

CIRCULAR FOR INVITING UNSECURED FIXED DEPOSITS

[Pursuant to section 73 (2)(a) and section 76 and rule 4(1) and 4(2) of the Companies (Acceptance of Deposits) Rules, 2014]

1. GENERAL INFORMATION

a. Name , address, website and other contact details of the Company:

- i. CIN: L70100MH1986PLC038511
- ii. Name of the Company: VASCON ENGINEERS LIMITED
- iii. Registered office address: 15/16, Hazari Baug, L.B.S. Marg, Vikhroli (W), Mumbai-400083.
- iv. E-mail Id: compliance.officer@vascon.com

b. Date of Incorporation of the Company.

The Company was incorporated on Jan 01st 1986 as a private company and was converted in to a public company on 07th December, 2006 and listed in Stock Exchanges on BSE and NSE dated February 15, 2010.

c. Business carried on by the company and its subsidiaries with the details of branches or units

The Company has eleven subsidiaries and they are engaged in the business of Construction and Real Estate Development, hotel industry.

One Subsidiary has an unit in Baddi, Himachal Pradesh and it is in the business of HVAC (Design, Supply, Installation integrated Building Management System (IBMS), Clean room validation Service.

d. Brief particulars of the management of the company;

The Company is managed by Mr. R. Vasudevan, Managing Director under the superintendence and control and board of Directors of the Company.

e. Names, addresses, DIN and occupations of the directors.

Sr. No.	Name	Address	DIN	Occupation
1	Kulumani Gopalratnam Krishnamurthy	Flat No. 403, Meru Heights, 268, Telang Road, Matunga (C.R), Mumbai, 400019, Maharashtra, India	00012579	Service
2	Vasudevan Ramamoorthy	Fl No.C10, Ivyglen Marigold Premises, Wadgaon Sheri, Pune, 411014, Maharashtra, India	00013519	Business



VASCON
Development with Conscience

Vascon Engineers Limited

CIN: L70100MH1986PLC038511

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3	Ramkrishnan Kannan	103,Bansuri Lokpuram Pokhranroad. No 2, Thane (W), Mumbai, 400610, Maharashtra, India	00017321	Business
4	Venkatraman Mohan	Waman, 46/3, Garodia Nagar, Ghatkopar (East), Mumbai, 400077, Maharashtra, India	00071517	Chartered Accountant in practice

f. Management's perception of risk factors;

- i) The real estate industry may undergo significant downturn which can, adversely affected our business, liquidity and result of operations. Due to market conditions, project acquisitions in EPC sector may be rather slow.
- ii) Debtor Cycle is prolonged due to market conditions, hence recovery may take place at slow pace.
- iii) Due to market conditions, sale and subsequent cash flow recovery are at slow pace. This may put stress on cash flow.

g. Details of default, including the amount involved, duration of default and present status, in repayment of -

Sr. No.	Particulars	March 31 st , 2014	December 31 st , 2014
1	Statutory Dues	19,51,52,322/-	25,83,42,657/-
2	Debentures and interest thereon;	NIL	NIL
3	Loan from any bank or financial institution and interest thereon	NIL	NIL

2. PARTICULARS OF THE DEPOSIT SCHEME

- a. Date of passing of board resolution - February 07th, 2015
- b. Date of passing of resolution in the general meeting authorizing the invitation of such deposits - 15th September, 2014.
- c. Type of deposits - Unsecured.
- d.
 - i. Amount which the company can raise by way of deposits as per the Companies Act, 2013 and Companies (Acceptance of Deposit) Rules, 2014 as at March 31st, 2015 of ₹62,33,10,620/-

Particulars	Amount in ₹
Paid up Share Capital	90,18,25,500/-

Free reserve and Surplus	533,12,80,695/-
Aggregate	623,31,06,195/-
10% from members	62,33,10,620/-

- ii. Aggregate of deposit actually held as at March 31st, 2014_ ₹_11,54,37,000/-
- iii. Amount of deposit on the date of issue of circular ,ie, February 07th, 2015_ ₹ _19,35,92,000/-
- iv. Amount of deposit to be repayable as at March 31st, 2015_ ₹_17,00,000/-.(1 April 2014 to 31 March 2015)

e. Terms of raising of deposits:

Duration	Rate of Interest	Mode of payment and Repayment
400 DAYS	12.50%	AS PER BANKING CHANNEL

- f. The Circular is valid upto next Annual General Meeting or 6 months from the close of Financial Year, Whichever is later.
- g. The Company has raised deposit for business activities.
- h. Credit rating obtained: Company is in process of renewal of Credit Rating. It has accepted deposit only from members under Section 73(2) of Companies Act, 2013 and as per relevant rules.
- i. Extend of Deposit Insurance: As per the MCA notification dated June 06th, 2014- "Provided that the companies may accept the deposits without deposit insurance contract till the 31st March, 2015."
- j. The Company has accepted deposit on unsecured basis hence no charge created.
- k. Any financial or other material interest of the directors, promoters or key managerial personnel in such deposits and the effect of such interest in so far as it is different from the interests of other persons._No

3. DETAILS OF ANY OUTSTANDING DEPOSITS:

- a. Amount outstanding as at March 31st, 2014 of ₹_11,54,37,000/-
- b. Date of Acceptance- Attached is register as on 31 March 2014
- c. Total amount accepted_ ₹_19,35,92,000/- (Unsecured Fixed Deposit existing as on date of issue of circular ,ie, 07th February, 2015)
- d. Rate of Interest_12.50%
- e. Total numbers of depositors_89 as on 31st March, 2014.
- f. The Company has not defaulted in repayment of deposit.
- g. Any waiver by the depositors, of interest accrued on deposits: N.A

4. FINANCIAL POSITION OF THE COMPANY:

- a. Profits of the company, before and after making provision for tax, for the three financial years immediately preceding the date of issue of circular

(In Crores)

PARTICULARS	31.03.2014	31.03.2013	31.03.2012
Profit before tax	(44.87)	(28.80)	11.01
Profit after tax	(44.87)	(30.89)	11.98

- b. Dividends declared by the company in respect of the said three financial years; interest coverage ratio for last three years (Cash profit after tax plus interest paid or interest paid)

(In Crores)

PARTICULARS	31.03.2014	31.03.2013	31.03.2012
Dividend	-	-	-
Interest Coverage Ratio	(0.24)	0.05	1.32

- c. A summary of the financial position of the company as in the three audited balance sheets immediately preceding the date of issue of circular.

(Amount in ₹)

Particulars	March 31 st 2014	March 31 st 2013	March 31 st 2012
Equity and Liabilities			
Shareholders Fund (a)			
Share Capital	901,825,500	901,801,500	901,356,000
Reserve & Surplus	5,344,077,569	5,780,119,956	6,095,222,297
	6,245,903,069	6,681,921,456	6,996,578,297
Share Application Money Pending Allotment	-	24,000	151,500
Non current liabilities (b)			
Long term borrowings	593,963,786	244,347,947	372,620,563
Long term provisions	-	-	-
	593,963,786	244,347,947	372,620,563
Current Liabilities (c)			
Short term borrowings	2,049,201,294	1,699,499,167	2,110,397,274
Trade payables	1,049,466,501	1,450,387,770	1,359,113,166
Other current liabilities	1,897,263,573	2,045,015,404	2,189,663,352
Short term provisions	83,270,459	72,992,094	70,470,928
	5,079,201,826	5,267,894,435	5,729,644,719



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Total Equity and Liabilities (a+b+c)	11,919,068,681	12,194,187,838	13,098,995,079
Assets			
Non Current Assets (a)			
Fixed assets			
- Tangible assets	456,031,368	508,006,247	495,715,587
- Intangible assets	-	-	-
- Capital work in progress	7,407,409	5,338,914	58,611,982
Non-current investments	1,484,752,177	1,681,719,859	1,710,185,929
Deferred tax assets (net)	-	-	20,884,220
Long term loans and advances	2,315,367,799	2,418,262,963	2,846,158,805
Other non-current assets	405,313,087	9,130,495	16,820,261
	4,668,871,840	4,622,458,479	5,148,376,783
Current Assets (b)			
Current investments	545,837,553	290,101,680	472,002,657
Inventories	2,355,360,228	2,109,999,220	2,289,065,403
Trade receivables	1,643,713,059	2,311,303,972	2,395,874,185
Cash and bank balances	297,152,012	249,562,125	327,201,689
Short term loans and advances	334,045,658	1,097,501,091	1,051,641,614
Other current assets	2,074,088,332	1,513,261,271	1,414,832,748
	7,250,196,841	7,571,729,359	7,950,618,296
Total Assets (a+b)	11,919,068,681	12,194,187,838	13,098,995,079

d. Enclosed audited Cash Flow Statement for the three years immediately preceding the date of issue of circular.

e. No change in accounting policies during the last three years.

5. A DECLARATION BY THE DIRECTORS THAT-

- the company has not defaulted in the repayment of deposits accepted either before or after the commencement of the Act or payment of interest there on;
- the board of directors have satisfied themselves fully with respect to the affairs and prospects of the company and that they are of the opinion that having regard to the estimated future financial position of the company, the company will be able to meet its liabilities as and when they become due and that the company will not become insolvent within a period of one year from the date of issue of the circular or advertisement;
- the company has complied with the provisions of the Act and the rules made thereunder;



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- d. the compliance with the Act and the rules does not imply that repayment of deposits is guaranteed by the Central Government;
- e. the deposits accepted by the company before the commencement of the Act have been repaid (or will be repaid along with interest within 394 days (days to be specified) and until they are repaid, they shall be treated as unsecured and ranking pari passu with other unsecured liabilities).
- f. In case of any adverse change in credit rating, depositors will be given a chance to withdraw deposits without any penalty
- g. the deposits shall be used only for the purposes indicated in the Circular or circular in the form of advertisement;
- h. the deposits accepted by the company are unsecured and rank pari passu with other unsecured liabilities of the company.

Name of the Directors

Signature

1. V. Mohan

2. R. Vasudevan

3. R. Kannan

4. K.G. Krishnamurthy

Dated: February 07th, 2015

Place: Mumbai



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Cash Flow Statement for the year ended March 31, 2014

(Amount in Rupees)

Particulars	March 31, 2014	March 31, 2013
Cash flow from operating activities		
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 diminution 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 generated / (used) in financing activities	1,118,428,765	(542,148,668)



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Cash Flow Statement for the year ended March 31, 2014

(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 generated / (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 Anand Mehta & Associates
Chartered Accountants
Firm Registration No. 127305W

R. Vasudevan
Managing Director

V. Mohan
Chairman

For and on behalf of the Board of Directors

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



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Cash Flow Statement for the Year Ended March 31, 2013

(Amount in Rupees)

Particulars	March 31, 2013	March 31, 2012
A Cash Flow From Operating Activities		
Profit before taxation and prior period adjustments	(288,017,722)	111,624,802
Adjustments to reconcile profit before tax to cash provided by operating activities		
- Depreciation / amortisation	124,584,613	100,665,677
- Finance cost	305,716,598	335,455,487
- Dividend income	(11,804)	(32,126,718)
- Reversals of employee stock option compensation	(6,163,298)	-
- Interest income in respect of financing activities	(207,322,353)	(86,472,109)
- Provision for doubtful debt and advances	26,800,600	34,844,565
- Provision for diminution in value of shares	(150,000)	150,000
- Provision for unapproved sales	(4,353,770)	523,373
- Prior period adjustments	(37,097)	(1,495,829)
- (Profit) loss on sale of assets	(81,763)	(11,066,629)
- (Profit) loss on sale of investments	39,981,934	(41,109,632)
Operating Profit Before Working Capital Changes	(9,054,062)	410,992,989
Adjustments for		
Decrease / (increase) in inventories before capitalisation of borrowing cost	354,721,925	(564,613,282)
Decrease / (increase) in trade receivables	2,123,383	258,137,664
Decrease / (increase) in unbilled revenues and unearned receivables	(218,626,388)	(99,818,926)
Decrease / (increase) in long term loans and advances	(75,268,622)	(30,745,499)
Decrease / (increase) in short term loans and advances	(8,101,380)	31,583,815
Decrease / (increase) in other current assets	90,662,141	(17,016,099)
Increase / (decrease) in current trade payables	91,274,603	(12,810,169)
Increase / (decrease) in provisions	14,498,901	(197,299,134)
Increase / (decrease) in other current liabilities	264,566,467	195,939,813
Cash generated from operations	506,796,968	(25,648,828)
Direct Taxes Paid (Net)	(117,803,350)	(120,790,806)
Net Cash Flow From Operating Activities	388,993,618	(146,439,634)
Cash Flow from Financing Activities		
Increase / (decrease) in share capital	294,000	265,500
Payment of dividend and dividend tax	(7,465,493)	(97,606,050)
Increase / (decrease) in share application money received	24,000	151,500
Increase / (decrease) in secured borrowings	(358,153,477)	(382,132,775)
Increase / (decrease) in unsecured borrowings	(426,609,383)	542,141,856
Decrease / (increase) in intercorporate deposits	(58,512,097)	(152,208,199)
Share Issue Expenses	-	-
(Increase) / decrease in advances to joint venture, subsidiaries	522,305,679	(89,176,611)
Interest income	207,322,353	86,472,109
Finance cost including capitalised to qualifying assets	(421,354,251)	(456,715,995)
Net Cash Generated / (Used) in Financing Activities	(542,148,668)	(548,808,664)
Cash Flow From Investing Activities		
Purchase of fixed assets including capital work in progress	(51,234,938)	(151,306,605)
Dividend received	11,804	32,126,718
Proceeds on disposal of fixed assets	1,813,316	74,746,196
Proceeds on disposal of securities/investments	164,867,429	233,658,167
Long Term investments in securities	(5,524,420)	(300,979,193)
Share application money paid	(42,106,970)	(3,048,553)
Long term investments in fixed deposits with banks	(40,380,809)	137,838,540
Net Cash Generated / (Used) in Investing Activities	27,445,412	23,035,270
Net Cash Inflow / (Outflow)	(125,709,638)	(672,213,028)
Cash and cash equivalents at the beginning of the period	243,288,244	915,501,272
Cash and cash equivalents at the end of the period (Refer note no 20)	117,578,606	243,288,244
Net (decrease) / increase in cash and cash equivalents during the period	(125,709,638)	(672,213,028)

Corresponding figures of the previous year have been regrouped, renamed or rearranged wherever necessary.

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 : Dated May 20, 2013

For and on behalf of the Board of Directors

R. Vasudevan
Managing Director

Dr. Santosh Sunderrajan
Chief Executive Officer

M. Krishnamurthi
Company Secretary & Compliance Officer

V. Mohan
Chairman

D. Santhanam
Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

Amount in Rupees

Particulars	March 31, 2012	March 31, 2011
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation and prior period adjustments	111,624,802	720,833,579
Adjustments to reconcile profit before tax to cash provided by operating activities		
- Depreciation / amortisation	100,665,677	75,328,987
- Finance cost	335,455,487	227,892,092
- Dividend income	(32,126,718)	(1,252,517)
- Interest income in respect of financing activities	(86,472,109)	(13,740,633)
- Provision for doubtful debt and advances	34,844,565	1,436,872
- Provision for diminution in value of shares	150,000	-
- Prior period adjustments	(1,495,829)	4,680,601
- (Profit) loss on sale of assets	(11,066,629)	(106,680,785)
- (Profit) loss on sale of investments	(41,109,632)	(105,825,932)
Operating Profit before working capital changes	410,469,616	802,672,264
Adjustments for		
Decrease / (increase) in inventories before capitalisation of borrowing cost	(564,613,282)	(539,712,360)
Decrease / (increase) in trade receivables	258,661,037	(1,275,432,652)
Decrease / (increase) in unbilled revenues and unearned receivables	(99,818,926)	155,955,921
Decrease / (increase) in long term loans and advances	(30,745,499)	631,974,700
Decrease / (increase) in short term loans and advances	31,583,815	(12,126,733)
Decrease / (increase) in other current assets	(17,016,099)	280,519,227
Increase / (decrease) in current trade payables	(12,810,169)	347,371,160
Increase / (decrease) in provisions	(197,299,134)	30,181,192
Increase / (decrease) in other current liabilities	195,939,813	(73,744,049)
Cash generated from operations	(25,648,828)	347,658,669
Direct Taxes Paid (Net)	(120,790,806)	(174,783,910)
Net Cash flow from operating activities	(146,439,634)	172,874,759
CASH FLOW FROM FINANCING ACTIVITIES		
Increase / (decrease) in share capital	265,500	-
Payment of dividend and dividend tax	(97,606,050)	-
Increase / (decrease) in share application money received	151,500	930,000
Increase / (decrease) in secured long term borrowings	(179,939,087)	80,690,578
Increase / (decrease) in unsecured long term borrowings	80,454,683	(18,405,220)
Increase / (decrease) in secured short term borrowings	(378,657,797)	1,033,528,237
Increase / (decrease) in unsecured short term borrowings	436,931,283	876,186,903
Increase / (decrease) in current maturities of long term debt	157,870,623	(41,104,725)
Increase / (decrease) in interest accrued and due on borrowings	43,349,376	13,830,938
Decrease / (increase) in intercorporate deposits	(152,208,199)	-
(Increase) / decrease in advances to joint venture, subsidiaries	(89,176,611)	(1,109,070,159)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

Particulars	Amount in Rupees	
	March 31, 2012	March 31, 2011
Interest income	86,472,109	13,740,633
Finance cost including capitalised to qualifying assets	(456,715,995)	(263,132,302)
Net Cash generated / (used) in financing activities	(548,808,664)	587,194,882
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including capital work in progress	(151,306,605)	(193,438,270)
Dividend received	32,126,718	1,252,517
Proceeds on disposal of fixed assets	74,746,196	157,409,449
Proceeds on disposal of securities/investments	233,658,167	344,682,454
Long term investments in securities	(300,979,193)	(1,055,408,424)
Share application money paid	(3,048,553)	(39,916,670)
(Increase) / Decrease in long term investments in fixed deposits with banks	137,838,539	(52,830,786)
Net Cash generated / (used) in investing activities	23,035,269	(838,249,730)
NET CASH INFLOW / (OUTFLOW)	(672,213,028)	(78,180,088)
Cash and cash equivalents at the beginning of the period	915,501,272	993,681,360
Cash and cash equivalents at the end of the period (Refer note no 21)	243,288,244	915,501,272
Net (decrease) / increase in cash and cash equivalents during the period	(672,213,028)	(78,180,088)
Undrawn borrowing facilities	279,087,884	260,018,931

Corresponding figures of the previous year have been regrouped, renamed or rearranged wherever necessary.

AS PER OUR REPORT OF EVEN DATE

For Anand Mehta & Associates

CHARTERED ACCOUNTANTS
Firm Registration No. 127305W

Kusai Goawala
PARTNER
MEMBERSHIP NO. 39062

MUMBAI: DATED May 21, 2012

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

R. Vasudevan
MANAGING DIRECTOR

M. Krishnamurthi
COMPANY SECRETARY &
COMPLIANCE OFFICER

Dr. Santosh Sunderrajan
CHIEF EXECUTIVE OFFICER

D. Santhanam
CHIEF FINANCIAL OFFICER

V. Mohan
CHAIRMAN