

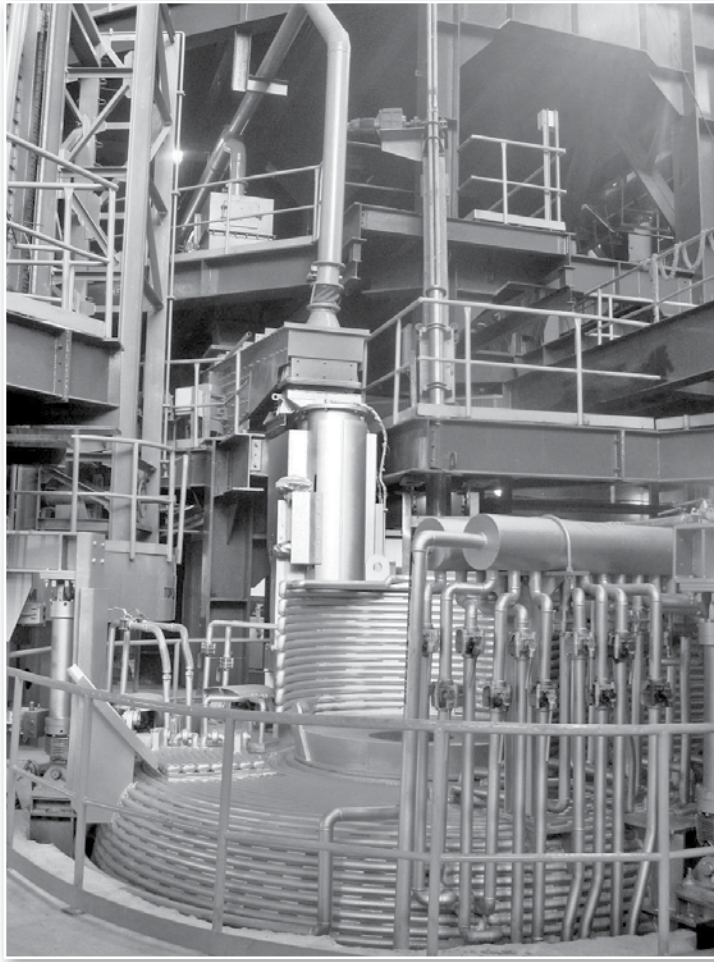


ARTSON ENGINEERING LIMITED

33RD ANNUAL REPORT

2011-2012

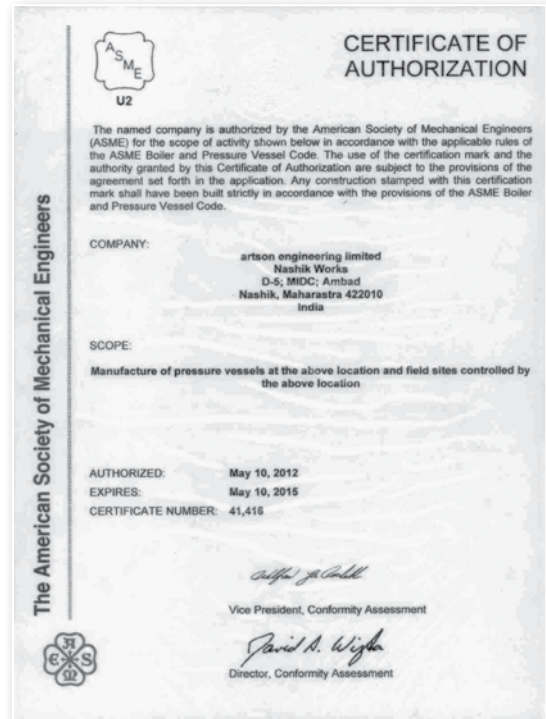
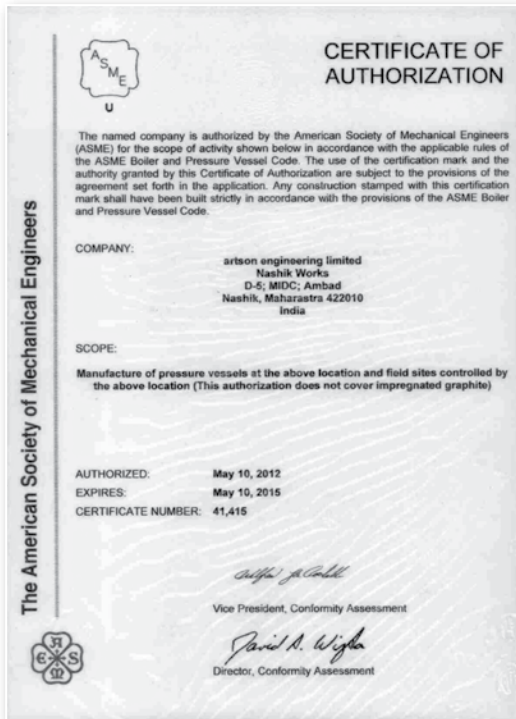




LD#3 Project
being erected and
commissioned at
Jamshedpur



ASME – Authorization Certificates



On Cover — Above: Feed vessels manufactured at Nashik Factory. Below: Nitrogen vessels manufactured at Nashik Factory.

Artson Engineering Limited

Board of Directors (As on 2nd May 2012)

Chairman	Vinayak Deshpande
Directors	H. H. Malgham
	A. K. Misra
	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

Manufacturing Unit

D-5, MIDC
Ambad, Nashik 422 010

Share Registrars and 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

Monitoring Agency

Bank of India

Statutory Auditors

Chokshi & Chokshi, Chartered Accountants

Concurrent Auditors

Patel & Deodhar, Chartered Accountants

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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 33rd Annual General Meeting of the Members of the Company will be held on Monday, 23rd July 2012 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 2012 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. Michael Bastian, who retires by rotation and being eligible, offers himself for re-election.
3. To appoint Auditors to hold Office until the conclusion of the 34th Annual General Meeting on a remuneration to be fixed by the Board of Directors.

Special Business

4. Appointment of Mr. Vinayak Deshpande as a Director.

To appoint a Director in place of Mr. Vinayak Deshpande, who was appointed as an Additional Director of the Company by the Board of Directors with effect from 1st February 2012 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.

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 Monday, 16th July 2012 to Monday, 23rd July 2012 (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 Share Registrars and Transfer Agents of the Company.
7. Shareholders are requested to address all correspondence in relation to shares related matters to the Company's Share Registrars and Transfer Agents at the following addresses:

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

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.
9. Pursuant to the "Green Initiative in Corporate Governance" the Notice convening the 33rd Annual General Meeting along with the Balance Sheet, Profit & Loss Account, Directors' Report and Auditors' Report etc. for the year ended 31st March 2012, are being issued in electronic form, to the email address made available by the Depositories.

Full text of the Notice and these reports will also be made available in an easily navigable format on the Company's website, **www.artson.net**. The physical copies of the Annual Report will be available at the Registered Office of the Company for inspection during office hours.

The Members who still intend to receive the copies of the Notice and other documents in physical form (hard copy) are requested to write to the Company Secretary at the Company's Registered Office or send an email to **artson@shareproservices.com** and accordingly a printed copy of the Annual Report will be sent to the registered address of the Member.

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: 2nd May, 2012

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. 4:

Mr. Vinayak Deshpande, nominee of Tata Projects Limited, was appointed as an Additional Director of the Company by the Board of Directors with effect from 1st February 2012. Pursuant to the provisions of Section 260 of the Act and Article 147 of the Articles of Association, Mr. Deshpande 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. Vinayak Deshpande, as a candidate for the office of a Director liable to retire by rotation.

Mr. Vinayak Deshpande is a graduate in Chemical Engineering (1980) from IIT, Kharagpur. He has over 30 years of work experience in different roles in diverse industries, starting with the design and sales of Boilers and Captive Power Plants in Thermax and Industrial Automation and Process Controls in Tata Honeywell, of which he was the Managing Director of its India business for 5 years till 2004-05. After an eventful stint as the Executive President (Operations) of Tata Teleservices, Mr. Deshpande moved to Hindustan Construction Company Limited in 2008-09 as its President in-charge of EPC and construction business. Effective 1st July 2011, Mr. Vinayak Deshpande is the Managing Director of Tata Projects Limited.

None of the Directors except Mr. Vinayak Deshpande is concerned with or interested in the said Resolution.

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: 2nd May, 2012

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

Name of the Director	Mr. Michael Bastian	Mr. Vinayak Deshpande
Director Identification Number (DIN)	00458062	00036827
Date of Birth	5 th August 1944	21 st July 1957
Directorship in other Indian companies	<ol style="list-style-type: none"> 1. Elder Pharmaceuticals Limited 2. Orient Paper & Industries Limited 3. Indian Oil Corporation Limited 4. Bangalore Stock Exchange Limited 	<ol style="list-style-type: none"> 1. Tata Projects Limited 2. Kennametal India Limited 3. NELCO Limited 4. Voltas Limited
Directorship in foreign companies	Nil	<ol style="list-style-type: none"> 1. TPL-TQA QS South Africa (Proprietary) Ltd. 2. TPL-TQA QS (Mauritius) Pty. Ltd.
Positions in Committees* of other Indian companies	<ol style="list-style-type: none"> 1. Indian Oil Corporation Limited – Audit Committee, Chairman 2. Elder Pharmaceuticals Limited – Audit Committee, Chairman 3. Orient Paper & Industries Limited – Investors Grievance Committee, Chairman 4. Orient Paper & Industries Limited – Audit Committee, Member 5. Bangalore Stock Exchange Limited – Audit Committee, Member 	<ol style="list-style-type: none"> 1. Kennametal India Limited – Audit Committee, Member 2. NELCO Limited – Audit Committee, Member
Number of shares held in the Company	Nil	Nil
Relationship, if any, with other Directors	Nil	Nil

* Only Audit and Investor Grievances Committees considered.

DIRECTORS' REPORT

TO THE MEMBERS OF ARTSON ENGINEERING LIMITED

The Directors present their Thirty-third Annual Report along with the Audited Statement of Accounts for the financial year ended 31st March 2012.

1. Performance of the Company

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

Financial Highlights

	Financial Year ended 31 st March 2012	Financial Year ended 31 st March 2011
Sales and Other Income	60.88	135.94
Profit/(Loss) before Finance cost, Tax, Depreciation and Exceptional items	(5.61)	9.20
Profit/(Loss) before tax	(13.49)	4.27
Profit/(Loss) after tax	(13.30)	4.55
Profit/(Loss) brought forward	(6.37)	(10.92)
Profit/(Loss) available for appropriation	(19.67)	(6.37)

Operations

The Company's Total Income for the year under review aggregated ₹ 60.88 Crore (Previous year – ₹ 135.94 Crore). The operations of the Company for the period under review resulted in a Loss after Tax of ₹ 13.30 Crore (Previous year – Profit after Tax of ₹ 4.55 Crore).

The Company commenced the financial year with a healthy order backlog of about ₹ 200 Crore. However, two major overseas contracts having aggregate value of about ₹ 125 Crore could not be executed, and were treated as cancelled, due to certain onerous contractual issues. Consequently, the Company could not achieve the results hoped for at the start of the Financial Year.

During the year under review, the Company completed (a) the project at Bathinda entailing construction of 64 nos. of Intermediate and Product Storage Tanks (b) another project at Bathinda involving supply, fabrication and erection of structural Crossover Platform in Tank Farm area, and (c) a project entailing mechanical works and piping of 8 (eight) well pads at Bhagyam Oil-fields at Barmer, Rajasthan. The Company's Nashik factory successfully completed a major order of manufacturing high-pressure and complex equipment for installation at a steel plant in Rourkela.

The Company has been awarded by one of its Clients a Certificate for achievement of One Million safe Man-hours of Construction Works without any Lost Time Incident (LTI). This Certificate has been awarded for maintaining Construction Safety Standards as prescribed by the Client and the Company will ensure to maintain these standards in all other project sites.

Work for projects at Cuddalore is now gaining momentum after the suspension due to cyclone in December 2011 which hit India's East Coast. Work was restarted in March 2012, after completion of insurance survey and technical audit by the Client.

Project execution activities at Jamshedpur sites are being completed as per schedule.

During the year under review, the Company secured new orders aggregating ₹ 95 Crore. The total order-book position as at 31st March 2012 was about ₹ 115 Crore. Since the beginning of

the FY 2012-13, the Company has received new orders aggregating ₹ 36 Crore. In addition to domestic projects, the Company is actively pursuing various opportunities in the overseas markets, especially in the Middle-East and Gulf Region, and is hopeful of adding, for execution, new orders during the Financial Year 2012-13.

The Board is conscious of the fact that the Company's Net Worth continues to be negative. However, as mentioned earlier, due to factors beyond the control of the Company, its endeavours to be Networth-positive have not fructified. The Board is, however, confident that with pro-active actions under implementation, the performance during the current year will lead to substantial improvement.

2. Certification by American Society of Mechanical Engineers (ASME)

A Review Team from the American Society of Mechanical Engineers (ASME) has recently conducted an audit of the Company's Nashik Factory and hence is now been received an ASME Certification. The Company is, consequently, hopeful of booking significant number of high-end fabrication orders to be executed from Nashik factory.

3. 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 18th December 2007, sanctioned a rehabilitation scheme (Sanctioned Scheme). The said Sanctioned Scheme is presently under implementation. Most of the provisions of the Sanctioned Scheme have already been implemented.

During the year under review, the Company filed a modification application seeking further exemption from Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited (BSE). The BIFR has approved the extension of the exemption till 31st March 2013 from the applicability of Clause 49 of the Listing Agreement.

4. Term loan from Tata Projects Limited

During the year under review, the Company repaid a part of the 2nd instalment of ₹ 1.50 Crore towards the principal amount of the term loan extended by Tata Projects Limited (TPL) under the Sanctioned Scheme. Considering the working capital requirements for the projects under execution and other business activities of the Company and circumstances, TPL has allowed further time to repay the balance amount of ₹ 3.70 Crore by 30th September 2012. Interest on the said loan has been paid to TPL regularly.

5. Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, for the year ended 31st March 2012 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.

6. Directors

Mr. N. K. Jagasia, an original promoter and director, resigned as a Director of the Company effective 17th August 2011. The Board has placed on record its appreciation of the role played by Mr. Jagasia during his tenure as a Director.

Mr. K. P. Singh, who had been nominated as a Director by Tata Projects Limited, stepped down as a Director of the Company effective 1st February 2012. The Board has placed on record its appreciation of his valuable guidance and directions in the Company's initiatives and achievements during his tenure as the Chairman of the Company.

Mr. Vinayak Deshpande, the Managing Director of Tata Projects Limited, was nominated by it to the Board in lieu of Mr. K. P. Singh and the Board has appointed Mr. Deshpande as the Chairman effective 1st February 2012. Pursuant to Section 260 of the Companies Act, 1956, Mr. Deshpande holds office, as an Additional Director, 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. Deshpande for the office of a Director. Accordingly, proposal for Mr. Deshpande's appointment as a Director 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. Michael Bastian retires by rotation and is eligible for re-appointment.

7. Audit Committee

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

8. 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.

9. Cost Accountants

During the year under review, the Companies (Cost Accounting Records) Rules, 2011 ("the Rules") were notified vide Notification [No. G. S. R. 429 (E) dated 3rd June 2011] issued by the Ministry of Corporate Affairs. In compliance with the provisions of the Rules, the Company has appointed M/s. R. Nanabhoj & Co., Cost Accountants, Mumbai to be the cost accountants for the Financial Year under review and they have certified the compliance report to be submitted by the Company to the Central Government.

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, now extended upto 31st March 2013. 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

VINAYAK DESHPANDE
Chairman

Mumbai, 2nd May 2012

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 2012:

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 office premises as well as in the Nashik Factory. Environment and energy conservation days were observed to create awareness among employees and business associates on conservation of energy.

B. Technology Absorption

Not applicable.

C. Foreign Exchange Earnings and Outgoings

	(₹ Crore)	
	Financial Year ended 31st March 2012	Financial Year ended 31 st March 2011
Earnings	2.19	32.34
Expenditure	4.45	30.37

For and on behalf of the Board of Directors

VINAYAK DESHPANDE
Chairman

Mumbai, 2nd May 2012



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 2012, 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) On the basis of written representations received from the Directors, as on 31st March 2012 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 2012 from being appointed as Director under Section 274(1)(g) of the Companies Act, 1956;
- (f) 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 2012;
 - ii. in the case of the Profit and Loss Account, of the loss 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

KANU S. CHOKSHI
Partner
Membership No. 17085

Place : Mumbai
Date : 2nd May 2012

ANNEXURE TO THE AUDITORS' REPORT

REFERRED TO IN PARA 3 OF OUR REPORT OF EVEN DATE

- (i) (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 hence the going concern status is not affected.
- (ii) (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.
- (iii) (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.
- (iv) 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.
- (v) (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.
- (vi) 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.

- (vii) 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.
- (viii) According to the information and explanations given to us and on verification of records, the Company has made and maintained cost records as prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956.
- (ix) (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 2012 for a period of more than 6 months from the date they became payable.
- (b) As at 31st March 2012, 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 that have not been deposited on account of disputes:-

Name of the Statute	Nature of the dues	Amount (₹ in Lakhs)	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	12.21	1998-1999	Commissioner (Appeals)
Commercial Tax (West Bengal)	Works Contract value	2.08	1998-1999 1999-2000 2000-2001	Commissioner (Appeals)
Commercial Tax (Punjab)	Penalty levied on account of documents missing in transport of material.	8.03	2010-2011	Joint Director cum Deputy Excise & Taxation Commissioner (Appeals)
Income Tax	Penalty in respect of certain claims not admitted	333.79	AY 2006-07 AY 2007-08	Commissioner (Appeals)

- (x) The accumulated losses of the Company are more than its paid up capital and free reserves. The Company has incurred a cash loss of ₹ 1,114.37 Lakhs during the financial year and a cash profit of ₹ 621.06 Lakhs in the immediately preceding financial year.
- (xi) 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.
- (xii) 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.
- (xiii) 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.

- (xiv) 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.
- (xv) 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.
- (xvi) 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.
- (xvii) 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.
- (xviii) 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.
- (xix) The Company has not issued any secured debentures during the year.
- (xx) The Company has not raised any money by way of public issues during the year.
- (xxi) 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

KANU S. CHOKSHI
Partner
Membership No. 17085

Place : Mumbai
Date : 2nd May 2012

**Balance Sheet as on 31st March 2012**

	Notes	31 st March 2012 ₹ Lakh	31 st March 2011 ₹ Lakh
Shareholders' Funds			
Share Capital	3	369.20	369.20
Reserves and Surplus	4	(1,967.45)	(637.57)
		(1,598.25)	(268.37)
Non-current Liabilities			
Long-term Borrowings	5	1,077.36	1,184.11
Other long-term Liabilities	6	241.34	170.35
Deferred Tax Liability (net)	25(b)	1.20	20.09
Long-term Provisions	7	—	—
		1,319.90	1,374.55
Current Liabilities			
Short-term Borrowings	8	3,632.48	2,460.00
Trade Payables	9	1,832.98	2,055.26
Other Current Liabilities	9	3,201.88	5,003.37
Short-term Provisions	7	28.01	17.12
		8,695.35	9,535.75
TOTAL		8,417.00	10,641.93
Non-Current Assets			
Fixed Assets			
Tangible Assets	10	1,208.78	1,303.48
Intangible Assets	11	3.29	0.15
Capital Work-in-Progress		—	—
Non-current Investments		—	—
Long-term Loans and Advances	12	122.68	119.00
Other Non-current Assets	13	160.09	455.00
		1,494.84	1,877.63
Current Assets			
Current Investments		—	—
Inventories	14	971.28	873.97
Trade Receivables	13.1	4,174.66	3,711.86
Cash and Cash Equivalents	15	152.34	134.21
Short-term Loans and Advances	12	861.31	1,057.14
Other Current Assets	13.2	762.57	2,987.14
		6,922.16	8,764.32
TOTAL		8,417.00	10,641.93

Notes attached hereto form an integral part of these financial statements

1 to 44

In terms of our report attached
for Chokshi & Chokshi
Chartered Accountants
Registration number: 101872W

K. S. Chokshi
Partner
Membership No. 17085

Place : Mumbai
Date : 2nd May 2012

Purushothaman R.
Chief Financial Officer

Vishram N. Panchpor
Company Secretary

Place : Mumbai
Date : 2nd May 2012

For and on behalf of the Board

Vinayak Deshpande
Chairman

H. H. Malgham
Director

P. S. Chopde
Executive Director (Manufacturing)

P. V. Varghese
Executive Director

Statement of Profit and Loss for the year ended 31st March, 2012

	Notes	31 st March 2012 ₹ Lakh	31 st March 2011 ₹ Lakh
Continuing Operations			
Income			
Revenue from Operations (gross)	16	6,077.82	13,594.22
Less: Excise Duty	16	(44.74)	(1.72)
Revenue from Operations (Net)	16	6,033.08	13,592.50
Other Income	17	54.79	1.73
Total Revenue (I)		6,087.87	13,594.23
Expenses			
Cost of raw materials and components consumed	18	1,013.01	3,755.82
Project Execution Expenses	18	4,162.74	8,200.59
(Increase)/Decrease in Inventories and Contracts in Progress	19	(18.34)	(475.67)
Employee Benefits expense	20	1,072.35	759.08
Operating, establishment and Other Expenses	21	418.82	433.97
Total Expenses (II)		6,648.59	12,673.79
Earnings before Finance Costs, Tax, Depreciation and Amortization and Exceptional Items (EBITDA) (I) – (II)		(560.72)	920.44
Depreciation and amortization expense	22	215.53	166.24
Finance costs	23	542.79	323.72
Profit/(Loss) Before Exceptional & Extraordinary Items & Tax		(1,319.04)	430.48
Exceptional Items		13.05	—
Profit/(Loss) Before Extraordinary Items & Tax		(1,332.09)	430.48
Extraordinary Items		16.68	3.89
Profit/(Loss) Before Tax		(1,348.77)	426.59
Tax expenses			
Current tax		—	—
Taxation of earlier years		—	—
Deferred tax		(18.89)	(28.25)
Total Tax expense		(18.89)	(28.25)
Profit/(Loss) for the year from Continuing Operations (A)		(1,329.88)	454.84
Profit/(Loss) from Discontinuing Operations		—	—
Tax expense of Discontinuing Operations		—	—
Profit/(Loss) After Tax from Discontinuing Operations (B)		—	—
Profit/(Loss) for the year (A + B)		(1,329.88)	454.84
Earnings per equity share [nominal value of share ₹ 1/- (31 st March 2011: ₹ 1/-)]			
Basic			
On the basis of profit from continuing operations		(3.60)	1.23
On the basis of total profit for the year		(3.60)	1.23
Diluted			
On the basis of profit from continuing operations		(3.60)	1.23
On the basis of total profit for the year		(3.60)	1.23
Notes attached hereto form an integral part of these financial statements	1 to 44		

In terms of our report attached

for Chokshi & Chokshi
Chartered Accountants
Registration number: 101872W

K. S. Chokshi
Partner
Membership No. 17085

Place : Mumbai
Date : 2nd May 2012

Purushothaman R.
Chief Financial Officer

Vishram N. Panchpor
Company Secretary

Place : Mumbai
Date : 2nd May 2012

For and on behalf of the Board

Vinayak Deshpande
Chairman

H. H. Malgham
Director

P. S. Chopde
Executive Director (Manufacturing)

P. V. Varghese
Executive Director

Cash Flow Statement for the year ended 31st March 2012

(₹ Lakh)

Particulars	Year Ended 31 st March 2012	Year Ended 31 st March 2011
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/(Loss) After Tax	(1,329.88)	454.80
Adjustments for –		
Depreciation	215.53	166.25
Loss/(Profit) on Fixed Assets Discarded	—	—
Dividend and Other Income Received	—	—
Interest Received	(11.11)	(7.24)
Short Term Capital Gain on Sale of Units	—	—
Deferred Tax	(18.89)	(28.25)
Interest Paid	542.79	323.72
	728.32	454.49
Operating Profit Before Working Capital Changes	(601.56)	909.28
Adjustments for –		
Sundry Debtors	(263.17)	(552.33)
Advances	2,511.99	(2,301.16)
Inventories	(97.30)	(505.68)
Trade Payables	(1,891.86)	1,077.72
	259.65	(2,281.46)
Cash Generated From Operations	(341.91)	(1,372.17)
Net cash from Operating Activities	(341.91)	(1,372.17)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(157.24)	(410.91)
Sales of Assets	33.24	—
Capital Work in Progress	—	—
Short Term Capital Gain on Sale of Units	—	—
Dividend and Other Income Received	—	—
Interest Received	11.11	7.24
Net cash used in Investing Activities	(112.89)	(403.67)

Cash Flow Statement (Contd.)

(₹ Lakh)

Particulars	Year Ended 31 st March 2012	Year Ended 31 st March 2011
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Inter Corporate Deposits	600.00	1,100.00
Repayment of Inter Corporate Deposits	—	(100.00)
Proceeds from Borrowings	572.49	1,572.91
Repayment from Borrowings	(156.79)	(458.94)
Proceeds from issue of share capital (including premium)	—	(323.72)
Interest Paid	(542.79)	—
Net cash used in Financing Activities	472.91	1,790.25
Net Increase in Cash and Cash Equivalents	18.11	14.41
Cash and Cash Equivalents as at beginning of the year	134.21	119.80
Cash and Cash Equivalents as at end of the year	152.34	134.21

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
Registration number: 101872W

K. S. Chokshi
Partner
Membership No. 17085

Place : Mumbai
Date : 2nd May 2012

For and on behalf of the Board

Purushothaman R.
Chief Financial Officer

Vishram N. Panchpor
Company Secretary

Place : Mumbai
Date : 2nd May 2012

Vinayak Deshpande
Chairman

H. H. Malgham
Director

P. S. Chopde
Executive Director (Manufacturing)

P. V. Varghese
Executive Director

Notes to Accounts

1. Corporate Information:

Artson Engineering Limited (the Company) is a company limited by shares incorporated under the Companies Act, 1956. The Company's Registered Office is situated at Mumbai. The Company's shares are listed on the Bombay Stock Exchange (BSE) and the Script Code is 522134.

The Company was incorporated in the year 1978 and since inception, the Company has commissioned, on turn-key basis, several fuel storage and handling facility systems and emerged as one of the foremost companies in the Country specializing in such systems. The Company's expertise has gradually expanded beyond the Country and has been executing prestigious overseas contracts as well. The Company operates in the business segment of Oil, Gas and Hydrocarbon (OG&H) Industry.

The Company was referred to the BIFR as a sick company under the provisions of Section 3 (1) (O) of the Sick Industrial Companies (Special Provisions) Act, 1985. The Company's reference as a sick company was registered under Case No. 152/2004 with the BIFR. At the hearing held on 27th November 2007, the BIFR 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.

2. Significant Accounting Policies for the Year Ended 31st March, 2012:

The Significant Accounting Policies have been predominantly prescribed below in order of the Accounting Standards noticed under the Companies (Accounting Standards) Rules, 2006 (as amended).

I. Method of Accounting and preparation of Financial Statement:

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.

II. Revenue Recognition:

a. Manufacturing activities

Sale of Goods is recognized as per the terms of sales. Sales exclude amount recovered towards Excise Duty and Sales Tax.

b. **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 except in case of contracts executed on Cost-plus basis. 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 recognized immediately.

c. Work done but not billed: Value of work executed, billed subsequent to balance sheet date, is valued at contract price.

d. 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.

e. Bank Guarantee commission is accounted in the year of execution/renewal of guarantee.

III. 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.

IV. 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.

V. 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.

VI. 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.

Notes to Accounts (Contd.)

VII. Investments:

- a. 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.
- b. Current Investments are carried at lower of cost and fair value.

VIII. 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.
- 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:

Sl. 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.

IX. 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 its advice.

X. Segment Reporting:

The Company is in the business of Engineering, Procurement & Construction contract in Oil, Gas & Hydrocarbon (OG&H) Sector and ancillary services including Manufacturing activity. More than 90% of the income is only from Engineering & Construction contracts in OG&H 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:

1. Domestic
2. Overseas

XI. 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.

XII. 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.

XIII. Borrowing Costs:

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

XIV. Provisions, Contingent Liabilities and Contingent Assets:

Provisions 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.

Notes to Accounts (Contd.)

Contingent Liability is disclosed in the case of:

- A present obligation arises from past events, when it is not probable that an outflow of resources will be required to settle the obligation,
- A present obligation when no reliable estimate is possible, and
- 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.

XV. Extraordinary Items:

The Extraordinary items are Income or Expenses that arise from events of transactions that are clearly distinct from the ordinary activities of enterprises and therefore, are not expected to recur frequently or regularly.

The nature and amount of each extraordinary items is identified and disclosed in the Statement of Profit and Loss in a manner that its impact on current profit or loss can be perceived.

Note 3 Share Capital

	31 st March 2012 ₹ Lakh	31 st March 2011 ₹ Lakh
Authorized shares		
(i) 150,000,000 Equity Shares of ₹ 1/- each	1,500.00	1,500.00
(ii) 200,000 Preference Shares of ₹ 100/- each.	200.00	200.00
Issued, Subscribed and Paid-up shares		
36,920,000 Equity Shares of ₹ 1/- each (31st March 2011: 36,920,000)	369.20	369.20
Total issued, subscribed and fully paid-up share capital	369.20	369.20

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	31 st March 2012		31 st March 2011	
	No.	₹ Lakh	No.	₹ Lakh
Equity shares				
At the beginning of the period	36,920,000	369.20	36,920,000	369.20
Issued during the period	—	—	—	—
Outstanding at the end of the period	36,920,000	369.20	36,920,000	369.20

The Company's issued, subscribed and paid-up capital comprises of equity shares only and no preference share have been issued.

(b) Terms/rights attached to equity shares

The Company's paid up capital comprises only one class i.e equity shares having par value of ₹ 1/- per share. Each holder of equity share is entitled to one vote per share.

The Liability of the Member is limited.

The Company's shares are listed on the Bombay Stock Exchange Limited (BSE).

Restriction on distribution of Dividend: Pursuant to the Provisions of the Sanctioned Scheme, the Company is not permitted to declare any dividend to the equity shareholders without the prior approval of the BIFR/Monitoring Agency (MA) during the period of rehabilitation.

(c) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

	2011-12	2010-11	2009-10	2008-09	2006-08 (18 Months)
Equity shares allotted as fully paid bonus shares by capitalization of securities premium	—	—	—	—	—
Equity shares allotted as fully paid-up pursuant to contracts for consideration other than cash.	—	—	—	—	—
Equity shares bought back by the Company	—	—	—	—	—

Notes to Accounts (Contd.)

(d) Details of shareholders holding more than 5% shares in the Company

	Nature	31 st March 2012		31 st March 2011	
		No.	% holding	No.	% holding
Equity shares of ₹ 1/- each fully paid					
Tata Projects Limited	Holding Company	27,690,000	75.00%	27,690,000	75.00%

(e) Reduction in paid-up value of equity shares

Pursuant to the provisions of the Sanctioned Scheme, effective 26th December 2007 the paid-up value of the equity shares has been reduced from ₹ 10/- per share to ₹ 1/- per share fully paid up. On reduction, the paid up capital of the Company was reduced to ₹ 9,230,000/- comprising of 9,230,000 equity share of ₹ 1/- each. On 4th January 2008, the Company has allotted 27,690,000 equity share of ₹ 1/- each to Tata Projects Limited. Consequent to the allotment of these shares, the Company has become a subsidiary of Tata Projects Limited (shareholding of 75% in the Company's paid up capital). The Company's paid up capital has thus been increased to ₹ 36,920,000/- comprising of 36,920,000 equity share of ₹ 1/- each.

Note 4 Reserves and Surplus

	31 st March 2012 ₹ Lakh	31 st March 2011 ₹ Lakh
Surplus/(Deficit) in the statement of Profit and Loss		
Balance as per last financial statements	(637.57)	(1,092.37)
Profit/(Loss) for the year	(1,329.88)	454.80
Net surplus/(deficit) in the statement of Profit and Loss	(1,967.45)	(637.57)
Total Reserves and Surplus	(1,967.45)	(637.57)

Note 5 Long-term Borrowings

	Non-current portion		Current maturities	
	31 st March 2012 ₹ Lakh	31 st March 2011 ₹ Lakh	31 st March 2012 ₹ Lakh	31 st March 2011 ₹ Lakh
Debentures	—	—	—	—
Other Loans and Advances				
Loans & Advances from Related Parties	1,040.19	1,140.19	890.20	940.20
HDFC Bank Ltd – Vehicle Loan	0.90	4.29	3.39	3.04
Sales Tax Deferement Loan	36.27	39.63	3.36	6.79
	1,077.36	1,184.11	896.95	950.03
The above amount Includes				
Secured borrowings	1,041.09	1,144.48	893.59	943.24
Unsecured borrowings	36.27	39.63	3.36	6.79
Amount disclosed under the head "Other Current Liabilities" (Note 9)	—	—	—	—
Net amount	1,077.36	1,184.11	896.95	950.03

(a) Loans & Advances from Related Parties (Holding Company)

In terms of the Sanctioned Scheme of BIFR dated 18th December 2007, the Company has obtained term loan from the Strategic Investor viz. Tata Projects Limited (Holding Company) against the security of immovable property and all title deeds of the property are deposited with the Holding Company. The loan from the Holding Company (Non-current portion) is repayable in 2 (two) equal annual installments falling due on 31st March of 2014 and 2015, respectively.

(b) HDFC Bank Ltd. – Vehicle Loan : Hypothecation on Motor Vehicle.

Notes to Accounts (Contd.)

Note 6 Other Long-term liabilities

	31 st March 2012 ₹ Lakh	31 st March 2011 ₹ Lakh
Trade Payables	227.57	138.09
Security Deposit Received	13.77	32.26
	13.77	32.26
	241.34	170.35

Note 7 Provisions

	Long Term		Short-term	
	31 st March 2012 ₹ Lakh	31 st March 2011 ₹ Lakh	31 st March 2012 ₹ Lakh	31 st March 2011 ₹ Lakh
Provision for Employee Benefits				
Provision for pension	—	—	—	—
Provision for Gratuity	—	—	0.38	1.17
Provision for Leave Benefits	—	—	27.63	15.95
	—	—	28.01	17.12

Note 8 Short-term Borrowings

	31 st March 2012 ₹ Lakh	31 st March 2011 ₹ Lakh
Working Capital (Secured)	2,032.48	1,460.00
Loans & Advances from Related Parties (unsecured)	1,600.00	1,000.00
	3,632.48	2,460.00
The above amount Includes		
Secured borrowings	2,032.48	1,460.00
Unsecured borrowings	1,600.00	1,000.00

Working Capital loan is secured :

(i) first charge by way of Hypothecation on Inventories, Books Debts and Other Current Assets.

Unsecured borrowing :

Inter corporate Deposits are obtained from the Holding Company

Note 9 Other Current Liabilities

	31 st March 2012 ₹ Lakh	31 st March 2011 ₹ Lakh
Trade payables (Refer Note 28 for details of dues to Micro, Small and Medium Enterprises)	1,832.98	2,055.26
Other liabilities		
Current maturities of long term borrowings (Note 5) [Includes current maturity of finance lease obligation ₹ NIL (31 March 2011: ₹ NIL)]	896.95	950.03
Others		
Liability for Expenses	843.89	601.82
Advance from Customers	402.39	919.54
Other Liabilities	466.96	286.27
Interest accrued on loan	193.16	8.32
Contract expenses	227.78	2,083.54
Service tax payable	113.78	111.52
Statutory Liabilities	56.98	42.33
	3,201.88	5,003.37
	5,034.86	7,058.63

Notes to Accounts (Contd.)

Note 10 Tangible Assets

₹ Lakh

	GROSS BLOCK				DEPRECIATION/AMORTISATION					NET BLOCK		
	As at 01-04-2011 (at cost)	Additions	Deductions/ Other adjts	Transfer to assets held for sale (discontinuing operation)	As at 31-03-2012 (at cost)	As at 01-04-2011	For the period	Deductions/ Other adjts	Transfer to assets held for sale (discontinuing operation)	As 31-03-2012	As 31-03-2012	As 31-03-2011
1. LEASEHOLD LAND	4.29	—	—	—	4.29	—	—	—	—	—	4.29	4.29
2. BUILDINGS	192.35	8.91	—	—	201.26	63.57	13.50	—	—	77.07	124.19	128.78
3. LEASEHOLD IMPROVEMENTS	64.86	6.51	19.34	—	52.03	2.97	14.10	5.31	—	11.76	40.27	61.89
4. PLANT AND MACHINERY	2,055.25	68.61	23.56	—	2,100.30	1,140.09	133.07	8.33	—	1,264.83	835.47	915.16
5. COMPUTERS	113.97	6.68	—	—	120.65	96.16	9.09	—	—	105.25	15.40	17.81
6. FURNITURE AND FIXTURES	124.97	41.59	2.64	—	163.92	70.95	21.58	0.83	—	91.70	72.22	54.02
7. OFFICE EQUIPMENT	77.62	6.52	2.79	—	81.35	39.95	7.94	0.86	—	47.03	34.32	37.67
8. ELECTRICAL INSTALLATION	103.41	14.29	0.28	—	117.42	35.40	11.19	0.04	—	46.55	70.87	68.01
9. VEHICLES	56.57	—	—	—	56.57	40.72	4.10	—	—	44.82	11.75	15.85
TOTAL – 2011-2012	2,793.29	153.11	48.61	—	2,897.79	1,489.81	214.57	15.37	—	1,689.01	1,208.78	1,303.48
– 2010-2011	2,229.06	564.22	—	—	2,793.28	1,323.64	166.17	—	—	1,489.81	1,303.47	905.42

Note 11 Intangible Assets

₹ Lakh

	GROSS BLOCK				DEPRECIATION/AMORTISATION					NET BLOCK		
	As at 01-04-2011 (at cost)	Additions	Deductions/ Other adjts	Transfer to assets held for sale (discontinuing operation)	As at 31-03-2012 (at cost)	As at 01-04-2011	For the period	Deductions/ Other adjts	Transfer to assets held for sale (discontinuing operation)	As 31-03-2012	As 31-03-2012	As 31-03-2011
INTANGIBLE ASSETS:												
1. COMPUTER SOFTWARE	0.22	4.10	—	—	4.32	0.07	0.96	—	—	1.03	3.29	0.15
TOTAL – 2011-2012	0.22	4.10	—	—	4.32	0.07	0.96	—	—	1.03	3.29	0.15
– 2010-2011	—	0.22	—	—	0.22	—	0.07	—	—	0.07	0.15	—

Notes to Accounts (Contd.)

Note 12 Loans and Advances

	Long Term		Short-term	
	31 st March 2012 ₹ Lakh	31 st March 2011 ₹ Lakh	31 st March 2012 ₹ Lakh	31 st March 2011 ₹ Lakh
Capital Advances				
Secured, considered good	—	—	—	—
Unsecured, considered good	—	—	—	—
Doubtful	—	—	—	—
Provision for doubtful advances	—	—	—	—
(A)	—	—	—	—
Security Deposit				
Secured, considered good	—	—	—	—
Unsecured, considered good	122.68	119.00	19.37	16.22
Doubtful	—	—	—	—
Provision for doubtful receivables	—	—	—	—
(B)	122.68	119.00	19.37	16.22
Loans and Advances				
Loan and Advances to Subsidiary	—	—	—	—
Unsecured, considered good	—	—	614.34	666.86
(C)	—	—	614.34	666.86
Other Loans and Advances				
Loans and advances others	—	—	0.15	0.06
Advances recoverable in cash or in kind or for value to be received – Unsecured	—	—	3.56	0.66
Advance to Contractors/Suppliers	—	—	49.35	156.46
Advance income-tax (net of provision for taxation)	—	—	76.42	44.35
Prepaid expenses	—	—	32.09	79.09
Claim Receivable	—	—	66.03	93.43
Less: Provision for Doubtful Advances	—	—	—	—
(D)	—	—	227.60	374.06
Total (A + B + C + D)	122.68	119.00	861.31	1,057.14

Note 13 Trade Receivables and Other Assets

13.1 Trade Receivables

	Non-Current		Current	
	31 st March 2012 ₹ Lakh	31 st March 2011 ₹ Lakh	31 st March 2012 ₹ Lakh	31 st March 2011 ₹ Lakh
Outstanding for a period exceeding six months from the date they are due for payment				
Secured, considered good	—	—	—	—
Unsecured, considered good	160.09	455.00	1,519.39	1,058.36
Doubtful	—	—	—	—
Provision for doubtful receivables	—	—	(100.00)	(100.00)
(A)	160.09	455.00	1,419.39	958.36
Other Receivables				
Secured, considered good	—	—	—	—
Unsecured, considered good	—	—	2,755.27	2,753.50
Doubtful	—	—	—	—
Provision for doubtful receivables	—	—	2,755.27	2,753.50
(B)	—	—	2,755.27	2,753.50
Total (A + B)	160.09	455.00	4,174.66	3,711.86

Notes to Accounts (Contd.)

13.2 Other Assets

	Non-Current		Current	
	31 st March 2012 ₹ Lakh	31 st March 2011 ₹ Lakh	31 st March 2012 ₹ Lakh	31 st March 2011 ₹ Lakh
Unsecured, considered good unless stated otherwise				
Others				
Work done but not billed	—	—	753.14	2,983.83
Interest accrued on Fixed Deposit/ Margin Money	—	—	9.43	3.31
Total	—	—	762.57	2,987.14
Grand Total (13.1 + 13.2)	160.09	455.00	4,937.23	6,699.00

Note 14 Inventories (valued at lower of cost and net realisable value)

	31 st March 2012 ₹ Lakh	31 st March 2011 ₹ Lakh
Contracts-in-progress	456.62	210.16
Inventories:		
Raw Materials and Components (Refer Note 18)	477.25	398.30
Work-in-Progress (Refer Note 19)	37.41	265.51
Stores and spare parts	—	—
	971.28	873.97

Note 15 Cash and Bank balances

	Non-Current		Current	
	31 st March 2012 ₹ Lakh	31 st March 2011 ₹ Lakh	31 st March 2012 ₹ Lakh	31 st March 2011 ₹ Lakh
Cash and Cash Equivalents Balances with banks:				
In Current Accounts	—	—	34.93	27.21
Deposits with original maturity of less than three months	—	—	—	—
Cheques/drafts on hand	—	—	—	—
Cash in hand	—	—	5.30	8.22
	—	—	40.23	35.43
Other bank balances				
Deposits with original maturity for more than 12 months	—	—	—	—
Deposits with original maturity for more than 3 months but less than 12 months	—	—	112.11	98.78
Earnest Money Deposit	—	—	—	—
	—	—	152.34	134.21
	—	—	152.34	134.21

Notes to Accounts (Contd.)

Note 16 Revenue from Operations

	31 st March 2012 ₹ Lakh	31 st March 2011 ₹ Lakh
Revenue from Operations		
Sale of goods/products		
Finished goods	479.05	18.50
Sale of services		
Income from Contracts Services	5,566.60	13,552.24
Other operating revenue		
Scrap Sales	32.17	23.48
Gross Revenue from Operations	6,077.82	13,594.22
Less: Indirect Taxes [®]	44.74	1.72
Net Revenue from Operations	6,033.08	13,592.50

Note : [®] Excise duty on sales amounting to ₹ 44.74 lakh (31st March 2011: ₹ 1.72 lakh) has been reduced from Sales in the Profit & Loss Account

Details of goods/products sold

	31 st March 2012 ₹ Lakh	31 st March 2011 ₹ Lakh
Finished goods sold:		
Tellurium Reactor	—	18.50
Nitrogen Vessels	479.05	—
	479.05	18.50

Details of Contracts/Services

	31 st March 2012 ₹ Lakh	31 st March 2011 ₹ Lakh
Sales – Domestic – Erection/Supply	5,242.39	10,038.93
Sales – Domestic – Manpower	104.71	279.60
Sales – Export – Execution Overseas	—	2947.24
Sales – Manpower – Export	119.12	283.77
Sales – Export – Erection/Supply	100.38	2.70
	5,566.60	13,552.24

Note 17 Other Income

	31 st March 2012 ₹ Lakh	31 st March 2011 ₹ Lakh
Interest Income on :		
Bank deposits	8.47	5.77
Tax	—	2.43
Difference in Exchange Rate (net)	43.26	(7.94)
Hire Charges	0.11	—
Miscellaneous Income	2.95	1.47
	54.79	1.73

Notes to Accounts (Contd.)

Note 18 Project Execution Expenses

	31 st March 2012 ₹ Lakh	31 st March 2011 ₹ Lakh
Cost of Raw Material and Components Consumed		
Inventory at the beginning of the year	398.30	368.28
Add: Purchases	1,091.96	3,785.84
	<u>1,490.26</u>	<u>4,154.11</u>
Less: Inventory at the end of the year	477.25	398.30
Cost of Raw Material and Components Consumed	<u>1,013.01</u>	<u>3,755.82</u>

Projects Execution Expenses

Cost of Supplies/Erection and Civil Works	4,072.50	8,117.23
Insurance Premium	42.49	26.90
Bank Guarantee and Letter of credit charges	47.76	56.46
	<u>4,162.74</u>	<u>8,200.59</u>

Details of raw material and components consumed

	31 st March 2012 ₹ Lakh	31 st March 2011 ₹ Lakh
Project Material	688.00	3,662.14
Tools and Tackles	325.01	93.68
Cost of raw material and components consumed	<u>1,013.01</u>	<u>3,755.82</u>

Details of inventory

	31 st March 2012 ₹ Lakh	31 st March 2011 ₹ Lakh
Raw materials and components		
Project Material	389.26	379.11
Tools and Tackles	87.99	19.19
Inventory at the end of the year	<u>477.25</u>	<u>398.30</u>

Note 19 (Increase)/Decrease in Inventories and Contracts in Progress

	31 st March 2012 ₹ Lakh	31 st March 2011 ₹ Lakh	(Increase)/Decrease ₹ Lakh
			31st March 2012
Inventories at the end of the year			
Work-in-progress	37.40	265.51	228.11
Contracts-in-progress	456.61	210.16	(246.45)
Finished goods	—	—	—
	<u>494.01</u>	<u>475.67</u>	<u>(18.34)</u>
			31 st March 2011
Inventories at the beginning of the year			
Work-in-progress	265.51	—	(265.51)
Contracts-in-progress	210.16	—	(210.16)
Finished goods	—	—	—
	<u>475.67</u>	<u>—</u>	<u>(475.67)</u>
	<u>(18.34)</u>	<u>(475.67)</u>	
	31st March 2012 ₹ Lakh	31st March 2011 ₹ Lakh	
Work-in-progress at the end of the year			
Work-in-progress	37.40	265.51	
	<u>37.40</u>	<u>265.51</u>	

Notes to Accounts (Contd.)

Note 20 Employee Benefit Expenses

	31 st March 2012 ₹ Lakh	31 st March 2011 ₹ Lakh
Salaries, Wages and Bonus	957.85	675.95
Directors Remuneration and Perquisites	57.60	39.48
Contribution to Provident and other funds	30.91	18.62
Gratuity Expense	3.05	2.82
Other Benefits and Compensation	22.94	22.21
	1,072.35	759.08

Note 21 Operations, Establishment and Other Expenses

	31 st March 2012 ₹ Lakh	31 st March 2011 ₹ Lakh
Rent	64.95	67.22
Repairs & Maintenance	—	—
Others	1.30	—
Processing Charges/Finance Charges	11.09	11.25
Power and Fuel	11.05	5.86
Rates and Taxes	1.26	3.82
Motor Vehicle Expenses	6.54	4.99
Travelling Expenses	72.79	96.07
Professional and Legal Charges	114.01	113.35
Postage, Telephone, Telegram & Telex	31.46	33.25
Printing and Stationery	24.09	21.84
Business Development Expenditure	12.70	15.76
Registration Expenses – Overseas	14.30	15.91
Sitting Fees to Directors	2.45	2.35
(Profit)/Loss on Assets Sold/Discarded	8.26	—
Miscellaneous expenses	42.57	42.30
	418.82	433.97

Note 22 Depreciation and Amortisation

	31 st March 2012 ₹ Lakh	31 st March 2011 ₹ Lakh
Depreciation of Tangible Assets	214.57	166.17
Amortization of Intangible Assets	0.96	0.07
	215.53	166.24

Note 23 Finance Costs

	31 st March 2012 ₹ Lakh	31 st March 2011 ₹ Lakh
On Fixed Loans/Term Loan	198.54	201.45
Others	344.25	122.27
	542.79	323.72

24. Contingent liabilities not provided for:

- a. (i) Bank Guarantees issued by the Company to its clients ₹ 1,367.03 Lakh (Previous Year ₹ 1,694.60 Lakh).
- (ii) Bank Guarantees issued by Bankers of Tata Projects Limited on behalf of the Company to the Company's clients. ₹ 1,916.99 Lakh (Previous Year ₹ 2,279.79 Lakh).
- b. Sales Tax (Works Contract Tax) ₹ 22.31 Lakh (Previous Year ₹ 22.31 Lakh) for which appeals are pending.
- c. Capital Commitment of ₹ 0.41 Lakh (Previous Year ₹ Nil) on account of orders floated in market for purchase of Capital Goods.
- d. Income Tax of ₹ 333.79 Lakh for which Appeals are pending.

Notes to Accounts (Contd.)

25. 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 2012 comprises of:

Particulars	Balance as on 31 st March 2012 (₹ Lakh)	Balance as on 31 st March 2011 (₹ Lakh)
Deferred Tax Liability: Arising on account of timing difference in:		
i. Depreciation	16.65	30.06
Deferred Tax Asset: Arising on account of timing difference in:		
i. Provision for Leave Encashment	9.38	5.42
ii. Provision Gratuity	0.13	0.40
iii. Provision for Bonus	5.94	4.15
Net Deferred Tax Liability	1.20	20.09

- 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 within the meaning of Section 3 (1) (O) of the Sick Industrial Companies (Special Provisions) Act, 1985.

26. Related Party Transactions:

Information as required under AS-18 on "Related Party Disclosures" is as follows:

Name of the related party	Nature of relation	Nature of transaction	2011-2012 (₹ Lakh)	2010-2011 (₹ Lakh)
Tata Projects Limited	Holding Company	Secured Loan outstanding as at the beginning of the year	2,080.39	2,294.68
		Secured Loan taken during the year	NIL	244.65
		Secured Loan repaid during the year	150.00	458.94
		Secured Loan outstanding as at year end	1,930.39	2,080.39
		Unsecured Loan outstanding as at the beginning of the year	1,000.00	NIL
		Unsecured Loan taken during the year	600.00	1,100.00
		Unsecured Loan repaid during the year	NIL	100.00
		Unsecured Loan outstanding as at year end	1,600.00	1,000.00
		Interest payable at the beginning of the year	8.32	NIL
		Interest accrued and due during the year. (Gross)	301.56	236.50
		Interest Paid during the year including TDS	116.72	228.18
		Interest payable at the end of the year	193.16	8.32
		Sale of Services	95.16	8.09
		Receivables as at end of the year	12.22	27.04
		Balance of Mobilisation/ Advance as at the end of year	3.23	100.72
Liability for Reimbursement of Expenses.	268.45	213.06		
Mr. P. S. Chopde, Executive Director (Manufacturing)	Key Management Personnel	Managerial Remuneration	28.80	15.00
Mr. P. V. Varghese, Executive Director	Key Management Personnel	Managerial Remuneration	28.80	24.48

Notes to Accounts (Contd.)

27. **Disclosure as required by AS-7 on “Construction Contracts” is as follows:**

Sr. No.	Particulars	2011-12 (₹ Lakh)	2010-11 (₹ Lakh)
A.	Contract revenue recognized during the year	5,566.59	11,848.62
B.	Amount of Customer Advances (Net of recoveries from progressive bills)	399.16	878.20
C.	Retention amount	582.10	479.83
D.	Aggregate amount of contract costs incurred in respect of ongoing contracts net of recognized profits (less recognized loss) upto the reporting date	47,575.31	23,160.75
E.	Gross amount due from customers for contract work	3,488.60	3,431.51

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

The Company has obtained confirmations from suppliers and service providers 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, Small and Medium Enterprises as defined under the MSMED Act, 2006 is ₹ 1.08 Lakh but interest for the delay in payment is not provided as the management is of the opinion that due to contractual terms liability towards interest will not arise.

Sr. No.	Particulars	31 st March, 2012 (₹ Lakh)	31 st March, 2011 (₹ Lakh)
1.	Principal Amount	42.95	42.95
2.	Principal Amount remaining unpaid	1.08	15.08
3.	Interest Due and remained unpaid thereon	0.26	3.62

29. The Company had received an order from BIFR dated 18th December, 2007 and same is under implementation. Accumulated losses have exceeded share capital and reserves. In the current year, there are cash losses. Tata Projects Ltd. being the holding Company has provided substantial financial assistance which is more than the negative net worth of the Company. Present order book position of the Company is good and expected to be executed soon. Therefore with present orders in hand to be executed in F.Y. 2012-13 and further orders expected to materialize, the Management expect to have a better Cash Flow during the F.Y. 2012-13 and years ahead. Therefore, barring unforeseen circumstances, the Management is of the opinion that the concept of going concern is sustainable, and that the plans are afoot to wipe out the negative net worth of the Company.

30. 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 Company is not in receipt of any arbitration award.

31. Majority of the Company's Fixed Assets have been independently valued by an independent valuer in the preceding year and considering the same, there is no impairment in the value of assets as on the Balance Sheet date.

32. 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 ₹ 621.36 Lakh (Previous Year ₹ 479.83 Lakh) 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 ₹ Nil (Previous Year ₹ 100 Lakh) is made for doubtful debts. In the opinion of the management the balance amounts are good and recoverable/payable.

33. Amount due within one year towards Sales Tax Deferment Loan is ₹ 3.36 Lakh (Previous Year ₹ 6.79 Lakh).

34. The Company has lodged an insurance claim in the last Financial Year. The claim was accepted by Insurance Company for ₹ 66.03 Lakh and the balance amount of ₹ 16.68 Lakh is claimed as an Extraordinary item being Loss by Fire during the year.

Notes to Accounts (Contd.)

35. Earnings per share (Basic & Diluted):

	Year ended 31 st March 2012	Year ended 31 st March 2011
a. Net profit/(loss) available for equity share holders (₹ Lakh)	(1,329.90)	454.81
b. Number of equity shares (Face value ₹ 1/-) (No. in Lakhs)	3,69,20,000	3,69,20,000
c. Basic and diluted earnings per share (a/b) (₹)	(3.60)	1.23

36. Details of earning and expenditure in foreign currency for the year ended 31st March 2012:

Particulars	Year ended 31 st March 2012 (₹ Lakh)	Year ended 31 st March 2011 (₹ Lakh)
Earning in foreign exchange (Amount expended in equivalent Indian rupees)	219.49	3,233.71
Expenditure in foreign currency (Amount expended in equivalent Indian rupees)	444.73	2,774.15
Other Expenses	—	263.19

37. The net gain on account of exchange rate difference amounting to ₹ 43.31 Lakh (Previous Year Loss ₹ 7.93 Lakh) has been debited to the Profit and Loss Account in compliance with AS-11 on "The Effect of changes in foreign Exchange Rates".

38. 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 Nasik Factory commenced with effect from 10th November 2010. The relevant quantitative details are as follows:

39. a. Raw material Consumed:

	2011-12		2010-11	
	Quantity (M.T.)	Value (₹ Lakh)	Quantity (M.T.)	Value (₹ Lakh)
Plates/Steel	55.809	22.94	232.45	179.86
Pipes	16.350	9.77	0.75	05.22
Paints	1,359 (Ltr.)	2.12	560	00.59
Others	—	3.60	—	18.74
Total		38.43		204.41

b. Imported/Indigenous Raw materials Consumed:

	2011-12		2010-11	
	Value (₹ Lakh)	%	Value (₹ Lakh)	%
Imported	NIL	NIL	NIL	NIL
Indigenous	38.43	100%	204	100

c. Sales:

Turnover	2011-12		2010-11	
	Quantity (M.T.)	Value (₹ Lakh)	Quantity (M.T.)	Value (₹ Lakh)
Vessels/Pre-fabricated	378.487	531.19	3.640/1	18.49
Less: Excise Duty		(48.62)		(1.72)
Total		482.57		16.77

Notes to Accounts (Contd.)

40. **Professional Fees include Auditors remuneration as below:**

Nature of services	Year ended 31 st March 2012 (₹ Lakh)	Year ended 31 st March 2011 (₹ Lakh)
Audit fees	6.62	6.62
Tax Audit fees	1.10	1.10
Taxation, Certification & Other matters	1.54	2.99
Reimbursement of expenses	0.02	0.11
Total	9.65	10.83

41. Leave Encashment has been provided as per actuarial valuation at ₹ 11.68 Lakh (Previous Year ₹ 15.95 Lakh).
The Actuarial Valuation of Gratuity and Leave Encashment has been done on the following assumptions:

Sr. No.	Particular	Gratuity (Funded) (₹ Lakh)		Leave Encashment (₹ Lakh)	
		2011-2012	2010-2011	2011-2012	2010-2011
I. Expenses recognized in the statement of P & L A/c					
	Current Service Cost	5.52	3.39	23.95	14.08
	Interest Cost	1.85	1.10	1.12	0.24
	Expected Return on Plan Assets	(2.88)	(2.49)	—	—
	Net Actuarial (Gain)/Loss recognized for the period	1.04	8.74	(9.43)	(0.56)
	Expense recognized in the statement of P & L A/c	5.54	10.73	15.63	13.76
II. Movement in the Liability recognized in Balance Sheet					
	Opening Net Liability	23.16	13.67	15.95	3.82
	Expenses as above	10.06	11.92	15.63	13.76
	Contribution Paid	(2.44)	(2.42)	(3.95)	(1.63)
	Closing Net Liability	30.79	23.17	27.63	15.95
III. Changes in present value of obligations					
	PVO at the beginning of period	23.17	13.67	15.95	3.82
	Interest Cost	1.85	1.09	1.12	0.24
	Current Service Cost	5.52	3.39	23.94	14.08
	Benefits Paid	(0.79)	(3.73)	(3.95)	(1.63)
	Actuarial (Gain)/Loss on obligation	1.04	8.74	(9.43)	(0.56)
	PVO at end of period	30.79	23.17	27.63	15.95

Notes to Accounts (Contd.)

Sr. No.	Particular	Gratuity (Funded) (₹ Lakh)		Leave Encashment (₹ Lakh)	
		2011-2012	2010-2011	2011-2012	2010-2011
IV.	Changes in fair value of plan assets				
	Fair Value Plan Assets at Beginning of the year	29.41	28.22		
	Expected Return on Plan Assets Contribution	2.88	2.49		
	Contributions	2.44	2.42		
	Benefit Paid	(0.79)	(3.73)		
	Actuarial Gain/(Loss) on Plan Assets	—	—		
	Fair Value of Plan Assets at end Period	33.94	29.41		
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%	10%
	Rate of Return (expected) on Plan Assets				
	Employee Attrition Rate (PS)			10%	10%
	Expected Average Remaining Service			7.58	7.61

42. Segmental Reporting:

Geographical Segments:

Sales	Year ended	Year ended
	31 st March 2012 (₹ Lakh)	31 st March 2011 (₹ Lakh)
Domestic	5,781.41	10,335.29
Overseas	100.38	3,233.71
Total	5,881.79	13,569.00

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

44. 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
Registration number: 101872W

K. S. Chokshi
Partner
Membership No. 17085

Place : Mumbai
Date : 2nd May 2012

For and on behalf of the Board

Purushothaman R.
Chief Financial Officer

Vishram N. Panchpor
Company Secretary

Place : Mumbai
Date : 2nd May 2012

Vinayak Deshpande
Chairman

H. H. Malgham
Director

P. S. Chopde
Executive Director (Manufacturing)

P. V. Varghese
Executive Director

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

Subject to our report of even date.

For and on behalf of

Chokshi & Chokshi
Chartered Accountants
Registration number: 101872W

K. S. Chokshi
Partner
Membership No. 17085

Place : Mumbai
Date : 2nd May 2012

For and on behalf of the Board

Purushothaman R.
Chief Financial Officer

Vishram N. Panchpor
Company Secretary

Place : Mumbai
Date : 2nd May 2012

Vinayak Deshpande
Chairman

H. H. Malgham
Director

P. S. Chopde
Executive Director (Manufacturing)

P. V. Varghese
Executive Director



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 this day of 2012

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)

33RD ANNUAL GENERAL MEETING

Day & Date	Time	Venue
Monday, 23 rd July 2012	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-third 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-third Annual General
Meeting of the Company to be held on Monday, 23rd July 2012 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 _____, 2012

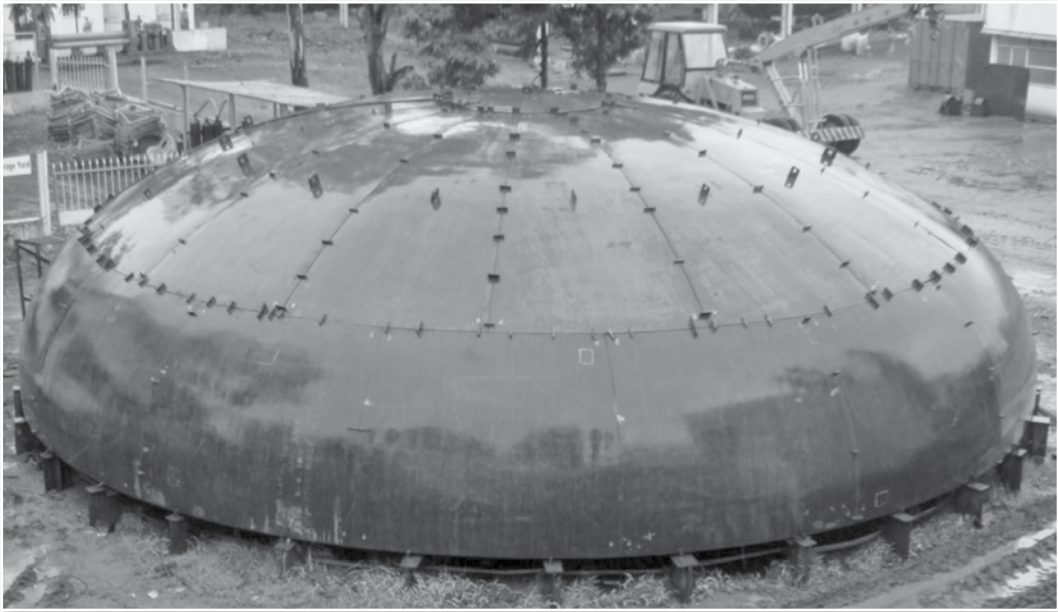
No. of Shares	Folio No./DP ID and Client ID No.

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.



↑ Trial Assembly of Dome Roof for Fine Coal Silo

Certificate of
Appreciation
for Safety

