



ARTSON ENGINEERING LIMITED

32ND ANNUAL REPORT

2010-2011





Tellurium Reactor
manufactured at
Nashik Factory



Air Receiver
manufactured at
Nashik Factory



Artson Engineering Limited

Board of Directors (As on 30th April 2011)

Chairman	Kishore Pal Singh
Vice Chairman	N. K. Jagasia
Directors	A. K. Misra
	H. H. Malgham
	Michael Bastian
Special Director	Shashikant Oak
Executive Director – Manufacturing	Prakash S. Chopde
Executive Director	P. V. Varghese

Registered Office

Rang Udyan, Building No. 2, 1st Floor
Sitladevi Temple Road, Mahim (West)
Mumbai 400 016

Registrar and Share Transfer Agents

Sharepro Services (India) Private Limited
(Registered Office)
UNIT: Artson Engineering Limited
13AB, Samhita Warehousing Complex,
2nd 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

Bankers

Bank of India
Corporation Bank
Gulf Bank, Kuwait

Monitoring Agency

Bank of India

Auditors

Chokshi & Chokshi, Chartered Accountants

Concurrent Auditors

Patel & Deodhar, Chartered Accountants

Artson Engineering Limited

Registered Office: Rang Udyan, Building No. 2, 1st Floor, Sitladevi Temple Road, Mahim (West), Mumbai 400 016

NOTICE

Notice is hereby given that the 32nd Annual General Meeting of the Members of the Company will be held on Thursday, 28th July 2011 at 4.00 p.m. at Mini Theatre, 3rd Floor, Ravindra Natya Mandir, P. L. Deshpande Kala Academy, Sayani Road, Prabhadevi, Mumbai 400025 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Profit and Loss Account for the Financial Year ended 31st March 2011 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 a Director in place of Mr. Arun Kumar Misra, who retires by rotation and being eligible, offers himself for re-election.
4. To appoint Auditors to hold Office until the conclusion of the 33rd Annual General Meeting on a remuneration to be fixed by the Board of Directors.

Special Business

5. Re-appointment and terms of remuneration of Mr. P. S. Chopde as Executive Director – Manufacturing

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

“**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the Act), the Company hereby approves of the appointment and terms of remuneration of Mr. P. S. Chopde as the Whole-time Director of the Company, designated as Executive Director (Manufacturing), for a period of 3 (three) years with effect from 1st April 2011, upon the terms and conditions as set out below and in the Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as ‘the Board’ which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Directors and Mr. P. S. Chopde.

a. **Remuneration:**

Salary not exceeding ₹ 1,00,000/- per month, with annual increments effective 1st April every year, commencing 1st April 2012, as may be decided by the Board, based on merit and taking into account the Company’s performance; benefits, perquisites and allowances as determined by the Board from time to time; and incentive remuneration, if any, and/or commission based on certain performance criteria to be prescribed by the Board.

b. **Minimum Remuneration:**

Notwithstanding anything to the contrary herein contained, where in any financial year, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and allowances and incentive remuneration as specified above.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.”

Notes:

1. **A Member entitled to attend and vote at the Meeting is entitled to appoint a 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 Thursday, 21st July 2011 to Thursday, 28th July 2011 (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. To facilitate registration an attendance slip is enclosed. Shareholders attending the Annual General Meeting are requested to bring it with them at the venue.
6. Pursuant to the provisions of the Companies Act, 1956, facility for making nomination is available to the shareholders in respect of shares held by them. Nomination forms can be obtained from the Registered Office of the Company or the Registrars and Share Transfer Agents of the Company.
7. 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 nd 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
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8. 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.

By Order of the Board,

VISHRAM PANCHPOR
Company Secretary

Registered Office:

Rang Udyan, Building No. 2,
1st Floor, Sitladevi Temple Road,
Mahim (West), Mumbai 400 016

Date: 30th April 2011

EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956 (the Act), 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. 5:

The Board of Directors of the Company (the Board) vide its Resolution dated 31st March 2011 has, on the recommendations of the Remuneration Committee and subject to the approval of the Members at General Meeting, re-appointed Mr. P. S. Chopde, as the Whole-time Director of the Company, designated as Executive Director (Manufacturing), for a period of 3 years i.e. from 1st April 2011 to 31st March 2014.

The appointment and terms of remuneration of Mr. P. S. Chopde as the Executive Director – Manufacturing are pursuant to the provisions of Article 173 and 176 of the Company's Articles of Association and Sections 198, 269, 309, read with Schedule XIII and other applicable provisions, if any, of the Act. Mr. P. S. Chopde shall not, while he continues to be the Whole-time Director, be subject to retirement by rotation pursuant to the provisions of Section 255 of the Act.

Besides the terms and conditions for payment of Managerial Remuneration as contained in the Resolution at Item No. 5, the other main terms and conditions relating to the re-appointment of Mr. P. S. Chopde as a Whole-time Director, as approved by the Remuneration Committee and the Board are given below:

1. The Executive Director – Manufacturing shall devote his whole time and attention to the business of the Company and carry out such duties as may be entrusted to him by the Board from time to time and separately communicated to him and exercise such powers as may be assigned to him, subject to superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company and the business of any one or more of its associated companies and/or subsidiaries, including performing duties as assigned by the Board from time to time by serving on the Boards of such associated companies and/or subsidiaries or any other executive body or any committee of such a company.

The Executive Director – Manufacturing undertakes to employ the best of the skill and ability to make his utmost endeavours to promote the interests and welfare of the Company and to conform to and comply with the directions and regulations of the Company and all such orders and directions as may be given to him from time to time by the Board.

2. The personnel policies of the Company and the related Rules which are applicable to other employees of the Company will also be applicable to the Executive Director – Manufacturing, unless specifically provided otherwise.
3. The Executive Director – Manufacturing, so long as he functions as such, undertakes not to become interested or otherwise concerned, directly or through his spouse and/or children, in any selling agency of the Company.
4. This appointment may be terminated by either party by giving to the other party six months' notice of such termination or the Company paying six months' remuneration in lieu of such notice.
5. The employment of the Executive Director – Manufacturing may be terminated by the Company without notice or payment in lieu of notice:
 - a. if the Executive Director – Manufacturing is found guilty of any gross negligence, default or misconduct in connection with or affecting the business of the Company or any subsidiary or associated company to which he is required by the Agreement to render services; or

- b. in the event of any serious or repeated or continuing breach (after prior warning) or non-observance by the Executive Director – Manufacturing of any of the stipulations contained in the Agreement; or
 - c. in the event the Board expresses its loss of confidence in the Executive Director – Manufacturing.
6. In the event the Executive Director – Manufacturing is not in a position to discharge his official duties due to any physical or mental incapacity, the Board shall be entitled to terminate his contract on such terms as the Board may consider appropriate in the circumstances.
7. Upon the termination by whatever means of his employment under the Agreement:
 - (i) the Executive Director – Manufacturing shall immediately tender his resignation from offices held by him in any subsidiaries and associated companies without claim for compensation for loss of office and in the event of his failure to do so the Company is hereby irrevocably authorised to appoint some person in his name and on his behalf to sign and deliver such resignation or resignations to the Company and to each of the subsidiaries and associated companies of which the Executive Director – Manufacturing is at the material time a Director or other officer;
 - (ii) the Executive Director – Manufacturing shall not without the consent of the Company at any time thereafter represent himself as connected with the Company or any of the subsidiaries and associated companies.
8. The Executive Director – Manufacturing is appointed by virtue of his employment in the Company and his appointment is subject to the provisions of Section 283(1)(l) of the Act.
9. If and when the Agreement expires or is terminated for any reason whatsoever, Mr. P. S. Chopde will cease to be the Executive Director – Manufacturing, and also cease to be a Director. If at any time, the Executive Director – Manufacturing ceases to be Director of the Company for any reason whatsoever, he shall cease to be the Executive Director – Manufacturing, and this Agreement shall forthwith terminate. If at any time, the Executive Director – Manufacturing ceases to be in the employment of the Company for any reason whatsoever, he shall cease to be a Director and Executive Director – Manufacturing of the Company.
10. The terms and conditions of the appointment of the Executive Director – Manufacturing also include clauses pertaining to adherence with the Tata Code of Conduct, intellectual property, non-competition, conflict of interest with the Company and maintenance of confidentiality.
11. The terms and conditions of the appointment of the Executive Director – Manufacturing may be altered and varied from time to time by the Board, as it may in its discretion deem fit, irrespective of the limits stipulated under Schedule XIII to the Act or any amendments made hereafter in this regard in such manner as may be agreed to between the Board and the Executive Director – Manufacturing, subject to such approvals as may be required.

Pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions of the Act, the approval of the Members in General Meeting is required to be obtained for the re-appointment of Mr. P. S. Chopde as the Executive Director – Manufacturing and the terms of remuneration as set out in Item No. 5 of the Notice.

Mr. P. S. Chopde is concerned with or interested in the Resolution mentioned at Item No. 5 of the Notice.

As required under Section 302 of the Act, an abstract of the main terms and conditions of the appointment of Mr. P. S. Chopde as the Executive Director – Manufacturing together with the memorandum of concern or interest has already been sent to the shareholders of the Company.

Taking into account Mr. P. S. Chopde's qualifications, experience and performance, the Board is of the opinion that it is in the interest of the Company to receive the benefit of Mr. Chopde's services and accordingly the Directors commend the Resolution at Item No. 5 for approval by the Members.

Additional information relevant to the said appointment/payment of excess remuneration as per Notification dated 16th January 2002 issued by the Department of Company Affairs.

I. General Information:

- (i) Nature of Industry: The Company undertakes EPC contracts on a turn-key basis in the Oil, Gas and Hydrocarbon (OG&H) Industry.
- (ii) Date of commencement of commercial production: The Company was incorporated on 18th September 1978 as a private limited company and was converted into a public limited company effective 22nd September 1986. The Company commenced commercial production from 1st September 1992 from its Nashik Factory. This factory was closed in the year 2002 and commercial operations have re-commenced effective 10th November 2010.
- (iii) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not applicable.
- (iv) Financial performance based on given indicators – as per published audited financial results for the Financial Years ended 31st March 2011 and 31st March 2010:

₹ Crore

Particulars	31 st March 2011	31 st March 2010
Sales and Other Income	136.02	132.08
Profit/(Loss) before tax	4.27	6.23
Profit/(Loss) after tax	4.55	6.22
Networth	(2.69)	(7.23)

- (v) Export performance and foreign exchange earnings for the Financial Years ended 31st March 2011 and 31st March 2010:

₹ Crore

Particulars	31 st March 2011	31 st March 2010
Earnings	32.33	13.17
Expenditure	30.37	14.28

- (vi) Foreign investments or collaborators, if any: The Company has no foreign collaborators and hence there is no equity participation by foreign collaborators in the Company. The Company has not made any investments overseas.

II. Information about the appointee/Director:

Mr. P. S. Chopde

- (i) Background details:

Mr. P. S. Chopde is a Mechanical Engineer from Pune University and MBA from the Jamnalal Bajaj Institute of Management Studies. He has over 4 decades of experience in Design and Construction. He was working with Lube India Limited and Hindustan Petroleum Corporation Limited before promoting this Company. Mr. Chopde has extensive international exposure by virtue of having visited large number of countries on business visits.

(ii) Past Remuneration drawn:

Remuneration drawn during the Financial Year 2010–11 aggregated ₹ 15 Lakh.

(iii) Recognition and Awards/Achievements:

Mr. Chopde has conducted many workshops on storage tanks in India and abroad and has many innovative methods of tank construction to his credit. He has been instrumental in popularizing in India the 'build and lift' method of tank construction using hydraulic jacks.

(iv) Job profile and suitability:

Mr. P. S. Chopde is one of the original promoters of the Company. Mr. Chopde has over four decades extensive experience in design and construction. Effective 4th August 2009, Mr. Chopde has been re-designated as the Executive Director – Manufacturing to undertake the revival and starting of the Nashik Factory in a phased manner. Taking into consideration his qualifications and expertise, Mr. P. S. Chopde is best suited for the responsibilities assigned to him by the Board of Directors.

(v) Remuneration proposed:

Remuneration	Salary not exceeding ₹ 1,00,000/- per month with annual increments effective 1 st April every year, commencing 1 st April 2012, as may be decided by the Board, based on merit and taking into account the Company's performance; benefits, perquisites and allowances as determined by the Board from time to time; and incentive remuneration, if any, and/or commission based on certain performance criteria to the prescribed by the Board.
Minimum Remuneration in case of inadequacy of profits during any financial year	Salary, perquisites and allowances, incentive remuneration as mentioned above, but excluding commission.

(vi) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:

Taking into consideration the nature of industry, size of the Company, the profile of Mr. P. S. Chopde, responsibility shouldered by him, the remuneration proposed is not commensurate and significantly lesser than the remuneration packages paid to similar senior level appointees in other companies.

(vii) Pecuniary relationship, directly or indirectly, with the Company or relationship with the managerial personnel, if any:

Besides the proposed remuneration, Mr. P. S. Chopde has no pecuniary relationship, directly or indirectly, with the Company or its managerial personnel.

III. Other Information:

(i) Reasons for loss or inadequate profits:

As per the Audited Balance Sheet as on 30th September 2004, the Company's networth was fully eroded due to the accumulated losses and consequently, the Company was referred to the Board for Industrial and Financial Reconstruction (BIFR) as a sick company under the provisions of Section 3 (1) (o) of the Sick Industrial Companies (Special Provisions) Act, 1985. The main reasons for the sickness of the Company were non-availability of certain type of specialized raw materials such as alloy carbon steel and non-ferrous plates, major

industrial relation problems resulting in closure of Nashik factory, major orders for fabrication of storage tanks had been abandoned which resulted in financial crunch, due to lack of funds, the Company suffered heavy losses in executing some of the Orders.

(ii) Steps taken or proposed to be taken for improvement:

At the hearing held on 27th November 2007, the BIFR has sanctioned the Rehabilitation Scheme of the Company and the Order sanctioning the scheme of rehabilitation was received by the Company on 18th December, 2007 (Sanctioned Scheme). The Sanctioned Scheme is presently under implementation.

As per the Audited Accounts of the Company for the Financial Year ended 31st March 2011, the Company's operations had resulted in a Profit After Tax of ₹ 4.54 Crore as against a Profit After Tax of ₹ 6.22 Crore during the Financial Year ended 31st March 2010. The accumulated loss as at 31st March, 2011 was ₹ 6.38 Crore as against ₹ 10.92 Crore as at 31st March, 2010.

(iii) Expected increase in productivity and profits in measurable terms:

With the orders already secured and commencement of commercial operations from the Nashik Factory, the Company hopes to substantially reduce the accumulated loss by the year-end and thereby meet the performance assured to BIFR at the time it gave its Sanctioned Scheme. The cost reduction measures would also contribute in the Company's profitability.

By Order of the Board,

VISHRAM PANCHPOR
Company Secretary

Registered Office:

Rang Udyan, Building No. 2,
1st Floor, Sitladevi Temple Road,
Mahim (West), Mumbai 400 016

Date: 30th April 2011

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

Name of the Director	Mr. Kishore Pal Singh	Mr. Arun Kumar Misra	Mr. P. S. Chopde
Director Identification Number (DIN)	00103165	00396404	00119596
Date of Birth	24 th January 1942	3 rd October 1945	10 th March 1949
Directorship in other Indian companies	Tata Projects Limited	1. Tata Projects Limited 2. TEIL Projects Limited	Nil
Positions in Committees* of other Indian companies	Nil	Nil	Nil
Number of shares held in the Company	Nil	Nil	1,23,888
Relationship, if any, with other Directors	Not Related to any of the Directors	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 Thirty-second Annual Report along with the Audited Statement of Accounts for the financial year ended 31st March 2011.

1. Performance of the Company

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

Financial Highlights

	Financial Year ended 31 st March 2011	Financial Year ended 31 st March 2010
Sales and Other Income	136.02	132.08
Profit/(Loss) before depreciation	5.92	7.56
Profit/(Loss) before tax	4.27	6.23
Profit/(Loss) after tax	4.55	6.22
Profit/(Loss) brought forward	(10.92)	(17.14)
Profit/(Loss) available for appropriation	(6.37)	(10.92)

Operations

The Company's Total Income for the year under review aggregated ₹ 136.02 Crore (Previous year – ₹ 132.08 Crore). The operations of the Company for the period under review resulted in a Profit After Tax of ₹ 4.55 Crore (Previous year – Profit After Tax of ₹ 6.22 Crore).

The Company commenced the financial year with an order backlog of about ₹ 120 Crore for construction of crude-oil storage tanks, intermediate and product storage tanks and associated facilities. During the year under review, the Company has received new orders aggregating ₹ 220 Crore. The total order-book as at 31st March 2011 stood at ₹ 205 Crore.

During the year under review, the Company successfully completed orders for construction of crude-oil storage tanks viz. 4 (four) tanks at Bathinda and 4 (four) tanks at Panipat. The Company also completed the order for construction of 2 (two) well-pads at Mangala Processing Terminal. Work for construction of Intermediate and Product Storage Tanks (total 64 tanks) at Bathinda is nearing completion. The Company also completed major overseas orders received from Overseas AST LLC, Dubai and Alghanim International in Kuwait.

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

As the Members are aware, the Board for Industrial and Financial Reconstruction (BIFR) had, vide its Order dated 27th November 2007, sanctioned a rehabilitation scheme (Sanctioned Scheme). The said Sanctioned Scheme is presently under implementation.

During the year under review, the Company filed two separate modification applications as certain modifications to the Sanctioned Scheme were felt necessary for smooth rehabilitation of the Company. The BIFR has approved the Company's request and has granted permission to the Company to raise (a) unsecured interest-bearing loans not exceeding ₹ 10 Crore from Tata

Projects Limited and (b) working capital loans from Banks. In another modification application, the BIFR has approved the extension of the exemption till 31st March 2012 from the applicability of Clause 49 of the Listing Agreement.

3. Commencement of commercial operations from the Nashik Factory

During the year under review, the Company commenced commercial operations from its Nashik Factory. The Company had received 2 (two) orders aggregating about ₹ 5 Crore for execution from Nashik Factory. Substantial portions of these orders have been executed during the year. The Company is hopeful of booking new orders for execution from Nashik Factory that will be an added contribution in the Company's operations.

4. Change of Registered Office of the Company

During the year under review, for administrative convenience and to accommodate more number of employees, the Registered Office of the Company has been shifted to a bigger area within the same premises of Rang Udyan at Mahim, Mumbai.

5. Term loan from Tata Projects Limited

During the year under review, the Company repaid the 1st installment of ₹ 4.60 Crore towards the principal amount of the term loan extended by Tata Projects Limited (TPL) under the BIFR's Sanctioned Scheme. Considering the working capital requirements for the projects under execution and other business activities of the Company and circumstances, a request has been made to TPL to grant a moratorium upto 30th September 2011 for re-payment of the 2nd installment of principal amount of loan that was due on 31st March 2011. Interest on the said loan extended to the Company has been paid to TPL.

6. Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, for the year ended 31st March 2011 the Directors confirm that:

- a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. 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. 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. the Directors had prepared the annual accounts on a going concern basis.

7. Directors

Considering the expertise and experience of Mr. P. S. Chopde in the fields of project management and execution, the Board formed an opinion that his presence on the Board will be very beneficial to the Company especially at a time when it is reviving its Nashik factory's operations. Accordingly, the Board, on the recommendations of the Remuneration Committee and subject to the approval of the Members at General Meeting, re-appointed Mr. P. S. Chopde, as the Whole-time Director of the Company, designated as Executive Director (Manufacturing), for a period of 3 years i.e. from 1st April 2011 to 31st March 2014. Proposal for Mr. Chopde's re-appointment and remuneration payable to him is being placed before the shareholders for their approval at the ensuing Annual General Meeting.

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

8. Audit Committee

The Audit Committee comprises of Mr. H. H. Malgham, Mr. Michael Bastian, Mr. N. K. Jagasia and Mr. Shashikant Oak. The Audit Committee continues to provide valuable advice and guidance in the areas of costing, finance and internal controls.

9. 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.

10. 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.

11. 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.

12. Report on Corporate Governance

Pursuant to the Orders passed by the BIFR, the Company has been granted exemption from complying with the requirements of Clause 49 of the Listing Agreement upto 31st March 2012. Accordingly, for the year under review, the Company is not required to report compliance with Clause 49 of the Listing Agreement dealing with Corporate Governance.

13. 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, 30th April 2011

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 Financial Year ended 31st March 2011:

The commercial operations from the factory situated at D-5, MIDC, Ambad, Nashik commenced on 10th November 2010.

A. Conservation of Energy

The Company is conscious of the need for energy conservation and striving to explore the possibilities of reducing energy consumption in the office premises as well as in the Nashik Factory.

B. Technology Absorption

Not applicable.

C. Foreign Exchange Earnings and Outgoings

	Financial Year ended 31 st March 2011	Financial Year ended 31 st March 2010
		(₹ Crore)
Earnings	32.33	13.17
Expenditure	30.37	14.28

For and on behalf of the Board of Directors

KISHORE PAL SINGH
Chairman

Mumbai, 30th April 2011



AUDITORS' REPORT

TO THE MEMBERS OF

ARTSON ENGINEERING LIMITED

We have audited the attached Balance Sheet of **Artson Engineering Limited** ("the Company") as at 31st March 2011, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, both 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 have 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 the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 and 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 Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report as under:

- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956;
- (e) As per information and explanation given to us, the Central Government has, till date, not prescribed any cess payable under Section 441A of the Companies Act, 1956;
- (f) On the basis of written representations received from the Directors, as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 31st March 2011 from being appointed as Director under Section 274(1) (g) of the Companies Act, 1956;
- (g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and 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 31st March 2011;
 - ii. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **CHOKSHI & CHOKSHI**
Chartered Accountants
Firm Registration No. 101872W

K. S. CHOKSHI
Partner
Membership No. 17085

Place : Mumbai
Date : 30th April 2011

ANNEXURE TO AUDITORS' REPORT

REFERRED TO IN AUDITORS' REPORT OF EVEN DATE

1. (a) The Company is maintaining records showing full particulars, including quantitative details and situations of all the fixed assets.
(b) According to the information and explanations given to us, the fixed assets are being physically verified by the Management at all its offices in a phased manner at reasonable intervals which in our opinion is reasonable having regard to the size of the Company and nature of assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
(c) The Company did not dispose off any substantial part of fixed assets during the year and the going concern status 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 procedure of physical verification of inventory followed by the management is 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 account.
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. As the Company has not granted any loans, secured or unsecured, to parties listed in the Registers maintained under Section 301 of the Companies Act, 1956, paragraphs (iii) (a), (b), (c) & (d) of the Order are not applicable.
(b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. As the Company has not taken any loans, secured or unsecured, from parties listed in the Registers maintained under Section 301 of the Companies Act, 1956, paragraphs (iii) (e), (f) & (g) of the Order are not applicable.
4. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and the sale of goods and services. Further, during the course of our audit, we have neither come across nor have been informed of any continuing failure to correct any major weakness in such internal controls. 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. (a) In our opinion, and according to the information and explanations given to us, there are no transactions that need to be entered into a Register maintained under Section 301 of the Companies Act, 1956.
(b) In our opinion, and according to the information and explanations given to us, as there are no transactions that need to be entered into a Register maintained under Section 301 of the Companies Act, 1956, paragraph (v) (b) of the Order is not applicable.
6. In our opinion, and according to the information and explanations given to us, the Company has not accepted any public deposits and hence directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies

Act, 1956 and the rules framed thereunder are not applicable. As per the information and explanations given to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this respect.

7. In our opinion, the internal audit function carried out during the year by a firm of Chartered Accountants appointed by the Company have been commensurate with its size of the Company and nature of its business.
8. According to the information and explanations given to us the Central Government has not prescribed maintenance of cost records under Clause (d) of Sub-Section (1) of Section 209 of the Companies Act, 1956.
9. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income-Tax, Sales-Tax, Wealth Tax, Service Tax, Custom Duty, Cess and other material statutory dues, as applicable, with the appropriate authorities. There are no arrears of outstanding statutory dues as at 31st March 2011 for a period of more than 6 months from the date they became payable.
- (b) As at 31st March 2011, according to the records of the Company and the information and explanations given to us, the following are the particulars of dues on account of Income Tax/Sales Tax/Wealth Tax/Service Tax/Custom Duty/Excise Duty/Cess that have not been deposited on account of disputes:

Name of the Statute	Nature of the dues	Amount (₹)	Period to which amount relates	Forum where dispute pending
Commercial Tax Officer (Andhra Pradesh)	Works Contract differences in value of property passing and sale in transit	12,20,606	1998-1999	Commissioner Appeal
Commercial Tax (West Bengal)	Works Contract value	2,07,981	1998-1999 1999-2000 2000-2001	Commissioner Appeal
Commercial Tax (Punjab)	Penalty levied on account of documents missing in transport of material.	8,02,685	2010-2011	Joint Director cum Deputy Excise & Taxation Commissioner (Appeals)

10. The accumulated losses of the Company are more than its paid up capital and free reserves. The Company has not incurred a cash loss during the financial year and in the immediately preceding financial year.
11. According to the information and explanations given to us and on the basis of our examination of the books of account, in our opinion, the Company has not defaulted in repayment of dues to any financial institution or banks or debenture holders.
12. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund, nidhi, mutual benefit or a society. Accordingly, provisions of Clause 4(xiii) of the Order are not applicable to the Company.
14. The Company has not entered into any trading in shares, securities, debentures and other investments during the year. Accordingly, provisions of Clause 4(xiv) of the Order are not applicable to the Company.

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. In our opinion and according to the information and explanations given to us, term loans availed by the Company were *prima-facie* applied by the Company during the year for the purpose for which they were obtained.
17. According to the information and explanations given to us and based on the overall examination of the Balance Sheet of the Company, funds raised on short term basis have *prima-facie* not been used for long term investment.
18. During the year, 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. The Company has not issued any secured debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **CHOKSHI & CHOKSHI**
Chartered Accountants
Firm Registration No. 101872W

K. S. CHOKSHI
Partner
Membership No. 17085

Place : Mumbai
Date : 30th April 2011

Balance Sheet as on 31st March 2011

	Schedule	As on 31 st March 2011		As on 31 st March 2010	
		Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
SOURCES OF FUNDS:					
Shareholder's Funds					
Equity Share Capital	1	36,920,000		36,920,000	
Reserves & Surplus		—		—	
			36,920,000		36,920,000
Loans Funds					
Secured Loans	2	354,039,162		242,642,176	
Unsecured Loans		104,641,221		4,641,221	
			458,680,383		247,283,397
Deferred Tax Liability (Net)	3		2,008,619		4,833,200
			497,609,002		289,036,597
APPLICATION OF FUNDS:					
Fixed Assets					
Gross Block	4	279,350,660		222,906,275	
Less: Depreciation		(148,988,846)		(132,364,196)	
			130,361,814		90,542,079
Capital Work in Progress			—		15,353,749
Current Assets, Loans & Advances					
Inventories and Contract in Progress	5	87,396,194		36,827,783	
Sundry Debtors		377,135,007		321,901,917	
Cash and Bank Balances		13,420,897		11,980,313	
Other Current Assets		374,742,988		168,077,345	
Loans and Advances		81,135,389		57,684,747	
	A		933,830,475		596,472,105
Less: Current Liabilities and Provisions					
Current Liabilities	6	628,628,868		521,196,053	
Provisions		1,711,857		1,372,519	
	B		630,340,725		522,568,572
Net Current Assets	(A-B)		303,489,750		73,903,534
Profit and Loss Account			63,757,438		109,237,235
			497,609,002		289,036,597
Significant Accounting Policies and Notes to Accounts	13				

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 : 30th April 2011

For and on behalf of the Board

Purushothaman R.
Chief Financial Officer

Vishram N. Panchpor
Company Secretary

K. P. Singh
Chairman

H. H. Malgham
Director

P. S. Chopde
Executive Director (Manufacturing)

P. V. Varghese
Executive Director

Place : Mumbai
Date : 30th April 2011

Profit and Loss Account for the year ended 31st March 2011

	Schedule	Year ended 31 st March 2011		Year ended 31 st March 2010	
		Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
INCOME					
Income From Contracts and Sale of Goods	7	1,356,900,233		1,319,352,887	
Other Income	8	3,314,361		1,453,958	
			1,360,214,594		1,320,806,845
EXPENDITURE					
Project Execution Expenses	9	1,165,199,244		1,041,257,143	
Raw Material Consumed		20,441,447		—	
Employee Cost	10	75,907,969		106,728,798	
Establishment & Other Expenses	11	54,580,458		74,127,644	
(Increase)/Decrease in Inventories and Contract in progress	12	(47,566,626)		—	
Interest		32,372,234		23,091,898	
Depreciation and Amortisation	4	16,624,651		13,301,022	
			1,317,559,377		1,258,506,505
Net Profit/(Loss) Before Tax			42,655,217		62,300,340
Less: Provision for Taxation					
Current Tax		—		—	
Deferred Tax		(2,824,581)		128,164	
			(2,824,581)		128,164
Net Profit/(Loss) After Tax			45,479,798		62,172,176
Less: Prior Period Expenses			—		—
Net Profit/(Loss) After Prior Period Expenses			45,479,798		62,172,176
Add: Balance Brought Forward			(109,237,236)		(171,409,412)
Profit/(Loss) Available for Appropriation			(63,757,438)		(109,237,236)
Balance Profit/(Loss) carried forward to Balance Sheet			(63,757,438)		(109,237,236)
Earning Per Share			1.23		1.68
Significant Accounting Policies and Notes to Accounts	13				

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 : 30th April 2011

For and on behalf of the Board

Purushothaman R.
Chief Financial Officer

Vishram N. Panchpor
Company Secretary

K. P. Singh
Chairman

H. H. Malgham
Director

P. S. Chopde
Executive Director (Manufacturing)

P. V. Varghese
Executive Director

Place : Mumbai
Date : 30th April 2011

Schedules forming part of Balance Sheet as at 31st March 2011

SCHEDULE 1	As on 31 st March 2011		As on 31 st March 2010	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
SHARE CAPITAL				
AUTHORISED SHARE CAPITAL:				
(i) 150,000,000 Equity Shares of ₹ 1/- each	150,000,000		150,000,000	
(ii) 200,000 Preference Shares of ₹ 100/- each	20,000,000		20,000,000	
		170,000,000		170,000,000
ISSUED SUBSCRIBED AND PAID UP CAPITAL:				
36,920,000 Equity Shares of ₹ 1/- each fully paid up	36,920,000		36,920,000	
		36,920,000		36,920,000

SCHEDULE 2	As on 31 st March 2011		As on 31 st March 2010	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
LOAN FUNDS				
SECURED LOANS:				
Working Capital Loan from Bank	145,999,762		13,174,176	
(First Charge by way of Hypothecation on Inventories, Book Debts and Other Current Assets)				
Term Loan from Holding Company	208,039,400		229,468,000	
In terms of the Sanctioned Scheme of BIFR dated 18th December 2007, the Company has obtained loan from Strategic Investor viz. Tata Projects Limited against the security of immovable property of Land and Building and the necessary documents are with the Holding Company				
		354,039,162		242,642,176
UNSECURED LOANS:				
Short term Loan (ICD) from Holding Company	100,000,000		—	
Sales Tax Deferment Loan	4,641,221		4,641,221	
		104,641,221		4,641,221
		458,680,383		247,283,397

SCHEDULE 3	As on 31 st March 2011		As on 31 st March 2010	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
DEFERRED TAX LIABILITY				
Opening Deferred Tax Liability	4,833,200		4,705,036	
Add/(Less) : Change in Deferred tax liability during the year	(2,824,581)		128,164	
Deferred Tax Liability (Net)		2,008,619		4,833,200

Schedules forming part of Balance Sheet as at 31st March 2011

SCHEDULE 4

FIXED ASSETS

For the period from 1st April 2010 to 31st March 2011

Amount in (₹)

Particulars	Gross Block			Depreciation				Net Block		
	As on 1 st April 2010	Additions	Deletions	As on 31 st March 2011	As on 1 st April 2010	Current Year	On Deletions	As on 31 st March 2011	As on 31 st March 2011	As on 31 st March 2010
Land	429,013	—	—	429,013	—	—	—	—	429,013	429,013
Building	11,442,425	7,792,277	—	19,234,702	5,655,204	701,802	—	6,357,006	12,877,696	5,787,221
Leasehold Improvements	—	6,486,198	—	6,486,198	—	297,325	—	297,325	6,188,873	—
Plant & Machinery	178,048,112	27,476,636	—	205,524,749	101,227,760	12,781,409	—	114,009,169	91,515,580	76,820,352
Computer	10,438,634	958,748	—	11,397,382	8,916,511	699,843	—	9,616,354	1,781,027	1,522,123
Furniture & Fixture	8,524,398	3,972,799	—	12,497,197	6,193,872	901,073	—	7,094,946	5,402,251	2,330,526
Office Equipment/Air Conditioner	5,447,416	2,314,288	—	7,761,705	3,592,318	402,780	—	3,995,098	3,766,607	1,855,099
Electrical Installation	4,224,599	6,116,359	—	10,340,958	3,093,636	446,284	—	3,539,920	6,801,038	1,130,962
Vehicle	4,351,680	1,305,220	—	5,656,901	3,684,894	386,901	—	4,071,795	1,585,106	666,784
Computer Softwares	—	21,857	—	21,857	—	7,234	—	7,234	14,623	—
Current Year	222,906,275	56,444,383	—	279,350,660	132,364,195	16,624,651	—	148,988,846	130,361,814	90,542,080
Previous Year	171,863,908	55,968,079	4,925,712	222,906,275	122,876,620	13,301,022	3,813,446	132,364,196	90,542,080	48,987,288
Capital Work-in-Progress										
Current Year	15,353,749	—	15,353,749	—	—	—	—	—	—	—
Previous Year	—	15,353,749	—	15,353,749	—	—	—	—	15,353,749	—

SCHEDULE 5

CURRENT ASSETS, LOANS AND ADVANCES

As on 31st March 2011

As on 31st March 2010

Amount (₹)

Amount (₹)

Amount (₹)

Amount (₹)

Current Assets:

Inventories and Contract in Progress:

(As valued and certified by Management)

Contract in Progress

21,015,734

—

Inventories

Stock of Materials and Tools

39,829,569

36,827,783

Work in Progress

26,550,890

—

87,396,194

36,827,783

Sundry Debtors:

(Unsecured and considered good by Management)

Outstanding for more than six months

111,784,793

56,293,751

Others

[Includes Receivable from Holding Company

– ₹ NIL (Previous Year ₹ 7,051,814/-)]

275,350,214

265,608,166

387,135,007

321,901,917

Less :- Provision for Doubtful Debts

(10,000,000)

—

377,135,007

321,901,917

Schedules forming part of Balance Sheet as at 31st March 2011

SCHEDULE 5 (Contd.)	As on 31st March 2011		As on 31st March 2010	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
CURRENT ASSETS, LOANS AND ADVANCES (Contd.)				
Cash and Bank Balances:				
Cash in Hand	822,276		2,746,742	
Balances with Scheduled Banks				
On Current Accounts	1,635,939		1,281,444	
On Deposit Accounts	9,878,039		5,818,066	
Balance with Non-Scheduled Bank				
On Current Accounts				
Gulf Bank, Kuwait				
Maximum Balance Outstanding during the period ₹ 37,83,868/- (Previous Year – ₹ 11,109,953/-)	1,084,644		2,134,061	
		13,420,897		11,980,313
Other Current Assets:				
Work Done but not Billed	298,382,525		128,020,893	
CENVAT Credit	18,256,176		16,985,210	
VAT Input and Refund Claim	48,114,771		22,391,387	
Other Assets	9,989,516		679,855	
		374,742,988		168,077,345
Loans & Advances:				
Advances recoverable in cash or kind for value to be received	63,178,087		48,801,205	
Deposits	13,522,039		1,703,924	
Income Tax	4,435,264		7,179,618	
		81,135,390		57,684,747
		933,830,475		596,472,105

SCHEDULE 6	As on 31st March 2011		As on 31st March 2010	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities:				
Sundry Creditors:				
Total Outstanding due to creditors under Micro, Small and Medium Enterprise Development Act, 2006	1,508,491		4,295,045	
Total Outstanding due to creditors other than Micro, Small and Medium Enterprise Development Act, 2006	218,560,135		239,175,372	
Advance Received from Customers	91,954,233		172,403,586	
Payable to Holding Company – ₹ 45,05,258/- (Previous Year ₹ 11,591,091/-)				
Other Liabilities	316,606,009		105,322,050	
		628,628,868		521,196,053
Provisions:				
Leave Encashment	1,594,804		382,330	
Gratuity	117,053		350,000	
Fringe Benefit Tax	—		640,189	
		1,711,857		1,372,519
		630,340,725		522,568,572

Schedules forming part of Profit and Loss Account for the year ended 31st March 2011

SCHEDULE 7 INCOME FROM CONTRACTS AND SALE OF GOODS	Year Ended 31 st March 2011		Year Ended 31 st March 2010	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
Sales	1,849,731		—	
Sales – Domestic – Erection	1,003,892,643		1,105,129,071	
Sales – Domestic – Manpower	27,959,681		18,146,598	
Sales – Export – Execution Overseas	294,723,838		125,465,372	
Sales – Manpower – Export	28,377,018		—	
Sales – Export – Erection/Supply	270,053		24,633,526	
Sales – Domestic – Supply	—		39,765,709	
Arbitration Award	—		6,212,610	
	1,357,072,964		1,319,352,887	
Less :- Excise Duty	(172,731)		—	
		1,356,900,233		1,319,352,887

SCHEDULE 8 OTHER INCOME	Year Ended 31 st March 2011		Year Ended 31 st March 2010	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
Dividend Received on Mutual Fund Investment	—		621,459	
Interest on FDR/Bank Interest/Margin Money (TDS ₹ 55,985/-) (Previous Year ₹ 34,400/-)	577,037		499,558	
Interest on Income Tax Refund/Arbitration Award	242,760		268,624	
Scrap Sales	2,347,853		27,615	
Miscellaneous Income	146,711		36,703	
		3,314,361		1,453,958

SCHEDULE 9 PROJECTS EXECUTION EXPENSES	Year Ended 31 st March 2011		Year Ended 31 st March 2010	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
Bank Guarantee and Other Charges	5,646,326		4,269,864	
Cost of Consumables, Project Materials and Erection Services	955,000,930		910,729,403	
Freight and Transportation	12,046,703		15,779,354	
Insurance/ECGC Charges	2,689,656		2,397,913	
Site Vehicle Expenses	25,978,450		18,996,887	
Hire Charges – Equipment, Machineries & Others	71,702,273		46,319,946	
Works Contract Tax and Other Taxes	30,238,405		35,003,413	
Repairs and Maintenance – Machineries	2,612,354		1,999,303	
Site Expenses	59,284,147		5,761,059	
		1,165,199,244		1,041,257,143

Schedules forming part of Profit and Loss Account for the year ended 31st March 2011

SCHEDULE 10	Year Ended 31st March 2011		Year Ended 31st March 2010	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
EMPLOYEE COST				
Salaries	67,595,270		83,830,565	
Provident Fund Contribution	1,861,767		1,591,638	
Gratuity	281,867		1,693,560	
Other Benefits and Compensation	2,221,065		17,070,326	
Directors Remuneration & Perquisites	3,948,000		2,542,709	
		75,907,969		106,728,798

SCHEDULE 11	Year Ended 31st March 2011		Year Ended 31st March 2010	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
ESTABLISHMENT AND OTHER EXPENSES				
Business Development Expenditure	1,576,357		332,755	
Electricity and Water Charges	585,653		5,188,382	
Motor Vehicle Expenses	498,738		292,300	
Postage, Telegram, Telephone and Telex	3,325,401		2,883,259	
Printing and Stationery	2,183,941		2,102,979	
Professional and Legal Charges	11,335,406		7,367,671	
Rates and Taxes	382,303		71,317	
Rent	6,721,750		8,553,841	
Sitting Fees to Directors	235,000		225,000	
Travelling Expenses	9,606,626		20,411,404	
Bank and Financial Charges	1,125,000		5,185,412	
Provision for Doubtful Debts	10,000,000		—	
Registration Expenses - Overseas	1,590,900		—	
Exchange Rate Fluctuation (Net)	793,524		16,989,937	
(Profit)/Loss on Assets Discarded	—		1,112,266	
Loss by Fire	389,385		—	
Miscellaneous Expenses	4,230,476		3,411,122	
		54,580,458		74,127,644

SCHEDULE 12	Year Ended 31st March 2011		Year Ended 31st March 2010	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
(INCREASE)/DECREASE IN INVENTORIES AND CONTRACT-IN-PROGRESS				
Inventories and Contracts-in-progress				
Contract in Progress	21,015,734		—	—
Work-in-Progress	26,550,892		—	—
		47,566,626		—

Significant Accounting Policies and Notes to Accounts for the Year Ended 31st March 2011 and Balance Sheet as at that date

SCHEDULE – 13

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 of Goods is recognized as per the terms of sales. Sales exclude amount recovered towards Excise Duty and Sales Tax.
- 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. When it is probable at any stage of the contract, that the total cost will exceed the total contract revenue, the expected loss is recognized immediately.
- 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 accounted on accrual basis except capital incentive from Government authorities and liquidated damages to the extent under negotiation.
 - ii. VAT set-off is based on returns filed with appropriate authorities.
- f. Bank guarantee commission is accounted in the year of execution/renewal of guarantee.

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/Amortisation on Fixed Assets:

- a. Depreciation has been provided for on the written down value method at the rates specified in Schedule XIV of the Companies Act, 1956.
- b. All the Fixed Assets costing less than ₹ 5,000/- each are fully depreciated in the year of acquisition.
- c. Lease hold Improvements is amortised over the period of the Lease.

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/ factory have been valued at cost on First in First Out basis.
- c. Work-in Progress are valued at lower of cost and net realizable value.

VI. Investments:

Investments intended to be held for more than one year are classified as long term investments and are carried at cost of acquisition inclusive of other attributable expenses or fair value whichever is lower. Diminution in the value of investment is provided for, if such diminution is of other than temporary nature. Current Investments are carried at lower of cost and fair value.

VII. Foreign Currency Transactions:

- a. Sales and expenditure relating to overseas jobs/projects have been converted at the exchange rates prevailing on the date of transaction.
- b. Assets and liabilities denominated in foreign currencies at the year end are normally translated at the year end exchange rates.

Significant Accounting Policies and Notes to Accounts for the Year Ended 31st March 2011 and Balance Sheet as at that date *(Contd.)*

- 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	Exchange rate at the commencement and close of the year respectively.
2.	Fixed Assets and Depreciation	Exchange rate used for the translation of the respective date of purchase of fixed assets.

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 employment 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 is in the business of Engineering Procurement contracts & Construction in Oil and Gas and Hydrocarbon sector and ancillary services including Manufacturing activity. More than 90% of the income is only from Engineering & Construction contract in Oil and Gas Sector and ancillary services. The projects are executed both in India and abroad. Considering the core activity of the company as above, the primary segment is Geographical segment. Accordingly the reportable Segment of the Company are:

- a. Domestic
- b. Overseas

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. 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 recognised using the tax rates, and tax laws that have been enacted or substantively enacted, subject to prudence.

XII. Borrowing Costs:

Borrowing costs which are directly attributable to acquisition, construction and production of qualifying assets, are capitalised.

XIII. Provisions, Contingent Liabilities and Contingent Assets:

Provision are recognised 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.

Significant Accounting Policies and Notes to Accounts for the Year Ended 31st March 2011 and Balance Sheet as at that date *(Contd.)*

2. Contingent liabilities not provided for:

- a. (i) Bank Guarantees issued by the Company to its clients ₹ 16,94,59,684/- (Previous Year ₹ 5,69,16,185/-).
- (ii) Bank Guarantees issued by Bankers' of Tata Projects Limited on behalf of the Company to the company's clients. ₹ 22,79,78,706/- (Previous Year ₹ 22,79,78,706/-)
- (iii) Letter of credit issued by company's Bankers to one of the supplier ₹ NIL/- (Previous Year ₹ 20,48,438/-).
- b. Sales Tax (Works Contract Tax) ₹ 22,31,272/- (Previous Year ₹ 47,08,375/-) for which appeals are pending.

3. The Company had received the order dated 18th December 2007 from the Board for Industrial and Financial Reconstruction (BIFR) which is under implementation. 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 Nashik Municipal Corporation during operation of the Scheme. The Company has received an Order from AAIFR dated 1st January, 2009 specifying waivers of the above mentioned taxes and penalties and accordingly the Company has given the effects. The Company has also received an order dated 3rd December 2009 from the BIFR where by the Company has been granted exemption upto 31st March 2011 from complying with clause 49 of the listing agreement with the BSE. Further the said exemption has been extended upto 31st March 2012 vide BIFR's order dated 1st April 2011.

4. Pursuant to the Order dated 18th December 2007 issued by the Board for Industrial and Financial Reconstruction (BIFR) a scheme of rehabilitation of the Company has been sanctioned (the Sanctioned Scheme). In terms of the Sanctioned Scheme, Tata Projects Limited (TPL) acquired 75% of the paid-up equity capital of the Company and consequently the Company became a subsidiary of TPL. The Sanctioned Scheme, amongst others, also provides for exemption from the provisions of Sections 58A and 372A and other relevant provisions of the Companies Act, 1956 and the regulations made thereunder with respect to TPL providing loans, guarantees and making investments in the equity capital of the Company.

5. a. All the Fixed Deposit receipts are lying with the banks towards margin money against Bank guarantees issued by Banks.
- b. Deferred Tax Liabilities as on 31st March 2011 comprises of:

Particulars	Balance as on 31 st March 2011 (₹)	Balance as on 31 st March 2010 (₹)
Deferred Tax Liability: Arising on account of timing difference in:		
i. Depreciation	30,06,054	48,32,143
ii. Provision for Leave Encashment	(5,42,074)	(1,27,107)
iii. Provision Gratuity	(39,786)	—
iv. Provision for Bonus	(4,15,575)	—
Total Deferred Tax Liability	20,08,619	47,05,036

- c. Provision for Income tax under normal provision of Income Tax Act 1961 is not made as there are carry forward losses. MAT u/s 115 JB of Income Tax Act 1961 is not applicable as the Company is a sick Company and continues to remain registered with BIFR as a sick Company.

6. Investment – Purchases and Redemption made during the year:

Name of the Mutual Fund	2010-11 (₹)	2009-10 (₹)
Tata Floater Fund	—	90,000,000
ICICI Liquid super IP	—	30,000,000
Tata Liquid Super High Inv. Fund	—	90,000,000

Scheme of the investments was dividend Reinvestment and income of such dividend is accounted for.

Significant Accounting Policies and Notes to Accounts for the Year Ended 31st March 2011 and Balance Sheet as at that date *(Contd.)*

7. Related Party Transactions:

Information as required by AS-18 on "Related Party Disclosures" are as follows:

Name of the related party	Nature of relation	Nature of transaction	2010-2011 (₹)	2009-2010 (₹)
Tata Projects Limited	Holding Company	Secured Loan outstanding as at the beginning of the year.	229,468,000	206,568,000
		Secured Loan taken during the year	24,465,000	22,900,000
		Secured Loan repaid during the year	45,893,600	
		Secured Loan outstanding as at year end	208,039,400	229,468,000
		Unsecured Loan outstanding as at the beginning of the year	NIL	NIL
		Unsecured Loan taken during the year	110,000,000	NIL
		Unsecured Loan repaid during the year	10,000,000	NIL
		Unsecured Loan outstanding as at year end	100,000,000	NIL
		Interest payable at the beginning of the year	NIL	19,613,770
		Interest accrued and due during the year. (Gross)	23,650,044	21,095,978
		Interest Paid during the year including TDS	22,817,851	40,709,748
		Interest payable at the end of the year	832,193	NIL
		Sale of services	808,873	100,087,319
		Receivables as at end of the year	2,704,321	8,091,285
Balance of Mobilisation/ Advance as at the end of year	10,072,273	1,368,369		
Liability for Reimbursement of Expenses	21,305,870	11,591,091		
Mr. P. S. Chopde, Executive Director (Manufacturing)	Key Management Personnel	Managerial Remuneration	1,500,000	1,675,709
Mr. P. V. Varghese, Executive Director (From 01.01.2010)	Key Management Personnel	Managerial Remuneration	2,448,000	867,000

Significant Accounting Policies and Notes to Accounts for the Year Ended 31st March 2011 and Balance Sheet as at that date *(Contd.)*

8. Disclosure as required by AS-7 on "Construction Contracts" are as follows:

Sr. No.	Particulars	2010-11 (₹)	2009-10 (₹)
A.	Contract revenue recognized during the year	1,184,861,601	1,210,272,385
B.	Amount of Customer Advances (Net of recoveries from progressive bills)	87,819,544	172,616,306
C.	Retention amount	47,982,950	20,672,997
D.	Aggregate amount of contract costs incurred in respect of ongoing contracts net of recognized profits (less recognized loss) upto the reporting date	2,316,074,909	1,637,281,761
E.	Gross amount due from customers for contract work	343,151,026	120,202,242

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

The Company has complied with the requirement 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 the Company, the balance due to Micro and Small Enterprises as defined under the MSMED Act, 2006 is ₹ 15.08 Lacs, but interest for the delay in payment is not provided as the management is of the opinion that due to contractual terms liability of interest will not arise.

Disclosure in accordance with Section 22 of MSMED Act, 2006:

Sr. No.	Particulars	31 st March 2011 (₹)	31 st March 2010 (₹)
1.	Principal Amount	4,295,045	10,027,834
2.	Principal Amount remaining unpaid	1,508,491	4,295,045
3.	Interest Due and remained unpaid thereon	362,038	315,483

10. The Company had received an order from BIFR dated 18th December, 2007 and same is being implemented. In spite of accumulated losses being exceeding share capital and reserves, in lieu of the profits in last two years and barring unforeseen circumstances the Management expects to continue as going concern.
11. In the event of Arbitration award in favour of the Company, any amount so received is treated as income in the year of receipt of award. During the year the Company is not in receipt of any arbitration award.
12. a. Majority of 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.
- b. Physical verification of Assets were made by an independent agency in previous year at all domestic locations including Nashik unit and based on the report the company had made deletion in Gross Block of ₹ NIL (Previous Year – ₹ 4,925,712/-) and corresponding depreciation for ₹ NIL (Previous Year – ₹ 3,813,446/-) with regards to discarded assets as shown in schedule – 4 in Accounts.
13. a. In the 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.
- b. Sundry Debtors include retention of ₹ 47,982,950/- (Previous Year ₹ 20,672,997/-) receivable on completion of projects.
- c. Balance outstanding against sundry debtors and sundry creditors (including debit balances), are subject to reconciliation and confirmation with respective parties. The provision of ₹ 10,000,000/- is made for doubtful debts. In the opinion of the management the balance amounts are good and recoverable/payable.
14. No amount is due within one year towards Sales Tax Deferment Loan.
15. For an accidental fire that took place at one of the project sites, the Company has lodged an insurance claim of ₹ 8,989,385/- and the same is under process.

Significant Accounting Policies and Notes to Accounts for the Year Ended 31st March 2011 and Balance Sheet as at that date *(Contd.)*

16. Earnings per share (Basic & Diluted):

	Year ended 31 st March 2011 ₹	Year Ended 31 st March 2010 ₹
a. Net profit/(loss) available for equity share holders.	45,479,798	62,172,176
b. Number of equity shares (Face value ₹ 1/-)	36,920,000	36,920,000
c. Basic earnings per share (a/b)	1.23	1.68

17. Details of earning and expenditure in foreign currency for the year ended 31st March, 2011:

Particulars	Year ended 31 st March 2011 ₹	Year Ended 31 st March 2010 ₹
Earning in foreign exchange (Amount in equivalent Indian rupees)	323,370,909	131,719,735
Expenditure in foreign currency (Amount in equivalent Indian rupees)	277,414,667	55,555,150
Other Expenses	26,319,283	87,193,019

18. The net exchange rate difference amounting to ₹ (793,524)/- [Previous Year ₹ (16,989,937/-)] has been debited to the Profit and Loss a/c in compliance with AS-11 on "The Effect of changes in Foreign Exchange Rates".

19. Quantitative Details:
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

The commercial operations at Nashik Factory commenced with effect from 10th November 2010. The relevant quantitative details are as follows:

20. a. Raw material Consumed

	2010-2011		2009-2010	
	Quantity (M.T.)	Value (₹ in lacs)	Quantity (M.T.)	Value (₹ in lacs)
Plates/Steel	232.45	179.86	NIL	NIL
Pipes	0.75	05.22	NIL	NIL
Paints (Ltr.)	560	00.59	NIL	NIL
Others	—	18.74	NIL	NIL
Total		204.41		

b. Imported/Indigenous Raw material Consumed

	2010-2011		2009-2010	
	Value (₹ in lacs)	%	Value (₹ in lacs)	%
Imported	NIL	NIL	NIL	NIL
Indigenous	20,441,447	100%	NIL	NIL

c. Sales

	2010-2011		2009-2010	
	Quantity (M.T.)	Value (₹ in lacs)	Quantity (M.T.)	Value (₹ in lacs)
Reactor (Tank)	3.640/1	18.49	NIL	NIL
Less: Excise Duty		(1.72)		NIL
Total		16.77		NIL

Significant Accounting Policies and Notes to Accounts for the Year Ended 31st March 2011 and Balance Sheet as at that date *(Contd.)*

21. Managerial and Whole-time Directors' remuneration:

	Year Ended 31 st March 2011 (₹)		Year Ended 31 st March 2010 (₹)	
	Remuneration	Perquisites & Special allowances	Remuneration	Perquisites & Special allowances
(i) Mr. P. S. Chopde Executive Director (Manufacturing)	1,207,500	292,500	1,170,000	505,709
(ii) Mr. P. V. Varghese Executive Director (From 1 st January 2010)	1,020,000	1,428,000	867,000	—
Total	2,227,500	1,720,500	2,037,000	505,709

22. Professional fees include Auditors remuneration as below:

Nature of services	Year Ended 31.03.2011 (₹)	Year Ended 31.03.2010 (₹)
Audit fees	661,800	441,200
Tax Audit fees	110,300	66,180
Taxation, Certification & Other matters	299,429	249,459
Reimbursement of expenses	11,030	NIL
Total	1,082,559	756,839

23. The Company has paid the Gratuity amount of ₹ NIL (Previous Year – ₹ 3,50,000). Reimbursement from Life Insurance Corporation of India is pending ₹ NIL (Previous Year – ₹ 350,000).

Leave Encashment has been provided as per actuarial valuation at ₹ 15,94,804/-, and excess balance from the earlier year is charged to employee cost.

The Actuarial Valuation of Gratuity and Leave Encashment has been done on the following assumptions:

Particular	Gratuity		Leave Encashment	
	2010-2011	2009-2010	2010-2011	2009-2010
I. Expenses recognized in the statement of P & L A/c				
Current Service Cost	338,990	327,408	1,407,551	823,619
Interest Cost	109,350	213,721	24,079	18,150
Expected Return on Plan Assets	(249,498)	(254,726)	—	—
Net Actuarial (Gain)/Loss recognized for the period	873,947	(1,084,471)	(56,473)	(566,212)
Expense recognized in the statement of P & L A/c	1,072,789	(798,068)	1,375,157	275,107
II. Movement in the Liability recognised in Balance Sheet				
Opening Net Liability	1,366,875	2,671,513	382,330	411,350
Expenses as above	1,191,732	(798,068)	1,375,157	275,107
Contribution Paid	(241,813)	(506,570)	(162,683)	(304,127)
Closing Net Liability	2,316,794	1,366,875	1,594,804	382,330
III. Changes in present value of obligations				
PVO at the beginning of period	1,366,875	2,671,513	382,330	411,350
Interest Cost	109,350	213,721	24,079	18,150
Current Service Cost	338,990	327,408	1,407,551	823,169
Benefits Paid	(373,368)	(761,296)	(162,683)	(304,127)
Actuarial (Gain)/Loss on obligation	873,947	(1,084,471)	(56,473)	(566,212)
PVO at end of period	2,316,794	1,366,875	1,594,804	382,330

Significant Accounting Policies and Notes to Accounts for the Year Ended 31st March 2011 and Balance Sheet as at that date *(Contd.)*

Particular	Gratuity		Leave Encashment	
	2010-2011	2009-2010	2010-2011	2009-2010
IV. Changes in fair value of plan assets				
Fair Value Plan Assets at Beginning of the year	2,822,041	2,518,372		
Expected Return on plan Assets Contribution	249,498	254,726	162,683	304,127
Contributions	241,813	810,239		
Benefit Paid	(373,368)	(761,296)	(162,683)	(304,127)
Actuarial Gain/(Loss) on Plan Assets	—	—		
Fair Value of Plan Assets at end Period	2,940,984	2,822,041		
V. Assumption as at				
Mortality	LIC(1994-96) Ult.	LIC(1994-96) Ult.	LIC(1994-96) Ult.	LIC(1994-96) Ult.
Interest/Discount Rate	8%	8%	8%	8%
Rate of Increase In Compensation	4%	4%	10%	4%
Rate of Return (expected) on plan Assets				
Employee Attrition Rate(PS)			10%	10%
Expected Average Remaining Service			7.61	7.57

24. Segmental Reporting:
Geographical Segments:

	Year ended 31 st March 2011 (₹)	Year ended 31 st March 2010 (₹)
Domestic	1,033,529,324	1,169,253,988
Overseas	323,370,909	149,388,020
Total	1,356,900,233	1,319,352,887

25. 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.

26. Previous year's figures have been regrouped and restated wherever necessary to make their classification comparable with that of the current period.

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 : 30th April 2011

For and on behalf of the Board

Purushothaman R.
Chief Financial Officer

Vishram N. Panchpor
Company Secretary

K. P. Singh
Chairman

H. H. Malgham
Director

P. S. Chopde
Executive Director
(Manufacturing)

P. V. Varghese
Executive Director

Place : Mumbai
Date : 30th April 2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**I. Registration Details**

Registration No. 1 1 - 2 0 6 4 4

State Code 1 1

Balance Sheet Date 3 1 0 3 2 0 1 1
Date Month Year**II. Capital raised during the year (Amount in ₹)**

Public Issue

N I L

Rights Issue

N I L

Bonus Issue

N I L

Private Placement

N I L

III. Position of Mobilisation and Deployment of Funds (Amount in ₹)

Total Liabilities

4 9 7 6 0 9 0 0 2

Total Assets

4 9 7 6 0 9 0 0 2

Sources of Fund

Paid-up Capital

3 6 9 2 0 0 0 0

Reserves & Surplus

N I L

Secured Loans

3 5 4 0 3 9 1 6 2

Unsecured Loans

1 0 4 6 4 1 2 2 1

Application of Funds

Net Fixed Assets

1 3 0 3 6 1 8 1 4

Investments

N I L

Net Current Assets

3 0 3 4 8 9 7 5 0

Miscellaneous Expenditure

N I L

Accumulated Losses

6 3 7 5 7 4 3 8

IV. Performance of the Company (Amount in ₹)

Turnover (including other income)

1 3 6 0 2 1 4 5 9 4

Total Expenditure

1 3 1 7 5 5 9 3 7 7

+ - Profit Before Tax

+ 4 2 6 5 5 2 1 7

+ - Profit After Tax

+ 4 5 4 7 9 7 9 8

Earnings Per Share in Rs.

1 . 2 3

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	CONSTRUCTION AND PROJECT RELATED ACTIVITY
Item Code Nos. (ITC Codes)	8 4 1 9
Project Description	MACHINERY PLANT & LABORATORY EQUIPMENT SUCH AS PRESSURE VESSELS & HEAT EXCHANGERS
Item Code Nos. (ITC Codes)	VARIOUS CODE NOS 7 3 0 8 7 3 0 9 8 4 7 9
Product Description	TANKS, STORAGE TANK & PRESSURE VESSELS, SHAFTS FOR WINDMILL OR WIND- MILL TOWERS, MACHINES & MECHANICAL APPLIANCES HAVING INDIVIDUAL FUNCTION SUCH AS LPG FILLING MACHINES EVACUATION UNIT CAROUSEL ASSEMBLY

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 : 30th April 2011

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P. S. Chopde
Executive Director
(Manufacturing)

P. V. Varghese
Executive Director

Place : Mumbai
Date : 30th April 2011

Cash Flow Statement

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2011

Particulars	Year Ended 31 st March 2011		Year Ended 31 st March 2010	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
A CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit/(Loss) After Tax		45,479,798		62,172,176
Adjustments for –				
Depreciation	16,624,651		13,301,022	
Loss/(Profit) on Fixed Assets Discarded	—		1,112,266	
Dividend and Other Income Received	—		(621,459)	
Interest Received	(723,747)		(499,558)	
Short Term Capital Gain on Sale of Units	—		(400)	
Deferred Tax	(2,824,581)		128,164	
Interest Paid	32,372,234		23,091,898	
		45,448,556		36,511,933
Operating Profit Before Working Capital Changes		90,928,354		98,684,109
Adjustments for –				
Sundry Debtors	(55,233,090)		(177,754,367)	
Advances	(230,116,285)		(155,927,201)	
Inventories	(50,568,410)		(23,131,060)	
Trade Payables	107,772,153		263,344,337	
		(228,145,632)		(93,468,290)
Net cash from Operating Activities		(137,217,278)		5,215,820
B CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets	(41,090,635)			(55,968,079)
Capital Work in Progress	—			(15,353,749)
Short Term Capital Gain on Sale of Units	—		400	
Dividend and Other Income Received	—		621,459	
Interest Received	723,747		499,558	1,121,417
Net cash used in Investing Activities		(40,366,888)		(70,200,411)
C CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from Inter Corporate Deposits	110,000,000		—	
Repayment of Inter Corporate Deposits	(10,000,000)		—	
Proceeds from Borrowings	157,290,585		36,074,176	
Repayment from Borrowings	(45,893,600)		—	
Interest Paid	(32,372,234)		(23,091,898)	
Net cash used in Financing Activities		179,024,751		12,982,278
Net Increase in Cash and Cash Equivalents		1,440,585		(52,002,313)
Cash and Cash Equivalents as at beginning of the year		11,980,313		63,982,625
Cash and Cash Equivalents as at end of the year		13,420,897		11,980,313

Notes:

- 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.
- Proceeds from Long Term & Other borrowings are shown net of Repayments.
- 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 Accountants

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

Place : Mumbai
Date : 30th April, 2011

Purushothaman R.
Chief Financial Officer

Vishram N. Panchpor
Company Secretary

For and on behalf of the Board
K. P. Singh
Chairman
H. H. Malgham
Director
P. S. Chopde
Executive Director
(Manufacturing)
P. V. Varghese
Executive Director
Place : Mumbai
Date : 30th April, 2011

NOTES



ARTSON ENGINEERING LIMITED

Registered Office: Rang Udyan, Building No. 2, 1st Floor, Sitladevi Temple Road,
Mahim (West), Mumbai 400 016

IMPORTANT COMMUNICATION TO MEMBERS

Dear Members,

The Ministry of Corporate Affairs (“MCA”) has taken a “Green Initiative in Corporate Governance” (Circular No.17/2011 dated 21st April 2011 and Circular No.18/2011 dated 29th April 2011) clarifying that a Company would have complied with the provisions of the Companies Act, 1956 if, service of notices and other documents on its shareholders is made through electronic mode.

We welcome this move of the MCA which has empowered us to contribute to the “Green Initiative” by reducing the paper consumption. Further, this will ensure timely receipt of documents and avoid loss of documents in postal transit.

To support this green initiative of the Government in full measure, Members are requested to register their e-mail addresses so that notices/documents including Annual Report can be received by them through e-mail, a faster and economical option.

Members holding shares in electronic (demat) form are requested to fill up the e-mail registration form and register their e-mail IDs with the concerned Depository Participants. Members holding shares in physical form are requested to fill up the said form and submit it to Sharepro Services (India) Private Limited, the Company’s Share Registrars and Transfer Agents.

We look forward to your kind cooperation in this green initiative.

Thanking you,

Yours faithfully,

For **ARTSON ENGINEERING LIMITED**

VISHRAM PANCHPOR

Company Secretary

----- TEAR HERE -----

MEMBERS EMAIL REGISTRATION FORM

I hereby give my consent to receive all the notices/ documents including Annual Report in the email address given below.

Name													
Address													
Folio No. / Client ID													
No. of shares held													
Email ID													

Signed thisday of2011

Signature of the Member



ARTSON ENGINEERING LIMITED

Registered Office: Rang Udyan, Building No. 2, 1st Floor, Sitladevi Temple Road,
Mahim (West), Mumbai 400 016

ATTENDANCE SLIP

(Please complete this Attendance Slip in all respects and hand it over at the entrance of the Meeting Hall)

32ND ANNUAL GENERAL MEETING

Day & Date	Time	Venue
Thursday, 28 th July 2011	4.00 p.m.	Mini Theatre, 3 rd Floor, Ravindra Natya Mandir, P. L. Deshpande Kala Academy, Sayani Road, Prabhadevi, Mumbai 400 025

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the Thirty-second Annual General Meeting of the Company.

Name of the Shareholder/Proxy (IN BLOCK LETTERS)	Folio No./DP ID and Client ID No.	Signature of the Shareholder/Proxy

----- TEAR HERE -----



ARTSON ENGINEERING LIMITED

Registered Office: Rang Udyan, Building No. 2, 1st Floor, Sitladevi Temple Road,
Mahim (West), Mumbai 400 016

PROXY

I/We _____ of _____
in the district of _____ being a Member/Members of Artson Engineering Limited hereby
appoint _____ of _____
in the district of _____ as my/our proxy to vote for me/us on my/our behalf at the Thirty-second Annual General
Meeting of the Company to be held on Thursday, 28th July 2011 at 4.00 p.m. at Mini Theatre, 3rd Floor, Ravindra Natya Mandir,
P. L. Deshpande Kala Academy, Sayani Road, Prabhadevi, Mumbai 400 025 and at any adjournment thereof.

Signed this _____ day of _____, 2011

No. of Shares	Folio No./DP ID and Client ID No.

Signature

Affix
required
Revenue
Stamp

Note:

This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the time of holding the Meeting.

