697371 |
| 5 | Total Assets | 157622 | 507659753 | 103418920 | 63972967 | 9999266 | 331095664 | 518115489 | 468302 | 1842915548 | 43623114 | 79078271 | 144013561 | 28206654 |
| 6 | Investments (except in case of investment in the subsidiares)<br>A. Long term (Non Trade investment)<br>B.Current Investment<br>a. unquoted equity shares<br>b. unquoted equity shares<br>c. units<br>Total Current Investment<br>Total Investment (A+B) | | | | | | | | | | | | | |
| | Turn over (incl other Income) | 0 | 178683691 | 2278718 | 0 | 6580563 | 0 | 84499220 | 0 | 2273760577 | 753082 | 1313267 | 206185 | 50035862 |
| | Profit Before Tax | (76049) | (11647219) | 602425 | (80679) | 101467 | (805934) | 14002 | (1056306) | 74943820 | (1657127) | (1115531) | (6523593) | 7058298 |
| | Provision for Tax | 0 | 0 | (1574331) | 9455 | 19341 | 0 | 1551690 | 0 | 26485880 | (57512) | 79260 | 0 | 0 |
| | Profit/ (Loss) After Tax | (76049) | (11647219) | 2176755 | (90134) | 82126 | (805934) | (1537688) | (1056306) | 48457940 | (1599615) | (1194791) | (6523593) | 7058298 |
| | Proposed Dividend (excluding tax on Dividend) | | | | | | | | | | | | | |

**Note:**

i) The annual accounts of the above subsidiary companies are open for inspection by any investor at the company corporate office.

ii) During the year the company has purchased the balance shares of Almet Corporation Limited making making this company 100% subsidiary.

iii) By a general circular (No.2/2011 dated February 8, 2011), the Ministry of Corporate Affairs, Government of India, under Section 212(8) of the Companies Act, 1956, has permitted companies to not attach copies ofthe Balance Sheets and Profit and Loss Accounts, Directors' Report, Auditors Reports and other documents of all their subsidiaries, to the Accounts. The Company has acted accordingly. The annual accounts of theabove subsidiary companies are open for inspection by any investor at the Company Corporate office.

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

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

| No | Name of the entity | Balance as on | | Maximum Balance during | |
|---|---|---|---|---|---|
| | | **March 31, 2014** | **March 31, 2013** | **March 31, 2014** | **March 31, 2013** |
| A | Loans and advances in the nature of loan to subsidiaries | | | | |
| 1 | Floriana Properties Private Limited | 6,73,33,724 | 6,98,52,528 | 6,73,33,724 | 6,98,52,528 |
| 2 | Marvel Housing Private Limited | - | 36,72,338 | 5,000 | 36,72,338 |
| 3 | Vascon Dwellings Private Limited | 16,92,61,499 | 14,63,59,535 | 16,81,33,727 | 14,63,59,535 |
| 4 | Windflower Properties Private Limited | - | 27,15,29,680 | 46,87,588 | 27,15,29,680 |
| 5 | It City Infopark Private Limited | 15,99,777 | 3,92,91,854 | 3,92,91,854 | 3,92,91,854 |
| B | Loans & Advances in the nature of loan to Assocaites(Associates are considered as defined in AS -23 issued by ICAI) | | | | |
| | There are no transactions of loans and advances to associates. | | | | |
| C | Loans & Advances in the nature of loan where there is no repayment schedule or repayment beyond seven years | | | | |
| 1 | Almet Corpotation Limited | 78,23,974 | - | 78,23,974 | - |
| 2 | Marathawada Realtors Private Limited | 21,73,074 | - | 21,73,074 | - |

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

**Annexure referred to in Note No. 46**

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

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

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

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

1. **The Company overview**

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

2. **Significant accounting policies**

**2.1 Basis of Preparation of Financial Statements**

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

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

**2.2 Use of Estimates**

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

**2.3 Tangible Asset, Intangible asset and capital work in progress**

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

b) Intangible assets are recognized as an asset only if it fulfills the criteria, for recognizing Intangible Assets, specified in AS 26

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

c) Assets under installation or under construction as at the Balance sheet date are shown as Capital work in progress and are stated at cost less impairment losses. Cost comprises of expenditure incurred in respect of capital projects under development and includes any attributable / allocable cost and other incidental expenses. Revenues earned if any, before capitalization from such capital project are adjusted against capital work in progress.

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

**2. 4 Impairment**

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

a) the provision for impairment loss, if any and

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

Recoverable amount is determined:

a) in the case of individual asset, at higher of the net selling price or value in use

b) in the case of cash generating unit ( a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use

(value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life)

**2. 5 Depreciation / Amortisation**

a) Depreciation on tangible fixed assets has been provided under written down value method at the rates and manner prescribed in schedule XIV to the Companies Act, 1956.

b) Cost of lease hold rights of land has been amortized evenly over a period of lease term.

c) Software in nature of intangible asset has been amortised over its estimated useful life evenly.

d) Cost of acquisition of share in partnership firm is amortised on systematic manner. Adjustments are made for any permanent impairment in value, if any.

**2. 6 Investments**

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

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

**2.7 Recognition of Revenue / Cost**

a) Construction contracts

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

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

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

b) Real estate development

(i) Completed Units

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

(ii) Units Under Development

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

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

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

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

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

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

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

(a) The underlying significant risk and rewards of ownership are transferred to the purchaser.

(b) All critical approvals necessary for commencement of the project are obtained .

(c) Reasonable level of development is reached when project cost incurred excluding land cost and borrowing cost exceeds 25% of the project cost excluding land cost and borrowing cost.

(d) Atleast 25% of the estimated project area are secured by contracts or agreement with the buyers.

(e) Atleast 10% of the total revenue as per agreements of sale are realised at the reporting date in respect of each of the contracts and there are no outstanding defaults of the payment terms in such contracts.

(f) Certainty of recoverability of the balance consideration.

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

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

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

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

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

d) Interest Income – Interest income is recognized on time proportion basis taking into account the amounts invested and the rate of interest.

e) Dividend Income – Dividend income is recognized as and when the right to receive the same is established.

f) Rental Income - Income from letting-out of property is accounted on accrual basis- as per the terms of agreement and when the right to receive the rent is established.

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

h) Profit on sale of investment is recorded upon transfer of title by the Company. It is determined as the difference between the sale price and the then carrying amount of the investment.

**2.8 Inventories**

a) Stock of Materials, etc.

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

b) Development Work

(i) Development - Completed Units

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

(ii) Development - Units under construction

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

c) Stock of Trading Goods

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

**2.9 Employee Benefits**

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

**2.10 Borrowing Cost**

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

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

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

**2.11 Leases**

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

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

**2.12 Contingent Liabilities and Assets**

a) A provision is recognized when

i) the company has present obligation as result of a past event

ii) a probable outflow of resources is expected to settle obligation and

iii) the amount of the obligation can be reliably estimated

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

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

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

**2.13 Taxes on Income**

a) Taxes on Income are accounted in accordance with AS – 22 " Taxes on Income". Taxes on Income comprise both current tax and deferred tax.

b) Provision for current tax for the year is determined considering the disallowance, exemptions and deductions and/or liabilities / credits and set off available as laid down by the tax law and interpreted by various authorities.

c) Deferred tax is the tax effect of timing difference representing the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period(s).This is measured using substantively enacted tax rate and tax regulation.

d) Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay income tax under the normal provisions during the specified period, resulting in utilization of MAT credit. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement.

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

**2.14 Amortization**

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

**2.15 Joint Venture Projects**

a) Jointly Controlled Operations:- In respect of joint venture contracts in the nature of jointly controlled operations, the assets controlled, liabilities incurred, the share of income and expenses incurred are recognised in the agreed proportions, as may be belonging to the Company, under respective heads in the financial statements.

b) Jointly Controlled Entities :-

i) Integrated Joint Ventures :-

Company's share in profits or losses of Integrated Joint Ventures is accounted on determination of the profits or losses by the joint venture.

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

ii) Incorporated Jointly Controlled Entities :-

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

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

**2.16 Segment reporting**

a) Indentification of Segments

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

b) Inter segment Transfers

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

c) Allocation of Common Costs

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

d) Unallocated Items

Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under Unallocated Items.

e) Segment policies

The Company prepares its segment information in confirmity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

**2.17 Employee Stock Option Scheme**

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

**2.18 Provisions**

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

i) the company has a present obligation as a result of past event

ii) a probable outflow of resources is expected to settle the obligation

iii)the amount of obligation can be reliably estimated

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

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

**2.19 Foreign currency transaction**

a) Initial Recognition

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

b) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

c) Exchange Difference

All exchange differences arising on settlement and conversion on foreign currency transactions are included in the profit and loss account, except in cases where they relate to the acquisition of fixed assets from outside India, in which case they are adjusted in the cost of the corresponding assets.

**2.20 Earning Per Share**

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

**2.21 Cash and cash equivalents**

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

**2.22 Exceptional items**

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

**2.23 Events occuring after Balance Sheet date**

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

## Independent Auditors Report on Consolidated Financial Statements

**TO THE BOARD OF DIRECTORS OF**

**VASCON ENGINEERS LIMITED**

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

### Management's Responsibility for the Consolidated Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion of these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

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

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

### Opinion

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

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

## Independent Auditors Report on Consolidated Financial Statements

ii. In the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date; and

iii. In the case of the Consolidated Cash Flow Statements, of the cash flows of the Group for the year ended on that date.

**Other Matters**

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

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

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

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

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

**For Anand Mehta & Associates**

Chartered Accountants

Firm Registration No. 127305W

**Kulin V Mehta** Partner

Membership No. 38440

Mumbai : May 16, 2014

# Consolidated Balance Sheet as at March 31, 2014

(Amount in Rupees)

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

As per our report of even date

For and on behalf of the Board of Directors

| | | | |
|---|---|---|---|
| **For Anand Mehta & Associates** | **R. Vasudevan** | **V. Mohan** | **Dr. Santosh Sundararajan** |
| Chartered Accountants | Managing Director | Chairman | Chief Executive Officer |
| Firm Registration No. 127305W | | | |
| **Kulin V Mehta** | **M. Krishnamurthi** | | **D. Santhanam** |
| Partner | Company Secretary & Compliance Officer | | Chief Financial Officer |
| Membership No. 38440 | | | |
| Mumbai : May 16, 2014 | Mumbai : May 16, 2014 | | |

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

(Amount in Rupees)

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

As per our report of even date

For and on behalf of the Board of Directors

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

**R. Vasudevan**
Managing Director

**V. Mohan**
Chairman

**Dr. Santosh Sundararajan**
Chief Executive Officer

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

**M. Krishnamurthi**
Company Secretary & Compliance Officer

Mumbai : May 16, 2014

**D. Santhanam**
Chief Financial Officer

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

(Amount in Rupees)

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

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

(Amount in Rupees)

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

As per our report of even date

For and on behalf of the Board of Directors

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

**R. Vasudevan**
Managing Director

**V. Mohan**
Chairman

**Dr. Santosh Sundararajan**
Chief Executive Officer

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

**M. Krishnamurthi**
Company Secretary & Compliance Officer

Mumbai : May 16, 2014

**D. Santhanam**
Chief Financial Officer

## Notes to the Financial Statements

| PARTICULARS | March 31, 2014 | (Amount in Rupees) March 31, 2013 |
|---|---|---|
| **Note No. 1** | | |
| **Share Capital** | | |
| Authorised | | |
| 150,000,000 (100,000,000) Equity Shares of Rs. 10/- Each | 1,500,000,000 | 1,000,000,000 |
| | 1,500,000,000 | 1,000,000,000 |
| Issued And Subscribed | | |
| 90182550 (90180150) equity shares of Rs. 10/- each | 901,825,500 | 901,801,500 |
| | 901,825,500 | 901,801,500 |

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

| PARTICULARS | March 31, 2014 | March 31, 2013 |
|---|---|---|
| **Note No. 3** | | |
| **Share application money pending allotment** | | |
| Share application money received | - | 24,000 |
| | - | 24,000 |

# Notes to the Financial Statements

(Amount in Rupees)

| PARTICULARS | March 31, 2014 | March 31, 2013 |
|---|---|---|
| **Note No. 4** | | |
| **Long Term Borrowings** | | |
| Secured | | |
| Bonds/debentures | | |
| Privately Placed Non Convertible & Non Transferable Debentures | 570,000,000 | - |
| 18.25% Non - Convertible Debentures of Rs. 1,00,000/- each | | |
| Term Loans | | |
| a) From Banks | 163,826,414 | 370,081,626 |
| b) From Financial Institutions | - | - |
| | 163,826,414 | 370,081,626 |
| Unsecured | | |
| Public Deposits | 1,500,000 | 33,600,000 |
| Inter corporate deposits | 32,330,589 | - |
| Deposits | - | 1,118,000 |
| Loans and advances from related parties | 12,175,796 | 14,111,749 |
| Other loans and advances | (5,613,966) | 41,441,260 |
| | 40,392,419 | 90,271,009 |
| | 774,218,833 | 460,352,635 |

| PARTICULARS | March 31, 2014 | March 31, 2013 |
|---|---|---|
| **Note No. 5** | | |
| **Other Long Term Liabilities** | | |
| Project Advances | 51,282,160 | 49,307,957 |
| Commitment and other deposits | - | 2,488,475 |
| | 51,282,160 | 51,796,432 |

| PARTICULARS | March 31, 2014 | March 31, 2013 |
|---|---|---|
| **Note No. 6** | | |
| **Long Term Provisions** | | |
| Provision for employee benefits | | |
| For Gratuity | 241,828 | 187,312 |
| For Compensated Absences | 16,765,565 | 12,427,691 |
| | 17,007,393 | 12,615,003 |

# Notes to the Financial Statements

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

| PARTICULARS | March 31, 2014 | March 31, 2013 |
|---|---|---|
| **Note No. 8** | | |
| **Trade Payables** | | |
| Trade payables | 1,421,923,530 | 1,736,539,848 |
| | 1,421,923,530 | 1,736,539,848 |

# Notes to the Financial Statements

(Amount in Rupees)

| PARTICULARS | March 31, 2014 | March 31, 2013 |
|---|---|---|
| **Note No. 9** | | |
| **Other Current Liabilities** | | |
| Current maturities of long term debt | 458,104,181 | 581,962,007 |
| Interest accrued but not due on borrowings | 8,520,263 | 2,393,811 |
| Interest accrued and due on borrowings | 178,628,018 | 136,325,103 |
| Unpaid dividends | 15,702 | 15,702 |
| Statutory and other liabilities | 239,240,621 | 260,861,162 |
| Advance from customers | 1,229,290,221 | 1,475,991,103 |
| (Less) : Related Unbilled Contract Revenue | (535,352,422) | (204,976,202) |
| | 693,937,799 | 1,271,014,902 |
| Commitment and Other Deposits# | 573,641,091 | 503,775,105 |
| Less: long term trade receivables | (362,845,636) | (363,217,581) |
| | 210,795,455 | 140,557,524 |
| Advances/Loans from Firms/AOP In Which Company or Subsidiary Is Partner/Member | (29,996,148) | - |
| Unearned receivables | 885,525,476 | 666,152,262 |
| (Less) : Related Debtors | (411,816,328) | (294,449,377) |
| | 473,709,148 | 371,702,885 |
| Overdrawn bank balance due to issue of cheques | 24,472,232 | 18,445,061 |
| Other Liabilities | 483,005,842 | 258,451,195 |
| Payables for Expenses. | 78,416,961 | 70,615,080 |
| | 2,818,850,074 | 3,112,344,430 |

| | | |
|---|---|---|
| **Note No. 10** | | |
| **Short Term Provisions** | | |
| For Taxation (Net of Advance Tax) | 84,219,383 | 75,557,742 |
| For Warranty | 9,002,514 | 9,002,514 |
| Gratuity | 35,086,600 | 31,146,939 |
| Compensated absences | 45,914,529 | 40,303,244 |
| | 174,223,026 | 156,010,439 |

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

### Note No. 11
### FIXED ASSETS

Amount In Rupees

| | GROSS BLOCK | | | | | DEPRECIATION | | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| PARTICULARS | OPENING | Adjustment* | ADDITION | DEDUCTION | CLOSING | OPENING | Adj * | ADDITION/ AMORTISATION | DEDUCTION | CLOSING | March, 2014 | March, 2013 |
| (A) TANGIBLE ASSETS | | | | | | | | | | | | |
| 1 LEASEHOLD LAND | 18,708,620 | (5,106,288) | - | - | 13,602,332 | 3,995,528 | (2,874,202) | 225,842 | - | 1,347,168 | 12,255,163 | 14,713,091 |
| 2 LEASEHOLD IMPROVEMENTS | - | 11,439,957 | 12,713,905 | - | 24,153,862 | - | 3,621,548 | 4,774,701 | - | 8,396,249 | 15,757,613 | - |
| 3 LAND | 163,073,551 | - | - | 14,114,232 | 148,959,319 | - | - | - | - | - | 148,959,319 | 163,073,551 |
| 4 PREMISES | 690,211,812 | (9,058,757) | 11,785,522 | 99,157,376 | 593,781,202 | 170,724,726 | (2,690,493) | 34,476,491 | 16,510,845 | 185,999,879 | 407,781,323 | 519,487,087 |
| 5 PLANT & MACHINERY | 932,589,243 | (2,129,233) | 62,028,834 | 12,781,606 | 979,707,239 | 408,851,997 | (1,796,872) | 85,330,703 | 6,633,527 | 485,752,301 | 493,954,938 | 523,737,246 |
| 6 FURNITURE & FIXTURES | 96,416,477 | 1,181,146 | 5,830,839 | 3,173,853 | 100,254,609 | 39,737,484 | 5,080,040 | 10,226,123 | 2,222,218 | 52,821,428 | 47,433,181 | 56,678,993 |
| 7 ELEC. FITTINGS | - | - | - | - | - | - | - | - | - | - | - | - |
| 8 MOTOR VEHICLE | 22,152,533 | 141,435 | 6,242,891 | 3,859,717 | 24,677,142 | 15,067,736 | 226,918 | 2,335,723 | 3,102,474 | 14,527,903 | 10,149,239 | 7,084,797 |
| 9 AIR-CONDITIONER | 0 | - | - | - | 0 | - | - | - | - | - | 0 | 0 |
| 10 OFFICE EQUIPMENT'S | 53,918,328 | (616,457) | 1,007,418 | 789,608 | 53,519,681 | 40,717,284 | (183,619) | 3,537,796 | 565,181 | 43,506,280 | 10,013,400 | 13,201,043 |
| (B) INTANGIBLE ASSETS | | | | | | | | | | | | |
| 1 Goodwill on Consolidation | 815,825,578 | - | 21,694,453 | - | 837,520,031 | 65,097,440 | - | 42,531,330 | - | 107,628,770 | 729,891,261 | 750,728,138 |
| 2 SOFTWARES | 44,071,713 | - | 4,464,876 | - | 48,536,589 | 42,265,588 | 16,323 | 4,402,036 | - | 46,683,947 | 1,852,642 | 1,806,133 |
| Total | 2,836,967,856 | (4,148,197) | 125,768,737 | 133,876,391 | 2,824,712,005 | 786,457,784 | 1,399,643 | 187,840,745 | 29,034,246 | 946,663,926 | 1,878,048,079 | 2,050,510,078 |
| Capital Work in Progress | | | | | | | | | | | 253,901,819 | 223,084,840 |
| PREVIOUS YEAR | 2,642,251,097 | 1,317 | 197,406,622 | 6,023,137 | 2,833,635,898 | 584,892,258 | 121 | 205,392,785 | 3,878,782 | 786,406,383 | 2,047,229,522 | 2,057,358,838 |

## Notes to the Financial Statements

(Amount in Rupees)

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

# Notes to the Financial Statements

(Amount in Rupees)

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

| | | |
|---|---|---|
| **Note No. 14** | | |
| **Other Non-current Assets** | | |
| Prepaid expenses | - | - |
| Advance Income Tax (Net of Provision) | 388,782,808 | 360,708,841 |
| Statutory dues recoverable | 122,019,894 | 87,737,146 |
| Balances with banks in long term deposit accounts under banks lien for margin money | 9,805,448 | 17,815,768 |
| Balances with banks in long term deposit accounts | 88,008 | 1,138,269 |
| Other recoverables and receivables | 2,771,330 | 2,581,059 |
| | 523,467,489 | 469,981,083 |

# Notes to the Financial Statements

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

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

| PARTICULARS | March 31, 2014 | March 31, 2013 |
|---|---|---|
| **Note No. 16** | | |
| **Inventories** | | |
| Materials/Tools/Stock for Resale/W.I.P/Finished Goods | 751,008,230 | 868,785,071 |
| Developments | 2,797,138,957 | 2,656,867,860 |
| House Keeping and Kitchen Material | 1,116,818 | 944,707 |
| | 3,549,264,005 | 3,526,597,639 |

# Notes to the Financial Statements

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

| PARTICULARS | March 31, 2014 | March 31, 2013 |
|---|---|---|
| **Note No. 18** | | |
| **Cash And Bank Balances** | | |
| a) Cash and cash equivalents | | |
| Cash On Hand | 18,309,555 | 19,936,633 |
| Balances With Scheduled Banks In Current Accounts* | 227,033,353 | 161,965,210 |
| Balances with banks in deposit accounts with original maturity of less than 3 months | 40,518,502 | 125,808,650 |
| Cheques, drafts on hand | 10,000,000 | - |
| | 295,861,409 | 307,710,493 |
| b) Other bank balances | | |
| Balances with banks in deposit accounts under banks lien for margin money | 187,137,725 | 115,907,033 |
| Balances with banks in short term deposit accounts | 14,632,416 | 35,312,003 |
| Balances with banks in unpaid dividend account | 15,702 | 15,702 |
| | 201,785,843 | 151,234,738 |
| | 497,647,252 | 458,945,231 |

# Notes to the Financial Statements

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

| | | |
|---|---|---|
| **Note No. 20** | | |
| **Other Current Asset** | | |
| Unbilled revenues | 1,433,569,715 | 1,153,566,870 |
| (Less) : related advance payment received | (535,352,422) | (204,237,689) |
| | 898,217,293 | 949,329,181 |
| Advance Against Development/Work/Purchases | 952,494,774 | 149,459,735 |
| MAT credit entitlement | 14,805,667 | 13,215,880 |
| Prepaid Expenses | 20,753,118 | 34,594,402 |
| Other Recoverables and Receivables | 437,182,671 | 276,546,424 |
| Share application money paid | 42,537,200 | 83,976,270 |
| | 2,365,990,723 | 1,507,121,891 |

# Notes to the Financial Statements

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

| | | |
|---|---|---|
| **Note No. 22** | | |
| **Other Income** | | |
| Interest income | 129,953,472 | 216,463,622 |
| Dividend income | 4,776,428 | 815,992 |
| Foreign exchange gain | 34,605 | 16,312,605 |
| Miscellaneous income | 25,914,860 | 38,112,507 |
| Other non operating income (net of expenses directly attributable to such income) | 16,796,314 | 15,328,818 |
| | 177,475,679 | 287,033,544 |

| | | |
|---|---|---|
| **Note No. 23** | | |
| **Construction Expenses/Cost of Material Consumed** | | |
| Contract | 2,168,607,490 | 2,624,959,896 |
| Cost of Material Consumed | 1,312,340,152 | 1,197,200,528 |
| Development | 956,376,951 | 855,560,392 |
| Incidental borrowing cost incurred attributable to qualifying assets | 229,913,652 | 176,701,289 |
| | 4,667,238,245 | 4,854,422,105 |

# Notes to the Financial Statements

| PARTICULARS | March 31, 2014 | (Amount in Rupees) March 31, 2013 |
|---|---|---|
| **Note No. 24** | | |
| **Purchases of Stock-in-trade** | | |
| Purchases of stock-in-trade | 413,071 | 231,777,049 |
| | 413,071 | 231,777,049 |

| | | |
|---|---|---|
| **Note No. 25** | | |
| **Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-trade** | | |
| Materials/Tools/Stock for Resale/W.I.P/Finished Goods | 115,078,842 | 355,918,963 |
| Developments | (140,271,097) | (54,062,387) |
| House Keeping and Kitchen Material | (172,111) | (83,640) |
| | (25,364,366) | 301,772,936 |

| | | |
|---|---|---|
| **Note No. 26** | | |
| **Employee Benefit Expense** | | |
| Salaries and wages | 675,531,519 | 648,274,591 |
| Contribution to provident and other funds | 36,522,231 | 29,128,913 |
| Gratuity | 10,653,643 | 23,148,680 |
| Compensated Absence | 21,012,162 | 19,637,755 |
| Staff Welfare & Other Expenses | 45,550,869 | 52,779,819 |
| Expense on Employee Stock Option Scheme | 12,796,875 | - |
| | 802,067,300 | 772,969,760 |

| | | |
|---|---|---|
| **Note No. 27** | | |
| **Finance Costs** | | |
| Interest On: | | |
| Fixed Loans | | |
| Interest expense | 627,289,702 | 548,461,294 |
| Other borrowing costs | 42,811,890 | 11,803,435 |
| | 670,101,591 | 560,264,729 |
| Less : Borrowing Cost Transferred To Qualifying Assets | 250,373,816 | 228,325,901 |
| | 419,727,775 | 331,938,828 |

## Notes to the Financial Statements

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

## Notes to the Financial Statements

**Note NO. 29**

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

**(I) Nature of Operations**

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

**(II) Principle of Consolidation**

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

(a) The accompanying Consolidated Financial Statements are prepared under the historical cost convention on an accrual basis of accounting in conformity with accounting principles generally accepted in India to reflect the financial position of the company its Subsidiaries and Joint Ventures.

(b) Others:

(i) In respect of Subsidiary Companies, the Financial Statements have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and unrealised profits/losses on intra-group transactions in accordance with the Accounting Standard- (AS)-21 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India (ICAI).

(ii) In case of Joint Venture Companies, the Financial Statements have been consolidated in accordance with the AS-27 'Financial Reporting of Interests in Joint Ventures' issued by the ICAI.

(iii) In case of associates where the Company directly or indirectly through subsidiaries holds more than 20% of equity, Investment and has significant influence in associates are accounted for using equity method in accordance with the AS-23 "Accounting for investments in associates in consolidated financial statements" issued by the ICAI.

(iv) Investments other than its subsidiaries, joint ventures and associates have been accounted in accordance with AS-13 on "Accounting for Investments" issued by the ICAI.

(v) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviation if any have been made in consolidated financial statements and are prepared in the same manner as the Company's unconsolidated financial statements.

(vi) The excess of the cost to the company of its investments in the subsidiaries over the Company's portion of equity on the acquisition date is recognised in the Consolidated Financial Statements as Goodwill. The Company's portion of the equity in the subsidiaries as at the date of acquisition is determined after realigning the material accounting policies of the subsidiaries to that of the parent and adjusting the charge/(reversal) on account of realignment to the accumulated reserves and surplus of the subsidiaries at the date of acquisition.

(vii) Minority Interest's share of net profit/loss of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.

(viii) Minority Interest's share of net assets of the consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the company's shareholders.

(ix) The Subsidiary companies, Associates and Joint Ventures considered in Consolidated Financial Statement are as under:

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

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

## Notes to the Financial Statements

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

**(III) Notes to Account**

1 Statement of Significant Accounting Policy

A. Basis of Preparation of Financial Statement

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

B. Use of estimates

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

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

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

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

Assets under installation or under construction as at the Balance sheet date are shown as Capital work in progress and are stated at cost less impairment losses. Cost comprises of expenditure incurred in respect of capital projects under development and includes any attributable/allocable cost and other incidental expenses. Revenues earned if any, before capitalization from such capital project are adjusted against capital work in progress.

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

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

D. Impairment

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

(a) the provision for impairment loss, if any and

(b) the reversal of impairment loss recognized in previous period, if any

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

Recoverable amount is determined:

(a) in the case of individual asset, at higher of the net selling price or value in use

(b) in the case of cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use

(value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life)

E. Depreciation/Amortisation

(a) Depreciation on tangible fixed assets has been provided under written down value method at the rates and manner prescribed in schedule XIV to the Companies Act, 1956.

(b) Cost of lease hold rights of land has been amortized evenly over a period of lease term.

(c) Software in nature of intangible asset has been amortised over its estimated useful life evenly.

(d) Cost of acquisition of share in partnership firm is amortised on systematic manner. Adjustments are made for any permanent impairment in value, if any.

F. Investments

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

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

G. Recognition of Revenue/Cost

(a) Construction contracts

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

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

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

(b) Real estate development

(a) Completed Units

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

(b) Units Under Development

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

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

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

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

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

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

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

(a) The underlying significant risk and rewards of ownership are transferred to the purchaser.

(b) All critical approvals necessary for commencement of the project are obtained .

(c) Reasonable level of development is reached when project cost incurred excluding land cost and borrowing cost exceeds 25% of the project cost excluding land cost and borrowing cost.

(d) Atleast 25% of the estimated project area are secured by contracts or agreement with the buyers.

(e) Atleast 10% of the total revenue as per agreements of sale are realised at the reporting date in respect of each of the contracts and there are no outstanding defaults of the payment terms in such contracts.

(f) Certainty of recoverability of the balance consideration.

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

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

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

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

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

(d) Interest Income : Interest income is recognized on time proportion basis taking into account the amounts invested and the rate of interest.

(e) Dividend Income : Dividend income is recognized as and when the right to receive the same is established.

(f) Rental Income : Income from letting-out of property is accounted on accrual basis- as per the terms of agreement and the right to receive the rent is established.

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

(h) Other Operating Income : The revenue from Hotel, Game Shop and Maintenance are recognized as and when the services are availed by the customers.

(i) Profit on sale of investment is recorded upon transfer of title by the Company. It is determined as the difference between the sale price and the then carrying amount of the investment.

(j) Room and restaurant revenue

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

H. Inventories

(a) Stock of Material, etc

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

(b) Development work

(i) Development : Completed Units

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

(ii) Development : Units under construction

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

(c) Stock of Trading Goods

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

## Notes to the Financial Statements

I. Employee Benefits

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

J. Borrowing Cost

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

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

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

K. Leases

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

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

L. Contingent Liabilities and Assets

(a) A provision is recognized when

i) the company has present obligation as result of a past event

ii) a probable outflow of resources is expected to settle obligation and

iii) the amount of the obligation can be reliably estimated

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

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

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

M. Taxes on Income

(a) Taxes on Income are accounted in accordance with AS-22 “Taxes on Income”. Taxes on Income comprise both current tax and deferred tax.

(b) Provision for current tax for the year is determined considering the disallowance, exemptions and deductions and/or liabilities/credits and set off available as laid down by the tax law and interpreted by various authorities.

(c) Deferred tax is the tax effect of timing difference representing the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period(s).This is measured using substantively enacted tax rate and tax regulation.

(d) Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay income tax under the normal provisions during the specified period, resulting in utilization of MAT credit. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement.

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

N. Amortization

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

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

P. Segment Reporting

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

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

Q. Foreign currency transaction

(a) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(b) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(c) Exchange Difference

All exchange differences arising on settlement and conversion on foreign currency transactions are included in the profit and loss account, except in cases where they relate to the acquisition of fixed assets from outside India, in which case they are adjusted in the cost of the corresponding assets.

R. Earnings Per Share

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

S. Employee Stock Option Scheme

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

T. Provisions

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

i) the company has a present obligation as a result of past event

ii) a probable outflow of resources is expected to settle the obligation

iii) the amount of obligation can be reliably estimated

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

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

U. Cash and Cash equivalents

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

W. Exceptional items

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

X. Events occurring after Balance Sheet date

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

**2 Other Notes**

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

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

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

## Notes to the Financial Statements

(b) Other Contingent liabilities:

(Amount in Rupees)

| Particulars | 2013-14 | 2012-13 |
|---|---|---|
| A. Bank guarantee | | |
| (i) for other companies | - | - |
| (ii) Performance and financial guarantees given by the Banks on behalf of the Company | 1,793,149,505 | 1,894,229,421 |
| B. Corporate guarantees given for other companies/entities and mobilisation | 2,407,400,000 | 1,544,670,000 |
| Claims against the Company not acknowledged as debt | 3,619,295,750 | 3,604,800,000 |
| In respect of claim against the Company amounting to Rs. 360,00,00,000/- (Rs. 360,00,00,000/-) by a party who was originally claiming interest in a property, no provision has been considered necessary by the Management in view of the legal opinion that the said claim is not tenable on various grounds. | | |
| One of our creditor has filed a civil suit claiming of Rs 88,28,380/- as amount due to him, which claim the company is disputing. | | |
| Short Levy of Stamp Duty due to misclasification of conveyance deed as development agreement amounting to Rs. 8,67,370/- with Joint District Registrar & Collector of Stamps, Pune. | | |
| Uncalled Liability on Partly Paid Up Shares | - | - |
| Others | - | - |

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

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

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

(d) Particulars of Construction Contract

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

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

(f) Earning per share

(Amount in Rupees)

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

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

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

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

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

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

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

(Amount in Rupees)

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

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

## Notes to the Financial Statements

(m) Leases

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

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

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

Future minimum lease income under non-cancellable operating leases:

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

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

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

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

(n) Disclosure Relating to Provisions

**(Amount in Rupees)**

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

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

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

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

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

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

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

**(Amount in Rupees)**

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

**Balance sheet Items As At March 31, 2014**

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

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

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

(r) The financial statements of subsidiaries, joint ventures and associates used in the consolidation are drawn upto the same reporting dates as off the company i.e for the year ended March 31,2014.

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

The accounts of Angelica Premises Private Limited, Mumbai Estate Private Limited, associates of the company have not been reviewed for the period ended March 31, 2014 as of balance sheet date by us and have been consolidated on the basis of the accounts as certified by the management.

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

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

(t) Note on litigation in Vista Annexs Project

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

(u) Exceptional items

**(Amount in Rupees)**

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

a) Reversals of employee stock option compensation

During the previous year ended March 31, 2014 the unexercised outstanding Employee Stock Options aggregating to 2,250 Equity Shares relating to those employees who are no longer associated with the Company have been forfeited and accordingly, the provision for compensation amounting to Rs. 84173/- (Rs. 61,63,298/-) in resepct of the same has been written back as exceptional item.

b) Discontinued operation

During the previous year ended March 31, 2014 the assets of one of the subsidiary of the company was impaired on account of termination of the contract with the joint venture partner and accordingly the expenditure of Rs. Nil (Rs. 2,52,01,301/-) incurred by the said subsidiary in respect of the same joint venture was written off.

(v) The levy of Maharashtra Value Added Tax (MVAT) in respect of Real Estate Development sales has been subject to considerable legislative amendments, litigation and administrative action. During the pendency of special leave petition before the Hon'ble Supreme Court against the earlier Hon'ble Mumbai High Court decision, a decision has been pronounced by the Hon'ble Mumbai High Court and the matter has not reached finality.

The Industry, accounting and legal fraternity is examining the implications of the decisions and the way the liability will be worked out under various options provided. In view of such uncertainties, the management has been advised that in the present scenario it is difficult to correctly determine MVAT liability payable in respect of real estate development sales executed during the period 20th June, 2006 to 31st March, 2010. The Company is currently in process of ascertaining the exact applicability of these pronouncements, contractual ability to collect MVAT from past customers and the mechanism of collection of MVAT in respect of real estate development sales executed during the period 20th June, 2006 to 31st March, 2010.

(w) These interim financial statements are prepared by following the same accounting policies as those followed in the annual financial statements for the year ended March 31, 2014.

(x) Corresponding figures for previous periods presented have been regrouped, where necessary, to conform to the current year classification.

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As per our report of even date

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

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

For and on behalf of the Board of Directors

**R. Vasudevan**
Managing Director

**V. Mohan**
Chairman

**Dr. Santosh Sundararajan**
Chief Executive Officer

**M. Krishnamurthi**
Company Secretary & Compliance Officer

**D. Santhanam**
Chief Financial Officer

Mumbai : May 16, 2014

# Notes to the Financial Statements

## SCHEDULE 1 A LIST OF RELATED PARTIES AND NATURE OF RELATIONSHIPS

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

## Notes to the Financial Statements

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

(Amount in Rupees)

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

# Notes to the Financial Statements

(Amount in Rupees)

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

## MATERIAL DEVELOPMENTS

*There have been no developments since September 30, 2014, which significantly affect the operations, performance, prospects or financial condition of our Company.*

## WORKING RESULTS

In accordance with circular no.F.2/5/SE/76 dated February 5, 1977 issued by the Ministry of Finance, Government of India, as amended by Ministry of Finance, Government of India through its circular dated March 8, 1977, the information relating to the working results for the period between the last date of the financial statements and up to the end of the last but one month preceding the date of the Letter of Offer will be updated in the Letter of Offer to be filed with the Stock Exchange.

## MATERIAL CHANGES AND COMMITMMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF OUR COMPANY

Except as disclosed in the section titled "*Material Developments*" on page 218 of the DLOF, there are no material changes and commitments, if any, affecting the financial position of our Company.

## ACCOUNTING AND OTHER RATIOS

(₹ in million)

| | Standalone | | | Consolidated | | |
|---|---|---|---|---|---|---|
| | **Six month ended September 30, 2014** | **FY Ended March 2014** | **FY Ended March 2013** | **Six month ended September 30, 2014** | **FY Ended March 2014** | **FY Ended March 2013** |
| Net Profit after Tax (After Minority Interest) (A) | (292.25) | (448.76) | (308.94) | (265.26) | (439.16) | (167.17) |
| Net Worth (B) | 5,963.21 | 6,245.90 | 6,681.92 | 6,337.45 | 6,597.36 | 7,134.62 |
| Return on Net Worth (%) (A/B) (C) | (4.90)** | (7.18) | (4.62) | (4.19)** | (6.66) | (2.34) |
| Actual No. of Shares Outstansding at the end of Year /Period (D) | 9,01,82,550 | 9,01,82,550 | 9,01,80,150 | 9,01,82,550 | 9,01,82,550 | 9,01,80,150 |
| Weighted Average No. of Equity Shares (E) | 9,01,82,550 | 9,01,80,183 | 9,01,60,274 | 9,01,82,550 | 9,01,80,183 | 9,01,60,274 |
| Diluted Weighted Average No. of Equity Shares (F) | 9,07,46,059 | 9,09,22,303 | 9,01,62,113 | 9,07,46,059 | 9,09,22,303 | 9,01,62,113 |
| Basic Earnings Per Share (₹) (A/E) | (3.24) | (4.98) | (3.43) | (2.94) | (4.87) | (1.85) |
| Diluted Earnings Per Share (₹) (A/F)* | (3.24) | (4.94) | (3.43) | (2.94) | (4.83) | (1.85) |
| Net Asset Value/Book Value per Equity Share of ₹ 10 each (B/D) | 66.12 | 69.26 | 74.10 | 70.27 | 73.16 | 79.12 |

**As required by Accounting Standard (AS) 20 - Earnings Per Share, the effect of anti-dilutive potential equity shares are ignored in calculating diluted earnings per share*

***Return on Net Worth has not been annualised for Septmber 30, 2014*

**Notes: Definition of Ratios:**

| | |
|---|---|
| **Basic Earnings Per Share** | (Net Profit after tax)/(Total number of equity shares outstanding during the year/period) |
| **Return on Net Worth (%)** | (Net Profit after tax)/(Networth at the end of the year/period) |
| **Net Asset Value Per Share** | (Net Worth at the end of the year/period)/ (Total number of equity shares outstanding during the year/period) |
| **Net Worth** | Equity share capital + Preference Capital + Reserves (excluding Revaluation Reserves) |

## CAPITALISATION STATEMENT

The capitalisation statement of the Company as at September 30, 2014 as adjusted post the Issue is as follows:

**(₹ in million)**

| Particulars | Pre-Issue | | As adjusted for the Issue |
|---|---|---|---|
| | Standalone | Consolidated | |
| | As at September 30, 2014 | As at September 30, 2014 | |
| **Debt:** | | | |
| Short Term Debt [A] | 1,975.21 | 2,339.38 | [●] |
| Long Term Debt (Including current maturities of long term Debts) [B] | 972.12 | 1,052.24 | [●] |
| | | | |
| **Total Debt: (C) [A+B]** | **2,947.34** | **3,391.62** | [●] |
| | | | |
| **Shareholders Fund:** | | | |
| Share Capital | 901.83 | 901.83 | [●] |
| Share Capital Issued through the Rights Issue | | | |
| Reserve and Surplus (excluding Revaluation Reserve) | | | |
| --Capital Reserve | - | 13.79 | [●] |
| --Securities Premium | 3,882.89 | 3,939.49 | [●] |
| --DRR | 165.00 | 165.00 | [●] |
| --Share option Outstanding | 25.64 | 25.64 | [●] |
| --General Reserve | - | (0.41) | [●] |
| --Surplus | 987.86 | 1,292.11 | [●] |
| **Total Shareholders Fund (D)** | **5,963.21** | **6,337.45** | **[●]** |
| | | | [●] |
| **Debt / Equity Ratio: (Long Term Debt/Shareholders Fund (B/D))** | **0.16:1** | **0.17:1** | [●] |
| | | | |
| **Debt / Equity Ratio: (Total Debt/Shareholders Fund (C/D))** | **0.49:1** | **0.53:1** | [●] |

## MARKET PRICE INFORMATION

The Equity Shares of our Company are listed on the NSE and the BSE. We have received in-principle approval for listing of the Rights Equity Shares to be issued pursuant to this Issue from the NSE and the BSE vide their letters dated [●] and [●], respectively. We will make applications to the NSE and the BSE for permission to deal in and for an official quotation in respect of the Rights Equity Shares being offered in terms of the Draft Letter of Offer.

The high and low closing market prices of the Equity Shares of our Company during the preceding three years were recorded, as stated below:

| NSE | | | | | | |
|---|---|---|---|---|---|---|
| **Fiscal Year** | **High (₹)** | **Date of High** | **Volume on date of high (No. of equity shares)** | **Low (₹)** | **Date of Low** | **Volume on date of low (No. of equity shares)** |
| 2012 | 116.90 | April 8, 2011 | 53,860 | 35.30 | January 2, 2012 | 1,694 |
| 2013 | 65.90 | January 1, 2013 | 19,453 | 29.95 | March 28, 2013 | 7,482 |
| 2014 | 34.35 | April 3, 2013 | 2,010 | 13.55 | February 19, 2014 | 19,349 |

*(Source:* NSE*)*

| BSE | | | | | | |
|---|---|---|---|---|---|---|
| **Fiscal Year** | **High (₹)** | **Date of High** | **Volume on date of high (No. of equity shares)** | **Low (₹)** | **Date of Low** | **Volume on date of low (No. of equity shares)** |
| 2012 | 115.35 | April 8, 2011 | 31,281 | 36.00 | January 2, 2012 | 2,201 |
| 2013 | 66.65 | January 1, 2013 | 20,647 | 30.30 | March 28, 2013 | 3,255 |
| 2014 | 34.10 | April 3, 2013 | 1,029 | 13.50 | February 19, 2014 | 4,651 |

*(Source:* BSE*)*

Monthly high and low closing prices on the NSE for the six months preceding the date of filing of the Draft Letter of Offer is as stated below:

| NSE | | | | | | |
|---|---|---|---|---|---|---|
| **Month** | **High (₹)** | **Date of High** | **Volume on date of high (No. of equity shares)** | **Low (₹)** | **Date of Low** | **Volume on date of low (No. of equity shares)** |
| October 2014 | 29.80 | October 21, 2014 | 11,314 | 23.00 | October 8, 2014 | 831 |
| September 2014 | 32.00 | September 15, 2014 | 8,632 | 21.25 | September 26, 2014 | 7,314 |
| August 2014 | 28.75 | August 7, 2014 | 535 | 22.50 | August 14, 2014 | 828 |
| July 2014 | 35.15 | July 3, 2014 | 57,097 | 25.70 | July 30, 2014 | 354 |
| June 2014 | 32.20 | June 11, 2014 | 3,052 | 27.10 | June 2, 2014 | 2,051 |
| May 2014 | 29.50 | May 27, 2014 | 4,816 | 20.00 | May 7, 2014 | 2,535 |

*(Source:* NSE*)*

In the event the high or low or closing price of the Equity Shares are the same on more than one day, the day on which there has been higher volume of trading has been considered for the purposes of this chapter.

Monthly high and low closing prices on the BSE for the six months preceding the date of filing of the Draft Letter of Offer is as stated below:

| BSE | | | | | | |
|---|---|---|---|---|---|---|
| **Month** | **High (₹)** | **Date of High** | **Volume on date of high (No. of equity shares)** | **Low (₹)** | **Date of Low** | **Volume on date of low (No. of equity shares)** |

| BSE | | | | | | |
|---|---|---|---|---|---|---|
| **Month** | **High (₹)** | **Date of High** | **Volume on date of high (No. of equity shares)** | **Low (₹)** | **Date of Low** | **Volume on date of low (No. of equity shares)** |
| October 2014 | 29.5 | October 20, 2014 | 4,795 | 23.00 | October 8, 2014 | 1,061 |
| September 2014 | 31.90 | September 15, 2014 | 4,596 | 22.05 | September 26, 2014 | 8,959 |
| August 2014 | 28.85 | August 7, 2014 | 525 | 23.15 | August 18, 2014 | 897 |
| July 2014 | 34.95 | July 3, 2014 | 9,152 | 26.15 | July 31, 2014 | 2 |
| June 2014 | 32.95 | June 9, 2014 | 3,438 | 27.25 | June 2, 2014 | 4,323 |
| May 2014 | 30.35 | May 26, 2014 | 74,315 | 19.80 | May 2, 2014 | 2,790 |

*(Source:* BSE*)*

The closing price of our Equity Shares as on October 21, 2014 (the trading day immediately following the day on which the Board resolution was passed approving the Issue) was ₹ 28.60 on the NSE and ₹ 28.40 on the BSE.

| NSE | | | | | | |
|---|---|---|---|---|---|---|
| **For the week ended on** | **High (₹)** | **Date of High** | **Volume on date of high (No. of equity shares)** | **Low (₹)** | **Date of Low** | **Volume on date of low (No. of equity shares)** |
| November 14, 2014 | 29.80 | November 10, 2014 | 1,819 | 26.70 | November 14, 2014 | 1,143 |
| November 7, 2014 | 31.50 | November 5, 2014 | 11,768 | 26.50 | November 3, 2014 | 14,127 |
| October 31, 2014 | 28.20 | October 27, 2014 | 1,840 | 24.15 | October 29, 2014 | 1,608 |
| October 23, 2014 | 29.80 | October 21, 2014 | 11,314 | 26.05 | October 21, 2014 | 11,314 |

*(Source:* NSE*)*

Week end prices of Equity Shares of our Company for the last four weeks on the BSE along with the highest and lowest closing prices for the weeks are as below:

| BSE | | | | | | |
|---|---|---|---|---|---|---|
| **For the week ended on** | **High (₹)** | **Date of High** | **Volume on date of high (No. of equity shares)** | **Low (₹)** | **Date of Low** | **Volume on date of low (No. of equity shares)** |
| November 14, 2014 | 30.00 | November 10, 2014 | 3,035 | 26.70 | November 14, 2014 | 440 |
| November 7, 2014 | 31.50 | November 5, 2014 | 13,363 | 26.90 | November 5, 2014 | 7,931 |
| October 31, 2014 | 28.45 | October 27, 2014 | 892 | 24.40 | October 29, 2014 | 329 |
| October 23, 2014 | 29.50 | October 20, 2014 | 4,795 | 27.25 | October 22, 2014 | 1,227 |

*(Source:* BSE*)*

The market capitalization of our Equity Shares as on November 20, 2014 was ₹ 2,344.75 million on the NSE and ₹ 2,344.75 million on the BSE based on a closing market price of ₹ 26.00 and ₹ 26.00, respectively.

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## FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of our consolidated outstanding financing arrangements as on September 30, 2014:

**A. Indebtedness of the Company:**

**I. Secured Borrowings:**

<table>
<tr><th>#</th><th>Name of the Lender</th><th>Nature of Facility</th><th>Amount Sanctioned (in ₹ millions)</th><th>Amount Outstanding (Including Interest due and Interest accrued but not due) as on September 30, 2014 (in ₹ millions)</th><th>Rate of Interest (per annum)</th><th>Repayment terms</th></tr>
<tr><td>1.</td><td>Central Bank of India</td><td>Cash Credit</td><td>100.00</td><td>101.18 (Fund Based)</td><td>3.50% above the base rate</td><td>No fixed repayment term</td></tr>
<tr><td colspan="7">Security:<br><u>Primary Security:</u><br>Hypothecation of stock, raw materials, finished goods, work in process and receivables on pari passu with SBI.<br><u>Collateral Security:</u><br>i. Exclusive charge by way of registered mortgage of land and building thereon at Plot No. F-1/1 admeasuring 14,256 sq. meters, MIDC Chikalthana, Village Birojwadi, District Aurangabad; and<br>ii. Exclusive charge by way of registered mortgage of land and building thereon at Plot No. F-1/2 admeasuring 22,042 sq. meters, MIDC Chikalthana, Village Birojwadi, District Aurangabad.</td></tr>
<tr><td>2.</td><td>HDFC Bank Limited</td><td>Term Loan</td><td>4.96</td><td>0.97 (Fund Based)</td><td>11.25%</td><td>In equal monthly installments of ₹ 0.17 million each</td></tr>
<tr><td colspan="7">Security: Hypothecation of certain equipments, machinery and/or vehicles.</td></tr>
<tr><td>3.</td><td>The Saraswat Co-operative Bank Limited</td><td>Term Loan</td><td>30.00</td><td>14.33 (Fund Based)</td><td>13.00%, i.e. at par with prime lending rate</td><td>In 77 monthly installments of ₹ 0.39 million each and 1 installment of ₹ 0.36 million</td></tr>
<tr><td colspan="7">Security: First charge on Office No. 502 admeasuring 1,423.42 sq. ft. (carpet area) and Office No. 503 admeasuring 1,511.74 sq. ft. (carpet area) on the 5th floor of the building to be known as Neelkanth Business Park constructed or to be constructed on all that piece or parcel of land bearing Plot No. 29 Suburban Scheme No. 1 Kurla-Kirol.</td></tr>
<tr><td rowspan="2">4.</td><td rowspan="2">State Bank of India</td><td>Working Capital Demand Loan (Interchangeable from the letter of credit limit to working capital demand loan facility limit to the extent of ₹ 150.00 million)</td><td>1,000.00</td><td>1,208.00 (Fund Based)</td><td>4.50% above the base rate</td><td>On demand</td></tr>
<tr><td>Bank Guarantee (One way interchangeability from the letter of credit limit to the bank guarantee limit)</td><td>800.00</td><td>727.98 (Non-Fund Based)</td><td>N.A.</td><td>On demand</td></tr>
</table>

<table>
<tr><th>#</th><th>Name of the Lender</th><th>Nature of Facility</th><th>Amount Sanctioned (in ₹ millions)</th><th>Amount Outstanding (Including Interest due and Interest accrued but not due) as on September 30, 2014 (in ₹ millions)</th><th>Rate of Interest (per annum)</th><th>Repayment terms</th></tr>
<tr><td></td><td></td><td>Letter of Credit (One way interchangeability from the letter of credit limit to the bank guarantee limit)</td><td>400.00</td><td>122.53 (Non-Fund Based)</td><td>N.A.</td><td>On demand</td></tr>
<tr><td colspan="7">Security:<br>Primary Security: First charge on paripassu basis along with ICICI Bank (for BG limit of ₹ 500 million) and Central Bank of India (for CC limit of ₹ 150 million) on the entire current assets of the Company, except UP housing Development project i.e. stock of raw materials, work-in-progress and receivables.<br><br>Collateral Security:<br>i. Flat No. 703, 7th Floor, Ascot Building No. C-27, Shastrinagar, Off. JP Road, Andheri (West), Mumbai – 400058, admeasuring 860 sq. ft.;<br>ii. Flat No. 302, 3rd Floor, Lisban, Building No. A-21, Shastrinagar, Off. JP Road, Andheri (West), Mumbai – 400058, admeasuring 860 sq. ft.;<br>iii. Office No. 501, 502, 511, 512, 513 and 514, 5th Floor, Shiv Towers, Patto Plaza, Panaji Goa, admeasuring 3,283 sq. ft.;<br>iv. Plot at S. No. 92/2/3/4A/4B/5, admeasuring 9,000 sq. mts. (96,876 sq. ft.) situated at Village Mundhwa Pune;<br>v. Office at ‘Nucleus Mall’ No. T-9, 3rd Floor, S. No. 157A, Church Road, Ghorpadi Pune – 411001, admeasuring 823.11 sq. mts.;<br>vi. ‘Arlem’, Plot at S. No. 253/1, Village Raia, Salcete, Goa, admeasuring 29,559.75 sq. mts. (3,18,181.14 sq. ft.);<br>vii. ‘Temmamanda’, Plot at S. No. 254/2, Village Raia, Salcete, Goa, admeasuring 1,106 sq. mts. (11,904.98 sq. ft.);<br>viii. 3rd, 4th and 6th floor, ‘A’ building of V Tech Park, Wadala, Nashik, admeasuring 7,765.34 sq. mts.<br>ix. Flat no. 202, 204B, 302, 304, 305, 402, 502, 503, 504, 602, 603, 702, 703, 704, 801 and 1002 at Golden Nest Co-operative Housing Society at S. No 15 Wadgoan, Sheri, Pune admeasuring 1,192.88 sq.mtr.;<br><br>Guarantee:<br>i. Personal Guarantee of Mr. R Vasudevan<br>ii. Corporate Guarantee of i) Just Homes (I) Private Limited; ii) Windflower Properties Private Limited; iii) Vascon Dwellings Private Limited; and iv) Hamcon Engineers Private Limited.</td></tr>
<tr><td rowspan="2">5.</td><td rowspan="2">Kotak Mahindra Bank Limited</td><td>Term Loan</td><td>58.30</td><td>21.15 (Fund Based)</td><td>15.50%</td><td>In 14 months (Residual Tenure- as per revised tenure). Last Repayment in February 2015</td></tr>
<tr><td>Letter of Credit Backed Purchase Bill Discounting</td><td>200.00</td><td>83.38 (Non-Fund Based)</td><td>N.A.</td><td>Maximum tenure- 180days. Validity upto September 29, 2014</td></tr>
<tr><td colspan="7">Security: First and exclusive charge on all immovable properties belonging to the Company situated at Hadapsar identified for ELA project.</td></tr>
<tr><td>6.</td><td>IDFC Real Estate Yield Fund</td><td>Unlisted Secured non-convertible debenture</td><td>730.00</td><td>650.16 (Fund Based)</td><td>18.25%</td><td>In 30 installments payable on the 15th of every month commencing from September 2014. Repayment terms are under revision and are yet to be finalized between the parties.</td></tr>
<tr><td colspan="7">Security:<br>i. First mortgage and charge over approximately 12,850 sq. mts. of land situated at Wadala Shivar, Nasik (Survey no. 113/2B) and office premises having a built up area of 15,903 sq. ft. at Phoenix Building, Office Bund Garden Road, Pune;<br>ii. First mortgage and charge over approximately 8,227 sq. mts. of land situated at Wadala Shivar, Nasik;<br>iii. First charge on the Company’s cash flows, receivables, book debts, revenues of whatsoever nature and wherever arising pertaining to the project, present and future;<br>iv. First charge by way of assignment or creation of security interest of all the rights, title, interest, benefits, claims and demands whatsoever of the Company: (a) in Project Windermere documents, duly acknowledged and consented by the relevant counter-parties to the project Windermere documents, (b) Subject to applicable law, all the rights, title, interest, benefits, claims and demands whatsoever of the issuer in the clearances; and c) all the rights title and interest benefits claims demands whatsoever of</td></tr>
</table>

| # | Name of the Lender | Nature of Facility | Amount Sanctioned (in ₹ millions) | Amount Outstanding (Including Interest due and Interest accrued but not due) as on September 30, 2014 (in ₹ millions) | Rate of Interest (per annum) | Repayment terms |
|---|---|---|---|---|---|---|
| | the Company in any letter of credit, guarantee, performance bond, corporate guarantee, bank guarantee provided by any party to the Project Windermere documents.<br>v. First charge by way of assignment or creation of security interest of all the rights, title, interest, benefits, claims and demands whatsoever of the Company in an agreement between Rajesh Builders and our Company, and the no objection letter;<br>vi. First charge on the escrow agreement, debt service reserve and any other reserves and other bank accounts of the Company wherever maintained;<br>vii. Irrevocable and unconditional personal guarantee of Mr. R. Vasudevan; and<br>viii. First charge by way of hypothecation/ mortgage/ assignment of transfer development rights for the project. | | | | | |
| 7. | ICICI Bank Limited | Performance Bank Guarantee | 500.00 | 373.03 (Non-Fund Based) | N.A. | No fixed repayment term |
| | | Purchase Bill Discounting (Sub-limit of the performance bank guarantee of ₹ 500.00 million availed from ICICI Bank Limited) | 100.00 | 14.66 (Non-Fund Based) | | |
| | | Letter of Credit (Sub-limit of the performance bank guarantee of ₹ 500.00 million availed from ICICI Bank Limited) | 100.00 | - | | |
| | ***Security:***<br>i. First charge by way of hypothecation on the Company's entire stock of raw materials, semi-finished and finished goods, consumable stores and spares and such other moveables including book-debts, bills whether documentary or clean, outstanding monies, receivables, both present and future, in a form and manner satisfactory to the bank, ranking *pari passu* with other participating banks except receivables of Tamil Nadu State Government project charged to HDFC Bank; and<br>ii. Second *pari passu* charge on movable fixed assets of the Company. | | | | | |
| 8. | Union Bank of India | Over draft | 8.10 | 8.63 (Fund Based) | 10.25% | No fixed repayment term |
| | ***Security:*** Secured Against Fixed Deposits. | | | | | |
| | Total Outstanding as on September 30, 2014 (Fund Based limits) | | | 2,004.42 | | |
| | Total Outstanding as on September 30, 2014 (Non-Fund Based limits) | | | 1,321.58 | | |

**II. Unsecured Borrowings:**

**1. Fixed Deposits accepted by our Company:**

| Amount Sanctioned (in ₹ millions) | Amount Outstanding (Including Interest due and Interest accrued but not due) as on September 30, 2014 (in ₹ millions) | Rate of Interest (per annum) | Repayment Terms |
|---|---|---|---|
| 168.51* | 168.51 | 12.50% | Repayment in 400 days |

**The total outstanding amount as on reporting period is considered as sanctioned amount, as there are no sanction limits for the same.*

**2. Inter Corporate Deposits:**

| # | Name of the Lender | Amount Sanctioned (in ₹ millions) | Amount Outstanding (Including Interest due and Interest accrued but not due) as on September 30, 2014 (in ₹ millions) | Rate of Interest (per annum) | Repayment Terms |
|---|---|---|---|---|---|
| 1. | HSR Associates | 328.90* | 328.90 | 12.00% | Repayable on demand |
| 2. | AMR Associates | 307.60* | 307.60 | 12.00% | Repayable on demand |
| 3. | S.P.R. Associates | 130.91* | 130.91 | 12.00% | Repayable on demand |
| 4. | Golden Temple Pharma LLP | 13.00* | 13.00 | 14.50% | Repayable on demand |
| 5. | Vastech Consultants Private Limited | 13.00 | 8.62 | 13.5% | Repayable on demand subject to minimum period of 12 months |
| 6. | Conamore Resorts Private Limited | 800.00 | 0.90 | 11.00% | No fixed maturity term |
| 7. | IBM India Private Limited | 12.17* | 12.17 | 13.00% to 13.54% | The loan has been divided in 9 supplements and each supplement has different installments |
| 8. | Leverage Finance and Securities Private Limited | 25.68* | 25.68 | 12.00% | Repayable on March 30, 2015 |
| 9. | Meditab Specialities Private Limited | - | 1.99** | 13.00% | Repayable on demand |
| 10. | Yester Investment Private Limited | 77.04* | 77.04 | 12.00% | Repayable on March 30, 2015 |
| 11. | A2Z Online Service Private Limited | 45.45* | 45.45 | 16.50% | Repayable on March 1, 2015 |
| 12. | Premratan Exports LLP | 8.63* | 8.63 | 12.00% | Repayable on demand |
| **Total Outstanding as on September 30, 2014** | | | 960.89 | | |

**The total outstanding amount as on reporting period is considered as sanctioned amount, as there is no sanction limits for the same has been approved.*
***Principal repaid only interest outstanding*

**3. Inter Corporate Deposits from Subsidiaries:**

| # | Name of the Lender | Amount Sanctioned (in ₹ millions) | Amount Outstanding (Including Interest due and Interest accrued but not due) as on September 30, 2014 (in ₹ millions) | Rate of Interest (per annum) | Repayment Terms |
|---|---|---|---|---|---|
| 1. | Almet Corporation Limited | 41.40 | 8.18 | 9.00% | Repayable on call subject to minimum period of 24 months along with interest |
| 2. | Marathwada Realtors Private Limited | 60.75 | 2.13 | 9.00% | Repayable on call subject to minimum period of 24 months along with interest |
| **Total Outstanding as on September 30, 2014** | | | **10.31** | | |

**B. Indebtedness of the Subsidiaries, Associates and Joint Ventures:**

**I. GMP Technical Solutions Private Limited:**

| # | Name of the Lender | Nature of Facility | Amount Sanctioned (in ₹ millions) | Amount Outstanding (Including Interest due and Interest accrued but not due) as on September 30, 2014 (in ₹ millions) | Rate of Interest (per annum) | Repayment Terms |
|---|---|---|---|---|---|---|
| **Secured Borrowings** | | | | | | |
| 1. | Axis Bank Limited | Cash Credit | 175.00 | 105.96 (Fund Based) | 2.75% above the base rate | 12 months subject to annual review. |
| | | Bills Purchased/Discounted (foreign /Inland against LC (sublimit within CC) ) | 150.00 | 18.09 (Non-Fund Based) | 0.50% - 1.00% above the base rate | 12 months subject to annual review. |
| | | Bank Guarantee (-(Inland/ Foreign) | 300.00 | 212.91 (Non-Fund Based) | N.A. | Maximum upto 60 months inclusive of claim period. |
| | | Letter of Credit (Inland/import) (One way inter changeability upto ₹ 100.00 million from - CC to letter of credit is permitted) | 175.00 | NIL | N.A. | No fixed repayment term |
| | | Loan Equivalent Risk (LER) on forward contracts (as sublimit of CC) | 50.00 | NIL | NA | One year from the date of sanction or as applicable. |
| ***Security:***<br>Primary Security: First *pari passu* charge with other banks (to be inducted under multiple banking arrangement) over entire current assets of the company (present and future)<br><br>Collateral Security: Equitable mortgage on the Company's Factory land and building (unit I and Unit II) situated at village Khuharwala, PO Barotiwala, Tehsil Kasaulibaddi admeasuring 46 bigha 02 biswa (unit 1-27 bigha 3 biswa and unit 2-18 bigha 19 biswa);<br><br>Guarantees: Corporate Guarantee of M/s Vascon Engineers Limited.<br><br>**Note**: *Pari passu* charge on primary security is subject to availability of *pari passu* charge over assets offered to other bank/s as security. | | | | | | |
| 2. | Tata Capital Financial Services Limited | Term Loan | 21.60 | 18.90 (Fund Based) | Long term lending rate less 4.25% i.e. 14% floating interest rate, subject to minimum of 13.50% LTLR as on date of disbursement of loan was 18.25% pa. | Interest to be paid on monthly basis on every month from the date of 1st disbursement till maturity.<br><br>Principal to be paid in 48 monthly equated installment basis till maturity |

| # | Name of the Lender | Nature of Facility | Amount Sanctioned (in ₹ millions) | Amount Outstanding (Including Interest due and Interest accrued but not due) as on September 30, 2014 (in ₹ millions) | Rate of Interest (per annum) | Repayment Terms |
|---|---|---|---|---|---|---|
| ***Security:***<br><u>Primary:</u> First and exclusive hypothecation charge of machineries/equipments purchased/to be purchased out of TCFSL fund.<br><br><u>Collateral:</u> Security deposit of ₹ 10 million to be kept with Tata Capital Financial Services Limited/empanelled banker till the tenure of TCFSL loan. | | | | | | |
| 3. | Bank of Maharashtra | Bank Guarantee | 50.00 | 18.38 (Non-Fund Based) | NA | 12 months subject to annual review |
| ***Security:*** Bank Guarantee and Counter Guarantee of the Company. | | | | | | |
| 4. | Bank of Baroda | **Fund Based Facility** | 150.00 | | | |
| | | PC/PCFC cum FBD /FBP /FCBD/FCBP limit (Sub limit 150 million) | | NIL | 1.25 above Base rate i.e 11.50% | 12 months subject to annual review. |
| | | ***Security:***<br>i. D.P.note duly executed by the Company;<br>ii. Letter of continuing security;<br>iii. Composite hypothecation agreement on pari passu basis with Axis Bank;<br>iv. Packing Credit undertaking for liquidation of PC by negotiation of bills;<br>v. Export Trust receipts; and<br>vi. Lodgement of export orders /e-mail confirmation and/or prime banks irrecoverable LC. | | | | |
| | | Cash Credit (Hypn. Of stock and book debts) (Sub limit with PC/ PCFC of 150 million) | | 147.21 (Fund Based) | 3.25% above base rate 13.50% | 12 months subject to annual review |
| | | Packing Credit (Submit limit with PC/PCFC of ₹ 150.00 million) | | | | |
| | | ***Security:***<br>i. D.P.note signed by the company;<br>ii. Composite hypothecation agreement (first *pari passu* charge along with all multiple banks on current assets i.e stock and book debts of the company);<br>iii. Letter of continuing security;<br>iv. Power of Attorney for book debts;<br>v. Declaration/undertaking/authority;<br>vi. Letter of General Undertaking; and<br>vii. Undertaking of book debts. | | | | |
| | | **Non Fund Based Facility** | 150 | | | |
| | | Bank Guarantee (inland/foreign) of ₹ 150 million) | | 4.20 (Non-Fund Based) | NA | 12 months subject to annual review |
| | | Buyers's Credit (Sublimit with Inland / Foreign Letter of credit of DP/DA- | | 44.16 (Non-Fund Based) | 3.25% above base rate 13.50% | 12 months subject to annual review |

| # | Name of the Lender | Nature of Facility | Amount Sanctioned (in ₹ millions) | Amount Outstanding (Including Interest due and Interest accrued but not due) as on September 30, 2014 (in ₹ millions) | Rate of Interest (per annum) | Repayment Terms |
|---|---|---|---|---|---|---|
| | | usance- 90 days)/Buyer's Credit under FBP/FBD/UFBP/ UFBD cum PC/PCFC limit) | | | | |
| | | ***Security:***<br>i. Stamped Country Indemnity letter executed by the Company;<br>ii. Letter of undertaking;<br>iii. Other securities available for FBWC facilities; and<br>iv. Stamped LC application signed by the Company. | | | | |
| 5. | ICICI Bank Limited | Term Loan (Vehicle Loan) | 1.42 | 1.06 (Fund Based) | 10.03% | In 36 monthly installments of ₹ 0.45 million each commencing from December 2013 and the last installment of ₹ 0.38 million falling due in November 2016 |
| | ***Security:*** Hypothecation of Toyota Innova V - Vehicle No. MH03 BJ 5213. | | | | | |
| 6. | HSBC Bank Limited | Bank Guarantee | 23.80 | 23.79 (Non-Fund Based) | N.A. | 12 months subject to annual review |
| ***Security:***<br>i. Corporate Guarantee (CGT) from Osaka Private Limited; and<br>ii. 100% Deposits Under Lien. | | | | | | |
| Total Outstanding as on September 30, 2014 (Fund Based limits) | | | | 273.13 | | |
| Total Outstanding as on September 30, 2014 (Non-Fund Based limits) | | | | 321.53 | | |

**II. Cosmos Premises Private Limited**:

| # | Name of the Lender | Nature of Facility | Amount Sanctioned (in ₹ millions) | Amount Outstanding (Including Interest due and Interest accrued but not due) as on September 30, 2014 (in ₹ millions) | Rate of Interest (per annum) | Repayment Terms |
|---|---|---|---|---|---|---|
| **Secured Borrowings** | | | | | | |
| 1. | State Bank of Hyderabad | Term Loan | 100.00 | 15.71 | At State Bank of Hyderabad prime lending rate, currently at 14.00%, with a minimum of 14.00% (floating) | In 23 quarterly installments of ₹ 4.2 million each commencing from September 2009 and the last installment of ₹ 3.4 million falling due in June 2015 |

| # | Name of the Lender | Nature of Facility | Amount Sanctioned (in ₹ millions) | Amount Outstanding (Including Interest due and Interest accrued but not due) as on September 30, 2014 (in ₹ millions) | Rate of Interest (per annum) | Repayment Terms |
|---|---|---|---|---|---|---|
| ***Security:***<br>Primary:<br>i. Equitable mortgage of land and hotel building situated in Utorda village bearing survey no. 33 (1), 33 (7-11), 47 (1), 49 (1), 50 (1-26) and 51 (1 to 31), admeasuring 22,725 sq. mts; and<br>ii. Exclusive charge on the other assets of the Cosmos Premises Private Limited, including assets to be carried out of our bank finance and existing assets including plant and machinery, furniture and fixtures.<br>Corporate Guarantee: Corporate Guarantee of M/s Royal Orchid Hotels Limited (TNW as on March 31, 2007 is ₹ 167.83 crores) and M/s Vascon Engineers Limited (TNW as on March 31, 2008 is ₹ 312.47). | | | | | | |
| 2. | Corporation Bank | Vehicle Loan | 0.95 | 0.08 | 11.50% (floating) | To be repaid in 36 months installments of ₹ 31,526 each |
| ***Security:*** Hypothecation of Brand New Toyota Innova GX-8 Car costing ₹ 11,24,891. | | | | | | |
| **Unsecured Borrowings** | | | | | | |
| 3. | Okasa Ltd | Unsecured Loan | 5.00* | 5.00 | N.A. | Repayable on demand |
| 4. | Conamore Resorts Private Limited | Unsecured Loan | 0.63* | 0.63 | N.A. | Repayable on demand |
| **Total Outstanding as on September 30, 2014 (Fund Based)** | | | | **21.42** | | |

**The total outstanding amount as on reporting period is considered as sanctioned amount, as there is are sanction limits for the same.*

**III. Ajanta Enterprises:**

| # | Name of the Lender | Nature of Facility | Amount Sanctioned (in ₹ millions) | Amount Outstanding (Including Interest due and Interest accrued but not due) as on September 30, 2014 (in ₹ millions) | Rate of Interest (per annum) | Repayment Terms |
|---|---|---|---|---|---|---|
| **Secured Borrowings** | | | | | | |
| 1. | IDBI Bank | Term loan | 245.00 | 50.17 | BBR+350 bps | Repayable in 36 equal monthly installments including moratorium of 12 months from the date of the first disbursement. Repayment to commence from April 30, 2015 and will complete by March 31, 2017 |
| ***Security:***<br>Primary: Mortgage Charge over the project land admeasuring 5.61 acres, s.no 59 at Kharadi Pune (for Phase II) with present and future construction along with receivable from sale of units in Project Forest County.<br>Collateral: Mortgage of land being develop at S. no 59 of Kharadi Pune(excluding Phase I and Phase II) belonging to Sector 1, (Phase III: 1.97 acres and balance 17.55 acres as NA land under development ) admeasuring 19.52 acres. | | | | | | |
| **Unsecured Borrowings** | | | | | | |
| 2. | Dhiren Nandu HUF | Unsecured Loan | 16.76* | 16.76 | 15.00% | Repayable on demand |
| 3. | Dhiren Nandu | Unsecured Loan | 8.65* | 8.65 | 15.00% | Repayable on demand |
| 4. | Sandra Bhansali | Unsecured | 112.86* | 112.86 | 15.00% | Repayable on demand |

| # | Name of the Lender | Nature of Facility | Amount Sanctioned (in ₹ millions) | Amount Outstanding (Including Interest due and Interest accrued but not due) as on September 30, 2014 (in ₹ millions) | Rate of Interest (per annum) | Repayment Terms |
|---|---|---|---|---|---|---|
| | | Loan | | | | |
| **Total Outstanding as on September 30, 2014 (Fund Based)** | | | | 188.44 | | |

**The total outstanding amount as on reporting period is considered as sanctioned amount, as there are no sanction limits approved for the same*

**IV. Vascon Dwellings Private Limited:**

| # | Name of the Lender | Nature of Facility | Amount Sanctioned (in ₹ millions) | Amount Outstanding (Including Interest due and Interest accrued but not due) as on September 30, 2014 (in ₹ millions) | Rate of Interest (per annum) | Repayment Terms |
|---|---|---|---|---|---|---|
| 1. | Amoda Properties Private Limited | Unsecured Loan | 18.28* | 18.28 | 15.00% | Repayable on demand |
| 2. | ATR Projects Private Limited | Unsecured Loan | 2.53* | 2.53 | 15.00% | Interest is payable on monthly basis from May 2014 to September 2014 and principal in September 2014 (Post-dated cheques where issued at the time of disbursement) |
| **Total Outstanding as on September 30, 2014 (Fund Based)** | | | | **20.81** | | |

**The total outstanding amount as on reporting period is considered as sanctioned amount, as there are no sanction limits approved for the same*

**V. Phoenix Ventures:**

| # | Name of the Lender | Nature of Facility | Amount Sanctioned (in ₹ millions) | Amount Outstanding (Including Interest due and Interest accrued but not due) as on September 30, 2014 (in ₹ millions) | Rate of Interest (per annum) | Repayment Terms |
|---|---|---|---|---|---|---|
| **Secured Borrowings** | | | | | | |
| 1. | Central Bank of India | Term Loan | 100.00 | 71.44 | 3.50% + 0.25% + the base rate | In 20 quarterly installments of ₹ 5 million each - commencing from September 2012 |

***Security:***

Primary: Exclusive Charges:

- For proposed Term Loans (Xotech Project) (Construction of residential flats in the remaining portion of land): The security for the proposed term loan will be landed property admeasuring 21,410 sq. mtrs.
- Value of the property as per valuation report dated October 31, 2009 is ₹ 291.10 million.
- Cost of the project is ₹ 327.20 million.
- Total value of the security will be ₹ 618.30 million for the Proposed Term Loan of ₹ 100 million of the Xotech Project.

| # | Name of the Lender | Nature of Facility | Amount Sanctioned (in ₹ millions) | Amount Outstanding (Including Interest due and Interest accrued but not due) as on September 30, 2014 (in ₹ millions) | Rate of Interest (per annum) | Repayment Terms |
|---|---|---|---|---|---|---|
| **Secured Borrowings** | | | | | | |
| Collateral Security: Nil | | | | | | |
| **Unsecured Borrowings** | | | | | | |
| 2. | Conamore Resorts Private limited | Unsecured Loans | 0.82* | 0.82 | N.A. | Repayable on demand |
| **Total Outstanding as on September 30, 2014 (Fund Based)** | | | | 72.26 | | |

**The total outstanding amount as on reporting period is considered as sanctioned amount, as there are no sanction limits approved for the same*

***Notes: -***

1. The following loan given to Subsidiaries has been excluded from the above as the same gets eliminated in Consolidated Balance Sheet:

| Par | Amount |
|---|---|
| **(₹ in Millions)** | |
| a) GMP Technical Solutions Private Limited | 148.20 |
| b) Vascon Dwellings Private Limited | 191.94 |
| c) Floriana Properties Private Limited | 67.40 |

2. The following loan taken from Subsidiaries has been included above even if the same gets eliminated in Consolidated Balance Sheet:

| Par | Amount |
|---|---|
| **(₹ in Millions)** | |
| a) Marathwada Realtors Private Limited | 2.13 |
| b) Almet Corporation Limited | 8.18 |

### Corporate Actions

Many of our financing arrangements entail various restrictive conditions and covenants restricting certain corporate actions, and we are required to take the prior approval of the lender before carrying out such activities.

For instance, we are required to intimate the lenders if we, inter alia, (i) effect any changes in the shareholding pattern, management control, or make any investments in any fixed assets, in associates/group companies except to the extent projected in the data submitted to the bank; (ii) effect change in the capital structure; (iii) formulate any scheme of amalgamation or reconstruction; (iv) implement any major scheme of expansion; (v) invest by way of share capital in or lend advance funds to or place deposits with any other concern enter into additional borrowing arrangements (including securitization of receivables or provide escrow facilities), either secured or unsecured, with any bank, financial institutions, company/firm or otherwise other than the limits disclosed; (vi) undertake guarantee obligations on behalf of any other company/firm etc.; (vii) allow the promoters/directors to alienate, transfer, dispose or dilute their shareholding; (viii) create any further charge, lien or encumbrance over the assets or properties of the Company already charged to the lender in favour of any other lenders, companies firm or person; (ix) declare or pay dividend for any year except out of profits for the year and after meeting the bank's obligations; and (x) changes in the Memorandum and Articles of association of the Company.

## SECTION VI – LEGAL AND OTHER INFORMATION

## OUTSTANDING LITIGATIONS AND OTHER DEFAULTS

*Except as described below, there are no outstanding litigations, suits, civil or criminal prosecutions, proceedings before any judicial, quasi-judicial, arbitral or administrative tribunals, including pending proceedings for violation of statutory regulations or, alleging criminal or economic offences or tax liabilities or any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under Part 1 of Schedule V of the Companies Act, 2013) against our Company and our Subsidiaries that would have a material adverse effect on our business. Further there are no defaults, non-payment or overdue of statutory dues, institutional/bank dues and dues payable to holders of debentures, bonds and arrears of cumulative preference shares that would have a material adverse effect on our business, as on date of the Draft Letter of Offer, except as described below.*

*Further there are no litigation involving issues of moral turpitude or criminal liability on the part of our Company or our Subsidiaries, material violations of statutory regulations by our Company and our Subsidiaries or economic offences where proceedings have been initiated against our Company or our Subsidiaries, in the immediately preceding ten years of the date of the Draft Letter of Offer, except as described below.*

A summary of litigation and disputes involving potential financial liability of ₹ 50 million or more and certain other litigation which we consider material, is as follows:

**Litigation initiated against our Company:**

1. Sanjay Bakht Ajwani and others have filed a Special Civil Suit (No. 1202 of 2005) before the Court of the Civil Judge Senior Division, Pune, against Downtown Estate Developers Private Limited and others (including the Company who has been specified as defendant No. 42). The original owners of the lands located at Mauje Lohagaon, Taluka Haveli, entered into a development agreement with the defendant No. 1 which was subsequently cancelled by both the parties. The plaintiff No. 1 claims to be the director of the defendant company and the other plaintiffs claim to be the shareholders. The original owners have subsequently entered into development agreement with defendant No. 4 which eventually entered into an agreement with our Company. The plaintiffs have challenged the deed of cancellation, the development agreement with defendant No. 40 and the joint venture agreement entered into between defendant No. 40 and our Company. The plaintiffs have inter alia claimed the possession of the property and an amount of ₹ 64.01 million along with interest at the rate of 18% p.a. till realization. The plaintiffs filed a temporary injunction application before the Court of the Civil Judge Senior Division at Pune, praying that, inter alia, the defendants Nos. 2 to 42 be restrained/prohibited by a decree of permanent injunction from doing/causing any construction/development on the suit property either personally or through their agents, employees, assigns or from creating third party interest and/or entering into any transaction or agreement with any third person. The Court of the Civil Judge Senior Division at Pune dismissed the aforementioned temporary injection application vide order dated May 27, 2008 and the same has been confirmed by the High Court of Bombay vide its judgment and order dated December 15, 2008. The plaintiff and others filed a Special Leave Petition (Civil) No. 9264 of 2009 praying for an ex-parte stay on the operation of the judgment and order of the High Court of Bombay dated December 15, 2008, which was dismissed by the Supreme Court vide its order dated September 14, 2009. The matter is pending hearing and final disposal.

2. Rock Enterprises has filed a Special Civil Suit (No. 1046 of 2010) before the Court of Civil Judge, Senior Division, Pune (the "**Court**"), against Just Homes (India) Private Limited, Marigold Premises Private Limited, Sansara Hotels India Private Limited, Just Home Associates and our Company, (the "**Defendants**"), (the "**Suit**"). Rock Enterprises vide the Suit has prayed for inter alia, (i) a declaration that the Development Agreement dated July 31, 2006 between Rock Enterprises, Marigold Premises Private Limited, Just Home Associates and our Company, and the Development Agreement dated March 21, 2007 between Rock Enterprises, Marigold Premises Private Limited, Sansara Hotels India Private Limited, Just Home Associates and our Company invalid and fraudulent, (ii) temporary injunction from dealing with the Suit property, and (iii) payment of an amount of ₹ 3,500.00 million on the grounds of loss of business for Rock Enterprises. The Defendants vide their respective replies have rejected the claims of the Rock Enterprises and prayed that no relief be granted to Rock Enterprises

and that the Suit be dismissed with costs. Further, pursuant to the consent terms dated May 19, 2012, as agreed upon between all the parties to the Arbitraion Proceeding No. 16136/CYK, which was intiatied by Sansara Hotels (India) Private Limited against Rock Enterprises, Just Homes India Private Limited, Just Homes Associates, Marigold Premises Private Limited and our Company, Rock Enterprises has undertaken to, inter alia, withdraw the Suit. The matter is pending hearing and final disposal.

3. Mr. Balakrishna Khushalchand Mantri and Ms. Ambika Balakrishna Mantri, (the "**Plaintiffs**"), have filed a Special Civil Suit (No. 54 of 2011) before the Court of Civil Judge, Senior Division, Pune (the "**Court**"), against Mr. R. Vasudevan, Marigold Premises Private Limited and our Company, (the "**Defendants**"), (the "**Suit**"). The Plaintiffs valuing the Suit at ₹ 3,600 million, have prayed that inter alia: i) the Defendants be directed to deliver possession of 23,000 sq. ft. of plot surrounding a residential bungalow; ii) five flats in the scheme of Marigold Premises Private Limited of 1,500 sq. ft. each, along with a payment for the utilisation of excessive FSI; iii) or in the alternative, to hold that the additional FSI available for a scheme is approximately 2,500,000 sq. ft; and iv) that the Defendants be directed to pay an amount of ₹ 1,000 per sq. ft. as compensation to the Plaintiffs. Subsequently, the Plaintiffs also filed a temporary injunction application before the Court, praying for inter alia, an order of temporary injunction restraining the Defendants from selling five flats of 1,500 sq. ft. each of carpet area or 7,500 sq. ft. of carpet area in the scheme of Marigold Premises Private Limited along with the costs of the application to be passed. The Defendants in reply to the Plaintiffs' temporary interim injunction application, filed their written statement before the Court, praying that the Suit and the application should be dismissed with an exemplary compensatory cost of ₹ 1 million. Further, the Plaintiffs have also filed an ad-interim injunction application for restraining the Defendants from entereing the open space near the residential bungalow and from causing any nuisance and annoyance to the Plaintiffs or inter alia their relatives within an area of 14,000 sq. ft. The Court vide its interim order dated February 27, 2012 has: i) rejected the Plaintiffs' temporary interim injunction application for restraining the Defendants from selling the five flats of 1,500 sq. ft. each of carpet area; and ii) temporarily restrained the Defendants until the decision of the Suit, from entereing the open space near the residential bungalow and from causing any nuisance and annoyance to the Plaintiffs or their relatives within an area of 14,000 sq. ft, which is in the possession of the Plaintiffs. Subsequently, the Defendants filed an amended written statement before the Court, praying that the Suit and the application should be dismissed with an exemplary compensatory cost of ₹ 1 million. Thereafter, Rock Enterprises filed a third party application before the Court praying that it should be added as a defendant to the Suit, which was challenged by the Plaintiffs praying that the same should be rejected with costs. The Court vide its order dated December 17, 2012, rejected the aforementioned third party application for adding Rock Enterprises as a defendant to the Suit. The matter is pending hearing and final disposal.

4. Ultratech Cements Limited has filed a winding up petition (CA/385 of 2014) under Sections 433, 434 and 439 of the Companies Act, 1956 before the High Court of Bombay in connection with a claim of ₹ 3,50,134. Our Company is disputing the aforementioned claim and the matter is pending admission and final disposal.

**Litigation initiated by our Company:**

1. Our Company has filed a Special Civil Suit (No. 335 of 2007) before the Court of the Civil Judge, Senior Division, Pune, (the "**Court**"), against Eagle Flask Industries Limited, Salemohamed Padamse and Company and Eagle Home Appliances Private Limited, (the "**Suit**"). Our Company vide the Suit has prayed for inter alia, declaration, specific performance and permanent injunction and an amount of ₹ 370.00 million along with interest at the rate of 18% p.a. from the date of the Suit till actual realization. Our Company has alleged that they had entered into an oral agreement with the defendants pursuant to which the defendant was required to transfer a total of 45 acres of land (located at Talegaon, Taluka Maval, District Pune), subject to various terms as agreed between the parties which includes the mode of payment and the steps to be taken by the defendants to transfer the lands to the plaintiff. The plaintiffs filed a temporary injunction application before the Court, praying that, inter alia, the defendant No. 2, his servants and his agents be restrained by an order of temporary injunction from alienating, transferring, developing, constructing upon and/or changing the nature of and creating any third party interest in respect of the land located at Vadgaon, Taluka and District Pune. The defendant No. 1 vide its reply filed with the Court, rejected the claims of the plaintiff and has prayed for the aforementioned application for temporary injunction be rejected. Thereafter, an application filed

by defendant Nos. 1 and 2 before the Court under Order 7 Rule 11 of the Code of Civil Procedure, 1908 for dismissing the Suit on the grounds of the same being time barred, was rejected by the Court. The matter is pending hearing and final disposal.

2. Our Company has filed a civil petition (Misc. Application No. 598/2014) before the District Judge at Pune ("the **Court")** against Mr. Subhash Tippanna Nelge and Mr. Shivkumar Tippanna Nelge, ("the **Defendants**"**)** in connection with the MOU entered into with the Defendants on July 23, 2005, pursuant to which an amount of ₹. 2, 00, 00,000/- (and further paid ₹.1, 00, 00,000) was paid by our Company to the defendant for acquiring possession of contiguous pieces of land at Mahalunge on which our Company had planned to launch a township project. However, the Defendants failed to execute the sale deed and transfer possession of the said property to our Company within the stipulated time. The aforesaid MOU was terminated by our Company and a legal notice was sent to the Defendants to initiate arbitration proceedings. Our Company has filed an application under Section 9 of the Arbitration and Conciliation Act, 1996 before the District Court *inter alia* praying for an order of repayment of the consideration and liquidated damages included interest calculated at 18% per annum aggregating to a total of ₹ 85,80,08,031 and a temporary injunction from obstructing the possession of the Applicant over the said land or any part thereof.

**Litigation initiated against our Subsidiaries:**

1. Rock Enterprises has filed a Special Civil Suit (No. 1046 of 2010) before the Court of Civil Judge, Senior Division, Pune (the "**Court**"), against Just Homes (India) Private Limited, Marigold Premises Private Limited, Sansara Hotels India Private Limited, Just Home Associates and our Company, (the "**Defendants**"), (the "**Suit**"). Rock Enterprises vide the Suit has prayed for inter alia, (i) a declaration that the Development Agreement dated July 31, 2006 between Rock Enterprises, Marigold Premises Private Limited, Just Home Associates and our Company, and the Development Agreement dated March 21, 2007 between Rock Enterprises, Marigold Premises Private Limited, Sansara Hotels India Private Limited, Just Home Associates and our Company invalid and fraudulent, (ii) temporary injunction from dealing with the Suit property, and (iii) payment of an amount of ₹ 3,500.00 million on the grounds of loss of business for Rock Enterprises. The Defendants vide their respective replies have rejected the claims of the Rock Enterprises and prayed that no relief be granted to Rock Enterprises and that the Suit be dismissed with costs. Further, pursuant to the consent terms dated May 19, 2012, as agreed upon between all the parties to the Arbitraion Proceeding No. 16136/CYK, which was intiatied by Sansara Hotels (India) Private Limited against Rock Enterprises, Just Homes India Private Limited, Just Homes Associates, Marigold Premises Private Limited and our Company, Rock Enterprises has undertaken to, inter alia, withdraw the Suit. The matter is pending hearing and final disposal.

2. Mr. Sagar Maruti Suryawanshi, (the "**Plaintiff**"), has filed a Special Recovery Suit (No. 49 of 2013) before the Court of the Civil Judge, Senior Division, Pune, (the "**Court**"), against Rock Enterprises, Just Homes Associates, and Marigold Premises Private Limited, (the "**Defendants**"), (the "**Suit**"). The Plaintiff valuing the Suit at ₹ 302.14 million, has prayed that the Defendants be: i) ordered to pay the Plantiff a sum of ₹ 302.14 million along with interest at the rate of 24% p.a. from the date of filing of the Suit till realization; and ii) restrained from disposing of or creating any third party interest in or creating construction of, the Suit property till the final decision of the Suit. Thereafter, the Superientendent of the Court issued a summons on November 21, 2013 to the Defendants, to appear before the Court on December 6, 2013. The matter is pending hearing and final disposal.

**Litigation initiated by our Subsidiaries:**

Nil

## GOVERNMENT AND OTHER APPROVALS

We are required to obtain approvals at various stages of each of our projects, including upon completion of the respective projects or phases thereof. Such approvals typically include, inter alia, layout plan approval from the municipal corporation, intimation of disapproval from the municipal corporation, commencement certificate from the municipal corporation, no objection certificate from the chief fire officer, environmental clearances from the state pollution control boards and Ministry of Environment and Forests or state environment impact assessment authorities, as may be applicable, occupancy certificate from the municipal corporation and other applicable project specific approvals. The requirement for such approvals for a particular project may vary depending on factors including the type of project, i.e., residential or commercial and the state where the project is located. Further, our obligation to obtain such approvals arises as we progress through different stages of construction and we will make applications for such approvals at the appropriate stage.

We have obtained necessary consents, licenses, permissions and approvals from the governmental and regulatory authorities that are required for carrying on our present business, except as stated below. Some of the approvals and licenses that we require for our present business operations may expire in the ordinary course of business, and we will apply for their renewal from time to time.

Stated below are the details of the pending approvals and pending renewals of licenses in relation to our projects:

1. Phoenix, Pune:

    i. We have made an application for environmental clearance under the Environmental Impact Assessment notification 2006 - category 8A on May 15, 2011; and
    ii. We have made an application for consent to establish on June 29, 2011.

2. Forest County, Pune:

    i. We have made an application for environmental clearance to the State Level Expert Appraisal Committee, Mumbai, Maharashtra for our proposed project situated at Village Kharadi, Taluka Haveli. District Pune on June 20, 2013.

3. Windmere, Pune:

    We have made an application for expansion order in connection with the Project Windermere on September 5, 2014.

4. Tulips, Coimbatore:

    i. We have made an application for environmental clearance to the State Environment Impact Assessment Authority, Panagal Maligai, Chennai for our proposed project situated at Sowripalayam Village, Coimbatore South Taluk, Coimbatore District, Tamil Nadu.

5. Intellectual Property: We have made a renewal application on October 28, 2014 for our Company’s logo registered under Trademark No. 1317735 which expired on October 28, 2014.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

**Authority for the Issue**

This Issue is being made pursuant to a resolution passed by the Board of our Company at its meeting held on October 20, 2014. Pursuant to a resolution passed by the Board of our Company or a committee thereof at its meeting held on [●], has determined a Rights Entitlement of [●] Rights Equity Shares for every [●] fully paid-up Equity Shares held on the Record Date and a price of ₹ [●] per Rights Equity Share as the Issue Price.

**Eligibility for the Issue**

Our Company is a listed company and has been incorporated under the Companies Act, 1956. The Equity Shares of our Company are listed on the NSE and the BSE. Our Company is eligible to offer the Rights Equity Shares pursuant to the Issue in terms of Chapter IV of the SEBI ICDR Regulations.

**Compliance with Part E of Schedule VIII of the SEBI ICDR Regulations**

Our Company has complied with the requirements of Part E of Schedule VIII of the SEBI ICDR Regulations, to the applicable extent, in terms of the disclosures made in the Draft Letter of Offer.

Further, our Company confirms that it is in compliance with the following:

(a) our Company has been filing periodic reports, statements and information in compliance with the listing agreement for the last three years immediately preceding the date of filing the Draft Letter of Offer with SEBI;

(b) the reports, statements and information referred to in sub-clause (a) above are available on the website of any recognized stock exchange with nationwide trading terminals or on a common e-filing platform specified by SEBI; and

(c) our Company has investor grievance-handling mechanism which includes meeting of the Shareholders' Grievance Committee at frequent intervals, appropriate delegation of power by the Board of Directors as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

**Prohibition by SEBI or RBI**

1. Our Company, our Directors, our Promoters and Promoter Group, and person(s) in control of our corporate Promoters have not been prohibited or debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI;

2. None of our Promoters and Promoter Group, Directors or persons in control of our Company was or also is a promoter, director or person in control of any other company which has been restrained, prohibited or debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI;

3. Our Company, our Promoters, our Group Entities and the relatives (as per the Companies Act, 2013) of our Promoters and our Group Entities, have not been declared as wilful defaulters by RBI or any other governmental authority; and

4. Details of the entities that our Director(s) are associated with, which are engaged in securities market related business, and are registered with SEBI for the same, have been provided to SEBI.

**Disclaimer Clause of SEBI**

**AS REQUIRED, A COPY OF THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE DRAFT LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE**

**ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. THE LEAD MANAGERS, IDFC SECURITIES LIMITED AND IDBI CAPITAL MARKET SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, THE LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGERS, IDFC SECURITIES LIMITED AND IDBI CAPITAL MARKET SERVICES LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE, WHICH READS AS FOLLOWS:**

(1) **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT LETTER OF OFFER PERTAINING TO THE SAID ISSUE;**

(2) **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**

**(a)** **THE DRAFT LETTER OF OFFER FILED WITH SECURITIES EXCHANGE BOARD OF INDIA (THE "SEBI") IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**

**(b)** **ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

**(c)** **THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, AS AMENDED AND REPLACED BY THE COMPANIES ACT, 2013, TO THE EXTENT IN FORCE, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS), REGULATIONS, 2009, AS AMENDED ("ICDR REGULATIONS") AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

(3) **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.**

(4) **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE**

(5) **WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF ITS SPECIFIED SECURITIES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT LETTER OF OFFER WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER – <u>NOT APPLICABLE</u>**

(6) **WE CERTIFY THAT REGULATION 33 OF THE ICDR REGULATIONS WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER – <u>NOT APPLICABLE</u>**

(7) **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE ICDR REGULATIONS SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE ISSUE – <u>NOT APPLICABLE</u>**

(8) **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. – <u>COMPLIED WITH TO THE EXTENT APPLICABLE.</u>**

(9) **WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION <u>– NOTED FOR COMPLIANCE.</u>**

(10) **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. <u>– COMPLIED WITH.</u>**

(11) **WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE ICDR REGULATIONS HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**

(12) **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:**

**(a) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY AND**

**(b) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.**

(13) **WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE ICDR REGULATIONS WHILE MAKING THE ISSUE – NOTED FOR COMPLIANCE.**

(14) **WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC. (REFER TO ANNEXURE A)**

(15) **WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE ICDR REGULATIONS CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY. (REFER TO ANNEXURE VII).**

(16) **WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER FORMAT SPECIFIED BY THE BOARD THROUGH CIRCULAR. - NOT APPLICABLE**

(17) **WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS - COMPLIED WITH TO THE EXTENT OF RELATED PARTY TRANSACTIONS REPORTED IN ACCORDANCE WITH ACCOUNTING STANDARD (AS) 18, IN THE FINANCIAL STATEMENTS OF THE COMPANY INCLUDED IN THE DRAFT LETTER OF OFFER.**

The filing of the Draft Letter of Offer does not, however, absolve our Company from any liabilities under Section 34 or Section 38 of the Companies Act, 2013 or from the requirement of obtaining such statutory or other clearance as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up, at any point of time, with the Lead Managers any irregularities or lapses in the Draft Letter of Offer.

**Caution**

**Disclaimer Statement from our Company and the Lead Managers:**

**OUR COMPANY AND THE LEAD MANAGERS, NAMELY IDFC SECURITIES LIMITED AND IDBI CAPITAL MARKET SERVICES LIMITED ACCEPT NO RESPONSIBILITY FOR STATEMENTS MADE OTHERWISE THAN IN THE DRAFT LETTER OF OFFER OR IN THE ADVERTISEMENT OR ANY OTHER MATERIAL ISSUED BY OR AT THE INSTANCE OF OUR COMPANY AND THAT ANYONE PLACING RELIANCE ON ANY OTHER SOURCE OF INFORMATION WOULD BE DOING SO AT HIS OWN RISK.**

**INVESTORS WHO INVEST IN THE ISSUE WILL BE DEEMED TO HAVE BEEN REPRESENTED BY OUR COMPANY AND THE LEAD MANAGERS AND THEIR RESPECTIVE DIRECTORS, OFFICERS, AGENTS, AFFILIATES AND REPRESENTATIVES THAT THEY ARE ELIGIBLE UNDER ALL APPLICABLE LAWS, RULES, REGULATIONS, GUIDELINES AND APPROVALS TO ACQUIRE EQUITY SHARES OF OUR COMPANY, AND ARE RELYING ON INDEPENDENT ADVICE / EVALUATION AS TO THEIR ABILITY AND QUANTUM OF INVESTMENT IN THIS ISSUE.**

**WE AND THE LEAD MANAGERS SHALL MAKE ALL INFORMATION AVAILABLE TO THE ELIGIBLE EQUITY SHAREHOLDERS AND NO SELECTIVE OR ADDITIONAL**

**INFORMATION WOULD BE AVAILABLE FOR A SECTION OF THE ELIGIBLE EQUITY SHAREHOLDERS IN ANY MANNER WHATSOEVER INCLUDING AT PRESENTATIONS, IN RESEARCH OR SALES REPORTS ETC. AFTER FILING OF THE DRAFT LETTER OF OFFER WITH SEBI.**

**NO DEALER, SALESPERSON OR OTHER PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO REPRESENT ANYTHING NOT CONTAINED IN THE DRAFT LETTER OF OFFER. YOU MUST NOT RELY ON ANY UNAUTHORIZED INFORMATION OR REPRESENTATIONS. THE DRAFT LETTER OF OFFER IS AN OFFER TO SELL ONLY THE EQUITY SHARES AND RIGHTS TO PURCHASE THE EQUITY SHARES OFFERED HEREBY, BUT ONLY UNDER CIRCUMSTANCES AND IN JURISDICTIONS WHERE IT IS LAWFUL TO DO SO. THE INFORMATION CONTAINED IN THE DRAFT LETTER OF OFFER IS CURRENT ONLY AS OF ITS DATE.**

**Investors will be required to confirm and will be deemed to have represented to our Company and the Lead Managers and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Rights Equity Shares and that they shall not issue, sell, pledge or transfer their Rights Entitlement or Rights Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Rights Equity Shares. Our Company, the Lead Managers and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any Investor on whether such Investor is eligible to acquire any Rights Equity Shares.**

The Lead Managers and its affiliates may engage in transactions with, and perform services for, our Company and our group entities or affiliates in the ordinary course of business and have engaged, or may in the future engage, in transactions with our Company and our group entities or affiliates, for which they have received, and may in the future receive, compensation.

**Disclaimer with respect to jurisdiction**

The Draft Letter of Offer has been prepared under the provisions of Indian Laws and the applicable rules and regulations thereunder. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Pune, India only.

**Selling Restrictions**

The distribution of the Draft Letter of Offer and the issue of our Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession the Draft Letter of Offer may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue of Rights Equity Shares to its Eligible Equity Shareholders and will dispatch the Draft Letter of Offer, the Letter of Offer and the Composite Application Form ("**CAF**") to the shareholders who have an Indian address.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Draft Letter of Offer has been filed with SEBI for observations. Accordingly, the Rights Equity Shares may not be offered or sold, directly or indirectly, and the Draft Letter of Offer may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, the Draft Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of the Draft Letter of Offer should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the same in or into the US or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If the Draft Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in the Draft Letter of Offer.

Neither the delivery of the Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to this date.

**Designated Stock Exchange**

The Designated Stock Exchange for the purposes of this Issue will be the NSE.

**Disclaimer Clause of the NSE**

[●]

**Disclaimer Clause of the BSE**

[●]

**Filing with SEBI**

The Draft Letter of Offer has been filed with SEBI, Plot No. C4 - A, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051, India and also with the Stock Exchanges.

**Impersonation**

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-Section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"*Any person who makes in a fictitious name an application to a company for acquiring, or subscribing for, any shares therein, or otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years*"

**Expert**

Except as stated below, our Company has not obtained any expert opinions:

i. Our Company has received written consent from the Statutory Auditor namely, M/s. Deloitte Haskins a Sells LLP, Chartered Accountants, to include its name as an expert under Section 26 of the Companies Act, 2013 in the Draft Letter of Offer in relation to the: i) reports of the Statutory Auditor dated November 14, 2017 for the audited consolidated financial statements and the audited standalone financial statements, respectively, of our Company for the Financial Year ended March 31, 2014; and ii) statement of tax benefits dated November 17, 2014 included in the Draft Letter of Offer and such consent has not been withdrawn as of the date of the Draft Letter of Offer.

ii. Certificate from Architect Shirish B. Mohile dated November 17, 2014 in connection with total estimated construction cost for the Project Ela- Residential.

iii. Certificate from Architect Sandeep Hardikar dated November 17, 2014 in connection with total estimated construction cost for the Project Windermere- Residential.

**Expenses of the Issue**

The expenses of the Issue including fees and reimbursement to the Lead Managers, Statutory Auditor, Domestic Legal Advisor to the Issue, Registrar to the Issue, printing and distribution expenses, publicity, listing fees, stamp duty and other expenses are estimated at ₹ [●] million (around [●]% of the total Issue size).

| Sr. No. | Activity Expense | Amount (in ₹ million) | Percentage of Total estimated Issue expenditure | Percentage of Issue Size |
|---|---|---|---|---|

| Sr. No. | Activity Expense | Amount (in ₹ million) | Percentage of Total estimated Issue expenditure | Percentage of Issue Size |
|---|---|---|---|---|
| 1. | Fees of lead managers, bankers to the Issue, legal advisor, registrar to the Issue and out of pocket expenses | [●] | [●] | [●] |
| 2. | Expenses relating to advertising, printing, distribution, marketing and stationery expenses | [●] | [●] | [●] |
| 3. | Regulatory fees, filing fees, listing fees, depository fees, auditor fees and miscellaneous expenses | [●] | [●] | [●] |
| | **Total estimated Issue expenses** | [●] | [●] | [●] |

**Listing on the Stock Exchanges**

The Equity Shares of our Company are listed on the NSE and the BSE. We have received in-principle approvals for listing of the Rights Equity Shares from the NSE and the BSE by letters dated [●] and [●], respectively. We will make applications to the Stock Exchanges for final listing and trading approvals in respect of the Rights Equity Shares being offered in terms of the Draft Letter of Offer.

**Important**

- This Issue is made to only Eligible Equity Shareholders as per the list to be furnished by the Depositories in respect of the Equity Shares held in the electronic form and as appearing in the register of members of our Company in respect of equity shares held in the physical form, at the close of business hours on the Record Date i.e. [●], after giving effect to the valid share transfers lodged with our Company up to the Record Date.
- Your attention is drawn to the section titled *"Risk Factors"* on page 10 of the DLOF.
- Please ensure that you have received the CAF with the Abridged Letter of Offer.
- Please read the Draft Letter of Offer, the Abridged Letter of Offer, the CAF, and the instructions contained therein carefully before filling in the CAF. The instructions contained in the CAF are each an integral part of the Draft Letter of Offer and must be carefully followed. An application is liable to be rejected for any non-compliance of the provisions contained in the Draft Letter of Offer, the Abridged Letter of Offer or the CAF.
- All enquiries in connection with the Draft Letter of Offer, the Abridged Letter of Offer or the CAF should be addressed to the Registrar to the Issue, quoting the registered folio number/ DP and Client ID number and the CAF numbers as mentioned in the CAF.
- All information shall be made available to the Investors by the Lead Managers and the Issuer, and no selective or additional information would be available by them for any section of the Investors in any manner whatsoever including at road shows, presentations, in research or sales reports.
- The Lead Managers and our Company shall update the Draft Letter of Offer and keep the public informed of any material changes until the listing and trading commences.

**Issue Schedule**

| | |
|---|---|
| **Issue Opening Date:** | [●] |
| **Last date for receiving requests for SAFs:** | [●] |

| Issue Closing Date: | [●] |
|---|---|

The Board may however decide to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

**Allotment Advices / Refund Orders**

Our Company will issue and dispatch allotment advice / share certificates/ demat credit and/or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any, within a period of 15 days from the date of closure of the Issue.

Investors residing at the centres where clearing houses are managed by the RBI, will get refunds through NECS only except where Investor is otherwise eligible to get refunds through direct credit and RTGS. In case of any failure in processing of refunds through NECS, the refund bank shall make refunds by the issue of refund warrants/demand drafts in connection with the relevant amount liable to be refunded.

In case of those Investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, an advice regarding their credit of the Rights Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter intimating them about the mode of credit of refund within 15 days of closure of the Issue.

In case of those Investors who have opted to receive their Rights Entitlement in physical form, our Company will issue the corresponding share certificates under Section 56 of the Companies Act, 2013 or other applicable provisions.

Refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole / first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

**Investor Grievances and Redressal System**

Our Company has adequate arrangements for redressal of Investor complaints. Well-arranged correspondence system has been developed for letters of routine nature. Our share transfer agent handles the share transfer and dematerialization for our Company. Letters are filed category wise after having attended to. Redressal norm for response time for all correspondence including shareholders complaints is within 15 days. Additionally, we have been registered with the SEBI Complaints Redress System, ("**SCORES**"), as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 3, 2011.

Our Company has constituted a Shareholders' Grievance Committee which looks into the redressal of the Investor complaints and complaints received from the stock exchanges. The said committee deals with redressal of matters relating to transfer/transmission of shares, non receipt of balance sheet, non receipt of dividend declared etc.

**Investor Grievances arising out of this Issue**

Our Company's Investor grievances arising out of the Issue will be handled by Mr. M. Krishnamurthi, Company Secretary and Compliance Officer and Karvy Computershare Private Limited, who is the Registrar to the Issue. The Registrar will have a separate team of personnel handling only post-Issue correspondence.

All grievances relating to the Issue may be addressed to the Registrar to the Issue giving full details such as folio no., name and address, contact telephone / cell numbers, e-mail id of the first Investor, number and type of shares applied for, CAF serial number, amount paid on application and the name of the bank and the branch where the application was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

All Investor complaints pertaining to the Issue would be redressed in accordance with SEBI Circular No. CIR/OIAE/2/2011 dated June 3, 2011, through the SEBI Complaints Redress System (SCORES) mechanism.

The average time taken by the Registrar for attending to routine grievances will be 15 days from the date of receipt. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to attend to them as expeditiously as possible. Our Company undertakes to resolve the Investor grievances in a time bound manner.

**Investors may contact the Company Secretary and Compliance Officer, and/or the Registrar to the Issue, in case of any pre-Issue/ post -Issue related problems such as non-receipt of allotment advice/share certificates/ demat credit/refund orders, the following address:**

**Mr. M. Krishnamurthi**
Phoenix, Bund Garden Road,
Camp, Pune - 411 001, India
Telephone: +91 20 3056 2200
Fax: +91 20 2613 1071
Website: www.vascon.com
Email: compliance.officer@vascon.com

The contact details of the Registrar to the Issue are as follows:

**Karvy Computershare Private Limited**
Plot Nos. 17-24, Vittal Rao Nagar, Madhapur,
Hyderabad - 500 081
Telephone: +91 40 4465 5000
Facsimile: +91 40 2343 1551
E-mail: vascon.rights@karvy.com
Website: www.karvy.com
Contact Person: Mr. M. Muralikrishna
SEBI Registration No.: INR000000221

**Changes in Statutory Auditor during the last three years**

Pursuant to a resolution passed by the shareholders of our Company at their AGM held on September 15, 2014, Deloitte Haskins & Sells LLP, Chartered Accountants, were appointed as the statutory auditor of our Company prior to which Anand Mehta & Associates, Chartered Accountants were the statutory auditors of the Company.

**Capitalisation of Reserves or Profits**

Our Company has not capitalized any of its reserves or profits for the last five years.

**Revaluation of Fixed Assets**

There has been no revaluation of our Company‘s fixed assets for the last five years.

**Minimum Subscription**

If our Company does not receive the minimum subscription of 90% of the Issue, or the subscription level falls below 90%, after the Issue Closing Date on account of cheques being returned unpaid or withdrawal of applications, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date.

Further, as per the Companies Act, 2013, if the aforementioned "stated minimum amount" has not been subscribed and the sum payable on application is not received within the period as stipulated under the Companies Act, 2013 or as may be specified by the SEBI, the application money has to be returned within such period as may be prescribed. In the event of any failure to refund the application money within the specified period, a penalty of ₹ 1,000 for each day during which the default continues or ₹ 100,000, which ever is less.

## SECTION VII – OFFERING INFORMATION

## TERMS OF THE ISSUE

*This Section applies to all Investors. ASBA Investors should note that the ASBA process involves procedures that may be different from that applicable to other Investors and should carefully read the provisions applicable to such Applications, in the Letter of Offer, the Abridged Letter of Offer and the CAF, before submitting an Application Form. The Company and the Lead Managers are not liable for any amendments, modifications or changes in applicable law which may occur after the date of the Letter of Offer.*

### OVERVIEW

The Rights Equity Shares proposed to be issued on rights basis, are subject to the terms and conditions contained in the Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the CAF, the provisions of the Memorandum and Articles of Association of our Company, the provisions of the Companies Act, 2013, SEBI ICDR Regulations, guidelines, notifications and regulations for issue of capital and for listing of securities issued by the Government of India and/or any other statutory and/or regulatory authorities from time to time, the terms of listing agreements entered into by the Company with the Stock Exchanges, and, the terms and conditions as stipulated in the allotment advice or the security certificate.

The Rights Entitlement on the Equity Shares, the ownership of which is currently under dispute under and including any court proceedings and / or currently under transmission or are held in a demat suspense account pursuant to the clause 5A of the Equity Listing Agreements and for which our Company has withheld the dividend, shall be held in abeyance and the CAFs in relation to these Rights Entitlement shall not be dispatched pending resolution of the dispute / completion of the transmission or pending the release of Equity Shares from demat suspense account. On submission of such documents / records confirming the legal and beneficial ownership of the Equity Shares with regard to these cases, to the satisfaction of the Issuer, the Issuer shall make available the Rights Entitlement on such Equity Shares to the identified Eligible Equity Shareholder. The identified Eligible Equity Shareholder shall be entitled to subscribe to the Rights Equity Shares with respect to these Rights Entitlement at the Issue Price of ₹ [●] per Rights Equity Share as adjusted for any bonus shares, consolidation or spilt of shares (as may be applicable) in accordance with the provisions of the Companies Act, 2013 and all other applicable laws.

### Renouncees

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to the Issue shall apply to Renouncee(s) as well.

### The ASBA Facility

**Please note that, in terms of SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, QIB Investors, Non-Institutional Investors (including all companies and bodies corporate) and other Investors whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process, subject to them complying with the requirements of SEBI circular dated December 30, 2009. Further, all QIB Investors and Non-Institutional Investors are mandatorily required to use the ASBA facility, even if application amount does not exceed ₹ 200,000.** Accordingly, an eligible ASBA Investor is an Investor who:

- holds the Equity Shares in dematerialised form as on the Record Date and has applied towards his/her Rights Entitlements or additional Rights Equity Shares in the Issue in dematerialised form;
- has not renounced his/her Rights Entitlements in full or in part;
- is not a Renouncee; and
- applies through a bank account maintained with one of the SCSBs.

**Notwithstanding anything contained hereinabove, all Renouncees (including Renouncees who are Individuals) shall apply in the Issue only through the non-ASBA process.**

Retail Individual Investors may optionally apply through the ASBA process, provided that they are eligible ASBA Investors.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non ASBA Investors. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. For details, please see "*Procedure for Application through the Applications Supported by Blocked Amount ("ASBA") Process*" on page 275 of the DLOF.

**Authority for the Issue**

This Issue is being made pursuant to a resolution passed by the Board of our Company at its meeting held on October 20, 2014. Pursuant to a resolution passed by the Board of our Company or a committee thereof at its meeting held on [●], has determined a Rights Entitlement of [●] Rights Equity Shares for every [●] fully paid-up Equity Shares held on the Record Date and a price of ₹ [●] per Rights Equity Share as the Issue Price.

**Basis for the Issue**

The Rights Equity Shares are being offered for subscription for cash to those existing Eligible Equity Shareholders, whose names appear, (i) as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in the electronic form, and, (ii) on the register of members of our Company in respect of the Equity Shares held in physical form, at the close of business hours on the Record Date, i.e. [●]. The basis of allotment for the Rights Equity Shares shall be fixed in consultation with the Designated Stock Exchange.

**Rights Entitlement Ratio**

The Eligible Equity Shareholders shall be entitled to apply for [●] Rights Equity Share(s) for every [●] Equity Share(s) held on the Record Date.

**The distribution of the Draft Letter of Offer and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Our Company is making the issue of the Rights Equity Shares on a rights basis to the Eligible Equity Shareholders and the Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the CAFs will be dispatched only to those Eligible Equity Shareholders who have a registered address in India. Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Draft Letter of Offer, that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the US and/or in other restricted jurisdictions which have any restrictions in connection with offering, issuing and allotting any shares within its jurisdiction, and/or to its citizens.**

**Persons who may acquire Rights Entitlements or come into possession of the Letter of Offer or CAF are advised to consult their own legal advisors as to restrictions applicable to them and to observe such restrictions. The Letter of Offer may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorized. No action has been or will be taken that would permit the offering of the Equity Shares or Rights Entitlements pursuant to the Issue to occur in any jurisdiction other than India, or the possession, circulation or distribution of the Letter of Offer or CAF in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer, the Abridged Letter of Offer or CAF may not be distributed or published in or from any jurisdiction except under circumstances that will result in compliance with applicable law and procedures of and in any such jurisdiction. Recipients of the Letter of Offer, the Abridged Letter of Offer or the CAF, including Eligible Equity Shareholders and Renouncees, are advised to consult their legal counsel prior to applying for the Rights Entitlement and additional Equity Shares or accepting any provisional**

**allotment of Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Equity Shares or Rights Entitlement.**

For Eligible Equity Shareholders wishing to apply through the ASBA process for the Issue, kindly refer section titled "*Procedure for Application through the Applications Supported by Blocked Amount ("ASBA") Process*" on page 275 of the DLOF.

**PRINCIPAL TERMS AND CONDITIONS OF THE RIGHTS EQUITY SHARES**

**Face Value**

Each Rights Equity Share will have the face value of ₹ 10 each.

**Issue Price**

Each Rights Equity Share shall be offered at an Issue Price of ₹ [●] for cash, including a premium of ₹ [●] per Rights Equity Share. The Issue Price has been arrived at after consultation between our Company and the Lead Managers.

**Terms of Payment**

Investors shall have to make full payment of ₹ [●] per Rights Equity Share at the time of making an application.

The payment towards the Rights Equity Shares offered will be applied as under:

₹ 10 per Rights Equity Share towards Equity Share capital of our Company; and

₹ [●] per Rights Equity Share towards securities premium account of our Company.

A separate cheque/demand draft/pay order must accompany each application form.

All payments should be made by cheque/bank demand draft/pay order drawn on any bank, (including a co-operative bank), which is situated at and is a member or a sub-member of the bankers clearing house located at the center where the CAF is accepted. Outstation cheques /money orders/postal orders will not be accepted and CAFs accompanied by such cheque/money orders/postal orders are liable to be rejected. The Registrar to the Issue will not accept any payments against applications, if such payments are made in cash.

Pursuant to the RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the Stockinvest scheme has been withdrawn and accordingly, payment through Stockinvest will not be accepted in the Issue.

Where an Investor has applied for additional Rights Equity Shares and is allotted lesser number of Rights Equity Shares than applied for, the excess application money shall be refunded. The excess application monies would be refunded within 15 days from the closure of the Issue. If there is a delay beyond 8 days from the stipulated period (15 days from the closure of the Issue) our Company shall be punishable with a fine which shall not be less than five lakh rupees but which may extend to fifty lakh rupees and every officer of our Company in default shall be punishable with imprisonment for a term of one year or with fine which shall not be less than fifty thousand rupees but may extend to three lakh rupees or with both in accordance with Section 40 (5) of the Companies Act, 2013.

**Rights Entitlement Ratio**

The Rights Equity Shares are being offered to the existing Eligible Equity Shareholders in the ratio of [●] Rights Equity Share(s) for [●] Equity Share(s) held on the Record Date i.e. [●].

**Fractional Entitlements**

For Rights Equity Shares being offered under this Issue, if the shareholding of any of the Eligible Equity

Shareholders is less than [●] Equity Shares, the fractional entitlement of such Eligible Equity Shareholders shall be ignored. Eligible Equity Shareholders whose fractional Rights Entitlements are being ignored would be given preference in allotment of one additional Rights Equity Share each if they apply for additional Rights Equity Shares. For example, if an Eligible Equity Shareholder holds [●] Equity Shares, he will be entitled to [●] Rights Equity Shares. He will also be given a preference for allotment of one additional Rights Equity Share if he has applied for the same.

It is clarified that the additional Rights Equity Shares, required in connection with the aforementioned allotments would be adjusted from the unsubscribed portion of the Issue, if any.

**Ranking**

The Rights Equity Shares being issued shall be subject to the provisions of the Memorandum of Association and Articles of Association. The Rights Equity Shares shall rank pari passu, in all respects including dividend, with our existing Equity Shares.

**Mode of Payment of Dividend**

We shall pay dividend to our Equity Shareholders as per applicable statutory and regulatory requirements, including inter alia the provisions of the Companies Act, 2013 and our Company's Articles of Association.

**Listing and trading of Rights Equity Shares proposed to be issued**

Our Company's existing Equity Shares are currently traded on the Stock Exchanges under the ISIN Code INE893I01013. The fully paid up Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges under the existing ISIN for fully paid Equity Shares of our Company. All steps for completion of necessary formalities for listing and commencement of trading in the Equity Shares will be taken within 7 Working Days from finalization of the basis of allotment. The Company has made applications to the Stock Exchanges seeking "in-principle" approval for the listing of the Rights Equity Shares pursuant to the Issue in accordance of the Equity Listing Agreements and has received such approval from the NSE pursuant to letter no. [●] dated [●] and from the BSE pursuant to letter no. [●] dated [●]. Our Company will apply to the Stock Exchanges for final approval for the listing and trading of the Rights Equity Shares. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

**Rights of the Eligible Equity Shareholder**

The Rights Equity Shares allotted in this Issue shall rank *pari passu* with the existing Equity Shares in all respects including dividend. Subject to applicable laws, the Eligible Equity Shareholders of our Company shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote/ poll in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right to free transferability of Rights Equity Shares; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the Equity Listing Agreements and Memorandum and Articles of Association.

**GENERAL TERMS OF THE ISSUE**

**Market lot**

The Equity Shares of our Company are tradable only in dematerialized form. The market lot for Equity Shares in dematerialised mode is one. In case an Eligible Equity Shareholder holds Equity Shares in physical form, our Company would issue to the Allottees one certificate for the Rights Equity Shares allotted to each folio, ("**Consolidated Certificate**"). However, our Company would issue split certificates on receipt of written requests along with such Consolidated Certificate from Eligible Equity Shareholders. Our Company shall not charge a fee for splitting any of the share certificates.

**Nomination**

In terms of Section 72 of the Companies Act, 2013 nomination facility is available for Rights Equity Shares. An Eligible Equity Shareholder can nominate any person by filling the relevant details in the CAF in the space provided for this purpose. In case of Eligible Equity Shareholders who are individuals, a sole Eligible Equity Shareholder or the first named Eligible Equity Shareholder, along with other joint Eligible Equity Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Rights Equity Shares. A person, being a nominee, becoming entitled to the Rights Equity Shares by reason of the death of the original Eligible Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Rights Equity Shares. Where the nominee is a minor, the Eligible Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Rights Equity Shares, in the event of death of the said holder(s), during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Rights Equity Shares by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. When the Rights Equity Shares are held by two or more persons, the nominee shall become entitled to receive the Rights Equity Shares only on the demise of all the holders. Fresh nominations can be made only in the prescribed form available on request at the Registered Office of our Company or such other person at such addresses as may be notified by our Company. An Eligible Equity Shareholder can make the nomination by filling in the relevant portion of the CAF.

In terms of Section 72 of the Companies Act, 2013 any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Only one nomination would be applicable for one folio. Hence, in case the Eligible Equity Shareholder(s) has already registered the nomination with our Company, no further nomination needs to be made for Rights Equity Shares that may be allotted in this Issue under the same folio.

**In case the allotment of Rights Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Rights Equity Shares to be allotted in this Issue. Nominations registered with respective Depository Participant ("DP") of the Investor would prevail. Any Investor desirous of changing the existing nomination is requested to inform its respective DP.**

**Joint Holders**

Where two or more persons are registered as the holders of any Equity Shares they shall be deemed to hold the same as joint holders with the benefit of survivorship subject to the provisions contained in the Articles of Association of our Company. In case of joint holders, the CAF would be required to be signed by all the joint holders to be considered as valid for allotment of Rights Equity Shares.

In case such Eligible Equity Shareholders who are joint holders wish to renounce their Rights Entitlement, all such Eligible Equity Shareholders who are joint holders would be required to sign Part B of the CAF. In absence of signatures of all joint holders, the CAF would be liable for rejection.

**Subscription by our Promoters and Promoter Group**

- The following Promoters and the members of the Promoter Group of our Company have confirmed that they intend to subscribe to the full extent of their Rights Entitlement in the Issue including, by subscribing for the Rights Equity Shares pursuant to renunciation, if any, obtained in their favour:

(viii) R. Vasudevan
(ix) Lalitha Vasudevan
(x) Sowmya Vasudevan Moorthy
(xi) Siddharth Vasudevan Moorthy
(xii) Thangam Moorthy
(xiii) Bellflower Premises Private Limited
(xiv) Vatsalya Enterprises Private Limited

Premratan Exports LLP and Golden Temple Pharma LLP may subscribe to full or part of their Rights Entitlement in the Issue. Further, Geeta Lulla intends subscribe for the Rights Equity Shares pursuant to renunciation, if any, obtained in her favour

- The following Promoters and the members of the Promoter Group of our Company have confirmed that they intend to subscribe to additional Rights Equity Shares to the extent of any unsubscribed portion in the Issue, to ensure achieving minimum subscription (i.e. 90 %) of the Issue:

(i) R. Vasudevan
(ii) Lalitha Vasudevan
(iii) Sowmya Vasudevan Moorthy
(iv) Siddharth Vasudevan Moorthy
(v) Thangam Moorthy
(vi) Bellflower Premises Private Limited
(vii) Vatsalya Enterprises Private Limited
(viii) Geeta Lulla

Such subscription for the Rights Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of additional Rights Equity Shares shall not result in a change of control of the management of the Company in accordance with provisions of the Takeover Regulations and shall be exempt in terms of Regulation 10 (4) (a) and (b) of the Takeover Regulations.

The subscription by our Promoters and Promoter Group of the Rights Equity Shares in the Issue and the consequent allotment of the Rights Equity Shares would be subject to the aggregate shareholding of the Promoters and Promoter Group not exceeding 75% of the post-Issue equity share capital of the Company on the date of Allotment, in compliance with Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957 and Clause 40A of the Equity Listing Agreements.

**Minimum Subscription**

If our Company does not receive the minimum subscription of 90% of the Issue, or the subscription level falls below 90%, after the Issue Closing Date on account of cheques being returned unpaid or withdrawal of applications, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date.

Further, as per the Companies Act, 2013, if the aforementioned “stated minimum amount” has not been subscribed and the sum payable on application is not received within the period as stipulated under the Companies Act, 2013 or as may be specified by the SEBI, the application money has to be returned within such period as may be prescribed. In the event of any failure to refund the application money within the specified period, a penalty of ₹ 1,000 for each day during which the default continues or ₹ 100,000, which ever is less.

**Notices**

All notices to the Eligible Equity Shareholder(s) required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi national daily newspaper with wide circulation and one Marathi language daily newspaper with wide circulation in Mumbai and/or, will be sent by post to the registered address of the Equity Shareholders in India or the Indian address provided by the Eligible Equity Shareholders from time to time.

**Offer to Non-Resident Equity Shareholders/ Investors / Foreign Institutional Investors**

As per Regulation 6 of Notification No. FEMA 20/200-RB dated May 3, 2000, the RBI has given general permission to Indian companies to issue Rights Equity Shares to non-resident shareholders including additional securities. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be *inter alia,* subject to the conditions imposed from time to time by the RBI under the FEMA in the matter of refund of application moneys, allotment of Rights Equity Shares and issue of letter of allotment. **The Abridged Letter of Offer and CAF shall be dispatched to non-resident Eligible Equity Shareholders at their Indian address only.** If an NR or NRI Investors has specific approval from RBI, in connection with his shareholding, he should enclose a copy of such approval with the Application Form. The Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the allotment of Rights Equity Shares. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original shares against which Rights Equity Shares are issued on rights basis.

CAFs will be made available for eligible NRIs at our Registered Office and with the Registrar to the Issue.

In case of change of status of holders i.e. from Resident to Non-Resident, a new demat account must be opened.

DETAILS OF SEPARATE COLLECTING CENTRES FOR NON-RESIDENT APPLICATIONS SHALL BE PRINTED ON THE CAF.

**No Offer in the United States**

The Rights Entitlements and the Rights Equity Shares of our Company have not been and will not be registered under the United States Securities Act of 1933, ("**Securities Act**"), or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof, ("**United States**" or "**U.S.**"), or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act, ("**Regulation S**"), except in a transaction exempt from the registration requirements of the Securities Act. The rights referred to in the Draft Letter of Offer are being offered in India, but not in the United States. The offering to which the Draft Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or rights. Accordingly, the Draft Letter of Offer and the enclosed CAF should not be forwarded to or transmitted in or into the United States at any time. Neither our Company nor any person acting on behalf of our Company will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on behalf of our Company has reason to believe is, either a "U.S. person" (as defined in Regulation S) or otherwise in the United States when the buy order is made. Envelopes containing a CAF should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under the Draft Letter of Offer, and all persons subscribing for the Rights Equity Shares and wishing to hold such Rights Equity Shares in registered form must provide an address for registration of the Rights Equity Shares in India. Our Company is making this issue of Rights Equity Shares on a rights basis to its Eligible Equity Shareholders and the Abridged Letter of Offer and CAF will be dispatched to Eligible Equity Shareholders who have an Indian address.

Any person who acquires rights and the Rights Equity Shares will be deemed to have declared, represented, warranted and agreed, (i) that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made, (ii) it is not a "U.S. person" (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the United States, and (iii) is authorised to acquire the rights and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company reserves the right to treat as invalid any CAF which: (i) does not include the certification set out in the CAF to the effect that the subscriber is not a “U.S. person’ (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the US and is authorized to acquire the rights and the Rights Equity Shares in compliance with all applicable laws and regulations; (ii) appears to our Company or its agents to have been executed in or dispatched from the US; (iii) where a registered Indian address is not provided; or (iv) where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such CAF. Our Company is informed that there is no objection to a US shareholder selling its rights in India. Rights Entitlement may not be transferred or sold to any U.S. person.

**Arrangements for disposal of odd lots**

The market lot for our Company’s Equity Shares is one.

**PROCEDURE FOR APPLICATION**

**How to Apply**

The CAF will be printed in black ink for all Eligible Equity Shareholders. The CAF along with the Abridged Letter of Offer shall be dispatched through registered post or speed post at least three days before the Issue Opening Date. In case the original CAFs are not received by the Investor or is misplaced by the Investor, the Investor may request the Registrars to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address. In case the signature of the Equity Shareholder(s) does not match with the specimen registered with our Company, the application is liable to be rejected.

**Please note that, in terms of SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, QIB Investors, Non-Institutional Investors (including all companies and bodies corporate) and other Investors whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process, subject to them complying with the requirements of SEBI circular dated December 30, 2009. Further, all QIB Investors and Non-Institutional Investors are mandatorily required to use the ASBA facility, even if application amount does not exceed ₹ 200,000.** Accordingly, an eligible ASBA Investor is an Investor who:

- holds the Equity Shares in dematerialised form as on the Record Date and has applied towards his/her Rights Entitlements or additional Rights Equity Shares in the Issue in dematerialised form;
- has not renounced his/her Rights Entitlements in full or in part;
- is not a Renouncee; and
- applies through a bank account maintained with one of the SCSBs.

**Notwithstanding anything contained hereinabove, all Renouncees shall apply in the Issue only through the non-ASBA process.**

Retail Individual Investors may optionally apply through the ASBA process, provided that they are eligible ASBA Investors.

**The CAF consists of four parts:**

Part A: Form for accepting the Rights Equity Shares offered as a part of this Issue, in full or in part, and for applying for additional Rights Equity Shares;
Part B: Form for renunciation of Rights Equity Shares;
Part C: Form for application of Rights Equity Shares by Renouncees; and
Part D: Form for request for Split Application Forms.

Please note that neither the Company nor the Registrar to the Issue, shall be responsible for any delay in the receipt of the CAF/duplicate CAF which is attributable to postal delays or if the CAF/duplicate CAF are misplaced in transit.

**Options available to the Eligible Equity Shareholders**

The CAFs will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to. If the Eligible Equity Shareholder applies for an investment in the Issue, then he can:

A. Apply for his Rights Entitlement in full;
B. Apply for his Rights Entitlement in part (without renouncing the other part);
C. Apply for his Rights Entitlement in full and apply for additional Rights Equity Shares;
D. Renounce his entire Rights Entitlement; or
E. Apply for his Rights Entitlement in part and renounce the other part.

***Options A and B: Acceptance of the Rights Entitlement***

The Eligible Equity Shareholders may accept their Rights Entitlement and apply for the Rights Equity Shares offered, either (i) in full or (ii) in part, without renouncing the other part, by completing Part A of the CAF. For details in relation to submission of the CAF and mode of payment please refer to the section titled "*Terms of the Issue - Submission of Application and Modes of Payment for the Issue*" on page 264 of the DLOF.

***Option C: Acceptance of the Rights Entitlement and Application for Additional Rights Equity Shares***

You are eligible to apply for additional Rights Equity Shares over and above your Rights Entitlement, provided that you have applied for all the Rights Equity Shares offered to you without renouncing them in whole or in part in favor of any other person(s). Applications for additional Rights Equity Shares shall be considered, and the allotment shall be made at the sole discretion of the Board/ Committee of the Board, subject to sectoral caps and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under the section titled "*Terms of the Issue - Basis of Allotment*" on page 269 of the DLOF.

If you desire to apply for additional Rights Equity Shares, please indicate your requirement in the place provided for additional Rights Equity Shares in Part A of the CAF. Any Renouncee applying for all the Rights Equity Shares renounced in their favor may also apply for additional Rights Equity Shares.

Where the number of additional Rights Equity Shares applied for exceeds the number available for allotment, the allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

***Options D and E: Renunciation of the Rights Entitlement***

This Issue includes a right exercisable by you to renounce the Rights Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that our Company shall not allot and/or register Rights Equity Shares in favour of persons and/or entities which are incompetent to contract in their own capacity:

- More than three persons, including joint holders;
- Partnership firms or their nominees, (partners of the partnership firm are eligible for allotment of Rights Equity Shares if they have applied for the same in their individual capacity as partners of such firm);
- Minors other than who have a valid beneficiary account, as per demographic details provided by Depositaries;
- Hindu Undivided Families (HUFs) (kartas of a HUF are eligible for allotment of Rights Equity Shares if they have applied for the same on behalf of or for the benefit of the HUF); or
- Any trusts or societies (unless registered under the Societies Registration Act, 1860 or the Indian Trusts Act, 1882 or any other law applicable to trusts and societies and subject further to the trusts or society being authorised under its constitution or bye-laws to hold equity shares of a company, as the case may be).

‘Part A’ of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the enclosed CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (‘Part B’ of the CAF) duly filled in shall be conclusive evidence for our Company of the Renouncees applying for Rights Equity Shares in ‘Part C‘of the CAF to receive allotment of such Rights Equity Shares. The Renouncees applying for all the Rights Equity Shares renounced in their favour may also apply for additional Rights Equity Shares. ‘Part A’ of the CAF must not be used by the Renouncee(s) as this will render the application invalid. Renouncee(s) will have no further right to renounce any Rights Equity Shares in favour of any other person.

**Additional Rights Equity Shares**

You are eligible to apply for additional Rights Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Rights Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Renouncee(s), applying for Equity Shares renounced in their favor, can also apply for additional Rights Equity Shares in the Issue. Applications for additional Rights Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to applicable sectoral caps, and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under the section titled “*Terms of the Issue – Basis of Allotment*” on page 269 of the DLOF. If you desire to apply for additional Rights Equity Shares, please indicate your requirement in the place provided for additional Rights Equity Shares in Part A of the CAF. Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

For Rights Equity Shares being offered under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares, the fractional entitlement of such Eligible Equity Shareholders shall be ignored. Eligible Equity Shareholders whose fractional Rights Entitlements are being ignored would be given preference in allotment of one additional Rights Equity Share each if they apply for additional Rights Equity Shares. For further details please refer to the section titled “*Terms of the Issue – Basis of Allotment*” on page 269 of the DLOF.

**Applications by Overseas Corporate Bodies**

By virtue of the Circular No. 14 dated September 16, 2003, issued by the RBI, Overseas Corporate Bodies (“**OCBs**”), have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to OCBs) Regulations, 2003. Accordingly, the existing Eligible Equity Shareholders of our Company who do not wish to subscribe to the Rights Equity Shares being offered but wish to renounce the same in favour of Renouncee shall not be able to renounce the same (whether for consideration or otherwise), in favour of OCB(s).

The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003, that OCBs which are incorporated and are not and were not at any time subject to any adverse notice from the RBI, are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000, under the foreign direct investment scheme with the prior approval of Government of India if the investment is through the government approval route and with the prior approval of RBI if the investment is through automatic route on case by case basis. Eligible Equity Shareholders renouncing their rights in favour of OCBs may do so provided such Renouncee obtains a prior approval from the RBI. On submission of such RBI approval to our Company at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the CAF.

**Renunciation by and/or in favor of Non Residents**

Any renunciation (i) from a resident Indian Equity Shareholder to a Non Resident, or (ii) from a Non Resident Equity Shareholder to a resident Indian, or (iii) from a Non Resident Equity Shareholder to a Non Resident, in light of the RBI Master circular on Foreign Investment in India dated July 02, 2012, the RBI Notification No. FEMA 20/2000-RB dated May 03, 2000, would not require approval from RBI, if such renunciation is made on the floor of the exchange, provided that in case of any renunciation from a resident Indian Equity Shareholder to a Non Resident, the offer price for the Rights Equity Shares should not be less than the price at which an offer is made to the resident Eligible Equity Shareholder. Any renunciation through a private arrangement would be subject to applicable pricing requirements prescribed by the RBI and/or seeking appropriate approvals from the RBI in this regard.

**However, the right of renunciation is subject to the express condition that the Board shall be entitled, in its absolute discretion, to reject the request from the renouncees for the allotment of Equity Shares without assigning any reason thereof.**

**Procedure for renunciation**

***To renounce all the Rights Equity Shares offered to an Eligible Equity shareholder in favour of one Renouncee***

If you wish to renounce the offer indicated in ‘Part A’, in whole, please complete ‘Part B’ of the CAF. In case of joint holding, all joint holders must sign ‘Part B’ of the CAF. The person in whose favour renunciation has been made should complete and sign ‘Part C’ of the CAF. In case of joint Renouncees, all joint Renouncees must sign part C of the CAF.

***To renounce in part/or renounce the whole to more than one person(s)***

**If you wish to either accept this offer in part and renounce the balance or renounce the entire offer under this Issue in favour of two or more Renouncees, the CAF must be first split into requisite number of forms.** Please indicate your requirement of Split Application Forms, (“**SAFs**”), in the space provided for this purpose in ‘Part D’ of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs, i.e. [●]. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed. In case the signature of the Eligible Equity Shareholder(s), who has renounced the Rights Equity Shares, does not match with the specimen registered with our Company, the application is liable to be rejected.

***Renouncee(s)***

The person(s) in whose favour the Rights Equity Shares are renounced should fill in and sign ‘Part C’ of the CAF and submit the entire CAF to the Banker to the Issue on or before the Issue Closing Date along with the application money in full. **A Renouncee cannot further renounce.**

**Change and/or introduction of additional holders**

If you wish to apply for Rights Equity Shares jointly with any other person(s), not more than three, who is/are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above, shall have to be followed. However, this right of renunciation is subject to the express condition that the Board shall be entitled in its absolute discretion to reject the request for allotment from the Renouncee(s) without assigning any reason thereof. All such applications will be treated as applications from Renouncees and shall have to be made through the non-ASBA process only to be considered valid for allotment. Please also see section titled “*Terms of the Issue – Basis of Allotment*” on page 269 of the DLOF.

**Instructions for Filling the CAF**

The summary of options available to the Eligible Equity Shareholder is presented below. You may exercise any of the following options with regard to the Rights Equity Shares offered, by using the CAF as detailed herein:

| Option Available | Action Required |
|---|---|
| 1. Accept whole or part of your Rights Entitlement without renouncing the balance. | Fill in and sign Part A *(All joint holders must sign)* |
| 2. Accept your Rights Entitlement in full and apply for additional Rights Equity Shares | Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Rights Equity Shares *(All* |

| Option Available | Action Required |
|---|---|
| | *joint holders must sign)* |
| 3. Renounce your Rights Entitlement in full to one person *(Joint Renouncees are considered as one)*. | Fill in and sign Part B *(all joint holders must sign)* indicating the number of Rights Equity Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C *(All joint Renouncees must sign)* |
| 4. Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s)<br><br>OR<br><br>**Renounce your Rights Entitlement of all Rights Equity Shares offered to you to more than one Renouncee** | Fill in and sign Part D *(all joint holders must sign)* requesting for SAFs. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for SAFs. Splitting will be permitted only once.<br><br>**On receipt of the SAF take action as indicated below.**<br><br>For the Rights Equity Shares you wish to accept, if any, fill in and sign Part A. For the Rights Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Rights Equity Shares renounced and hand it over to the Renouncee. Each of the Renouncee should fill in and sign Part C for the Rights Equity Shares accepted by them. |
| 5. Introduce a joint holder or change the sequence of joint holders | This will be treated as a renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C. |

Investors must provide information in the CAF as to their savings bank/current account number and the name of the bank with whom such account is held, to enable the Registrar to print the said details in the refund orders after the names of the payee(s) in case of Equity Shares held in the physical form. Failure to comply with this may lead to rejection of the application. Bank account details furnished by the Depositories will be printed on the refund warrant in case of Equity Shares held in electronic form.

**Please note that:**

- Options 3 – 5 will not be available for Equity Shareholders applying through the ASBA process
- 'Part A' of the CAF must not be used by any person(s) other than the Eligible Equity Shareholders to whom the Draft Letter of Offer has been addressed. If used, this will render the application invalid.
- Request for Split Application Forms / SAF should be made for a minimum of one Rights Equity Share or, in either case, in multiples thereof and one SAF for the balance Rights Equity Shares, if any.
- A request by the Investor for the SAF should reach the Registrar to the Issue on or before [●].
- Only the Eligible Equity Shareholders to whom the Draft Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split further.
- SAFs will be sent to the Investor(s) by post at the Investor's risk.
- While applying for or renouncing their Rights Entitlement, joint holders must sign in the same order and as per the specimen signatures registered with our Company or the Depositories.
- In the case of a renunciation, the submission of the CAF to the Banker to the Issue at the collecting branches specified on the reverse of the CAF together with Part B of the CAF duly completed shall be conclusive evidence of the right of the person applying for the Rights Equity Shares to receive allotment of such Rights Equity Shares.

- Eligible Equity Shareholders may not renounce in favour of persons or entities in the United States, who would otherwise be prohibited from being offered or subscribing for Rights Equity Shares or Rights Entitlement under applicable securities laws.

- Non-resident Equity Shareholders: Application(s) received from Non-Resident/ NRIs, or persons of Indian origin residing abroad for allotment of Equity Shares allotted as a part of this Issue shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of equity shares, subsequent issue and allotment of equity shares, interest, export of share certificates, etc. In case a Non-Resident or NRI Eligible Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.

  **Investors must write their CAF Number at the back of the cheque/demand draft.**

**Availability of duplicate CAF**

In case the original CAF is not received, or is misplaced by the Investor, the Registrar to the Issue will issue a duplicate CAF on the request of the Investor who should furnish the registered folio number/ DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue within 8 days from the Issue Opening Date. Please note that those who are making the application in the duplicate CAF should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the Investor violates any of these requirements, he / she shall face the risk of rejection of both the CAFs.

Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of duplicate CAF in transit, if any.

**Application on Plain Paper**

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with demand draft / cheque / pay order payable at Hyderabad which should be drawn in favor of the "Vascon Engineers Limited - Rights Issue - R" in case of resident shareholders/Investors and shareholders/Investors applying on non repatriable basis or "Vascon Engineers Limited - Rights Issue - NR" in case of non resident shareholders applying on repatriable basis and the Eligible Equity Shareholders should send the same by registered post / speed post directly to the Registrar to the Issue. The envelope should be superscribed *"*Vascon Engineers Limited – Rights Issue - R*"* in case of resident shareholders/Investors or shareholders/Investors applying on non repatriable basis or "Vascon Engineers Limited - Rights Issue -NR" in case of non resident shareholders/Investors applying on repatriable basis and should be postmarked in India.

The application on plain paper, duly signed by the Investors including joint holders, in the same order as per specimen recorded with our Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of the Company, being Vascon Engineers Limited;
- Name and address of the Eligible Equity Shareholder including joint holders;
- Registered Folio Number/DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;
- Certificate numbers and distinctive numbers, if the Equity Shares on the Record Date are held in physical form;
- Number of additional Rights Equity Shares applied for, if any;

- Allotment option preferred for the Rights Equity Shares - Physical or Demat (Rights Equity Shares will be allotted in physical form only if the Equity Shares held on the Record Date i.e. [●] are in the physical form)
- Total number of Rights Equity Shares applied for;
- The total amount paid at the rate of ₹ [●] per Rights Equity Share;
- Particulars of demand draft/cheque/pay order;
- In case of Equity Shares allotted in physical form, Savings/Current Account Number and name and address of the bank where the Eligible Equity Shareholder will be depositing the refund order (In case of equity shares allotted in demat mode, the bank account details will be obtained from the information available with the depositories);
- Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, PAN of the Investor and for each Investor in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue; subject to submitting sufficient documentary evidence in support of their claim for exemption, provided that such transactions are undertaken on behalf of the Central and State Government and not in their personal capacity;
- Signature of Eligible Equity Shareholders to appear in the same sequence and order as they appear in the records of our Company or the Depositories;
- In case of Non Resident Shareholders, NRE/ FCNR/ NRO A/c No. Name and Address of the Bank and Branch;
- If payment is made by a draft purchased from NRE/ FCNR/ NRO A/c No., as the case may be, an Account debit certificate from the bank issuing the draft, confirming that the draft has been issued by debiting NRE/ FCNR/ NRO Account;
- A representation that the Eligible Equity Shareholder is not a "U.S. Person" (as defined in Regulation S under the Securities Act);
- Additionally, Non Resident Investors shall include the representation in writing that:

1. "I/We understand that the Rights Entitlement have not been, and will not be, registered under the United States Securities Act of 1933, ("**US Securities Act**"), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof or to, or for the account or benefit of, "**U.S. Persons**" (as defined in Regulation S under the US Securities Act), except in a transaction exempt from, or in a transaction not subject to, the registration requirements of the US Securities Act. The Equity Shares referred to in this application are being offered in India but not in the United States of America. None of our Company, the Registrar, the Lead Managers or any other person acting on behalf of our Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who our Company, the Registrar, the Lead Managers or any other person acting on behalf of our Company has reason to believe is, a resident of the United States and to whom an offer, if made, would result in requiring registration of this application with the United States Securities and Exchange Commission.

2. I/We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for Investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

3. I/We understand and agree that the Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with

Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act."

Please note that Eligible Equity Shareholders who are making an application otherwise than on a CAF, (i.e., on plain paper as stated above on page 259 of the DLOF), shall not be entitled to renounce their rights and should not utilize the CAF for any purpose, including renunciation, even if it is received subsequently. If the Eligible Equity Shareholder does not comply with any of these requirements, he/she shall face the risk of rejection of both the applications and the application money received shall be refunded. However, our Company and/or any Director of our Company will, notwithstanding anything to the contrary contained herein, not be liable to pay any interest whatsoever on the Application Money so refunded.

The Eligible Equity Shareholders are requested to strictly adhere to these instructions. Failure to do so could result in the application being rejected, with our Company, the Lead Managers and the Registrar not having any liability to such Eligible Equity Shareholders.

**General instructions for Investors**

(a) Please read the instructions printed on the CAF carefully.

(b) Application should be made on the printed CAF, provided by our Company except as mentioned under the head application on plain paper and should be completed in all respects. For further details see section titled *"Terms of the Issue - Application on Plain Paper"* on pages 259 and 278 of the DLOF. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of the Draft Letter of Offer and/or the Abridged Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father's / husband's name must be filled in block letters.

(c) The CAF together with cheque/demand draft should be submitted to the Banker to the Issue/ collecting branch of the Escrow Collection Bank(s) or dispatched to the Registrar to the Issue and not to our Company or Lead Managers to the Issue. Investors residing at places other than cities where the branches of the Banker to the Issue have been authorised by our Company for collecting applications, will have to make payment by Demand Draft payable at Hyderabad and send their CAFs to the Registrar to the Issue by REGISTERED POST. If any portion of the CAF is/are detached or separated, such application is liable to be rejected. All CAFs along with the Demand Drafts will need to reach the Registrar on or before the Issue Closing Date to be considered valid for allotment.

(d) Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, PAN of the Investor and for each Investor in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue, must be submitted along with the CAF. CAF without a PAN will be considered incomplete and is liable to be rejected, subject to submitting sufficient documentary evidence in support of their claim for exemption, provided that such transactions are undertaken on behalf of the Central and State Government and not in their personal capacity. However, in case of an Investor who is exempt from holding a PAN and has made an application(s) for Rights Equity Share(s) in physical form, it is the liability of the Investor(s) to submit sufficient supporting documents, on or before the Issue Closing Date with the Registrar for evidencing such exemption. In the absence of such supporting documents, the application is liable to be rejected.

(e) Investors are advised that it is mandatory to provide information as to their savings/current account number and the name of the bank with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees for Equity Shares held in the physical form. Application not containing such details is liable to be rejected. For Eligible Equity Shareholders holding Equity Shares in dematerialized form, such bank details will be drawn from the demographic details of the Eligible Equity Shareholder in the records of the Depository.

(f) All payments should be made by cheque/demand draft only. Application through the ASBA process as mentioned above is acceptable. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon. Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with our Company.

(g) In case of an application under power of attorney and / or by a body corporate or by a society, a certified true copy of the relevant power of attorney and / or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and a copy of the Memorandum and Articles of Association and/or bye laws of such body corporate or **society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF.** In case the above referred documents are already registered with our Company, the same need not be furnished again. In case these papers are sent to any other entity besides the Registrar to the Issue or are received by the Registrar to the Issue after the Issue Closing Date, then the application is liable to be rejected. **In no case should these papers be attached to the application submitted to the Banker to the Issue.**

(h) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company. Further, in case of joint Investors who are Renouncees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.

Application(s) received from Non-Resident / NRIs, or persons of Indian origin residing abroad for allotment of Rights Equity Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of equity shares, subsequent issue and allotment of equity shares, interest and export of share certificates. In case a Non-Resident or NRI Eligible Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Additionally, Applications will not be accepted from NRs/NRIs in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws. **The Abridged Letter of Offer and CAF shall be dispatched to non-resident Eligible Equity Shareholders at their Indian address only.**

(i) All communication in connection with application for the Rights Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first/sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Eligible Equity Shareholders, after the date of allotment, should be sent to the Registrar and Transfer Agents of our Company, in the case of Equity Shares held in physical form and to the respective depository participant, in case of Equity Shares held in dematerialized form.

(j) Payment by cash: The Registrar will not accept any payments against any applications, if made in cash. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.

(k) SAFs cannot be re-split.

(l) Only the person or persons to whom Rights Equity Shares have been offered and not Renouncee(s) shall be entitled to obtain SAFs.

(m) Investors must write their CAF number at the back of the cheque /demand draft.

(n) Only one mode of payment per application should be used. The payment must be by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.

(o) A separate cheque / draft must accompany each CAF. Outstation cheques / demand drafts or post-dated cheques and postal / money orders will not be accepted and applications accompanied by such cheques / demand drafts / money orders or postal orders will be rejected. The Registrar will not accept payment against application if made in cash.

(p) No receipt will be issued for application money received. The Banker to the Issue / collecting branch of the Escrow Collection Bank(s) / Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.

(q) An Investor which is a mutual fund can make a separate application in respect of each scheme of the mutual fund registered with SEBI and such applications in respect of more than one scheme of the mutual fund shall not be treated as multiple applications provided that the application clearly indicate the scheme concerned for which the application has been made. The application made by the asset management company or custodian of a mutual fund shall clearly indicate the name of the concerned scheme for which the application is made.

(r) The distribution of the Draft Letter of Offer and issue of Rights Equity Shares and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in the United States and such other jurisdictions are instructed to disregard the Draft Letter of Offer and not to attempt to subscribe for Rights Equity Shares.

***Do's for non-ASBA Investors:***

(a) Check if you are eligible to apply i.e. you are an Equity Shareholder on the Record Date;

(b) Read all the instructions carefully and ensure that the cheque/ draft option is selected in part A of the CAF and necessary details are filled in;

(c) In the event you hold Equity Shares in dematerialised form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialized form only;

(d) Ensure that your Indian address is available to our Company and the Registrar, in case you hold Equity Shares in physical form or the depository participant, in case you hold Equity Shares in dematerialized form;

(e) Ensure that the value of the cheque / draft submitted by you is equal to the (number of Equity Shares applied for) X (Issue Price of Equity Shares, as the case may be) before submission of the CAF;

(f) Ensure that you receive an acknowledgement from the collection centers of the collection bank for your submission of the CAF in physical form;

(g) Ensure that you mention your PAN allotted under the I.T. Act with the CAF, except for Applications on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts. Please ensure that the PAN for all joint holders have been mentioned on the CAF, in the absence of which the application is liable to be rejected;

(h) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF;

(i) Ensure that the demographic details with your Depository Participant(s) are updated, true and correct, in all respects.

***Don’ts for non-ASBA Investors:***

(a) Do not apply if you are in the United States of America or are not eligible to participate in the Issue in accordance with the securities laws applicable to your jurisdiction;

(b) Do not apply on duplicate CAF after you have submitted a CAF to a collection center of the collection bank;

(c) Do not pay the amount payable on application in cash, by money order or by postal order;

(d) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground;

(e) Do not submit Applications accompanied with Stock invest.

**SUBMISSION OF APPLICATION AND MODES OF PAYMENT FOR THE ISSUE (OTHER THAN ASBA INVESTORS)**

**Investors who are Resident Equity Shareholders**

1. Investors who are applying through CAF and residing at places where the bank collection centres have been opened for collecting applications, are requested to submit their applications at the corresponding collection centre together with cheque/bank demand draft drawn on any bank (including a co-operative bank), for the full application amount favouring “Vascon Engineers Limited - Rights Issue - R” and marked ‘A/c Payee only’.

2. Investors who are applying through CAF and residing at places other than places where the bank collection centres have been opened for collecting applications, are requested to send their applications together with a demand draft of full amount favouring “Vascon Engineers Limited - Rights Issue - R” and marked ‘A/c Payee only’ payable at Hyderabad directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

3. Investors who are applying on plain paper, are requested to send their applications on plain paper together with a demand draft of full amount for the Rights Equity Shares favouring “Vascon Engineers Limited - Rights Issue - R” and marked ‘A/c Payee only’ payable at Hyderabad directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

**Investors who are Non-Resident Equity Shareholders**

**Application with repatriation benefits**

Investors who are Non-Resident Equity Shareholders and are applying on a repatriation basis, are required to submit the completed CAF or application on plain paper, as the case may be, along with the payment made through any of the following ways:

1. By Indian Rupee drafts purchased from abroad and payable at Hyderabad or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate).

2. By Local cheque / bank drafts remitted through normal banking channels or out of funds held in Non-Resident External Account (NRE) or FCNR Account maintained with banks authorized to deal in foreign currency in India, along with documentary evidence in support of remittance.

3. FPIs must remit funds from special non-resident rupee deposit account.

4. For Eligible Equity Shareholders / Investors, applying through CAF, the CAF is to be sent at the bank collection centre specified in the CAF along with cheques/drafts in favour of "Vascon Engineers Limited - Rights Issue - NR" and crossed 'A/c Payee only' for the amount payable.

5. For Eligible Equity Shareholders / Investors, applying on a plain paper, the applications are to be directly sent to the Registrar to the Issue by registered post along with drafts in favour of "Vascon Engineers Limited - Rights Issue - NR" payable at Hyderabad and crossed 'A/c Payee only' for the amount payable so as to reach them on or before the Issue Closing Date.

6. For Eligible Equity Shareholders/ Investors applying through CAF but not residing at places where the collection centre is located, shall send the CAF to the Registrar to the Issue by registered post along with drafts of the full amount in favour of "Vascon Engineers Limited - Rights Issue - NR" payable at Hyderabad and crossed 'A/c Payee only' for the amount payable so as to reach them on or before the Issue Closing Date.

A separate cheque or bank draft must accompany each application form. Investors may note that where payment is made by drafts purchased from NRE/FCNR accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR account should be enclosed with the CAF. In the absence of the above the application shall be considered incomplete and is liable to be rejected.

In the case of NRIs who remit their application money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account details of which should be furnished in the appropriate columns in the CAF. In the case of NRIs who remit their application money through Indian Rupee Drafts from abroad, refunds and other disbursements, if any will be made in U.S Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. Our Company will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into U.S. Dollar or for collection charges charged by the Investor's bankers.

Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of application in transit, if any.

**Payments through Non Resident Ordinary Account (NRO account) will not be permitted.**

**Application without repatriation benefits**

For non-residents Eligible Equity Shareholders/ Investors applying on a non-repatriation basis, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained and can be deposited at the designated collection centres opened by our Company or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Hyderabad. **In such cases, the allotment of Rights Equity Shares will be on non-repatriation basis.**

For Non Resident Equity Shareholders/ Investors, applying through CAF, the CAF is to be sent at the bank collection centre specified in the CAF along with cheques/demand drafts drawn for the full amount after deducting bank and postal charges in favor of "Vascon Engineers Limited - Rights Issue - R" and crossed 'A/c Payee only' for the amount payable.

For Non Resident Eligible Equity Shareholders/ Investors, applying on a plain paper, the applications are to be directly sent to the Registrar to the Issue by registered post along with demand drafts drawn in favor of "Vascon Engineers Limited - Rights Issue - R" payable at Hyderabad to be confirmed for so as to reach them on or before the Issue Closing Date.

For Non Resident Eligible Equity Shareholders/ Investors applying through CAF but not residing at places where the collection centre is located, shall send the CAF to the Registrar to the Issue by registered post along with drafts of an amount in favour of "Vascon Engineers Limited - Rights Issue - R" payable at Hyderabad for the amount payable so as to reach them on or before the Issue Closing Date.

If the payment is made by a draft purchased from an NRO account, an Account Debit Certificate from the bank issuing the draft, confirming that the draft has been issued by debiting the NRO account, should be enclosed with the CAF. In the absence of the above, the application shall be considered incomplete and is liable to be rejected.

New dematerialised accounts must be opened for Eligible Equity Shareholders who have had that change in status from resident Indian to NRI.

Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of application in transit, if any, on this account and applications received through mail after closure of the Issue are liable to be rejected. Applications through mails should not be sent in any other manner except as mentioned above. The CAF along with the application money must not be sent to our Company or the Lead Managers or the Registrar. Investors are requested to strictly adhere to these instructions.

Renouncees who are NRIs/FPIs/Non-Resident should submit their respective applications either by hand delivery or by registered post / speed post with acknowledgement due to the Registrar to the Issue only along with the cheque/demand draft payable at Hyderabad so that the same are received on or before the closure of the Issue.

**Procedure for Application by Mutual Funds**

In case of a Mutual Fund, a separate application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple applications provided that the application clearly indicate the scheme concerned for which the application has been made.

Applications made by asset management companies or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which application is being made.

As per the current norms prescribed by SEBI, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Rights Equity Shares of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

**Please note that, in terms of SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, QIB Investors, Non-Institutional Investors (including all companies and bodies corporate) and other Investors whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process, subject to them complying with the requirements of SEBI circular dated December 30, 2009. Further, all QIB Investors and Non-Institutional Investors are mandatorily required to use the ASBA facility, even if application amount does not exceed ₹ 200,000.**

**Notwithstanding anything contained hereinabove, all Renouncees shall apply in the Issue through the non-ASBA process only.**

**Procedure for Application by FPIs**

In accordance with the SEBI (FPI) Regulations, the issue of Rights Equity Shares under this Issue to a single FPI should not exceed 10% of the post-issue paid up capital of our Company. **Applications will not be accepted from FPIs located in jurisdictions which have any restrictions in connection with offering, issuing and allotting any securities within its jurisdiction, and/or to its citizens.**

**Please note that, in terms of SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, QIB Investors, Non-Institutional Investors (including all companies and bodies corporate) and other Investors whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process, subject to them complying with the requirements of SEBI circular dated December 30, 2009. Further, all QIB Investors and Non-Institutional Investors are mandatorily required to use the ASBA facility, even if application amount does not exceed ₹ 200,000.**

**Notwithstanding anything contained hereinabove, all Renouncees shall apply in the Issue through the non-ASBA process only.**

**FPI Investors cannot apply for additional Rights Equity Shares or apply for Rights Equity Shares obtained through renounciation in their favour unless accompanied by applicable regulatory approvals from FIPB and/or RBI.**

In accordance with foreign investment limits applicable to our Company, the total FII investment cannot exceed 24% of the total paid-up capital of our Company. With the approval of our Board and our shareholders, (by way of a special resolution), the aggregate FII holding can go up to the permitted sectoral cap applicable to our Company. Similar provisions may also be applicable in case of FPIs subject to further direction from the GoI.

**Procedure for Application by NRIs**

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3) (i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. NRI Investors should note that applications by ineligible Non-residents (including on account of restriction or prohibition under applicable local laws) and where a registered address in India has not been provided, are liable to be rejected.

NRs who are permitted to subscribe for Equity Shares under applicable law may obtain Application Forms from the Registrar to the Issue. NR Investors are requested to send their Application Forms either to the collection centres of the Banker to the Issue mentioned on the CAF or, if applying from places other than places where collection centres have been opened by the Banker to the Issue, directly to the Registrar to the Issue by speed/registered post, so as to reach on or before the Issue Closing Date. The Company, the Lead Managers, the Registrar to the Issue and the Banker to the Issue will not be responsible for any postal delays or loss of Applications in transit.

NRs Applying on repatriation basis may make payments by inward remittance in foreign exchange through normal banking channels or by debits to the NRE or FCNR accounts maintained with an authorised dealer registered with RBI under the Foreign Exchange Management (Foreign Currency Accounts) Regulations, 2000 ("**Authorised Dealer**"). NRIs Bidding on repatriation basis are required to submit a bank certificate confirming that the payment has been made by debiting to the NRE or FCNR account, as the case may be, along with the Application Form. NRIs Applying on non-repatriation basis may make payments by inward remittance in foreign exchange through normal banking channels or by debits to NRE/FCNR accounts as well as the NRO/Non-Resident (Special) Rupee Account ("**NRSR**")/Non-Resident Non-Repatriable Term Deposit Account ("**NRNR**") accounts. NRIs Bidding on non-repatriation basis are required to submit a bank certificate confirming that the payment has been made by debiting to the NRE/FCNR/NRO/NRSR/NRNR account, as the case may be, along with the Application Form. For more information, see "*Terms of the Issue - Submission of Application and Modes of Payment for the Issue*" on page 264 of the DLOF.

If Equity Shares are Allotted on non-repatriation basis, dividend and sale proceeds of the Equity Shares cannot be remitted outside India. If Equity Shares are Allotted on repatriation basis, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the IT Act.

**Please note that, in terms of SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, QIB Investors, Non-Institutional Investors (including all companies and bodies corporate) and other Investors whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process, subject to them complying with the requirements of SEBI circular dated December 30, 2009. Further, all QIB Investors and Non-Institutional Investors are mandatorily required to use the ASBA facility, even if application amount does not exceed ₹ 200,000.**

**Notwithstanding anything contained hereinabove, all Renouncees shall apply in the Issue through the non-ASBA process only.**

***Acceptance of the terms of the Issue***

By applying for the Rights Equity Shares offered, you will be deemed to have accepted the terms of the Issue. Investors may apply for the Rights Equity Shares offered, either in full or in part by filling Block III of Part A of the enclosed CAF and submit the same along with the application money payable to the Banker to the Issue or any of the branches as mentioned on the reverse of the CAF before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board thereof in this regard. Investors at centers not covered by the branches of Banker to the Issue can send their CAF together with demand draft payable at Hyderabad to the Registrar to the Issue by registered post. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected.

**Note:**

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to Income Tax Act, 1961.

2. In case Rights Equity Shares are allotted on non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.

3. The CAFs duly completed together with the amount payable on application must be deposited with the collecting bank indicated on the reverse of the CAFs before the close of business hours on or before the Issue Closing Date. Separate cheque or bank draft must accompany each CAF.

4. In case of a CAF received from non-residents, allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by RBI as applicable at the time of making such allotment, remittance and subject to necessary approvals.

**Last date of Application**

The last date for submission of the duly filled in CAF is [●]. The Issue will be kept open for a minimum of 15 days and our Board or any committee thereof will have the right to extend the said date for such period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

If the CAF together with the amount payable is not received by the Banker to the Issue/ Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/Committee of Directors, the offer contained in the Draft Letter of Offer shall be deemed to have been declined and the Board/Committee of Directors shall be at liberty to dispose off the Rights Equity Shares hereby offered, as provided under the section titled "*Terms of the Issue – Basis of Allotment*" on page 269 of the DLOF.

**APLLICANTS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALISED FORM.**

**Basis of Allotment**

Subject to the provisions contained in the Draft Letter of Offer, the Articles of Association of our Company and the approval of the Designated Stock Exchange, the Board will proceed to allot the Rights Equity Shares in the following order of priority:

(a) Full allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/ have applied for Rights Equity Shares renounced in their favour, in full or in part.

(b) For Rights Equity Shares being offered under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares, the fractional entitlement of such Eligible Equity Shareholders shall be ignored. Eligible Equity Shareholders whose fractional Rights Entitlements are being ignored would be given preference in allotment of one additional Rights Equity Share each if they apply for additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If the number of Rights Equity Shares required for allotment under this head are more than the number of Rights Equity Shares available after allotment under (a) above, the allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

(c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of the Issue and have also applied for additional Rights Equity Shares. The allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an under-subscribed portion after making full allotment in (a) and (b) above. The allotment of such Rights Equity Shares will be at the sole discretion of the Board/Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential allotment.

(d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for additional Rights Equity Shares provided there is surplus available after making full allotment under (a), (b) and (c) above. The allotment of such Rights Equity Shares will be at the sole discretion of the Board/Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential allotment.

After taking into account allotment to be made under (a), (b), (c) and (d) above, if there is any undersubscribed portion, the same shall be deemed to be ‘unsubscribed’ and allotment of the unsubscribed Rights Equity Shares will be made to any other person including (our Promoters and Promoter Group) as the Board may in its absolute discretion deem fit.

- The following Promoters and the members of the Promoter Group of our Company have confirmed that they intend to subscribe to the full extent of their Rights Entitlement in the Issue including, by subscribing for the Rights Equity Shares pursuant to renunciation, if any, obtained in their favour:

  (i) R. Vasudevan
  (ii) Lalitha Vasudevan
  (iii) Sowmya Vasudevan Moorthy
  (iv) Siddharth Vasudevan Moorthy
  (v) Thangam Moorthy
  (vi) Bellflower Premises Private Limited
  (vii) Vatsalya Enterprises Private Limited

Premratan Exports LLP and Golden Temple Pharma LLP may subscribe to full or part of their Rights Entitlement in the Issue. Further, Geeta Lulla intends subscribe for the Rights Equity Shares pursuant to renunciation, if any, obtained in her favour

- The following Promoters and the members of the Promoter Group of our Company have confirmed that they intend to subscribe to additional Rights Equity Shares to the extent of any unsubscribed portion in the Issue, to ensure achieving minimum subscription (i.e. 90 %) of the Issue:

(i) R. Vasudevan
(ii) Lalitha Vasudevan
(iii) Sowmya Vasudevan Moorthy
(iv) Siddharth Vasudevan Moorthy
(v) Thangam Moorthy
(vi) Bellflower Premises Private Limited
(vii) Vatsalya Enterprises Private Limited
(viii) Geeta Lulla

Such subscription for the Rights Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of additional Rights Equity Shares shall not result in a change of control of the management of the Company in accordance with provisions of the Takeover Regulations and shall be exempt in terms of Regulation 10 (4) (a) and (b) of the Takeover Regulations.

The subscription by our Promoters and Promoter Group of the Rights Equity Shares in the Issue and the consequent allotment of the Rights Equity Shares would be subject to the aggregate shareholding of the Promoters and Promoter Group not exceeding 75% of the post-Issue equity share capital of the Company on the date of Allotment, in compliance with Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957 and Clause 40A of the Equity Listing Agreements.

In case the permission to deal in and for an official quotation of the Rights Equity Shares is not granted by the Stock Exchanges, our Company shall forthwith repay without interest, all monies received from the Investors in pursuance of the Draft Letter of Offer.

**Underwriting**

This Issue shall not be underwritten.

**Allotments and Refunds**

Our Company will issue and dispatch allotment advice/ share certificates/ demat credit and/ or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any, within 15 days from the Issue Closing Date. If there is a delay beyond 8 days from the stipulated period (i.e 15 days from the closure of the Issue) our Company shall be punishable with a fine which shall not be less than five lakh rupees but which may extend to fifty lakh rupees and every officer of our Company in default shall be punishable with imprisonment for a term of one year or with fine which shall not be less than fifty thousand rupees but may extend to three lakh rupees or with both in accordance with Section 40 (5) of the Companies Act, 2013.

Investors residing at the centers where clearing houses are managed by the RBI will get refund through NECS only if the Investors are otherwise applicable/eligible to get refunds through NEFT, direct credit and RTGS, provided however that the relevant MICR details are recorded with the Depositories or our Company.

In case of those Investors who have opted to receive their Right Entitlement in dematerialized form by using electronic credit under the depository system, an advice regarding the credit of the Rights Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter intimating them about the mode of credit of refund within 15 days of the Issue Closing Date. In case of those Investors who have opted to receive their Rights Entitlement in physical form, our Company will issue the corresponding share certificates under Section 56 of the Companies Act, 2013 or other applicable provisions if any. All refund orders will be dispatched by registered post/ speed post to the sole/ first Investor‘s registered address. Such cheques or pay orders will be payable at par at all places where the applications were originally accepted and will be marked “Account Payee only” and would be drawn in the name of the sole/ first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

**Payment of Refund**

***Mode of making refunds***

The payment of refund, if any, would be done through any of the following modes:

1. **NECS** – Payment of refund would be done through NECS for Investors having an account at one of the centres specified by the RBI, where such facility has been made available.

   This would be subject to availability of complete Bank Account Details including MICR code wherever applicable from the depository. The payment of refund through NECS is mandatory for Investors having a bank account at any of the centres where NECS facility has been made available by the RBI (subject to availability of all information for crediting the refund through NECS including the MICR code as appearing on a cheque leaf, from the depositories), except where Investor is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.

2. **NEFT** – Payment of refund shall be undertaken through NEFT wherever the Investor's bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. **Wherever the Investors have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.**

3. **Direct Credit** – Investors having bank accounts with the refund bankers shall be eligible to receive refunds through direct credit. Charges, if any, levied by the refund banker(s) for the same would be borne by our Company.

4. **RTGS** – Investors having a bank account at any of the abovementioned centres specified by RBI and whose refund amount exceeds ₹ 200,000, have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through NECS. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.

5. For all other Investors, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched by Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.

6. Credit of refunds to Investors in any other electronic manner permissible under applicable banking laws which are in force and as permitted by SEBI from time to time.

**For shareholders opting for allotment in physical mode, bank account details as mentioned in the CAF shall be considered for electronic credit or printing of refund orders, as the case may be. Refund orders will be made by cheques, pay orders or demand drafts drawn on the refund bank(s) and payable at par at places where the applications were received and will be marked account payee and will be drawn in the name of Sole/First Investor. The bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Investors.**

***Printing of Bank Particulars on Refund Orders***

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. Our Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

***Refund payment to Non-Resident***

Where applications are accompanied by Indian rupee drafts purchased abroad and payable at Mumbai, refunds will be made in the Indian rupees based on the U.S. dollars equivalent which ought to be refunded. Indian rupees will be converted into U.S. dollars at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned Investor and our Company shall not bear any part of the risk.

Where the applications made are accompanied by NRE/FCNR/NRO cheques, refunds will be credited to NRE/FCNR/NRO accounts respectively, on which such cheques were drawn and details of which were provided in the CAF. Export of letters of allotment (if any)/ share certificates/ demat credit to non-resident Allottees will be subject to RBI approval.

**Allotment advice / Share Certificates/ Demat Credit**

Allotment advice/ share certificates/ demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within 15 days from the Issue Closing Date. In case our Company issues allotment advice, the share certificates will be dispatched within one month from the date of allotment. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for share certificates.

**Option to receive Rights Equity Shares in Dematerialized Form**

Investors to the Rights Equity Shares of our Company, and holding Equity Shares in the physical form as on the Record Date, shall be allotted the Rights Equity Shares in dematerialized (electronic) form at the option of the Investor. Our Company signed a tripartite agreement dated December 26, 2007, with NSDL and the Registrar to the Issue, which enables the Investors to hold and trade in securities in a dematerialized form, instead of holding the securities in the form of physical certificates. Our Company has also signed a tripartite agreement dated December 4, 2007, with CDSL and the Registrar to the Issue, which enables the Investors to hold and trade in securities in a dematerialized form, instead of holding the securities in the form of physical certificates.

In this Issue, the Allottees, currently holding the Equity Shares in physical form and who have opted for Rights Equity Shares in dematerialized form will receive their Rights Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order, (if any), would be sent directly to the Investor by the Registrar to the Issue but the Investor‘s depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Investor‘s depository account. Applications, which do not accurately contain this information, will be given the Rights Equity Shares in physical form. No separate applications for Rights Equity Shares in physical and/or dematerialized form should be made. If such applications are made, the application for physical Rights Equity Shares will be treated as multiple applications and is liable to be rejected.

**INVESTORS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES OF OUR COMPANY CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.**

Procedure for availing the facility for allotment of Rights Equity Shares in this Issue in the electronic form is as under:

(i) Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is exhibited in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as with our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. *Those Eligible Equity Shareholders who have already opened such beneficiary account (s) need not adhere to this step.*

(ii) For Eligible Equity Shareholders already holding Equity Shares of our Company in dematerialized form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Rights Equity Shares pursuant to this Issue by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. Nonetheless, it should be ensured that the depository account is in the name(s) of the Eligible Equity Shareholders and the names are in the same order as in the records of our Company.

(iii) Responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-vis such information with the Investor's depository participant, would rest with the Investor.

(iv) For Investors holding Equity Shares in physical form as on the Record Date and who have opted to receive Rights Equity Shares in dematerialized form, if incomplete / incorrect beneficiary account details are given in the CAF the Investor will get Rights Equity Shares in physical form.

(v) Renouncees will also have to provide the necessary details about their beneficiary account for allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.

(vi) Rights Equity Share allotted to an Investor in the electronic account form will be credited directly to the Investor's respective beneficiary account(s) with depository participant.

(vii) Investors should ensure that the names of the Investors and the order in which they appear in the CAF should be the same as registered with the Investor's depository participant.

(viii) Non-transferable allotment advice/refund orders will be directly sent to the Investor by the Registrar to this Issue.

(ix) The Rights Equity Shares pursuant to this Issue allotted to Investors opting for dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Investor's depository account. No intimation of allotment of Rights Equity Shares will be provided by the Registrar and / or the Company to the individual Allottees.

(x) It may be noted that Rights Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL or CDSL.

(xi) Dividend or other benefits with respect to the Rights Equity Shares held in dematerialized form would be paid to those Eligible Equity Shareholders whose names appear in the list of beneficial owners to be given by the Depository Participant to our Company as on the date of book closure / record date.

**GROUNDS FOR TECHNICAL REJECTIONS**

Investors are advised to note that applications are liable to be rejected on technical grounds, including the following:

(a) Amount paid does not tally with the amount payable for;

(b) Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialized holdings) or the Registrar (in the case of physical holdings);

(c) Submission of CAFs to the SCSBs;

(d) Submission of plain paper Applications to any person other than the Registrar to the Issue;

(e) Age of first Investor not given while completing Part C of the CAFs;

(f) Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, PAN not given for application of any value;

(g) GIR number provided instead of the PAN;

(h) In case of application under power of attorney relevant documents are not submitted;

(i) In case of application by limited companies, corporate, trust, relevant documents are not submitted;

(j) If the signature of the existing Eligible Equity Shareholder does not match with the one given on the CAF and for renouncee(s) if the signature does not match with the records available with their depositories;

(k) If the Investor holding Equity Shares in physical form as on Record Date desires to have Rights Equity Shares in electronic form, but the CAF does not have the Investor's depository account details;

(l) Application Forms are not submitted by the Investors within the time prescribed as per the CAF and the Draft Letter of Offer;

(m) Applications not duly signed by the sole/joint Investors. All Applications need to be signed by all joint Investors. Absence of signatures of any of the joint Investors or mismatch in signatures of any of the joint Investors may result in the CAF being rejected;

(n) Applications by OCBs unless accompanied by specific approval from RBI permitting the OCBs to participate in the Issue;

(o) Applications accompanied by Stockinvest;

(p) In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Investors (including the order of names of joint holders), the Depositary Participant‘s identity (DP ID) and the beneficiary‘s identity;

(q) For applications by Investors that are located outside of the United States and that are not U.S. persons, such applications that do not include the certification set out in the CAF to the effect that the subscriber is not a "U.S. person" (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations;

(r) Applications by ineligible Non-residents (including on account of restriction or prohibition under applicable local laws) and applications on Plain Paper where a registered address in India has not been provided;

(s) Applications by Eligible Equity Shareholders who are joint holders, where Part A of the CAF is not signed by all such joint holders;

(t) Applications by Renouncees of Eligible Equity Shareholders who are joint holders, where Part B of the CAF is not signed by all such joint holders;

(u) Applications where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements;

(v) Multiple Applications including cases where an Investor submits CAFs along with an application on plain paper;

(w) Applications which are not made through the ASBA process by Non Retail Investors who are eligible ASBA Investors (i.e. complying with the eligibility conditions of SEBI circular dated December 30, 2009);

(x) Applications by Investors who are not eligible ASBA Investors made through the ASBA process;

(y) Applications by renounces who are persons not competent to contract under the Indian Contract Act, 1872, including minors (other than minors who have a valid beneficiary account, as per demographic details provided by Depositaries); and

(z) Please read the Draft Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are each an integral part of the Draft Letter of Offer and must be carefully followed. An application is liable to be rejected for any non-compliance of the provisions contained in the Draft Letter of Offer or the CAF.

**PROCEDURE FOR APPLICATION THROUGH THE APPLICATIONS SUPPORTED BY BLOCKED AMOUNT ("ASBA") PROCESS**

**This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA Process. Our Company and the Lead Managers are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Draft Letter of Offer. Eligible Equity Shareholders who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up and also ensure that the number of Rights Equity Shares applied for by such Eligible Equity Shareholders do not exceed the applicable limits under laws or regulations.**

**The Lead Managers, our Company, its directors, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions in relation to applications accepted by SCSBs, Applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.**

**Please note that, in terms of SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, QIB Investors, Non-Institutional Investors (including all companies and bodies corporate) and other Investors whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process, subject to them complying with the requirements of SEBI circular dated December 30, 2009. Further, all QIB Investors and Non-Institutional Investors are mandatorily required to use the ASBA facility, even if application amount does not exceed ₹ 200,000.**

**Notwithstanding anything contained hereinabove, all Renouncees shall apply in the Issue through the non-ASBA process only.**

The list of banks that have been notified by SEBI to act as SCSB for the ASBA Process is provided on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries. For details on designated branches of SCSB collecting the CAF, please refer the above mentioned SEBI link.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

**Eligible Equity Shareholders who are eligible to apply under the ASBA Process**

The option of applying for Rights Equity Shares in the Issue through the ASBA Process is only available to Eligible Equity Shareholders of our Company on the Record Date and who:

- hold the Equity Shares in dematerialised form as on the Record Date and have applied towards his/her/their Rights Entitlements or additional Rights Equity Shares in the Issue, in a dematerialised form;
- have not renounced his/her/their Rights Entitlements in full or in part;
- are not Renouncee/s; and
- apply through a bank account maintained with one of the SCSBs

**Please note that, in terms of SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, QIB Investors, Non-Institutional Investors (including all companies and bodies corporate) and other Investors whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process, subject to them complying with the requirements of SEBI circular dated December 30, 2009. Further, all QIB Investors and Non-Institutional Investors are mandatorily required to use the ASBA facility, even if application amount does not exceed ₹ 200,000.**

**Notwithstanding anything contained hereinabove, all Renouncees shall apply in the Issue through the non-ASBA process only.**

Retail Individual Investors may optionally apply through the ASBA process, provided that they are eligible ASBA Investors.

**CAF**

The Registrar will dispatch the CAF to all Eligible Equity Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Eligible Equity Shareholders who wish to apply through the ASBA payment mechanism will have to select for this mechanism in Part A of the CAF, provide necessary details, and submit the same to the SCSB with whom such Investor’s bank account is maintained. The SCSB in turn would block the application amount in the Investor’s account as per the authority contained in the CAF and undertake other tasks as per the specified procedures signifying blocking of the relevant application monies on the CAF.

**Submission of the CAF / Plain Paper Application**

Eligible Equity Shareholders desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF only or in plain paper application and indicate that they wish to apply through the ASBA payment mechanism. On submission of the CAF after selecting the ASBA Option in Part A or plain paper applications indicating application through the ASBA payment mechanism, the Eligible Equity Shareholders are deemed to have authorized (i) the SCSB to do all acts as are necessary to make the CAF in the Issue, including blocking or unblocking of funds in the bank account maintained with the SCSB specified in the CAF or the plain paper, transfer of funds to the separate bank account maintained by our Company as per the provisions of Section 40 (3) of the Companies Act, 2013 on receipt of instruction from the Registrar to the Issue after finalization of the basis of Allotment; and (ii) the Registrar to the Issue to issue instructions to the SCSB to remove the block on the funds in the bank account specified in the CAF or plain paper, upon finalization of the basis of Allotment and to transfer the requisite funds to the separate bank account maintained by our Company as per the provisions of Section 40 (3) of the Companies Act, 2013.

Application in electronic mode will only be available with such SCSB who provides such facility. The Equity Shareholder shall submit the CAF/ plain paper application to the SCSB for authorizing such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB. However, no more than five (5) applications (including CAF and plain paper application) can be submitted per bank account in the Issue. In case of withdrawal / failure of the Issue, the Lead Managers, through the Registrar to the Issue, shall notify the SCSBs to unblock the blocked amount of the Equity Shareholder applying through ASBA within one (1) day from the day of receipt of such notification.

The relevant Designated Branch of each SCSB would upon receipt and verification of ASBA Applications and blocking of the relevant application monies upload details of each Application Form received by it on the online-application platform provided by the Stock Exchanges, and issue an acknowledgement to the ASBA Investor in connection with submission of the ASBA Application.

**Mode of payment**

The Equity Shareholder applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in a bank account maintained with the SCSB.

After verifying that sufficient funds are available in the bank account provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar. Upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per Registrar's instruction allocable to the Eligible Equity Shareholders applying under the ASBA Process from bank account with the SCSB mentioned by the Equity Shareholder in the CAF. This amount will be transferred in terms of the SEBI ICDR Regulations, into the separate bank account maintained by our Company as per the provisions of Section 40 (3) of the Companies Act, 2013. The balance amount remaining after the finalization of the basis of allotment shall be either unblocked by the SCSBs or refunded to the Investors by the Registrar on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Managers, to the respective SCSB.

The Eligible Equity Shareholders applying under the ASBA Process would be required to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the bank account with the SCSB details of which have been provided by the Equity Shareholder in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF or (ii) more than five (5) applications are submitted per account held with the SCSB in the Issue. Subsequent to the acceptance of the application by the SCSB, our Company would have a right to reject the application only on technical grounds.

**Options available to the Eligible Equity Shareholders applying under the ASBA Process**

The summary of options available to the Eligible Equity Shareholders is presented below. You may exercise any of the following options with regard to the Equity Shares, using the respective CAFs received from Registrar:

| Option Available | | Action Required |
|---|---|---|
| 1. | Accept whole or part of your Rights Entitlement without renouncing the balance. | Fill in and sign Part A *(All joint holders must sign)* |
| 2. | Accept your Rights Entitlement in full and apply for additional Rights Equity Shares | Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Rights Equity Shares *(All joint holders must sign)* |

**The Equity Shareholder applying under the ASBA Process will need to select the ASBA option process in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the SCSB with the relevant details required under the ASBA process option and SCSB blocks the requisite amount, then that CAF would be treated as if the Equity Shareholder has selected to apply through the ASBA process option.**

**Additional Rights Equity Shares**

You are eligible to apply for additional Rights Equity Shares over and above the number of Rights Equity Shares that you are entitled to, provided that (i) you have applied for all the Rights Equity Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Rights Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under the section titled "*Terms of the Issue – Basis of Allotment*" on page 269 of the DLOF.

If you desire to apply for additional Rights Equity Shares please indicate your requirement in the place provided for additional Rights Equity Shares in Part A of the CAF.

Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

**Renunciation under the ASBA Process**

**Renouncees cannot participate in the Issue through the ASBA Process.**

**Application on Plain Paper**

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an application to subscribe to the Issue on plain paper. Eligible Equity Shareholders applying on the basis of a plain paper application are required to indicate their choice of applying under the ASBA Process.

The envelope should be super scribed *"*Vascon Engineers Limited - Rights Issue - R*"* in case of resident shareholders/Investors or shareholders/Investors applying on non repatriable basis or "Vascon Engineers Limited - Rights Issue - NR" in case of non resident shareholders/Investors applying on repatriable basis and should be postmarked in India. The application on plain paper, duly signed by the Investors including joint holders, in the same order as per specimen recorded with our Company, must reach the Designated Branch of the SCSBs before the Issue Closing Date and should contain the following particulars:

- Name of Company, being Vascon Engineers Limited;
- Name and address of the Eligible Equity Shareholder including joint holders;
- Registered Folio Number/DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;
- Number of additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for;
- Total amount blocked at the rate of ₹ [●] per Equity Share;
- Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, PAN of the Investor and for each Investor in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue;
- Signature of Eligible Equity Shareholders to appear in the same sequence and order as they appear in the records of our Company or the Depositories;
- Authorizing such SCSB to block an amount equivalent to the amount payable on the application in such bank account maintained with the same SCSB;
- In case of non-resident Investors, details of the NRE/ FCNR/ NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
- A representation that the Equity Shareholder is not a "U.S. Person" (as defined in Regulation S under the Securities Act); and
- Additionally, Non Resident Investors shall include the representation in writing that:

    1. "I/We understand that the Rights Entitlement have not been, and will not be, registered under the United States Securities Act of 1933, ("**US Securities Act**"), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof or to, or for the account or benefit of, "**U.S. Persons**" (as defined in Regulation S under the US Securities

Act), except in a transaction exempt from, or in a transaction not subject to, the registration requirements of the US Securities Act. The Equity Shares referred to in this application are being offered in India but not in the United States of America. None of our Company, the Registrar, the Lead Managers or any other person acting on behalf of our Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who our Company, the Registrar, the Lead Managers or any other person acting on behalf of our Company has reason to believe is, a resident of the United States and to whom an offer, if made, would result in requiring registration of this application with the United States Securities and Exchange Commission.

2. I/We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for Investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

3. I/We understand and agree that the Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act."

**Option to receive Rights Equity Shares in Dematerialized Form**

**ELIGIBLE EQUITY SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES OF OUR COMPANY UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE RIGHTS EQUITY SHARES ARE BEING HELD ON RECORD DATE.**

**Issuance of Intimation Letters:**

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send the Controlling Branches, a list of the ASBA Investors who have been allocated Rights Equity Shares in the Issue, along with:

- The number of Rights Equity Shares to be allotted against each successful ASBA;
- The amount to be transferred from the ASBA Account to the separate account opened by our Company for the Issue, for each successful ASBA;
- The date by which the funds referred to in above paragraph, shall be transferred to separate account opened by our Company for the Issue; and
- The details of rejected ASBAs, if any, along with reasons for rejection to enable SCSBs to unblock the respective ASBA Accounts.

**General instructions for Eligible Equity Shareholders applying under the ASBA Process**

a. Please read the instructions printed on the respective CAF carefully.

b. Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of the Draft Letter of Offer are liable to be rejected. The CAF / plain paper application must be filled in English.

c. The CAF / plain paper application in the ASBA Process should be only at a Designated Branch of the SCSB and whose bank account details are provided in the CAF **and not to the Banker to the Issue/ collecting branch of the Escrow Collection Bank(s)** (assuming that such Collecting Bank is not a SCSB), to our Company or Registrar or Lead Managers to the Issue. **The onus of due completion and submission of such ASBA applications shall solely be that of the** Investor.

d. All Investors, and in the case of application in joint names, each of the joint Investors, should mention his/her PAN allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, **CAFs / plain paper applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended for credit" and no allotment and credit of Rights Equity Shares shall be made into the accounts of such Investors.**

e. All payments will be made by blocking the amount in the bank account maintained with the SCSB. Cash payment is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.

f. Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Eligible Equity Shareholders must sign the CAF / plain paper application as per the specimen signature recorded with our Company /or Depositories.

g. In case of joint holders, all joint holders must sign the relevant part of the CAF / plain paper application in the same order and as per the specimen signature(s) recorded with our Company. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.

h. All communication in connection with application for the Rights Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first/sole Investor, folio numbers and CAF number.

i. Only the person or persons to whom the Rights Equity Shares have been offered and not renouncee(s) shall be eligible to participate under the ASBA process.

j. Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Rights Equity Shares under applicable securities laws are eligible to participate.

k. Only the Eligible Equity Shareholders holding shares in demat are eligible to participate through ASBA process.

l. Eligible Equity Shareholders who have renounced their entitlement in part/ full are not entitled to apply using ASBA process.

m. **Please note that, in terms of SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, QIB Investors, Non-Institutional Investors (including all companies and bodies corporate) and other Investors whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process, subject to them complying with the requirements of SEBI circular dated December 30, 2009. Further, all QIB Investors and Non-Institutional Investors are mandatorily required to use the ASBA facility, even if application amount does not exceed ₹ 200,000.**

n. **Notwithstanding anything contained hereinabove, all Renouncees shall apply in the Issue through the non-ASBA process only.**

***Do's:***

(a) Ensure that the ASBA Process option is selected in part A of the CAF and necessary details are filled in. In case of non-receipt of the CAF, the application can be made on plain paper indicating application through the ASBA payment mechanism with all necessary details as indicated under the section titled "*Terms of the Issue – Application on Plain Paper*" on pages 258 and 278 of the DLOF.

(b) Electronic mode is only available with certain SCSBs and not all SCSBs and you should ensure that your SCSB offers such facility to you.

(c) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Rights Equity Shares will be allotted in the dematerialized form only.

(d) Ensure that the CAFs / plain paper applications are submitted at the registered branch of the SCSBs for blocking of application monies in the relevant account maintained with such SCSB and details of the correct bank account have been provided in the CAF.

(e) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares applied for} X {Issue Price of Rights Equity Shares}) available in the bank account maintained with the SCSB mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.

(f) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF / plain paper application, in the bank account maintained with the respective SCSB, of which details are provided in the CAF / plain paper application and have signed the same.

(g) Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF /plain paper application in physical form or electronic mode.

(h) Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, each Investor should mention their PAN allotted under the IT Act.

(i) Ensure that the name(s) given in the CAF / plain paper application is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF / plain paper application is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF / plain paper application.

(j) Ensure that the Demographic Details with your Depository Participant(s) are updated, true and correct, in all respects.

(k) Ensure that the account holder in whose bank account the funds are to be blocked has signed authorizing such funds to be blocked.

(l) Apply under the ASBA process only if you comply with the definition of an ASBA Investor, namely such Retail Individual Investors who:

- hold the Equity Shares in dematerialised form as on the Record Date and have applied towards his/her Rights Entitlements or additional Rights Equity Shares in the Issue in dematerialised form;
- have not renounced his/her Rights Entitlements in full or in part;
- are not a Renouncee; and
- apply through a bank account maintained with one of the SCSBs.

Note: Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

***Don'ts:***

(a) Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.

(b) Do not pay the amount payable on application in cash, by money order or by postal order.

(c) Do not send your physical CAFs / plain paper applications to the Lead Managers to Issue / Registrar / Collecting Banks (assuming that such Collecting Bank is not a SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Company; instead submit the same to a Designated Branch of the SCSB only.

(d) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

(e) Do not instruct your respective banks to release the funds blocked under the ASBA Process.

(f) Do not apply if the ASBA Account has been used for five Investors.

**Grounds for Technical Rejection under the ASBA Process**

In addition to the grounds listed under *"Terms of the Issue - Grounds for Technical Rejection"* beginning on page 273 of the DLOF, applications under the ABSA Process are liable to be rejected on the following grounds:

(a) Application for Rights Entitlements or additional shares in physical form.

(b) DP ID and Client ID mentioned in CAF / plain paper application not matching with the DP ID and Client ID records available with the Registrar.

(c) Sending CAF / plain paper application to the Lead Managers / Registrar / Collecting Bank (assuming that such Collecting Bank is not a SCSB) / to a branch of a SCSB which is not a Designated Branch of the SCSB / Company.

(d) Renouncee applying under the ASBA Process.

(e) Insufficient funds are available with the SCSB for blocking the amount.

(f) Funds in the bank account with the SCSB whose details are mentioned in the CAF / plain paper application having been frozen pursuant to regulatory orders.

(g) Account holder not signing the CAF / plain paper application or declaration mentioned therein.

(h) Submitting the GIR number instead of the PAN.

(i) Submission of more than five CAFs per ASBA Account

(j) Applications by Investors who are not eligible ASBA Investors made through the ASBA process.

(k) Application on SAF.

(l) CAFs that do not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in restricted jurisdictions and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations.

(m) CAFs which have evidence of being executed in/dispatched from restricted jurisdiction.

(n) QIBs and Non Institutional Investors who are eligible ASBA Investors (as per the conditions of the SEBI circular dated December 30, 2009) not applying through the ASBA process. Non Retail Investors having bank account with SCSBs that are providing ASBA in cities/ centers where Non Retail Investors are located, are mandatorily required to make use of ASBA facility. Otherwise, applications of such Non Retail Investors are liable for rejection.

(o) The application by an Eligible Equity Shareholder whose cumulative value of Rights Equity Shares applied for is more than ₹ 200,000 but has applied separately through split CAFs of less than ₹ 200,000 and has not done so through the ASBA process.

(p) Please note that, in terms of SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, QIB Investors, Non-Institutional Investors (including all companies and bodies corporate) and other Investors whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process, subject to them complying with the requirements of SEBI circular dated December 30, 2009. Further, all QIB Investors and Non-Institutional Investors are mandatorily required to use the ASBA facility, even if application amount does not exceed ₹ 2,00,000. Non Retail Investors having bank account with SCSBs that are providing ASBA in cities/ centers where Non Retail Investors are located, are mandatorily required to make use of ASBA facility. Otherwise, applications of such Non Retail Investors are liable for rejection. All Non Retail Investors are encouraged to make use of ASBA facility wherever such facility is available.

(q) Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application

(r) Applications by persons not competent to contract under the Contract Act, 1872, including by minors other than minors who have a valid beneficiary account, as per demographic details provided by Depositaries.

**Depository account and bank details for Eligible Equity Shareholders applying under the ASBA Process**

**IT IS MANDATORY FOR ALL THE ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALISED FORM. ALL ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF / PLAIN PAPER APPLICATION. ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF / PLAIN PAPER APPLICATION IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF / PLAIN PAPER APPLICATION IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF / PLAIN PAPER APPLICATION.**

Eligible Equity Shareholders applying under the ASBA Process should note that on the basis of name of these Eligible Equity Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF / plain paper application, the Registrar to the Issue will obtain from the Depository demographic details of these Eligible Equity Shareholders such as address, bank account details for printing on refund orders and occupation, ("**Demographic Details**"). Hence, Eligible Equity Shareholders applying under the ASBA Process should carefully fill in their Depository Account details in the CAF / plain paper application.

These Demographic Details would be used for all correspondence with such Eligible Equity Shareholders including mailing of the letters intimating unblock of bank account of the respective Equity Shareholder. The Demographic Details given by Eligible Equity Shareholders in the CAF / plain paper application would not be used for any other purposes by the Registrar. Hence, Eligible Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs / plain paper applications, the Eligible Equity Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

**Letters intimating allotment and unblocking or refund (if any) would be mailed at the address of the Equity Shareholder applying under the ASBA Process as per the Demographic Details received from the Depositories. Refunds, if any, will be made directly to the bank account in the SCSB and which details are provided in the CAF / plain paper application and not the bank account linked to the DP ID. Eligible Equity Shareholders applying under the ASBA Process may note that delivery of letters intimating unblocking of bank account may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Equity Shareholder in the CAF / plain paper application would be used only to ensure dispatch of letters intimating unblocking of bank account.**

**Note that any such delay shall be at the sole risk of the Eligible Equity Shareholders applying under the ASBA Process and none of our Company, the SCSBs or the Lead Managers shall be liable to compensate the Equity Shareholder applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.**

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Eligible Equity Shareholders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such applications are liable to be rejected.

**Transfer of Funds**

The Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA bank accounts for (i) transfer of requisite funds to the separate bank account maintained by our Company as per the provisions of Section 40 (3) of the Companies Act, 2013 (ii) rejected / unsuccessful ASBAs.

In case of failure or withdrawal of the Issue, on receipt of appropriate instructions from the Lead Managers through the Registrar to the Issue, the SCSBs shall unblock the bank accounts latest by the next day of receipt of such information.

## MISCELLANEOUS

**Payment by Stockinvest**

In terms of the RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the Stockinvest Scheme has been withdrawn. Hence, payment through Stockinvest would not be accepted in this Issue.

**Disposal of application and application money**

No acknowledgment will be issued for the application monies received by our Company. However, the Banker to the Issue / Registrar to the Issue receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF. The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto. In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Equity Shares allotted, will be refunded to the Investor within a period of 15 days from the Issue Closing Date. If there is a delay beyond 8 days from the stipulated period (i.e 15 days from the closure of the Issue) our Company shall be punishable with a fine which shall not be less than five lakh rupees but which may extend to fifty lakh rupees and every officer of our Company in default shall be punishable with imprisonment for a term of one year or with fine which shall not be less than fifty thousand rupees but may extend to three lakh rupees or with both in accordance with Section 40 (5) of the Companies Act, 2013.

**Utilisation of Issue Proceeds**

Our Board confirms that:

(a) All monies received out of this Issue shall be transferred to a separate bank account other than the bank account referred to Section 40 (3) of the Companies Act, 2013;

(b) Details of all monies utilized out of the Issue referred to in clause (i) above shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized; and

(c) Details of all unutilized monies out of the Issue, if any, referred to in clause (i) above shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

(d) The Company may utilize the funds collected in the Issue only after the basis of Allotment is finalized and the listing and trading approvals are received for the Rights Equity Shares.

**Undertakings by our Company**

Our Company undertakes:

1. The complaints received in respect of the Issue shall be attended to by the company expeditiously and satisfactorily;

2. That all steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the securities are to be listed are taken within 7 working days of finalization of basis of allotment;

3. The funds required for making refunds to unsuccessful Investor under the Issue as per the mode(s) disclosed in the Draft Letter of Offer shall be made available to the Registrar to the Issue;

4. That where refund are made through electronic transfer of funds, a suitable communication shall be sent to the Investor/s under the Issue within 15 days of the Issue Closing Date giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit of refund.

5. Adequate arrangements shall be made to collect all ASBA applications and to consider them similar to non-ASBA applications while finalizing the basis of allotment under the Issue.

6. At any given time, there shall be only one denomination for the Equity Shares.

7. The Company shall comply with such disclosure and accounting norms specified by the SEBI from time to time.

8. The certificates of the securities or refund orders to non-resident shareholders will be dispatched within specified time

9. No further issue of securities shall be made till the securities offered through the Draft Letter of Offer are listed or till the application moneys are refunded on account of non-listing, under-subscription, etc.

Our Company accepts full responsibility for the accuracy of information given in the Draft Letter of Offer and confirms to the best of his knowledge and belief, there are no other facts or the omission of which makes any statement made in the Draft Letter of Offer misleading and further confirms that it has made all reasonable inquiries to ascertain such facts.

**Important**

Please read the Draft Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions of the Draft Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-Section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

**"*Any person who makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years*"**

All enquiries in connection with the Draft Letter of Offer or accompanying CAF and requests for SAFs must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Investor as mentioned on the CAF and superscribed *"**Vascon Engineers Limited - Rights Issue - R**"* in case of resident shareholders/Investors or shareholders/Investors applying on non repatriable basis or "***Vascon Engineers Limited - Rights Issue - NR***" in case of non resident shareholders/Investors applying on repatriable basis on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

**Karvy Computershare Private Limited**
Plot Nos. 17-24, Vittal Rao Nagar, Madhapur,
Hyderabad - 500 081
Telephone: +91 40 4465 5000
Facsimile: +91 40 2343 1551
E-mail: vascon.rights@karvy.com
Website: www.karvy.com
Contact Person: Mr. M. Muralikrishna
SEBI Registration No.: INR000000221

It is to be specifically noted that this Issue of Equity Shares is subject to the risks as detailed in the section titled "*Risk Factors*" beginning on page 10 of the DLOF.

Issue to remain open for a minimum of 15 days and maximum of 30 days as may be determined by the Board.

## SECTION VIII – STATUTORY AND OTHER INFORMATION

## MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of the Draft Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company from 10:00 A.M. to 5:00 P.M. from the date of the Draft Letter of Offer until the Issue Closing Date, on working days.

**(A) Material Contracts**

1. Issue Agreement dated November 21, 2014 between our Company and the Lead Managers to the Issue.
2. Agreement November 4, 2014 between our Company and the Registrar to the Issue.
3. Escrow Agreement dated [●], 2014 between our Company, the Lead Managers, the Registrar to the Issue, and Banker to the Issue.

**(B) Documents**

1. Certificate of Incorporation of our Company.
2. Memorandum and Articles of Association of our Company.
3. Board resolution dated October 20, 2014, authorizing this Issue.
4. Consents of the Directors, Company Secretary and Compliance Officer, Statutory Auditor, Lead Managers to the Issue, Registrar to the Issue and the Domestic Legal Advisor to the Issue to include their names in the Draft Letter of Offer to act in their respective capacities.
5. Statement of Tax Benefits dated November 17, 2014 from the Statutory Auditor of our Company as disclosed in the Draft Letter of Offer.
6. The reports of the Statutory Auditor dated November 14, 2014, in relation to the audited consolidated financial statements and the audited standalone financial statements, respectively, of our Company for the six month period ended September 30, 2014.
7. Certificate from Architect Shirish B. Mohile dated November 17, 2014 in connection with total estimated construction cost for the Project Ela- Residential.
8. Certificate from Architect Sandeep Hardikar dated November 17, 2014 in connection with total estimated construction cost for the Project Windermere- Residential.
9. Annual Reports of our Company for Fiscal Years 2010, 2011, 2012, 2013 and 2014.
10. In-principle approval dated [●] and [●] from the NSE and the BSE, respectively.
11. Due Diligence Certificate dated November 21, 2014 from the Lead Managers.
12. Tripartite agreement dated December 4, 2007 between CDSL, the Registrar and our Company.
13. Tripartite agreement dated December 26, 2007 between NDSL, the Registrar and our Company.
14. Agreement dated February 6, 2003 entered into in connection with the development and construction of Project Windermere and supplementary agreements dated February 1, 2010 and November 1, 2012 executed between our Company and Rajesh Builders.

15. Agreement dated June 1, 2007 for the joint development Letter No. [●] dated [●], issued by SEBI in connection with the Issue.

Any of the contracts or documents mentioned in the Draft Letter of Offer as may be amended or modified at any time, if so required in the interest of our Company or if required by the other parties, without reference to the shareholders, subject to compliance of the provisions contained in the Companies Act, 2013 and other relevant statutes.

## DECLARATION

We certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act and the rules made thereunder or regulations issued thereunder, as the case maybe. We further certify that, all the legal requirements connected with the said Issue as also the regulations, guidelines, instructions, etc. issued by SEBI, Government of India and any other competent authority in this behalf have been duly complied with.

We hereby certify that all disclosures made in this Draft Letter of Offer are true and correct.

**Signed by all the Directors of our Company**

| | |
|---|---|
| Mr. V. Mohan<br><br>Chairman & Independent Director | Mr. R. Vasudevan<br><br>Managing Director |
| Mr. K. G. Krishnamurthy<br><br>Independent Director | Mr. R. Kannan<br><br>Independent Director |

| **Signed by the Chief Executive Officer** | **Signed by the Chief Financial Officer** |
|---|---|
| Dr. Santosh Sundararajan<br><br>Chief Executive Officer | Mr. D. Santhanam<br><br>Chief Financial Officer |

Date: November 21, 2014
Place: Mumbai