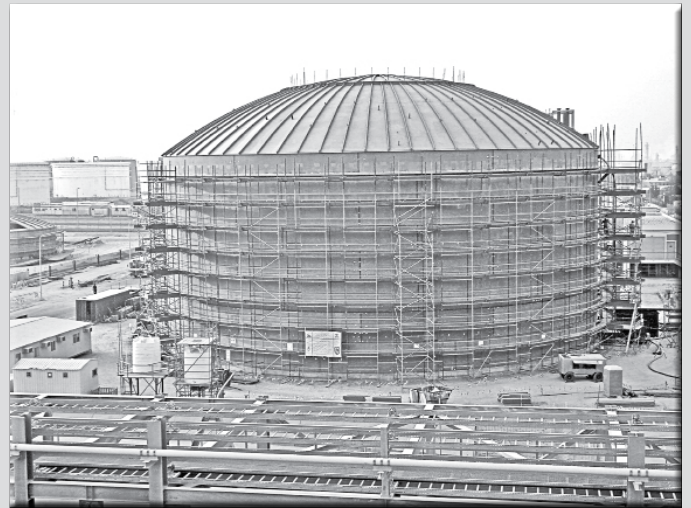




# ARTSON ENGINEERING LIMITED

30<sup>TH</sup> ANNUAL REPORT



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# Artson Engineering Limited

## Board of Directors (As on 22<sup>nd</sup> April 2009)

Chairman	<b>Kishore Pal Singh</b>
Vice Chairman	<b>N. K. Jagasia</b>
Directors	<b>A. K. Misra</b>
	<b>H. H. Malgham</b>
Special Director	<b>Michael Bastian</b>
Executive Director	<b>Prakash S. Chopde</b>

### Registered Office

Rang Udyan, Building No. 1, 2<sup>nd</sup> Floor  
Sitladevi Temple Road, Mahim (West)  
Mumbai 400 016

### Bankers

Bank of India  
Corporation Bank

### Monitoring Agency

Bank of India

### Registrar and Share Transfer Agents

Sharepro Services (India) Private Limited  
Unit: Artson Engineering Limited  
Samhita Warehousing Complex,  
Building No. 13A-B,  
Near Sakinaka Telephone Exchange,  
Andheri-Kurla Road, Sakinaka,  
Mumbai 400 072

### Auditors

Chokshi & Chokshi, Chartered Accountants

### Concurrent Auditors

Patel & Deodhar, Chartered Accountants

# Artson Engineering Limited

Registered Office: Rang Udyan, Building No. 1, 2<sup>nd</sup> Floor, Sitladevi Temple Road, Mahim (West), Mumbai 400 016

## NOTICE

Notice is hereby given that the 30<sup>th</sup> Annual General Meeting of the Members of the Company will be held on Wednesday, 22<sup>nd</sup> July 2009 at 4.00 p.m. at Chembur Gymkhana, Phase II, 16<sup>th</sup> Road, Chembur, Mumbai 400 071 to transact the following business:

### Ordinary Business

1. To receive, consider and adopt the Audited Profit and Loss Account for the Financial Year ended 31<sup>st</sup> March 2009 and the Balance Sheet as at that date, together with Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Kishore Pal Singh, who retires by rotation and being eligible, offers himself for re-election.
3. To appoint Auditors to hold Office until the conclusion of the 31<sup>st</sup> Annual General Meeting on a remuneration to be fixed by the Board of Directors.

M/s. Chokshi & Chokshi, Chartered Accountants, Mumbai, Auditors of the Company, retire at this Annual General Meeting and being eligible, offer themselves for re-appointment.

### Special Business

4. Appointment of Mr. Arun Kumar Misra as a Director

To appoint a Director in place of Mr. Arun Kumar Misra, who was appointed as an Additional Director of the Company by the Board of Directors with effect from 1<sup>st</sup> November 2008 and who holds office upto the date of ensuing Annual General Meeting of the Company under Section 260 of the Companies Act, 1956 (the Act) but who is eligible for appointment and in respect of whom the Company has received a Notice in writing under Section 257 of the Act from a member proposing his candidature for the office of Director.

5. Change in the place of keeping the Register of Members, index of Members, Copies of Annual Returns and other Documents

To pass the following Resolution, with or without modifications, as a **Special Resolution**

“RESOLVED THAT pursuant to the provisions of Section 163 of the Companies Act, 1956 (the Act) and other provisions, as applicable, of the Act the Company hereby approves that the Register of Members, Index of Members, Copies of Annual Returns and such other documents, certificates, books and records be kept at the premises of Sharepro Services (India) Private Limited, the Company’s Registrar and Share Transfer Agents situated at 13AB, Samhita Warehousing Complex, 2<sup>nd</sup> Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai 400 072 and also at 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai 400 021.”

### Notes:

1. A Member entitled to attend and vote at the meeting is entitled to appoint proxy and such proxy need not be a Member of the Company. Proxies, in order to be valid, must be received at the Registered Office of the Company not less than 48 hours before the meeting.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Annual General Meeting is annexed hereto.
3. The Register of Members and the Transfer Books of the Company will remain closed from **Wednesday, 15<sup>th</sup> July 2009 to Wednesday, 22<sup>nd</sup> July 2009** (both days inclusive).

4. Members holding shares in electronic form are requested to bring their Client ID and DP ID numbers at the meeting for easy identification.
5. Shareholders are requested to address all correspondence in relation to shares related matters to the Company's Registrar and Share Transfer Agents at the following addresses:

Sharepro Services (India) private Limited (Registered Office) UNIT: Artson Engineering Limited 13AB, Samhita Warehousing Complex, 2 <sup>nd</sup> Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai 400 072	Sharepro Services (India) private Limited (Investor Relation Centre) UNIT: Artson Engineering Limited 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai 400 021
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------
6. A Member desirous of getting any information on the accounts or operations of the Company is required to forward his/her queries to the Company at least seven days prior to the meeting so that the required information can be made available at the meeting.
7. To facilitate registration an attendance slip is enclosed. Shareholders attending the Annual General Meeting are requested to bring it with them at the venue.

By Order of the Board,  
**VISHRAM PANCHPOR**  
Company Secretary

Mumbai, 9<sup>th</sup> June 2009

## EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all the material facts relating to the Special Business mentioned in the accompanying Notice and should be taken as forming part of the said Notice.

### Item No. 4:

Mr. Arun Kumar Misra was appointed as an Additional Director of the Company by the Board of Directors with effect from 1<sup>st</sup> November 2008. Pursuant to the provisions of Section 260 of the Companies Act (the Act) and Article 147 (2) of the Articles of Association, Mr. Misra holds office till the date of ensuing Annual General Meeting, but is eligible for appointment. The Company has received a notice in writing under Section 257 of the Act from a member of the Company proposing Mr. Arun Kumar Misra, as a candidate for the office of a Director liable to retire by rotation.

Mr. A. K. Misra is a graduate in mechanical engineering from Calcutta University. He also holds a post-graduate diploma in Power Plant Engineering, Turbo Machine and Auxiliaries from Paris and fellow-membership of Indian Institute of Engineers. He has a very rich experience of nearly 34 years in Premier Power Plant Organisations, both in India and abroad. He has been associated at various stages in the design, construction and commissioning of Thermal Power Plants totaling to nearly 4000 MW. Mr. Misra is presently the Executive Director and Chief Operating Officer of Tata Projects Limited.

None of the Directors except Mr. Arun Kumar Misra is concerned with or interested in the said Resolution.

### Item No. 5:

Pursuant to the provisions of Section 163 of the Companies Act, 1956 (the Act) certain documents such as the Register of Members, Index of Members, Register and Index of Debenture-holders, Copies of Annual Returns and such other documents, books etc. are required to be kept at the Registered office of the Company. However, the said Section further provides that such registers, indexes, documents and records can be kept at any other place situated within the same city, town or village in which the Registered Office of the Company is situated and such other place has been approved by a special resolution passed by the Company at a General Meeting.

Sharepro Services (India) Private Limited, Registrar and Share Transfer Agents of the Company (Sharepro), has informed the Company about change in their Registered Office address from Satam Estate, 3<sup>rd</sup> Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai 400 099 to 13AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai 400 072.

Sharepro has further informed that for the sake of expediency various registers and documents be also kept at its Investor Relation Centre located at 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai 400 021.

In view of change in the place of keeping various registers, returns and documents etc. it is necessary to seek approval of the Members.

Members' approval, by way of a Special Resolution, is sought pursuant to Section 163 of the Act for keeping the aforementioned registers and documents at Sharepro's premises as stated in the Resolution.

None of the Directors is concerned with or interested in the said Resolution.

Mumbai, 9<sup>th</sup> June 2009

By Order of the Board,

**VISHRAM PANCHPOR**  
Company Secretary

**INFORMATION PERTAINING TO DIRECTORS SEEKING  
RE-APPOINTMENT/APPOINTMENT**

<b>Name</b>	<b>Mr. Kishore Pal Singh</b>	<b>Mr. Arun Kumar Misra</b>
<b>Date of Birth</b>	24 <sup>th</sup> January 1942	3 <sup>rd</sup> October 1945
<b>Qualifications</b>	Civil Engineer, University of Roorkee	Mechanical Engineer, Jadavpur University, Calcutta Postgraduate Diploma in Power Plant Engineering, Turbo Machine and Auxiliaries
<b>Specialised Expertise</b>	Construction and Project Management	Construction and Project Management
<b>Directorship in other Indian companies</b>	Tata Projects Limited	Tata Projects Limited TEIL Projects Limited
<b>Positions in Committees* of other Indian companies</b>	Nil	Nil
<b>Number of shares held in the Company as on 31<sup>st</sup> March 2009</b>	Nil	Nil
<b>Relationship, if any, with other Directors</b>	Not Related to any of the Directors	Not Related to any of the Directors

\* Only Audit and Investor Grievances Committees considered.

## DIRECTORS' REPORT

### TO THE MEMBERS OF ARTSON ENGINEERING LIMITED

The Directors present their Thirtieth Annual Report along with the Audited Statement of Accounts for the financial year ended 31<sup>st</sup> March 2009.

#### 1. Performance of the Company

The Company's performance for the year is summarised below:

##### Financial Highlights

	Financial Year ended 31 <sup>st</sup> March 2009	(Rupees Crore) Accounting Year (18 months) ended 31 <sup>st</sup> March 2008
Sales and Other Income	34.72	52.10
Profit/(Loss) before depreciation	(3.81)	(0.27)
Profit/(Loss) before tax	(4.55)	(1.22)
Profit/(Loss) after tax	(4.86)	(1.43)
Profit/(Loss) brought forward	(12.33)	(23.76)
Add: Prior Period Expenses	(0.15)	(0.32)
Capital Restructuring Account	—	12.33
Transfer from General Reserve	0.20	0.85
Profit/(Loss) available for appropriation	(17.14)	(12.33)

The Accounting Year ended 31<sup>st</sup> March 2008 comprised of a period of 18 months. The financial results for the year under Report are for a period of 12 months and hence the figures are not strictly comparable.

##### Operations

For the period under review, the Company has recorded a Total Income of Rs. 34.72 Crore with a Loss after Tax of Rs. 4.86 Crore.

The turnover was below the expected levels due to reduction in the contractual scope of work and general economic slowdown. Delays in receipt of Client-supplied materials and contractual time extensions contributed to unexpected establishment over-run expenses, which coupled with some unexpected liabilities adversely affected the operating results of the Company for the period under review. Increase in certain overheads to augment resources for implementation of major orders received during the year further increased the loss.

During the year, the Company received new Orders aggregating to Rs. 248 Crore for construction of crude-oil storage tanks, intermediate and product storage tanks and associated facilities. The execution activities for most of these Orders have recently commenced at various sites, in India as well as abroad, and hence the Company's performance is expected to be better during the fiscal year 2009-10.

#### 2. Rehabilitation Scheme sanctioned by the Board for Industrial and Financial Reconstruction

The Board for Industrial and Financial reconstruction (BIFR) had, vide its Order dated 18<sup>th</sup> December 2007, sanctioned a rehabilitation scheme (Sanctioned Scheme) and the said Sanctioned Scheme is under implementation.

The Company preferred an appeal to the Appellate Authority for Industrial and Financial Reconstruction (AAIFR) seeking certain modifications in the Sanctioned Scheme relating to the reliefs and concessions from the Income Tax Department, Bombay Stock Exchange Limited and Nashik Municipal Corporation. The AAIFR's Order dated 1<sup>st</sup> January 2009, has modified the Sanctioned Scheme and has extended the reliefs and concessions to the Company.

### **3. Change of Registered Office of the Company**

Effective 29<sup>th</sup> July 2008, the Registered Office of the Company has been shifted from Plot No. 426, 1<sup>st</sup> Floor, M. L. Aggarwal Building, Waman Tukaram Patil Marg, Chembur, Mumbai 400 071 to Rang Udyan Building No. 1, 2<sup>nd</sup> Floor, Sitladevi Temple Road, Mahim (West), Mumbai 400 016.

### **4. Directors' Responsibility Statement**

Directors' Responsibility Statement as required under Section 217(2AA) of the Companies Act, 1956 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March 2009:

- a. That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- c. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. That the Directors had prepared the annual accounts on a going concern basis.

### **5. Directors**

Mr. Shailendra Krishan, who had been nominated as a Director by Tata Projects Limited, resigned as a Director of the Company effective 1<sup>st</sup> November 2008. The Board has placed on record its appreciation of Mr. Krishan's valuable contribution to the Company. Effective that date, Tata Projects Limited has nominated Mr. Arun Kumar Misra as a Director of the Company and he has been appointed as an Additional Director of the Company effective 1<sup>st</sup> November 2008. Pursuant to Section 260 of the Companies Act, 1956, Mr. Misra holds office upto the ensuing Annual General Meeting, but is eligible for re-appointment. The Company has received a notice in writing from a Member proposing candidature of Mr. Misra for the office of a Director.

As per the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. K. P. Singh retires by rotation and is eligible for re-appointment.

### **6. Auditors**

M/s. Chokshi & Chokshi, Chartered Accountants, the Statutory Auditors of the Company are due to retire at the ensuing Annual General Meeting. The Company has received a certificate from the Statutory Auditors, under Section 224 (1) (b) of the Companies Act, 1956, stating that they are eligible for re-appointment and the said re-appointment, if made, will be within the prescribed limits.

### **7. Particulars of Employees**

Particulars of the employees as required under Section 217 (2A) of the Companies Act, 1956 are not applicable as the Company did not have any employee drawing remuneration in excess of the sums prescribed.

### **8. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgoings**

Particulars prescribed under Section 217(1) (e) of the Companies Act, 1956 are given in an Annexure to this Report.



## 9. Report on Corporate Governance

Pursuant to the Order passed by the AAIFR, referred above, the Company has been granted exemption from complying with the requirements of Clause 49 of the Listing Agreement upto a period of 2 years from the date of the Sanctioned Scheme. Accordingly, for the year under review, the Company is not required to report compliance with Cause 49 of the Listing Agreement dealing with Corporate Governance.

## 10. Acknowledgements

The Directors wish to place on record their sincere appreciation for the continued support received during the year from the Shareholders, Tata Projects Limited, customers – both in India and abroad, suppliers and vendors, Banks, the BIFR, the AAIFR and other Government and Regulatory authorities. The Board wishes to record its deep appreciation to all the employees of the Company for their dedication and commitment.

For and on behalf of the Board of Directors

**KISHORE PAL SINGH**  
Chairman

Mumbai, 22<sup>nd</sup> April 2009

## ANNEXURE TO THE DIRECTORS' REPORT

### Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgoings

Information as per Section 217 (1) (e) read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the Accounting Year ended 31<sup>st</sup> March 2009:

#### A. Conservation of Energy

- (a) Energy conservation measures taken: Not Applicable
- (b) Additional investments and proposals, if any, being implemented for reduction in consumption of energy: Not Applicable
- (c) Impact of the measures at (a) and (b) above, for energy consumption and consequent impact on the cost of production of goods: Not Applicable
- (d) Total energy consumption and consumption of energy per unit of production: Not Applicable

#### B. Technology Absorption

Efforts made in technology absorption: Not Applicable

#### C. Foreign Exchange Earnings and Outgoings

	Financial Year ended 31 <sup>st</sup> March 2009	(Rupees Crore) Accounting Year ended 31 <sup>st</sup> March 2008
Earnings	<b>19.13</b>	17.39
Expenditure	<b>16.32</b>	12.61

For and on behalf of the Board of Directors

**KISHORE PAL SINGH**  
Chairman

Mumbai, 22<sup>nd</sup> April 2009

## AUDITORS' REPORT

### TO THE MEMBERS OF

### ARTSON ENGINEERING LIMITED

We have audited the attached Balance Sheet of **Artson Engineering Limited** as at 31<sup>st</sup> March, 2009 and the related Profit and Loss Account and the Cash Flow statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. On the basis of written representations received from the Directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
3. In our opinion, proper books of account as required by law have been kept by the Company, in so far as appears from our examinations of the books.
4. The Balance Sheet, Profit and Loss Account and the Cash Flow statement dealt with by this report are in agreement with the Books of Account.
5. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
6. In our opinion, the Profit and Loss Account, the Balance Sheet and the Cash Flow statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
7. In our opinion, and to the best of our information and according to the explanations given to us, the said accounts together with notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India.
  - i. in the case of the Balance sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2009;
  - ii. in the case of Profit and Loss Account, of the loss for the year ended 31<sup>st</sup> March, 2009; and
  - iii. in the case of Cash Flow statement, of the cash flows for the year ended as on that date.

For **CHOKSHI & CHOKSHI**  
Chartered Accountants

**K. S. CHOKSHI**  
Partner  
Membership No. 17085

Place : Mumbai  
Date : 22<sup>nd</sup> April, 2009

## ANNEXURE TO AUDITORS' REPORT

### ANNEXURE REFERRED TO IN PARAGRAPH '1' OF AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF ARTSON ENGINEERING LIMITED

1. (a) The Company is maintaining records to show particulars of Fixed Assets including their quantitative details and location of all the assets after 2004. However, details of assets prior to this period are not available. *We are unable to express our opinion in respect of the adjustment that may arise due to the above.*  
(b) According to the information and explanations given to us, physical verification of the fixed assets was carried out by the management in a phased periodical manner during the year under report, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets, No major material discrepancies were noticed on such verification.  
(c) The Company has not disposed off substantial part of fixed assets during the year under report and the going concern status of the Company is not affected.
2. (a) According to the information and explanations given to us, physical verification has been conducted by the management as at the year end in respect of the finished goods in process, stores, spare parts and raw materials.  
(b) In our opinion and according to the information and explanations given by the management, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) No material discrepancies have been noticed on verification of inventory between the physical stock and the book records. The discrepancies noticed have been properly dealt with in the books of accounts.
3. (a) The Company has not granted any Loans, Secured or Unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956; hence this clause is not applicable.  
(b) In terms of BIFR order, the Company has taken a secured loan as listed below from a Company listed in the register maintained u/s 301 of the Companies Act, 1956. The terms and conditions on which the loan has been taken are not prima facie prejudicial to the interest of the Company and the payment of principal and interest in this regard is not yet due.

(Rs. Lakh)

Name	Opening Balance as on 31 <sup>st</sup> March, 2008	Loan raised during the Year 2008-09	Closing Balance as on 31 <sup>st</sup> March, 2009
Tata Projects Limited	1,959.33	106.35	2,065.68

4. In our opinion and according to the information and explanations given to us, there are reasonable internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across nor have been informed of any instances of major weakness in the aforesaid internal control procedures. However, in our opinion having regard to the size and nature of business and construction sites being spread over different areas, the internal control needs to be strengthened.
5. Based on the audit procedures applied by us and according to the information and explanations provided by the management, the transaction that need to be entered in the register maintained u/s 301 of the Companies act, 1956 have been entered. In our opinion the prices paid in respect of service in excess of Rs. 5.00 Lakh to a party listed in the above register was reasonable.
6. (a) In our opinion and according to the information and explanations given by the management, the Company has not accepted any deposits during the Year. Accordingly, in our opinion the provisions of section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable.  
(b) There have been no proceedings before the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
7. The Company has an adequate Concurrent audit system covering major areas of internal audit and in our opinion it is commensurate with its size and nature of its business.
8. In our opinion and according to the information and explanations given by the management, the Central Government has not prescribed for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any of the products of the Company.
9. (a) According to the information & explanation given to us and the records of the Company examined by us. In our opinion, the Company is generally regular in depositing Undisputed

Statutory dues including Provident fund, Investor Education and Protection fund, Employees State Insurance, Income Tax including Fringe Benefit Tax, Wealth Tax, Service Tax, Custom Duty, Excise duty, Education Cess and other material Statutory dues as applicable with the appropriate authorities. The amount of outstanding statutory dues exceeding 6 months from the date they became payable as at 31<sup>st</sup> March, 2009 are nil.

- (b) According to the information and explanation given to us the particulars of sales tax dues as at 31<sup>st</sup> March, 2009 which have not been deposited on account of a dispute pending are as under:

Name of the Statute	Nature of the disputed dues	Amount (Rs. Lakh)	Period to which the amount relates	Forum where dispute is pending
Commercial Tax Officer (Andhra Pradesh)	Works Contract differences in value of property passing and sale in transit	12.21	1998-1999	Commissioner Appeal
Commercial Tax (West Bengal)	Works Contract value	2.08	1998-1999 1999-2000 2000-2001	Commissioner Appeal
Commercial Tax Officer (Haryana Sales Tax)	Works Contract value	32.80	1997-1998	Commissioner Appeal

10. The Company has incurred a cash loss during the year and its accumulated loss is more than its paid up capital and free reserves and accounts are continued to be prepared on a going concern basis.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks and debenture holders.
12. The Company has not granted any Loans and Advances on the basis of security by way of pledge of shares, debenture and other securities. Therefore clause 4(xii) of the said order is not applicable to the Company.
13. The Company is not a Chit Fund or a Nidhi Mutual Benefit/Society. Therefore, the provisions of clause 4(xiii) of the said order is not applicable to the Company.
14. The Company has not entered into any trading in shares, securities, debenture and other investments during the year. Therefore, clause 4(xiv) of the said order is not applicable to the Company. The investments as coming from the earlier year were not available for our physical verification.
15. According to the information and explanations given to us, and the representations made by the management, the Company has not given any guarantee for loans taken by others from any bank or financial Institutions.
16. According to the cash flow statement and other records examined by us and the information and explanation given to us, on an overall basis, fund raised on short term basis, have not *prima facie*, been used during the year for long term investments. The Term Loans have been applied for the purpose for which they were taken.
17. The Company has not raised any funds for short term basis.
18. The Company has not made any preferential allotment of shares to any parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any secured debentures.
20. The Company has not raised any money through a public issue during the Year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by management.

For **CHOKSHI & CHOKSHI**  
Chartered Accountants

**K. S. CHOKSHI**  
Partner

Membership No. 17085

Place : Mumbai  
Date : 22<sup>nd</sup> April, 2009

**Balance Sheet as on 31<sup>st</sup> March, 2009**

	Schedule	As on 31.3.2009 (Rupees)	As on 31.3.2008 (Rupees)
<b>SOURCES OF FUNDS</b>			
<b>Shareholder's Funds</b>			
Share Capital	1	36,920,000	36,920,000
Reserves & Surplus	2	—	2,000,000
<b>Loans Funds</b>			
Secured Loans	3	206,568,000	195,933,000
Unsecured Loans		4,641,221	4,641,221
Deferred Tax Liability		4,705,036	1,784,126
		<b>252,834,257</b>	<b>241,278,347</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	4	171,863,908	161,972,354
Less: Depreciation		(122,876,620)	(116,955,455)
		<b>48,987,288</b>	<b>45,016,899</b>
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	5	13,696,724	7,467,418
Loans and Advances		33,326,242	13,982,237
Sundry Debtors		144,147,550	98,379,077
Cash and Bank Balances		63,982,624	23,237,434
Other Current Assets		36,508,653	31,155,596
		<b>291,661,793</b>	<b>174,221,762</b>
Less: Current Liabilities & Provisions	6		
Current Liabilities		257,657,384	97,957,498
Provisions		1,566,851	3,332,064
		<b>259,224,235</b>	<b>101,289,562</b>
Net Current Assets		<b>32,437,558</b>	<b>72,932,200</b>
Profit and Loss Account		<b>171,409,410</b>	<b>123,329,248</b>
		<b>252,834,257</b>	<b>241,278,347</b>
Earning Per Share		—	—
Significant Accounting Policies and Notes to Accounts	12		
Balance Sheet Abstract	13		

Subject to our Report of even date

For and on behalf of

Chokshi & Chokshi  
Chartered AccountantsK. S. Chokshi  
(Partner)  
Membership No. 17085Place : Mumbai  
Date : 22<sup>nd</sup> April, 2009

For and on behalf of the Board

K. P. Singh  
ChairmanPurushothaman R.  
Chief Financial OfficerVishram N. Panchpor  
Company SecretaryH. H. Malgham  
DirectorP. S. Chopde  
Executive DirectorPlace : Mumbai  
Date : 22<sup>nd</sup> April, 2009

## Profit and Loss Account for the year ended 31<sup>st</sup> March, 2009

	Schedule	Year ended 31.3.2009 (Rupees)	Period ended (18 months) 31.3.2008 (Rupees)
<b>INCOME</b>			
Income from Contracts	7	343,996,596	520,315,851
Other Income	8	3,245,781	658,896
		<u>347,242,377</u>	<u>520,974,747</u>
<b>EXPENDITURE</b>			
Project Execution Expenses	9	305,127,777	363,826,235
Employee Cost	10	48,257,698	89,658,010
Establishment and Other Expenses	11	11,907,572	13,188,828
Interest		20,077,770	120,79,568
Depreciation		7,342,805	9,525,711
Decrease/(Increase) in work-in-progress		—	44,895,849
		<u>392,713,621</u>	<u>533,174,201</u>
Net Profit/(Loss) Before Tax		<b>(45,471,244)</b>	(12,199,454)
<i>Add:</i> Provision For Taxation			
Current Tax		—	—
Deferred Tax		(2,920,910)	(1,784,126)
Fringe Benefit Tax		(148,281)	(341,908)
		<u>(3,069,191)</u>	<u>(2,126,034)</u>
Net Profit/(Loss) After Tax		<b>(48,540,435)</b>	(14,325,488)
<i>Add:</i> Prior Period Expenses (Net)		<b>(1,539,727)</b>	(3,160,105)
Net Profit/(Loss) After Prior Period Expenses		<b>(50,080,162)</b>	(17,485,593)
<i>Add:</i> Capital Restructuring Accounts		—	123,269,661
<i>Add:</i> Transfer From General Reserve		2,000,000	8,525,000
<i>Add:</i> Balance Brought Forward		<b>(123,329,248)</b>	(237,638,315)
Profit/(Loss) Available for Appropriation		<b>(171,409,410)</b>	(123,329,248)
Balance Profit/(Loss) c/f to Balance Sheet		<b>(171,409,410)</b>	(123,329,248)

Subject to our Report of even date

For and on behalf of

Chokshi & Chokshi  
Chartered AccountantsK. S. Chokshi  
(Partner)  
Membership No. 17085Place : Mumbai  
Date : 22<sup>nd</sup> April, 2009

For and on behalf of the Board

K. P. Singh  
ChairmanPurushothaman R.  
Chief Financial OfficerVishram N. Panchpor  
Company SecretaryH. H. Malgham  
DirectorP. S. Chopde  
Executive DirectorPlace : Mumbai  
Date : 22<sup>nd</sup> April, 2009

## Schedules forming part of Balance Sheet as at 31<sup>st</sup> March, 2009

### SCHEDULE 1

	As on 31.3.2009	As on 31.3.2008
	(Rupees)	(Rupees)
<b>SHARE CAPITAL</b>		
<b>AUTHORISED SHARE CAPITAL</b>		
(i) 150,000,000 Equity Shares of Re. 1/- each	150,000,000	150,000,000
(ii) 200,000 Preference Shares of Rs. 100/- each	20,000,000	20,000,000
	<u>170,000,000</u>	<u>170,000,000</u>
<b>ISSUED SUBSCRIBED AND PAID UP CAPITAL</b>		
36,920,000 Equity Shares of Re. 1/- each fully paid up	36,920,000	36,920,000
	<u>36,920,000</u>	<u>36,920,000</u>

### SCHEDULE 2

	As on 31.3.2009	As on 31.3.2008
	(Rupees)	(Rupees)
<b>RESERVES AND SURPLUS</b>		
<b>CAPITAL RESERVE</b>		
Balance brought forward	2,000,000	2,000,000
Less: Transferred to General Reserve	2,000,000	—
	<u>—</u>	<u>2,000,000</u>
<b>SHARE PREMIUM ACCOUNT</b>		
Balance brought forward	—	102,400,000
Less: Written back as per BIFR Order	—	(102,400,000)
	<u>—</u>	<u>—</u>
<b>GENERAL RESERVE</b>		
Balance brought forward	—	—
Add: Transferred from Capital Reserve	2,000,000	—
Add: Transferred from Foreign Project Reserve	—	8,525,000
	<u>2,000,000</u>	<u>8,525,000</u>
Less: Transferred to Profit & Loss A/C	2,000,000	8,525,000
	<u>—</u>	<u>—</u>
<b>FOREIGN PROJECT RESERVE</b>		
Balance brought forward	—	8,525,000
Less: Transferred to General Reserve	—	(8,525,000)
	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>
	<u>—</u>	<u>2,000,000</u>

## Schedules forming part of Balance Sheet as at 31<sup>st</sup> March, 2009

### SCHEDULE 3

#### LOAN FUNDS

#### SECURED LOANS

#### TERM LOANS FROM TATA PROJECTS LIMITED

In terms of the Sanctioned Scheme of the BIFR dated 27<sup>th</sup> November, 2007, the Company has obtained loans from the Strategic Investor viz. Tata Projects Limited. The Loan Agreement and creation of security favouring Tata Projects Limited are pending.

#### UNSECURED LOANS

Sales Tax Deferment Loan (SICOM)

#### DEFERRED TAX LIABILITY

Deferred Tax Liability

	As on 31.3.2009 (Rupees)	As on 31.3.2008 (Rupees)
<b>TERM LOANS FROM TATA PROJECTS LIMITED</b>	<b>206,568,000</b>	195,933,000
	<b>206,568,000</b>	195,933,000
<b>UNSECURED LOANS</b>		
Sales Tax Deferment Loan (SICOM)	<b>4,641,221</b>	4,641,221
	<b>4,641,221</b>	4,641,221
<b>DEFERRED TAX LIABILITY</b>		
Deferred Tax Liability	<b>4,705,036</b>	1,784,126
	<b>4,705,036</b>	1,784,126

### SCHEDULE 4

#### FIXED ASSETS

For the period from 1<sup>st</sup> April, 2008 to 31<sup>st</sup> March, 2009

(Rupees)

Particulars	DEPRECIATION WORKING AS PER THE COMPANIES ACT, 1956 FOR THE FINANCIAL YEAR ENDED 31 <sup>ST</sup> MARCH, 2009									
	Gross Block				Depreciation				Net Block	
	As at 1-4-2008	Additions	Deletions	As at 31-3-2009	As at 1-4-2008	On Opening Balance/ Additions	On Deletions	As at 31-3-2009	As at 31-3-2009	As at 31-3-2008
Land	429,013	—	—	429,013	—	—	—	—	429,013	429,013
Building	11,442,425	—	—	11,442,425	5,029,991	320,622	—	5,350,613	6,091,811	6,412,433
Plant & Machinery	121,432,280	9,390,108	—	130,822,388	88,971,880	5,116,104	—	94,087,984	36,734,403	32,460,399
Computer	8,416,649	612,265	—	9,028,914	7,780,112	346,258	—	8,126,370	902,544	636,537
Furniture & Fixture	6,501,773	961,634	—	7,463,407	4,387,722	903,447	—	5,291,169	2,172,238	2,114,051
Office Equipment/Air Conditioner	5,141,070	320,100	—	5,461,170	3,380,045	294,617	—	3,674,662	1,786,508	1,761,024
Electrical Installation	3,509,740	167,026	—	3,676,766	2,534,453	302,688	—	2,837,141	839,625	975,287
Vehicle	5,099,406	—	1,559,580	3,539,826	4,871,252	59,069	1,421,640	3,508,680	31,145	228,154
Total	161,972,354	11,451,133	1,559,580	171,863,908	116,955,455	7,342,805	1,421,640	122,876,620	48,987,288	45,016,899
Previous Year	166,891,505	19,746,694	24,665,844	161,972,355	127,395,649	9,525,711	19,965,905	116,955,455	45,016,900	39,495,856



## Schedules forming part of Balance Sheet as at 31<sup>st</sup> March, 2009

**SCHEDULE 5**

	As on <b>31.3.2009</b>	As on 31.3.2008
	(Rupees)	(Rupees)
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
Current Assets		
Inventories (As valued and certified by Management)		
Stock of Material and Tools	<b>13,696,724</b>	7,467,418
	<b>13,696,724</b>	7,467,418
Loans & Advances		
Advances recoverable in cash or kind for value to be received		
	<b>24,868,956</b>	8,455,736
Deposits	<b>2,809,847</b>	1,116,779
Advance payment of Income Tax	<b>5,647,439</b>	4,409,722
	<b>33,326,242</b>	13,982,237
Sundry Debtors		
(Unsecured & considered goods)		
Outstanding for more than six months	<b>13,425,080</b>	31,074,082
Others	<b>130,722,470</b>	67,304,995
	<b>144,147,550</b>	98,379,077
Cash & Bank Balances		
Cash on hand		
	<b>6,062,525</b>	4,433,320
Balances in scheduled banks in current a/c	<b>55,266,785</b>	6,263,908
In Fixed Deposit Account towards Margin Money	<b>2,653,315</b>	12,540,206
	<b>63,982,624</b>	23,237,434
Other Current Assets		
Work done but not billed		
	<b>36,508,653</b>	31,155,596
	<b>36,508,653</b>	31,155,596

**SCHEDULE 6**

	As on <b>31.3.2009</b>	As on 31.3.2008
	(Rupees)	(Rupees)
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
CURRENT LIABILITIES		
(a) Sundry Creditors	<b>60,301,136</b>	44,485,667
(b) Advances received from customers	<b>135,997,313</b>	17,583,957
(c) Other Liabilities	<b>61,358,934</b>	35,887,874
	<b>257,657,384</b>	97,957,498
PROVISIONS		
For Leave encashment	<b>411,350</b>	619,919
For Gratuity	<b>515,312</b>	2,220,236
For Fringe Benefit Tax	<b>640,189</b>	491,908
	<b>1,566,851</b>	3,332,063

## Schedules forming part of Profit and Loss Account for the year ended 31<sup>st</sup> March, 2009

### SCHEDULE 7

	As on 31.3.2009	As on 31.3.2008
	(Rupees)	(Rupees)
<b>INCOME FROM CONTRACTS</b>		
Sales – Domestic – Erection	131,573,565	300,712,893
Sales – Export – Execution Overseas	188,189,315	179,439,766
Sales – Domestic – Supply	8,633,105	40,149,771
Arbitration Award	6,189,692	—
Exchange Rate Difference	9,410,919	13,421
	<b>343,996,596</b>	<b>520,315,851</b>

### SCHEDULE 8

	As on 31.3.2009	As on 31.3.2008
	(Rupees)	(Rupees)
<b>OTHER INCOME</b>		
Discount Received	35,298	—
Interest on FDR/Bank Interest	234,709	582,839
Interest on Arbitration Award Received	1,428,547	—
Interest on IT Refund	—	68,057
Scrap Sales	864,595	—
Miscellaneous Income	45,548	8,000
Profit & Loss on sale of assets	63,837	—
Sundry Balance Written Off/back (Net)	573,247	—
	<b>3,245,781</b>	<b>658,896</b>

### SCHEDULE 9

	As on 31.3.2009	As on 31.3.2008
	(Rupees)	(Rupees)
<b>PROJECT EXECUTION &amp; OTHER OPERATING EXPENSES</b>		
Bank Guarantee & Other Charges	597,106	431,166
Consumables/Materials & Cost of Erection Services	230,629,239	253,515,225
Freight & Transportation	4,321,938	4,702,903
Insurance/ECGC Charges	1,776,764	386,088
Motor Vehicle Expenses (Site)	17,031,003	1,428,535
Equipment/Vehicle Hire Charges	23,602,555	69,262,533
Works Contract Tax/Rates & Taxes/Sales tax	3,489,805	704,041
Site Expenses	23,679,367	33,395,744
	<b>305,127,777</b>	<b>363,826,235</b>

**Schedules forming part of Profit and Loss Account for the year ended 31<sup>st</sup> March, 2009**
**SCHEDULE 10**

	As on <b>31.3.2009</b>	As on 31.3.2008
	(Rupees)	(Rupees)
<b>EMPLOYEE COST</b>		
Salaries & Wages	<b>37,116,489</b>	75,010,167
Directors Remuneration & Perquisites	<b>1,339,025</b>	3,546,718
Gratuity	<b>842,297</b>	1,008,750
Other Benefit & Compensation	<b>8,959,887</b>	10,092,375
	<b>48,257,698</b>	89,658,010

**SCHEDULE 11**

	As on <b>31.3.2009</b>	As on 31.3.2008
	(Rupees)	(Rupees)
<b>ESTABLISHMENT AND OTHER EXPENSES</b>		
Business Development Expenditure	<b>324,540</b>	—
Electricity & Water Charges	<b>409,899</b>	246,463
Miscellaneous Expenses	<b>1,306,377</b>	1,320,152
Motor Vehicle Expenses	<b>551,801</b>	644,561
Postage & Telegram, Telephone & Telex	<b>1,112,635</b>	1,268,246
Printing & Stationery	<b>635,302</b>	813,225
Professional & Legal Charges	<b>3,529,546</b>	5,857,629
Rates & Taxes	<b>12,375</b>	123,501
Rent	<b>2,332,601</b>	865,134
Sitting Fees to Directors	<b>185,000</b>	50,000
Travelling Expenses	<b>1,507,496</b>	1,999,917
	<b>11,907,572</b>	13,188,828

## Significant Accounting Policies and Notes for the Period Ended 31<sup>st</sup> March, 2009 and Balance Sheet as at that date

### SCHEDULE - 12

#### 1. Significant Accounting Policies:

##### I. Method of Accounting & Revenue Recognition:

- a. The financial statements are prepared under the historical cost convention, on an accrual basis, in conformity with the accounting principles, generally accepted in India and in accordance with accounting standards referred to in section 211(3C) of the Companies Act, 1956.
- b. Manufacturing activities: Sales have been stated exclusive of excise duty. During the year no Manufacturing Activity has been carried out.
- c. Erection/Construction activities: Revenues from execution of contract is recognized on Percentage Completion method. The stage of completion is determined on the basis of actual work executed during the period. Running bills are accounted as sales on monthly basis. No profit is recognized till a minimum of 10% progress is achieved on the contract. Cost incurred and invoices raised in respect of such contract are carried in the balance sheet as contract in progress and advance billing respectively. Adjustments, if any, arising out of settlement of accounts are accounted under appropriate heads in the year of such adjustment.
- d. Work done but not billed: Value of work executed, billed subsequent to balance sheet date, is valued at contract price.
- e.
  - i. Income and Expenses are mainly accounted on accrual basis except capital incentive from the Government authorities and liquidated damages to the extent under negotiation.
  - ii. Sales Tax set-off is based on returns filed with appropriate authorities.
- f. Bank guarantee commission is accounted in the year of execution/renewal of guarantee.
- g. As prudence, all debtors (including advances), creditors unless disputed beyond 36 months are written off/written back.

##### II. Fixed Assets:

All tangible fixed assets are stated at historical cost (as reduced by CENVAT credit) less accumulated depreciation. The cost comprises of purchase price and other attributable expenses incurred up to acquisition and installation.

##### III. Depreciation:

- a. Depreciation has been provided for on the written down value method at the rates specified in Schedule XIV of the Companies Act, 1956 except for the vacant factory building at Nasik which is depreciated @ 5% per annum.
- b. All the Fixed Assets costing less than Rs. 5,000/- each are fully depreciated in the year of acquisition.

##### IV. Impairment of Assets:

As at each Balance sheet date, the Company assesses the realizable value of all the assets. If there is any indication of fall in the realizable value over carrying cost of the assets, impairment in value of the assets is recognized.

##### V. Valuation of Inventories:

- a. Stage of completion and cost of completion in respect of engineering and construction contracts in progress, being technical matters, are estimated and certified by the Company's technical personnel.
- b. Stock of all the raw materials, construction materials, stores and spares lying at store/sites have been valued at cost on First in First Out basis.

##### VI. Investments:

Investments intended to be held for more than one year are classified as long-term investments and are carried at cost or fair value, whichever is lower. Diminution in the value of investment, if such diminution is of a permanent nature, is charged to revenue.

##### VII. Foreign Currency Transactions:

- a. Sales and expenditure relating to overseas jobs/projects have been converted at the exchange rates prevailing at the end of the month in which the transaction is entered or at the last rate available.
- b. Assets and liabilities denominated in foreign currencies at the year end are normally translated at the year end exchange rates.
- c. The exchange difference on conversion are credited or charged to profit and loss account.
- d. Financial statement of Foreign operations, which are integral operations are translated using the same principles as stated above except following items which are translated as below:

Sr. No.	Nature of the account	Policy
1.	Opening and Closing Work-in-progress	Rate at the commencement and close of the year respectively.
2.	Fixed Assets and Depreciation	Rate used for the translation of the respective date of purchase of fixed assets.

## Significant Accounting Policies and Notes for the Period Ended 31<sup>st</sup> March, 2009 and Balance Sheet as at that date *(Contd.)*

### VIII. Retirement Benefits:

- a. The Company's contribution to Provident Fund is charged to the Profit and Loss Account.
- b. Leave encashment benefit at the time of retirement/cessation of service as calculated on the basis of actuarial valuation, is charged to the Profit and Loss Account.
- c. The Gratuity liability, which is a defined benefit plan, is provided on the basis of actuarial valuation as on balance sheet date and same is funded with Life Insurance Corporation of India as per their advice.

### IX. Segment Reporting:

The Company has only one business segment i.e. Engineering & Construction activity. There is no distinguishable component of the company providing a product or service or group of products or services that is subject to risks and returns that are different from other segments. As the Company also exports, the segment for the company is based on location of customers/exports destinations.

### X. Earnings per share:

The Company reports basic earnings per share in accordance with the Accounting Standard 20 'Earnings per share' issued by the Institute of Chartered Accountants of India. Basic earnings per share, is computed by dividing the net profit or loss for the year, by the weighted average number of equity shares outstanding, during the year.

### XI. Taxation (including Deferred Tax):

Provision for Income Tax is made for both current and deferred taxes whereas provision for Fringe Benefit Tax is made for current tax. Current tax is provided on the basis of taxable income in accordance with and at the applicable tax rates and tax laws. Deferred tax assets and liabilities arising on account of timing differences and which are capable of reversal in subsequent periods, are recognized using the tax rates, and tax laws that have been enacted or substantively enacted, subject to prudence.

### XII. Borrowing Costs:

Borrowing costs have been charged to Profit and Loss Account during the year.

### XIII. Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognized for liabilities that can be measured only by using substantial degree of estimation, if:

- a. The Company has a present obligation as a result of past event;
- b. A probable outflow of resources is expected to settle the obligation; and
- c. The amount of the obligation can be reliably estimated.

Reimbursement expected in respect of the expenditure required to settle a provision is recognized only when it is virtually certain that reimbursement will be received.

Contingent Liability is disclosed in the case of:

- a. A present obligation arises from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- b. A present obligation when no reliable estimate is possible; and
- c. A possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent Assets are neither recognized, nor disclosed. Provision, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

### 2. Contingent liabilities not provided for:

- i
  - a. Bank Guarantees issued by the Company to one of the clients – Rs. 307,500/- (Previous Year – Rs. 307,500/-).
  - b. Bank Guarantees issued by Bankers of Tata Projects Limited on behalf of the Company to the Company's clients – Rs. 230,778,706/- (Previous Year – Rs. Nil).
- ii Sales Tax (Works Contract Tax) Rs. 4,708,375/- (Previous Year Rs. 4,708,375/-) for which appeals are pending.

3. Estimated amount of contract remaining to be executed on capital account and not provided for (net of advance) – Nil (Previous Year – Rs. 425,000/-).

4A. The Company had received the BIFR order dated 27<sup>th</sup> November, 2007 which is being implemented. The Company had preferred an appeal to the AAIFR with reference to the above order in respect of issues relating to Tax matters i.e. Income Tax & Service Tax, application of SEBI guidelines, exemptions from Clause 49 of the Listing Agreement with the BSE and property/house rent tax by Nasik Municipal Corporation during operation of the Scheme. Company has received an Order from AAIFR dated 1<sup>st</sup> January, 2009 specifying waivers of the above mentioned taxes and penalties and accordingly the Company has given the effects.

## Significant Accounting Policies and Notes for the Period Ended 31<sup>st</sup> March, 2009 and Balance Sheet as at that date *(Contd.)*

4B. Prior Period include the following:

Particulars	Debit (Rupees)	Credit (Rupees)
Capital Work-In-Progress	425,000	—
Advances written back/written off	1,652,723	148,778
Miscellaneous Expenses	472,338	995,407
Bank Balance	61,968	—
Gratuity	71,884	—
<b>Total</b>	<b>2,683,913</b>	<b>1,144,185</b>

5. i. All the Fixed Deposit receipts are lying with the banks towards margin money against Bank guarantees issued by Banks.  
ii. The Major components of Deferred Tax Liabilities as on 31<sup>st</sup> March, 2009 are depreciation, Gratuity and Leave Encashment.

Particulars	Balance as on 01.04.2008 (Rupees)	During the Year (Rupees)	Balance as on 31.03.2009 (Rupees)
Depreciation	1,314,191	<b>3,517,952</b>	<b>4,832,143</b>
Provision for Gratuity	342,874	<b>(342,874)</b>	—
Provision for Leave Encashment	127,061	<b>(254,168)</b>	<b>(127,107)</b>
<b>Total Deferred Tax Liability</b>	<b>1,784,126</b>	<b>2,920,910</b>	<b>4,705,036</b>

- iii. Fringe Benefit Tax for the year ended 31<sup>st</sup> March, 2009 is provided on estimate and no provision for Income Tax is made as there are losses.

### 6. Related Party Transactions:

The Company has entered into related party transactions with Holding Company and with Key Management Personnel. Details of such transactions are given below:

Name of the Related Party	Nature of relation	Nature of transaction	Year ended 31.3.2009 (Rupees)	Period ended 31.3.2008 (Rupees)
Tata Projects Limited	Holding Company	Allotment of equity shares	Nil	27,690,000
		Secured Loan	<b>10,635,000</b>	195,933,000
		Interest accrued and due	Nil	12,063,000
		Interest accrued but not due	<b>15,284,159</b>	Nil
		Sale of services	<b>121,561,152</b>	49,645,146
Mr. N. K. Jagasia	Chairman and Managing Director (Upto 4.1.2008)	Managerial remuneration	Nil	1,357,755
Rarechem Industries	Mr. P. S. Chopde is a proprietor	Reimbursement of amount paid on Company's behalf	Nil	774,000
Mr. P. S. Chopde, Whole Time Director	Key Management Personnel	Managerial remuneration	<b>1,339,025</b>	1,308,660
Mr. R. S. Medhi	Whole Time Director (Upto 4.1.2008)	Managerial remuneration	Nil	880,303

### 7. Disclosure for AS-7:

- i. Contract revenue recognized for the year ended March 2009 is Rs. 334,398,581.  
ii. Amount of Customer Advances outstanding for contracts in progress as at 31<sup>st</sup> March, 2009 is Rs. 135,997,313.  
iii. Retention amounts due from customers for contracts in progress as at 31<sup>st</sup> March, 2009 is Rs. 30,712,653.

### 8. Disclosure in accordance with Section 22 of the Micro, Small and Medium Enterprises Act, 2006:

The Company has initiated the process of obtaining confirmation from suppliers who have registered themselves under the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006). Based on the information available with

## Significant Accounting Policies and Notes for the Period Ended 31<sup>st</sup> March, 2009 and Balance Sheet as at that date *(Contd.)*

the Company, the balance due to Micro and Small Enterprises, as defined under the MSMED Act, 2006 is Rs. 31.13 Lakh, but in respect of which interest for the delay in payment is not provided as the management is of the opinion that due to contractual terms they will not be required to pay.

### 9. Disclosure in accordance with Section 22 of MSMED Act 2006:

Sr. No.	Particulars	As on 31.03.2009 (Rupees)
1.	Principal Amount	<b>8,345,536</b>
2.	Principal Amount remaining Unpaid	<b>3,112,747</b>
3.	Interest due and remained unpaid thereon	<b>838,188</b>

10. During the previous year Company had received an order from BIFR dated 27<sup>th</sup> November, 2007 and same is being implemented. In spite of losses in excess of paid up capital during the year and in spite of accumulated losses being exceeding share capital and reserves, in lieu of the large new orders being received and commenced barring unforeseen circumstances the Management expects to continue as going concern.

11. In respect of Sundry Debtors in Arbitration, the Company had written off Debtors amounting to Rs. 13.84 Crore. In the event of Arbitration Award in favour of the Company, any amount so received shall be treated as income in the year of receipt of award. During the year Company has received an Arbitration Award amounting of Rs. 6,189,692 which is included in sales.

12. i. Majority of the Company's Fixed Assets have been independently valued by an independent valuer in the preceding year and the valuation is much higher than the book value resulting in no impairment in the value of assets.

ii. Verification was carried out by an independent valuer at all domestic major location including Nashik unit. The management does not expect any significant discrepancies and pending the report for the same.

13. i. In opinion of the management, all Current Assets, Loans & Advances are approximated of the same value if realized in the ordinary course of business. Provision for all the known liabilities is adequately made.

ii. Sundry Debtors include retention of Rs. 30,712,653 (Previous year Rs. 23,817,111) receivable on completion of projects.

iii. Balance outstanding against sundry debtors and sundry creditors (including debit balances), are subject to reconciliation and confirmation with respective parties. In the opinion of the management the amounts are recoverable and considered good.

iv. Cash and Bank balances includes an amount of Rs. 3,637 which are in the personal bank account of staff at sites and cash laying with them.

v. During the year Company has transferred Capital Reserve of Rs. 2,000,000 to Profit and Loss Account.

### 14. Earnings Per Share (Basic and Diluted)

	Unit	Year Ended 31.03.2009	Period Ended 31.03.2008
i. Net profit/(loss) available for equity share holders without prior period adjustment	Rs.	<b>(48,540,435)</b>	(14,325,488)
ii. Net profit/(loss) available for equity share holders with prior period adjustment	Rs.	<b>(50,080,162)</b>	(17,485,593)
iii. Number of equity shares.(Face value Re. 1)	No.	<b>36,920,000</b>	83,070,000
iv. Earnings per share (a/d) (without prior period items)		<b>(1.31)</b>	(0.172)
v. Earnings per share (b/d) (with prior period items)		<b>(1.36)</b>	(0.21)

### 15. Details of earning and expenditure in foreign currency for the year ended 31<sup>st</sup> March, 2009:

	Amount (Rupees)
i. Earning in foreign exchange (Amount received in equivalent Indian Rupees)	191,253,649
ii. Expenditure in foreign currency (Amount expended in equivalent Indian Rupees)	129,937,775
iii. Other Expenses	33,272,243

16. The net exchange difference amount to Rs. 9,410,919 (Previous Year – Rs. 13,421) has been adjusted in the Profit and Loss Account.

## Significant Accounting Policies and Notes for the Period Ended 31<sup>st</sup> March, 2009 and Balance Sheet as at that date *(Contd.)*

17. The value of consumption of imported and indigenously obtained raw-materials and the percentage to total consumption.

	Year Ended 31.03.2009		Period Ended 31.03.2008	
	Value (Rupees)	%	Value (Rupees)	%
Imported	Nil	Nil	Nil	Nil
Indigenous	78,627,826	100	97,670,928	100

18. (i) **Erection/Construction Activities**

In respect of Erection/Construction activities, the materials procured by the Company are directly delivered to the project sites and charged off in the year of purchase and included under "Construction/Operating expenses". It is not practicable to furnish the quantitative information in respect of these items due to diversified size and nature of business.

(ii) **Manufacturing Activities**

	Year Ended 31.03.2009		Period Ended 31.03.2008	
	Qty. MT	Value Rs.	Qty. MT	Value Rs.
<b>M. S. Plates</b>				
Opening Stock	Nil	Nil	1,699	36,786
Add: Purchases	Nil	Nil	Nil	Nil
			1,699	36,786
Less: Consumption(w/off)	Nil	Nil	1,699	36,786
Closing Stock	Nil	Nil	Nil	Nil
<b>S. S. Plates</b>				
Opening Stock	Nil	Nil	0,240	3,072
Add: Purchases	Nil	Nil	Nil	Nil
			0,240	3,072
Less: Consumption (w/off)	Nil	Nil	0,240	3,072
Closing Stock	Nil	Nil	Nil	Nil
<b>Consumption of other items</b>	Nil	Nil	Nil	Nil
<b>Total Consumption</b>	Nil	Nil	Nil	Nil

(iii) **Chemical Process Equipment**

	Year Ended 31.03.2009		Period Ended 31.03.2008	
	Qty. MT	Value Rs.	Qty. MT	Value Rs.
Opening Stock	Nil	Nil	5	63,000
Closing Stock	Nil	Nil	Nil	Nil
Production	Nil	Nil	Nil	Nil
Sales	Nil	Nil	Nil	Nil

**Note:** Total sales of Erection/Constructions activities is Rs. 321,305,663 (Previous Year Rs. 354,688,708). Aggregate Purchase Rs. 239,298,937 (Previous Year Rs. 48,817,672). No activity was done in Manufacturing Division.

19. i. **Managerial and whole time directors remuneration:**

	Year Ended 31.03.2009 (Rupees)		Period Ended 31.03.2008 (Rupees)	
	Remuneration	Perquisites & Special Allowances	Remuneration	Perquisites & Special Allowances
Mr. N. K. Jagasia (Upto 04.01.2008)	—	—	1,197,258	160,497
Mr. P. S. Chopde	1,170,000	169,025	1,170,000	138,660
Mr. R. S. Medhi (Upto 04.01.2008)	—	—	803,387	76,916



## Significant Accounting Policies and Notes for the Period Ended 31<sup>st</sup> March, 2009 and Balance Sheet as at that date *(Contd.)*

ii. Professional fees include Auditors remuneration as below:

**Nature of Services**

	<b>Year Ended 31.03.2009</b>	Period Ended 31.03.2008
	<b>(Rupees)</b>	(Rupees)
Audit fees	<b>441,200</b>	337,080
Tax Audit fees	<b>66,180</b>	196,570
Taxation & other matters	<b>76,020</b>	309,083
Certification	<b>33,708</b>	19,927
Reimbursement of expenses	<b>27,003</b>	5,000
<b>Total</b>	<b>644,111</b>	<b>867,660</b>

20. The Company has provided for Gratuity of Rs. 515,312 as certified by Life Insurance Corporation of India (LIC) at the year end.

The payment made to the LIC during the year on revival of the above policy has been charged to the Profit & Loss Account.

The Opening Balance of Rs. 2,220,236 arriving from the actuarial valuation done by an Independent Valuer has been adjusted against the payment of Rs. 2,529,632 to LIC and the difference has been charged to Employees Cost Account.

Leave Encashment has been carried forward as per actuarial valuation at Rs. 411,350 and excess balance from the earlier year is adjusted against employee cost.

The Actuarial Valuation has been done on the following assumptions:

Particulars	Gratuity	Leave Encashment
Rate of Return	8%	7%
Salary Escalation Rate	4%	4%
Withdrawal Rate	0.5%	0.5%
No. of Employees	97	134

21. **Segment Reporting  
Geographical Segments**

	<b>Year Ended 31.03.2009</b>	Period Ended 31.03.2008
	<b>(Rupees)</b>	(Rupees)
Local	<b>152,856,391</b>	3,464,41,592
Export	<b>181,729,286</b>	1,738,60,837
<b>Total</b>	<b>334,585,677</b>	<b>520,302,429</b>

22. In line with accepted practice in construction business, certain revisions of costs & billing of previous years which have crystallized during the year have been dealt with during the current year.

23. Figures pertaining to previous Accounting Year have been regrouped and recited wherever necessary to make their classification comparable with that of the current period. Previous period figures are for 18 months ended 31<sup>st</sup> March, 2008 and hence not comparable.

Subject to our Report of even date

For and on behalf of

Chokshi & Chokshi  
Chartered Accountants

K. S. Chokshi  
(Partner)  
Membership No. 17085

Place : Mumbai  
Date : 22<sup>nd</sup> April, 2009

For and on behalf of the Board

K. P. Singh  
Chairman

Purushothaman R.  
Chief Financial Officer

Vishram N. Panchpor  
Company Secretary

H. H. Malgham  
Director

P. S. Chopde  
Executive Director

Place : Mumbai  
Date : 22<sup>nd</sup> April, 2009

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. Registration Details**Registration No.   -     State Code  Balance Sheet Date          
Date Month Year**II. Capital raised during the year (Amount in Rupees)**Public Issue  
          N I LRights Issue  
          N I LBonus Issue  
          N I LPrivate Placement  
          N I L**III. Position of Mobilisation and Deployment of Funds (Amount in Rupees)**Total Liabilities  
    2 5 2 8 3 4 2 5 7Total Assets  
    2 5 2 8 3 4 2 5 7**Sources of Fund**Paid-up Capital  
    3 6 9 2 0 0 0 0Reserves & Surplus  
        N I LSecured Loans  
   2 0 6 5 6 8 0 0 0Unsecured Loans  
    4 6 4 1 2 2 1**Application of Funds**Net Fixed Assets  
    4 8 9 8 7 2 8 8Investments  
        N I LNet Current Assets  
    3 2 4 3 7 5 5 8Miscellaneous Expenditure  
        N I LAccumulated Losses  
   1 7 1 4 0 9 4 1 0**IV. Performance of the Company (Amount in Rupees)**Turnover (including other income)  
    3 4 7 2 4 2 3 7 7Total Expenditure  
    3 9 2 7 1 3 6 2 1+ - (Loss) Before Tax  
 -    4 5 4 7 1 2 4 4+ - Loss After Tax  
 -    5 0 0 8 0 1 6 2Earnings Per Share in Rs.  
         Dividend %  
        N I L



V. Generic Names of Three Principal Products/Services of the Company (as per monetary items)

Item Code Nos. (ITC Code)

N A

Product Description

C O N S T R U C T I O N A N D  
P R O J E C T R E L A T E D  
A C T I V I T Y

Item Code Nos. (ITC Codes)

8 4 1 9

Project Description

M A C H I N E R Y P L A N T &  
L A B O R A T O R Y  
E Q U I P M E N T S U C H A S  
P R E S S U R E V E S S E L S &  
H E A T E X C H A N G E R S

Item Code Nos. (ITC Codes)

V A R I O U S C O D E N O S  
7 3 0 8 7 3 0 9 8 4 7 9

Product Description

T A N K S , S T O R A G E T A N K  
& P R E S S U R E V E S S E L S ,  
S H A F T S F O R  
W I N D M I L L O R W I N D -  
M I L L T O W E R S ,  
M A C H I N E S &  
M E C H A N I C A L  
A P P L I A N C E S H A V I N G  
I N D I V I D U A L F U N C T I O N  
S U C H A S L P G  
F I L L I N G M A C H I N E S  
E V A C U A T I O N U N I T  
C A R O U S E L A S S E M B L Y

For and on behalf of the Board

K. P. Singh  
Chairman

Purushothaman R.  
Chief Financial Officer

H. H. Malgham  
Director

Vishram N. Panchpor  
Company Secretary

P. S. Chopde  
Executive Director

Place : Mumbai  
Date : 22<sup>nd</sup> April, 2009

## Cash Flow Statement

### CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2009

Particulars	31-3-2009	31-3-2008
	(Rupees)	(Rupees)
<b>A. Cash flow from Operating Activities:</b>		
Net Profit/(Loss) After Tax	<b>(48,540,435)</b>	(14,325,488)
Adjustments for -		
Depreciation	<b>7,342,805</b>	9,525,711
Loss (Profit) on sale of Fixed Assets	<b>(63,837)</b>	—
Prior Period Adjustments	<b>(1,539,727)</b>	(3,160,105)
Deferred Tax	<b>2,920,910</b>	1,784,126
Interest (Net)	<b>18,414,514</b>	12,079,568
	<b>27,074,664</b>	20,229,300
Operating Profit Before Working Capital Changes	<b>(21,465,771)</b>	5,903,812
Adjustments for -		
Sundry Debtors	<b>(45,768,473)</b>	(50,900,768)
Advances	<b>(24,697,063)</b>	(36,665,796)
Inventories	<b>(6,229,306)</b>	39,929,232
Trade Payables	<b>157,934,673</b>	67,380,404
	<b>81,239,831</b>	19,743,072
Cash Generated From Operations	<b>59,774,061</b>	25,646,882
Interest Paid	<b>(20,077,770)</b>	(12,662,407)
Direct Taxes Paid (Net)	—	—
	<b>(20,077,770)</b>	(12,662,407)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>39,696,291</b>	12,984,475
<b>B. Cash Flow from Investing Activities:</b>		
Purchase of Fixed Assets	<b>(11,451,133)</b>	(19,746,694)
Sale of Fixed Assets	<b>201,776</b>	6,500,000
Interest Received	<b>1,663,256</b>	582,839
Dividend Received	—	—
	<b>(9,586,100)</b>	(12,663,855)
Net cash used in Investing Activities	<b>(9,586,100)</b>	(12,663,855)

**CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH 2009** (Contd.)

Particulars	31-3-2009	31-3-2008
	(Rupees)	(Rupees)
<b>C. Cash Flow from Financing Activities:</b>		
Increase in Secured Loan	<b>10,635,000</b>	195,933,000
Secured Loans From Financial Institution	—	(19,965,136)
Secured Loans From Scheduled Banks	—	83,678,925
Sales Tax Deferment Loan	—	(126,876)
Decrease In Cash Credit	—	(271,346,789)
Reduction In Capital	—	27,690,000
	<b>10,635,000</b>	15,863,124
Net cash used in Financing Activities	<b>10,635,000</b>	15,863,124
Net Increase in Cash and Cash Equivalents	<b>40,745,190</b>	16,183,744
Cash and Cash Equivalents as at beginning of the year	<b>23,237,434</b>	7,053,689
Cash and Cash Equivalents as at the end of the year	<b>63,982,624</b>	23,237,434

## Notes:

1. Cash Flow Statement has been prepared following the indirect Method except in case of Purchase and Sale of investments and Taxes Paid which have been considered on the basis of actual movement of cash with necessary adjustments in corresponding Assets and Liabilities.
2. Proceeds from Long term & Other borrowings are shown net of Repayments
3. Cash and Cash Equivalents represent Cash and Bank Balances only

Subject to our Report of even date

For and on behalf of  
Chokshi & Chokshi  
Chartered AccountantsK. S. Chokshi  
(Partner)  
Membership No. 17085Place : Mumbai  
Date : 22<sup>nd</sup> April, 2009

For and on behalf of the Board

K. P. Singh  
ChairmanPurushothaman R.  
Chief Financial OfficerVishram N. Panchpor  
Company SecretaryH. H. Malgham  
DirectorP. S. Chopde  
Executive DirectorPlace : Mumbai  
Date : 22<sup>nd</sup> April, 2009