



**ARTSON ENGINEERING LIMITED**  
(A subsidiary of Tata Projects Limited)



**40<sup>TH</sup> ANNUAL REPORT**  
**2018-19**

## BOARD OF DIRECTORS



**Vinayak K. Deshpande**  
Chairman  
(Non-Executive)



**Michael Bastian**  
Independent Director



**Nalin M. Shah**  
Independent Director



**Pralhad Pawar**  
Non-Executive Director



**Leja Hattiangadi**  
Independent Director

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## KEY MANAGERIAL PERSONNEL

<b>Chief Operating Officer</b>	:	<b>Saket Mathur</b>
<b>Chief Financial Officer</b>	:	<b>S. Balaji</b>
<b>Company Secretary</b>	:	<b>Deepak Tibrewal</b>



## ARTSON ENGINEERING LIMITED

CIN: L27290MH1978PLC020644

(A subsidiary of Tata Projects Limited)

**Registered Office:** 2<sup>nd</sup> Floor, One Boulevard, Lake Boulevard Road, Hiranandani Business Park, Powai, Mumbai - 400076, Maharashtra.

**Email:** investors@artson.net; **Website:** www.artson.net

<b>Registrar and Share Transfer Agent</b>	: Link Intime India Private Limited # C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai - 400083 Tel No: +91 22 4918 6000 Fax: +91 22 4918 6060
<b>Bankers</b>	: Corporation Bank Federal Bank IndusInd Bank South Indian Bank
<b>Statutory Auditors</b>	: Price Waterhouse & Co Chartered Accountants, LLP (FRN-304026E/E300009)
<b>Internal Auditors</b>	: Ernst & Young, LLP (AAB-4343)
<b>Secretarial Auditors</b>	: MKS & Associates, Company Secretaries (FRN-S2017TL460500)
<b>Cost Auditors</b>	: Sagar & Associates, Cost Accountants (FRN-000118)
<b>Registered Office</b>	: 2 <sup>nd</sup> Floor, One Boulevard, Lake Boulevard Road, Hiranandani Business Park, Powai, Mumbai - 400076, Maharashtra.
<b>Corporate Office</b>	: Ground Floor, Mithona Towers 1-7-80 to 87, Prenderghast Road, Secunderabad, Hyderabad - 500003, Telangana State Tel No. 040 6601 8194
<b>Manufacturing units</b>	: <b>Nashik Unit:</b> D-5, MIDC Ambad, Nashik, Nashik - 422010  <b>Nagpur Unit:</b> Plot No D.1, Umred, Industrial Area, MIDC, Umred, Dist. - Nagpur - 441203

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### 40<sup>TH</sup> ANNUAL GENERAL MEETING

<b>Date :</b>	Wednesday, 24 <sup>th</sup> July 2019
<b>Time :</b>	03:00 p.m. IST
<b>Venue:</b>	Seminar Hall, The Victoria Memorial School for the Blind, Opp. Tardeo AC Market, 73, Tardeo Road, Mumbai - 400034, Maharashtra.

## NOTICE CONVENING 40<sup>TH</sup> ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the 40<sup>th</sup> Annual General Meeting (AGM) of the members of Artson Engineering Limited (‘the Company’) will be held on Wednesday, 24<sup>th</sup> July 2019 at 03.00 p.m. at the Seminar Hall, The Victoria Memorial School for the Blind, Opp. Tardeo AC Market, 73, Tardeo Road, Mumbai - 400034; to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March 2019 together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Pralhad Pawar (DIN: 06557071), who retires by rotation and, being eligible, offers himself for re-appointment.

### Special Business:

#### 3. Re-appointment of Mr. Nalin M. Shah (DIN: 00882723) as an Independent Director

To consider and if thought fit, to pass the following resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules made thereunder, read with Schedule IV of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (Listing Regulations), as amended from time to time, Mr. Nalin M. Shah (DIN: 00882723), Independent Director of the Company, who has submitted a declaration that he meets the criteria of independence as provided in the Act and Listing Regulations and who is eligible for re-appointment be and is hereby re-appointed as an Independent Director of the Company to hold office for a second term with effect from 7<sup>th</sup> August 2019 to 12<sup>th</sup> February 2022.”

#### 4. Re-appointment of Ms. Leja Hattiangadi (DIN: 00198720) as an Independent Director

To consider and if thought fit, to pass the following resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules made thereunder, read with Schedule IV of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (Listing Regulations), as amended from time to time, Ms. Leja Hattiangadi (DIN: 00198720), Independent Director of the Company, who has submitted a declaration that she meets the criteria of independence as provided in the Act and Listing Regulations and who is eligible for re-appointment be and is hereby re-appointed as an Independent Director of the Company to hold office for a second term with effect from 11<sup>th</sup> March 2020 to 17<sup>th</sup> March 2024.”

#### 5. Ratification of remuneration payable to the Cost Auditors for the financial year 2019-20

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Company hereby ratifies the remuneration of ₹ 1,00,000/- (Rupees One Lakh Only), plus applicable taxes and other out-of-pocket expenses incurred in connection with the audit, payable to M/s. Sagar & Associates, Cost Accountants (Firm Registration No. 000118), re-appointed as Cost Auditors of the Company to conduct the audit of cost records maintained by the Company for the financial year 2019-20.

**RESOLVED FURTHER THAT** the Board of Directors (including any Committee thereof) be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.”

#### 6. To enter into Related Party Transactions (RPT) with Tata Projects Limited (TPL) under Section 188 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** in supersession of the earlier resolution passed at the 39<sup>th</sup> AGM held on 17<sup>th</sup> July 2018 and pursuant to the provisions of Section 188 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force, consent of the Company be and is hereby accorded to the Board of Directors, to enter into contracts / arrangements / transactions with Tata Projects Limited (TPL), the Company’s Holding Company and a ‘Related Party’ as defined under Section 2 (76) of the Companies Act, 2013, in manner and for the maximum amounts per annum, as mentioned below:

S. No.	Category	Amount/s (per annum)
1	Sale, purchase or supply of any goods or materials, directly or through appointment of agents and/ or Availing or rendering of any services, directly or through appointment of agents	₹ 250 Crore
2	Rent/ Leasing of property of any kind	₹ 20 Crore
<b>Total</b>		<b>₹ 270 Crore</b>

**RESOLVED FURTHER THAT** any of the Directors of the Company and the Company Secretary be and is hereby severally authorized to do or cause to be done all such acts, deeds and things, settle any queries, difficulties, doubts that may arise with regard to any transactions with the related party, finalise the terms and conditions as may be considered necessary, expedient or desirable and execute such agreements, documents and writings and to make such filings as may be necessary or desirable, in order to give effect to this Resolution."

#### NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL ON HIS / HER BEHALF AND SUCH PROXY NEED NOT BE A MEMBER OF THE Company.** Proxies/ Power of Attorney forms, in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the scheduled time of the Meeting. A person can act as proxy on behalf of not exceeding Fifty (50) members and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder. A Proxy form is enclosed along with the notice of AGM.
- An explanatory statement pursuant to Section 102(1) of the Companies Act, 2013 ("Act"), relating to the special businesses to be transacted at the AGM is enclosed.
- The details of the Director proposed to be re-appointed are enclosed. The details under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (Listing Regulations) in respect of the Director offering himself for re-appointment at the AGM forms integral part of this Annual Report. The Director has furnished the requisite declarations for his re-appointment.
- The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 18<sup>th</sup> July 2019 to Wednesday, 24<sup>th</sup> July 2019 (both days inclusive).
- Members are advised to avail nomination facility as per the Section 72 of the Act. Facility for making nomination is available for the members in respect of the shares held by them. Members holding shares and who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. Further, a member who desires to cancel the earlier nomination and record fresh nomination may submit the same in Form No. SH-14. Both the forms for "Nominations" and "Cancellation or Variation of Nomination" can be availed from the Company's Registrars and Transfer Agents (RTA) or can be downloaded from the Company's website i.e., [www.artson.net](http://www.artson.net). Members holding shares in physical form are requested to submit the forms to the Company's RTA. The members holding shares in dematerialized form are requested to file the Nomination/ Cancellation or Variation in Nomination forms with their respective Depository in prescribed form.
- A body corporate, including a Company within the meaning of the Act, may by resolution passed by its Board of Directors or other governing body, authorize its representative to act on behalf of such body corporate. Accordingly, the body corporate is required to send the certified true copy of resolution to the Company Secretary of the Company or the authorised representative will be required to produce the same at the venue of Meeting.
- Shareholders are requested to address all communications relating to the shares and related matters to the Company's RTA at the address provided below:

**M/s. Link Intime (India) Private Limited**

(Unit: Artson Engineering Limited)

C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400083, Maharashtra

Tel No: +91 22 4918 6000; Fax: +91 22 4918 6060

Email ID: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

- (a) The Ministry of Corporate Affairs (MCA), Government of India (GOI) has taken a “Green initiative in the Corporate Governance” by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this Green initiative of the GOI in full, members who have not registered their e-mail address so far are requested to register their e-mail address in respect of electronic holdings with the Depository through their concerned Depository Participants (DP). Members holding shares in dematerialized form, requiring to update their e-mail addresses may do so by submitting the shareholders details updation form enclosed with this Annual Report.
  - (b) Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS) / National Electronic Fund Transfer (NEFT), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers etc., to their DP. Changes intimated to the DP will then be automatically reflected in the Company’s records which will help the Company and its RTA, to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to the RTA.
  - (c) To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised, not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified from time to time.
  - (d) Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or its RTA, the details of such folios together with the share certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such members after making requisite changes thereon.
  - (e) Members holding shares in physical form are requested to convert their holding in to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or its RTA for any assistance in this regard.**
  - (f) “Shareholders information booklet” as disseminated on the website of the Company i.e., [www.artson.net](http://www.artson.net) may be referred for further details.
8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat account. Members holding shares in physical form can submit their PAN to the Company.
  9. SEBI has also mandated that for registration of transfer of securities, the transferee(s) as well as transferor(s) shall furnish a copy of their PAN card to the Company.
  - 10. In terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, securities of listed companies can only be transferred (except transmission and transposition) in dematerialized form with effect from 1<sup>st</sup> April 2019. In view of the above, members holding shares in physical form are advised to dematerialize their shares.**
  11. The Company has paid the listing fees for the financial year 2019-20 to BSE Limited, stock exchange where the equity shares of the Company are listed.
  - 12. Members are requested to:**
    - (a) Send their queries, if any, to reach the Company’s Registered Office at least Seven (7) days before the date of the Meeting, such that the information can be made available at the Meeting.
    - (b) Bring the copy of the Annual Report and Attendance Slip, which is enclosed.
    - (c) Bring their DP ID and Client ID numbers for easy identification / attendance. (Members who hold shares in dematerialized form).
    - (d) Update their e-mail address with the Company / RTA for prompt communication.
    - (e) Quote Regd. Folio Number/ DP and Client ID number in all correspondence with the Company/ RTA.
  13. Pursuant to the applicable provisions of the Act and the Rules made thereunder, the 40<sup>th</sup> Annual Report of the Company, including the notice convening 40<sup>th</sup> AGM, is being sent in electronic form to the email addresses as per the Company’s records and as made available by the RTA/ depositories.

14. The soft copy of the 40<sup>th</sup> Annual Report is made available in an easily navigable manner on the Company’s website viz., [www.artson.net](http://www.artson.net).
15. The member/s who still intend to receive the copies of the notice and other documents in physical form are requested to write to the Company Secretary at the Company’s Registered Office address or send an email to [nt.helpdesk@linkintime.co.in](mailto:nt.helpdesk@linkintime.co.in) / [investors@artson.net](mailto:investors@artson.net) and accordingly a printed copy will be sent to the registered address of the member/s.

**16. Voting through electronic means**

- I.** In compliance with provisions of Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide its members, the facility to exercise their right to vote on resolutions proposed to be considered at the AGM by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM (“remote e-voting”) will be provided by National Securities Depository Limited (NSDL).
- II.** The facility for voting through polling/ ballot paper shall be made available at the venue of AGM and the members attending the Meeting, who have not cast their vote by remote e-voting shall be able to exercise their right at the Meeting through ballot paper.
- III.** The members who have casted their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast the vote again.
- IV.** The remote e-voting period commences on Sunday, 21<sup>st</sup> July 2019 (9:00 a.m.) and ends on Tuesday, 23<sup>rd</sup> July 2019 (5:00 p.m.). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e., 17<sup>th</sup> July 2019, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member will not be allowed to change it subsequently.
- V.** A person who is not a member as on the cut-off date should treat this notice of the AGM for information purpose only.
- VI.** The process and manner for remote e-voting is as under:

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-Voting system.

**A. Instructions to login to NSDL e-Voting portal**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e- Voting system is launched, click on the icon “Login” which is available under “shareholder” section.
3. A new screen will open. You will have to enter your User ID, your password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you login to NSDL eservices after using your login credentials, click on e- Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your user ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12***** the your user ID is IN300***12*****

b) For members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID Forexample,if yourBeneficiaryIDis12***** then your user ID is 12*****
c) For members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example, if folio number is 001*** and EVEN is 110788 then user ID is 110788001***

5. Your Password details are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
  - c) How to retrieve your ‘initial password’:
    - i. If your email ID is registered in your demat account or with the Company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e., .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
    - ii. If your email ID is not registered, your “initial password” is communicated to you on your postal address.
6. If you are unable to retrieve or have not received the “initial password” or have forgotten your password:
  - a) Click on “Forgot User Details/ Password?” (If you are holding shares in your demat account with NSDL or CDSL) options available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) Physical User Reset Password?” (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/ folio number, your PAN, your name and your registered address.
7. After entering your password, tick on agree to “Terms and conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, home page of e-Voting will open.

**B. Process and instructions to cast vote electronically:**

1. After successful login at step 1, you will be able to see the home page of e-Voting. Click on e- Voting. Then, click on Active Voting Cycles.
2. After clicking on Active Voting Cycles, you will be able to see all the Companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” of Company for which you wish to cast your vote.
4. Now you are ready for e-voting as Cast Vote page opens.
5. Cast your vote by selecting appropriate options i.e., assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.



6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you have voted on the resolution, you will not be allowed to modify your vote.

### C) Other Instructions

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [vnp.scrutinizer@gmail.com](mailto:vnp.scrutinizer@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. “Login to e-Voting” website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/ Password?” or “Physical User Reset Password?” options available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or contact Ms. Pallavi Mhatre, Manager, National Securities Depository Ltd., Trade World, ‘A’ Wing, 4<sup>th</sup> Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013, at the designated email IDs: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in) or at telephone nos. +91 22 2499 4545 who will also address the grievances connected with the voting by electronic means. Members may also write to the Company Secretary at the email ID: [investors@artson.net](mailto:investors@artson.net).

**VII.** You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

**VIII.** The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date i.e., 17<sup>th</sup> July 2019.

**IX.** Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as on the cut-off date i.e. 17<sup>th</sup> July 2019, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or RTA to the email ID [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in).

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “**Forgot User Details/ Password?**” or “**Physical User Reset Password?**” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: **1800-222-990**.

**X.** A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

**XI.** Mr. Vishram Panchpor, Practising Company Secretary (ICSI Membership No. A 20057; CP No. 13027) has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.

**XII.** The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of polling/ ballot paper for all those members who are present at the AGM but have not casted votes by availing the remote e-voting facility.

**XIII.** The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the Meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than two (2) days of the conclusion of the AGM, a consolidated scrutinizer’s report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

**XIV.** The results declared along with the report of the Scrutinizer shall be placed on the website of the Company i.e., [www.artson.net](http://www.artson.net) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Stock Exchange, Mumbai.

- XV. All documents referred to in the accompanying notice of the AGM and the Explanatory Statement shall be open for inspection without any fee at the Registered Office of the Company during normal business hours (9:00 a.m. to 5:00 p.m.) on all working days, excluding Saturday up to and including the date of the AGM of the Company.
- XVI. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Act shall be made available at the commencement of the Meeting and shall remain open and accessible to the members during the continuance of the AGM.

**Other information:**

- I. The Scrutinizer will collate the votes downloaded from the e-voting system and votes casted during the polling process conducted at AGM venue, to declare the final result for each of the Resolutions forming part of the AGM notice.
- II. The results of the voting shall be declared on or after the AGM of the Company. The Results declared, along with the Scrutinizer's Report, shall be placed on the Company's website [www.artson.net](http://www.artson.net) and be communicated to the Stock Exchanges where the Company's shares are listed, i.e., BSE Limited.
- III. Members may address any query to the Company Secretary, at the Registered Office of the Company.

**Registered Office**

2<sup>nd</sup> Floor, One Boulevard, Lake Boulevard Road,  
Hiranandani Business Park, Powai, Mumbai, Maharashtra - 400076  
Email: [investors@artson.net](mailto:investors@artson.net); Website: [www.artson.net](http://www.artson.net)

By Order of the Board  
For **Artson Engineering Limited**

Date: 8<sup>th</sup> May 2019  
Place: Mumbai

**Vinayak K. Deshpande**  
Chairman  
DIN: 00036827

## EXPLANATORY STATEMENT

As required by Section 102 of the Act, the following Explanatory Statement sets out all material facts relating to the special businesses as mentioned in the item No. 3 to 6 of the accompanying notice dated 8<sup>th</sup> May 2019.

### Item No. 3: Re-appointment of Mr. Nalin M. Shah (DIN: 00882723) as an Independent Director

Mr. Nalin M. Shah (DIN: 00882723) is an Independent Director of the Company and Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee of the Board of Directors of the Company.

Mr. Shah was appointed as an Independent Director with effect from 8<sup>th</sup> August 2014, to hold office for five consecutive years i.e., up to 7<sup>th</sup> August 2019, by the members of the Company in the 35<sup>th</sup> AGM held on 8<sup>th</sup> August 2014.

As per Section 149(10) of the Act, an Independent Director shall hold office for a term of up to five consecutive years on the Board of a Company but shall be eligible for re-appointment on passing a special resolution for another term of up to five consecutive years.

Based on the recommendations of the Nomination and Remuneration Committee and in terms of provisions of Sections 149, 150, 152, Schedule IV and any other applicable provisions of the Act and the Listing Regulations, Mr. Shah, being eligible for re-appointment as an Independent Director and offering himself for re-appointment, is proposed to be re-appointed as an Independent Director for a second term w.e.f. 7<sup>th</sup> August 2019 up to 12<sup>th</sup> February 2022. (As per the Code of Conduct adopted by the Company, a Director can hold the office of the Director until he/ she attains the age of 75 years. Mr. Shah will attain the age of 75 years on 13<sup>th</sup> February 2022 and accordingly he shall be entitled to hold the office of a Director of the Company until 12<sup>th</sup> February 2022.)

Mr. Shah aged 72 years, is a Chartered Accountant from the Institute of Chartered Accountants of India (ICAI). Mr. Shah is also a member of the Institute of Chartered Accountants in England and Wales and holds a Degree in Business Administration from the University of San Francisco. Mr. Shah has handled audits of many leading organizations in almost all key sectors of the economy.

Mr. Shah does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Shah has given a declaration that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 ("the Act") and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

In the opinion of the Board, Mr. Shah fulfils the conditions specified in the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the Listing Regulations for his re-appointment as an Independent Director of the Company and is independent of the Management.

Copy of the draft letter for re-appointment of Mr. Shah as an Independent Director setting out terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours (9:00 a.m. to 5:00 p.m.) on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Shah as an Independent Director and based on the recommendation of the Nomination and Remuneration Committee recommends the Special Resolution as set out at Item No. 3 of the notice of the AGM for approval of the members.

Except Mr. Shah, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 3 of the accompanying notice of the AGM. Mr. Shah is not related to any Director of the Company.

### Item No. 4: Re-appointment of Ms. Leja Hattiangadi (DIN: 00198720) as an Independent Director

Ms. Leja Hattiangadi (DIN: 00198720) is an Independent Director of the Company and Chairperson of the Corporate Social Responsibility Committee and a member of the Audit Committee and Stakeholders Relationship Committee of the Board of Directors of the Company.

Ms. Hattiangadi was appointed as an Independent Director with effect from 12<sup>th</sup> March 2015, to hold office for five consecutive years i.e., up to 11<sup>th</sup> March 2020, by the members of the Company in the 36<sup>th</sup> AGM held on 10<sup>th</sup> August 2015.

As per Section 149(10) of the Act, an Independent Director shall hold office for a term of up to five consecutive years on the Board of a Company but shall be eligible for re-appointment on passing a special resolution for another term of up to five consecutive years.

Based on the recommendations of the Nomination and Remuneration Committee and in terms of provisions of Sections 149, 150, 152, Schedule IV and any other applicable provisions of the Act and the Listing Regulations, Ms. Hattiangadi, being eligible for re-appointment as an Independent Director and offering herself for re-appointment, is proposed to be re-appointed as an Independent Director for a second term w.e.f. 11<sup>th</sup> March 2020 up to 17<sup>th</sup> March 2024. (As per the Code of Conduct adopted by the Company, a Director can hold the office of the Director until he/ she attains the age of 75 years. Ms. Hattiangadi will attain the age of 75 years on 18<sup>th</sup> March 2024 and accordingly she shall be entitled to hold the office of a Director of the Company until 17<sup>th</sup> March 2024.)

Ms. Hattiangadi aged 70 years, is a graduate Chemical Engineer from IIT Bombay, and an M.S. in Chemical Engineering from the University of Massachusetts. She has been in the engineering contracting business for nearly four decades. Started her career in Tata Consulting Engineers as a Process Engineer in 1975, she moved up as a Project Engineer, Project Manager, Head of Process Department, Commercial Manager and Head of Infrastructure projects. She joined Jacobs India as Director – Business Development in 2005, moved up to Vice President - Business Development in 2011 and retired from Jacobs India in end 2014. During her tenure in Jacobs India, she was also a member of the Board.

Ms. Hattiangadi is a Senior member of the American Institute of Chemical Engineer. She has been an active supporter of Consultancy Development Centre both in Delhi and Mumbai and was a member of the Governing Council and a member of the Managing Committee of the Mumbai Chapter. She was also a member of the Protocol Committee of International Performance Measurement and Verification Protocol, USA. Ms. Hattiangadi is presently Adjunct Professor in the Department of Chemical Engineering, Indian Institute of Technology (IIT), Bombay.

Ms. Hattiangadi does not hold by herself or for any other person on a beneficial basis, any shares in the Company.

Ms. Hattiangadi has given a declaration that she meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 (“the Act”) and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

In the opinion of the Board, Ms. Hattiangadi fulfils the conditions specified in the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the Listing Regulations for her re-appointment as an Independent Director of the Company and is independent of the Management.

Copy of the draft letter for re-appointment of Ms. Hattiangadi as an Independent Director setting out terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours (9:00 a.m. to 5:00 p.m.) on any working day, excluding Saturday.

The Board considers that her continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Ms. Hattiangadi as an Independent Director and based on the recommendation of the Nomination and Remuneration Committee recommends the Special Resolution as set out at Item No. 4 of the notice of the AGM for approval of the members.

Except Ms. Hattiangadi, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the accompanying notice of the AGM. Ms. Hattiangadi is not related to any Director of the Company.

#### **Item No. 5: Ratification of remuneration payable to the Cost Auditors for the financial year 2019-20**

The Board of Directors of the Company, upon the recommendation of the Audit Committee, approved the appointment of M/s. Sagar & Associates, Cost Accountants, Hyderabad, to conduct the audit of the cost records of the Company for the financial year ended 31<sup>st</sup> March 2019 at a remuneration of ₹ 1,00,000/- (Rupees One Lakh only) plus applicable taxes and reimbursement of out-of-pocket expenses at actuals, incurred in connection with the audit.

In terms of the provisions of Section 148 of the Act with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is to be ratified by the members of the Company. Accordingly, consent of the members is being sought for passing the resolution as set out in item no. 5 of the notice for ratification of the remuneration payable to the cost Auditor for the financial year ended 31<sup>st</sup> March 2020.

Accordingly, the Board of Directors recommends the resolution at Item No. 5 of the notice for approval of the members by way of Ordinary Resolution. None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise in the aforesaid resolution.

#### **Item No. 6: To enter into Related Party Transactions (RPT) with Tata Projects Limited (TPL) under Section 188 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014**

The Company is engaged in the business as EPC contractor in the field of Oil, Gas and Hydrocarbon Processing Industry,

specialized in Tankages, Piping, and other Mechanical Packages. The Company, in the ordinary course of business, enters into transactions with Tata Projects Limited (TPL) for sale, purchase or supply of goods or materials, leasing of property and availing or rendering of services.

TPL, the Company's Holding Company, is a related party within the meaning of Section 2 (76) of the Act.

The aforementioned transactions with TPL are likely to exceed the threshold limits provided in Rule 15 (3) of the Companies (Meetings of Board and its Powers) Rules, 2014 ["Rules"] under the respective category of related party transactions.

Pursuant to the provisions of the said Rules, the Company can enter into transactions with related parties, exceeding the threshold limits, only with the consent of shareholders by way of an Ordinary Resolution.

In terms of Explanation (3) appended to Rule 15 (3) of the said Rules, the under-noted information is of relevance:

Particulars	Information	
Name of the Related Party	Tata Projects Limited (TPL)	
Name of Director(s) or Key Managerial Personnel who is related, if any	Mr. Vinayak K. Deshpande and Mr. Pralhad Pawar, Directors are related to TPL and are its nominees on the Company's Board of Directors. However, for this transaction, they are not related parties.	
Nature of Relationship	TPL is a Holding Company and the Promoter of the Company.	
Nature, Material terms the Contracts / arrangements / transactions	Sale, purchase or supply of goods or materials, leasing of property and availing or rendering of services.	
Monetary Value (maximum amount each Financial Year)	Sale, purchase or supply of any goods or materials, directly or through appointment of agents and/ or Availing or rendering of any services, directly or through appointment of agents.	₹ 250 Crore
	Rent/ Leasing of property of any kind.	₹ 20 Crore
	<b>Total</b>	<b>₹ 270 Crore</b>
Whether the transactions have been approved by the Board of Directors	Yes, in the Board Meeting held on 8 <sup>th</sup> May 2019.	
Any other information relevant or important for the members to decide on the proposed transactions	NIL	

The annual value of the transactions proposed is estimated based on the Company's current transactions and future business projections.

The Board believes that the transactions of sale, purchase or supply of goods or materials, leasing of property and availing or rendering of services with TPL are in the best interest of the Company.

The Board recommends passing of the Ordinary Resolution at Item No. 6 for approval.

Mr. Vinayak K. Deshpande and Mr. Pralhad Pawar, being nominees of Holding Company, may be considered as related to Promoters and therefore may deemed to be considered as interested or concerned. They do not hold any share in the Company.

No other Director / Key Managerial Personnel of the Company or their respective relatives other than the Directors mentioned herein above are concerned with or interested in the said Resolution.

#### Additional Information:

Information pursuant to Para 1.2.5 of Secretarial Standard 2, pertaining to Director seeking Re-appointment:

Name	Mr. Pralhad Pawar	Mr. Nalin M. Shah	Ms. Leja Hattiangadi
Designation	Non-Executive Director	Independent Director	Independent Director
Director Identification Number (DIN)	06557071	00882723	00198720
Date of Birth	19 <sup>th</sup> February 1959 (Age: 60 Years)	13 <sup>th</sup> February 1947 (Age: 72 Years)	18 <sup>th</sup> March 1949 (Age: 70 Years)
Qualifications	B. Tech (Chemical); and Masters' in Financial Management	Degree in Business Administration; and Chartered Accountant	M.S. in Chemical Engineering

<b>Name</b>	<b>Mr. Pralhad Pawar</b>	<b>Mr. Nalin M. Shah</b>	<b>Ms. Leja Hattiangadi</b>
Specialised Expertise	Strategy Planning Business Development and Project Management	Accounting and Audit	Business Development & Project Management
Experience	Over 3 Decades of overall experience	Over 4 Decades of overall experience	Over 4 Decades of overall experience
Terms and Conditions of Appointment	Nominee of Tata Projects Limited (Holding Company); Non-Executive Director	Independent Director	Independent Director
Remuneration	Nil	Nil	Nil
Date of First Appointment on the Board	19 <sup>th</sup> April 2013	1 <sup>st</sup> August 2012; as ID - from 8 <sup>th</sup> August 2014	12 <sup>th</sup> March 2015
Directorship in other Indian companies	Nil	1. Eimco Elecon (India) Limited (EEIL); 2. Tata Capital Limited (TCL); and 3. Kotak Mahindra Asset Management Company Limited (KMAMCL) 4. IDMC Limited (IDMC)	Alkyl Amines Chemicals Limited (AACL)
Positions in Committees of other Indian companies	Nil	1. EEIL: Chairman of AC, NRC and member of SRC. 2. TCL: Chairman of AC, NRC, ITSC and member of RMC and FALSC. 3. KMAMCL: Member of AC	AACL: Member of AC and CSRC.
Number of shares held in the Company	Nil	Nil	Nil
Relationship, if any, with other Directors, Manager and other KMP	Not related to any of the Directors and KMPs of the Company.	Not related to any of the Directors and KMPs of the Company.	Not related to any of the Directors and KMPs of the Company.
Position/s in Committees constituted by the Board of the Company	Member of AC, SRC and CSRC.	Chairman of AC and member of NRC	Chairperson of CSRC and member of AC and SRC
Number of Board Meetings attended	Attended all (6) Board Meetings held during the FY 2018-19.	Attended all (6) Board Meetings held during the FY 2018-19.	Attended all (6) Board Meetings held during the FY 2018-19.

\* AC: Audit Committee; NRC: Nomination & Remuneration Committee; SRC: Stakeholders Relationship Committee; CSRC: Corporate Social Responsibility Committee; ITSC: Information Technology Strategy Committee; RMC: Risk Management Committee; FALSC: Finance & Asset Liability Supervisory Committee

**Registered Office**

2<sup>nd</sup> Floor, One Boulevard, Lake Boulevard Road,  
Hiranandani Business Park, Powai, Mumbai, Maharashtra - 400076  
Email: investors@artson.net; Website: www.artson.net

By Order of the Board  
For **Artson Engineering Limited**

**Vinayak K. Deshpande**

Chairman

DIN: 00036827

Date: 8<sup>th</sup> May 2019

Place: Mumbai

## BOARD'S REPORT

To the Members,

The Board presents the 40<sup>th</sup> Annual Report of Artson Engineering Limited (the Company or AEL) along with the audited financial statements for the year ended 31<sup>st</sup> March 2019.

### 1. FINANCIAL RESULTS

PARTICULARS	Amount (₹ in Lakhs)	
	2018-19	2017-18
Gross Turnover (including Other Income)	16156.61	14172.22
Profit before Interest and Depreciation (EBIDTA)	810.67	1187.98
Finance Charges	685.53	543.53
Depreciation and Amortization	112.92	100.66
Total Expenditure	16144.39	13628.43
Net Profit Before Tax (PBT)	12.22	543.79
Less: Tax expense	(180.86)	(412.98)
Net Profit After Tax (PAT)	(168.64)	130.81
Other Comprehensive Income	0.38	3.14
Total Comprehensive income	(168.26)	133.95
Balance of Profit brought forward	214.67	230.84
<b>Balance available for appropriation</b>	<b>190.25</b>	<b>214.67</b>
Surplus carried to Balance Sheet	190.25	214.67

### 2. COMPANY'S PERFORMANCE

The Company's total income for the year under review aggregated to ₹ 16157 Lakhs (Previous Year: ₹ 14172 Lakhs). The operations of the Company for the year under review resulted in profit before tax of ₹ 12 Lakhs (Previous Year: ₹ 544 Lakhs) and profit/ (loss) after tax of ₹ 169 Lakhs (Previous Year: ₹ 131 Lakhs Profit).

During the year under review, the Company has completed the tankage work for Mumbai Aviation Fuel Farm Facility Private Limited (MAFFFL). In addition to this, fabrication of 3 tanks out of 4 nos. of large diameter (79 Mtrs.) tanks for storage of crude oil at IOCL, Paradeep are completed. Construction of 4<sup>th</sup> tank is in advanced stage of fabrication.

Contract related to large diameter intake pipeline package at APGENCO, Krishnapatnam is completed, giving your Company a better pre-qualification eligibility for pursuing more projects of similar nature.

The Company has executed orders for supply of over 3000 MT of steel structures to various clients including FL Smidth, ThyssenKrupp and Tata Projects from Nagpur facility. Apart from steel structures, this facility has also manufactured a 3D precast mould, marking your Company's foray into equipment building.

The Company delivered over 600 MT of equipment to clients like IOCL, Hindalco, SNF Flowpam, Aarti Industries, Chemitech and SI Group. This includes the manufacturing and delivery of heaviest heat exchanger ever manufactured by your Company to Hindalco Industries for their Dahej Plant. Further, the Company is manufacturing pressure vessels destined for a prestigious project of ISRO.

During the year under review, the Company received new orders with estimated value of approx. ₹ 29619 Lakhs. The closing order backlog of the Company for the year ended 31<sup>st</sup> March 2019 stood at approx. ₹ 23985 Lakhs.

#### Major orders received

- From Indian Oil Corporation Limited (IOCL), for Construction of bulk fuel storage tanks at Dhumad Terminal, Gujrat.
- From GMR Hyderabad Internal Airport Limited (GHIAL) for augmentation of existing ATF fuel facility at RGI Airport, Hyderabad.
- From Bharat Petroleum Corporation Limited (BPCL) for construction of petroleum storage tanks at Haveli, Pune.
- From ThyssenKrupp Industries for fabrication and supply of steel structures.
- From Hindalco Industries for manufacturing and supply of hot heat exchanger for their Dahej, Plant.
- From Tata Projects Limited (TPL) for manufacture and supply of equipment, steel structures and their various projects in India.

Business demonstrated moderate growth for companies in the metal forming and fabricating segment. Markets across the Board have experienced sustaining growth in last few years.

Past year has been a prime example of sustenance in fabrication sector. At the same time, there are concerns over Election results, Policy framework shifts, investments from private sector etc. While 2019 forecast doesn't project any major downturns, the overall feeling of many in metal fabrication is to remain cautiously optimistic.

Technology, automation, virtual design, green production and 3D printing are changing the fabrication landscape. Players are shifting towards off site fabrication due to constraints of space and labor at site and improving logistical infrastructure in the Country. New technologies such as gantry type robotic welding lines for fabrication and automation are changing the industry

Current year is expected to witness increasing trend of structural steel usage in transport infrastructure, residential and commercial buildings due to faster construction, load bearing capability and lower carbon-footprint.

Tankage market in India is highly cyclical and is currently going through a downward trend. Demand from the new refinery complexes is expected to last for the next 1-2 years, post which, only replacement and refurbishment tenders are expected. Your Company is on look out to other geographies for revenue growth in this segment.

The Company continues to maintain excellent record on Employee's Health and Safety, at all factory locations and project sites and received token of appreciation from its clients.

The Company's Management, with the support of TPL, is making sincere efforts to further improve the operations of the Company and record better performance over the impending years.

### 3. AWARDS, RECOGNITION AND ACHIEVEMENTS

- Received token of appreciation from IOCL for best safety practices.
- Received token of appreciation from Runaya Resource LLP, Jharsuguda for best safety practices.
- Received the Certificate for mechanical completion for construction of ATF Tanks at MAFFFL

### 4. CHANGE IN THE NATURE OF BUSINESS

The basic nature of the business of the Company i.e., construction of storage tanks and associated works, manufacturing of process plant equipment, fabrication of structures etc., remains the same and there was no change in the nature of business of the Company during the year under review.

### 5. CREDIT RATING

M/s. India Rating and Research Private Limited (Ind-Ra) has assigned a long term issuer rating of 'IND AA-'. The Outlook is stable. The instrument-wise rating is as follows:

- "IND AA-/Stable/IND A1+" for the fund based working capital facilities.
- "IND AA-/Stable/IND A1+" for the non-fund based working capital facilities.
- "IND AA-/Stable" for the Term Loan.

### 6. DIVIDEND

Considering the financial position of the Company, the Board of Directors have not recommended dividend for the year 2018-19. Further, as the members are aware, pursuant to the revised terms of the loan (interest free for 20 years) given by the holding Company i.e., Tata Projects Limited (TPL), your Company is not permitted to declare dividend to the equity Shareholders (including the holding Company/ promoter) until the re-payment of loan to TPL.

### 7. TRANSFER OF AMOUNT TO RESERVES

The Company does not propose to transfer any amount to General Reserve for the year ended 31<sup>st</sup> March 2019.

### 8. BORROWINGS

The borrowings of the Company i.e. long-term loans and working capital facilities from Banks stood at ₹ 2971 Lakhs as at 31<sup>st</sup> March 2019.

### 9. EXTRACT OF THE ANNUAL RETURN

The extract of the Annual Return in the prescribed form MGT 9 as required under section 92(3) of the Act is enclosed as **Annexure 1**.

### 10. NUMBER OF BOARD MEETINGS

During the financial year, the Board met Six (6) times i.e., on 26<sup>th</sup> April 2018, 18<sup>th</sup> July 2018, 25<sup>th</sup> October 2018, 8<sup>th</sup> January 2019, 1<sup>st</sup> February 2019 and 15<sup>th</sup> March 2019. The gap between any two consecutive Board Meetings did not exceed One Hundred and Twenty days.



**11. AUDIT COMMITTEE**

The Audit Committee comprises of Mr. Nalin M. Shah as Chairman, Mr. Michael Bastian, Mr. Pralhad Pawar and Ms. Leja Hattiangadi as members. The composition of the Committee is as per the requirements of the provisions of Section 177 of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). The Audit Committee continues to provide valuable advice and guidance in the areas of costing, finance and internal financial controls.

During the financial year, the Audit Committee met Six (6) times i.e., on 26<sup>th</sup> April 2018, 18<sup>th</sup> July 2018, 25<sup>th</sup> October 2018, 8<sup>th</sup> January 2019, 1<sup>st</sup> February 2019 and 15<sup>th</sup> March 2019.

**12. NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee (NRC) comprises of Mr. Michael Bastian as Chairman, Mr. Vinayak K. Deshpande and Mr. Nalin M. Shah as members. The composition of the Committee is as per the requirements of the provisions of Section 178 of the Act and the Listing Regulations.

During the financial year, the NRC met Five (5) times i.e., on 26<sup>th</sup> April 2018, 25<sup>th</sup> June 2018, 25<sup>th</sup> October 2018, 1<sup>st</sup> February 2019, 15<sup>th</sup> March 2019.

**13. STAKEHOLDERS' RELATIONSHIP COMMITTEE**

The Stakeholders' Relationship Committee (SRC) comprises of Mr. Michael Bastian as Chairman, Mr. Pralhad Pawar and Ms. Leja Hattiangadi as members. The composition of the Committee is as per the requirements of the provisions of Section 178 of the Act and the Listing Regulations.

During the financial year, the SRC met four (4) times i.e., on 26<sup>th</sup> April 2018, 17<sup>th</sup> July 2018, 25<sup>th</sup> October 2018, and 1<sup>st</sup> February 2019.

**14. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The Corporate Social Responsibility (CSR) Committee, comprises of Ms. Leja Hattiangadi, as Chairperson, Mr. Vinayak K. Deshpande and Mr. Pralhad Pawar, as members. The composition of the Committee is as per the requirements of the provisions of Section 135 of the Act and the Listing Regulations.

During the financial year, the CSR Committee met once (1) i.e., on 15<sup>th</sup> March 2019.

In compliance with the policy adopted by the Board, an amount of ₹ 8.50 Lakhs, being 2% of the average net profit for the preceding 3 financial years was transferred to the Tata Projects Community Development Trust (TPCDT) towards CSR expenditure of the Company for the FY 2018-19.

The CSR policy and details of spending in the format as per the provision of the Act and listing Regulations is enclosed as **Annexure 2**.

**15. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT**

No material change and/ or commitments affecting the financial position of the Company, occurred between the end of the financial year of the Company to which the financial statements relate i.e. 31<sup>st</sup> March 2019 and the date of the report i.e., 8<sup>th</sup> May 2019.

**16. INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has adopted adequate internal financial controls, commensurate with the size and complexity of its operations. During the year, such controls were tested and no reportable material weakness in the design or operations was observed. The Company has policies and procedures in place for ensuring proper and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of accounting records and the timely preparation of reliable financial information. The Company has adopted accounting policies which are in line with the Indian Accounting Standards (Ind-AS) and the Act. These are in accordance with the generally accepted accounting principles in India. Changes in policies, if required, are made in consultation with the Auditors and are approved by the Audit Committee. The Company's internal audit system is geared towards ensuring adequate internal controls commensurate with the size and needs of the business, with the objective of efficient conduct of operations through adherence to the Company's policies, identifying areas of improvement, evaluating the reliability of financial statements, ensuring compliances with applicable laws and Regulations and safeguarding of assets from unauthorized use. Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the Internal, Statutory, Cost and Secretarial Auditors, including audit of the internal financial controls over financial reporting by the Statutory Auditors, and the reviews performed by the Management and the relevant Board and Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the year 2018-19.

## 17. DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, the work performed by the Internal, Statutory and Secretarial Auditors and the reviews performed by the Management and the relevant Board Committees, including the Audit Committee, the Board believes that the Company's internal financial controls were adequate and effective during the year ended 31<sup>st</sup> March 2019. Accordingly, pursuant to Section 134(5) of the Act, based on the above and the representations received from the Operating Management, the Board of Directors, to the best of their knowledge and ability confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed and that there were no material departures therefrom;
- They have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied their recommendations consistently and made judgments and estimates that are reasonable and prudent to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2019 and of the profit of the Company for the year ended on that date;
- They have 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 frauds and other irregularities;
- They have prepared the annual accounts on a going concern basis;
- They have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively during the year ended 31<sup>st</sup> March 2019; and
- Proper system has been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively during the year ended 31<sup>st</sup> March 2019.

## 18. DIRECTORS AND KEY MANAGERIAL PERSONNEL

### a) Cessation of Directors

During the year under review, there was no cessation/ resignation/ removal of any Director of the Company.

### b) Directors retiring by rotation

As per the provisions of the Act and the Articles of Association of the Company, Mr. Pralhad Pawar, Director, retires by rotation and being eligible, offers himself for re-appointment. The proposal for re-appointment of Mr. Pralhad Pawar is being placed at the AGM along with the necessary details.

### c) Changes in Directorship / Committee position

During the year under review, there was no change in the designation/ terms of Directorship/ Committee position of any of the Directors of the Company.

### d) Re-appointment of Director

- i. Mr. Nalin M. Shah was appointed as an Independent Director of the Company with effect from 8<sup>th</sup> August 2014, to hold office for five consecutive years i.e., up to 7<sup>th</sup> August 2019.
- ii. Ms. Leja Hattiangadi was appointed as an Independent Director of the Company with effect from 12<sup>th</sup> March 2015, to hold office for five consecutive years i.e., up to 11<sup>th</sup> March 2020.

The re-appointment of Independent Directors require approval of the Shareholders, and the next AGM of the Company would happen only after their existing term expires. Therefore, based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors, the proposal for re-appointment of Mr. Nalin M. Shah and Ms. Leja Hattiangadi is being placed at the 40<sup>th</sup> AGM along with the necessary details.

### e) Changes in the Key Managerial Personnel

During the year under review, there were no changes in KMPs of the Company.

### f) Declaration by Independent Directors

As per the requirement of Section 149 (7) of the Act, Mr. Michael Bastian, Mr. Nalin M. Shah, and Ms. Leja Hattiangadi, the Independent Directors of the Company have submitted their respective declarations that they fulfil the criteria of independence under Section 149 of the Act, read with Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**19. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

The Company has neither given any loans or guarantee, nor provided any security in connection with any loan to any Body Corporate or person, nor has it acquired by subscription, purchase or otherwise, the securities of any Body Corporate as provided under Section 186 of the Act.

**20. REMUNERATION POLICY**

Based on the recommendations of the NRC, the Board of Directors approved and adopted a Remuneration Policy for Directors, Key Managerial Personnel and other employees of the Company as required under Section 178(3) of the Act. The Company has adopted Governance Guidelines which inter alia covers the composition and role of the Board, Board Appointment, Induction and Development, Director's Remuneration, Code of Conduct, Board Effectiveness Review and mandates of the Board Committees. The Remuneration Policy is placed on the website of the Company www.artson.net for reference and enclosed as **Annexure 3**.

**21. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

All the contracts/ arrangements/ transactions entered by the Company during the year under review with related parties were in the ordinary course of business and at arm's length basis. The Particulars of such contracts or arrangements with related parties, pursuant to the provisions of Section 134(3)(h) and Rule 8 of the Companies (Accounts) Rules, 2014, in the prescribed form AOC-2 is enclosed as **Annexure 4**.

**22. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Particulars as prescribed under Section 134(3)(m) of the Act pertaining to the conservation of energy, technology absorption and foreign exchange earnings and outgo is enclosed as **Annexure 5**.

**23. RISK MANAGEMENT POLICY**

The Company has adopted measures for Risk Management and Mitigation thereof. A formal Risk reporting system has been devised by the Company. Project Review Committee has been constituted comprising of Directors and senior officials of the Company to review, assess and mitigate the risks, conversion of risk into opportunities, problems/ irregularities related to implementation and execution of projects (including project delay, change in scope and estimation errors) and implementation of checks and balances for proper execution of future work. The key risk management and mitigation practices include those relating to identification of key risks associated with the business objectives, impact assessment, risk evaluation and reporting.

**24. ANNUAL EVALUATION**

Pursuant to the provisions of the Act and Regulation 25 of the Listing Regulations, the Board has carried out an annual evaluation of its own performance, performance of the Directors individually as well as the evaluation of the working of its Committees.

The following process was adopted for Board evaluation:

- i) Feedback was sought from each Director about their views on the performance of the Board covering various criteria such as degree of fulfilment of key responsibilities, Board structure and composition, establishment and delineation of responsibilities to various Committees, effectiveness of Board processes, information and functioning, Board culture and dynamics, quality of relationship between the Board and the Management and efficacy of communication with external stakeholders. Feedback was also taken from every Director on his assessment of the performance of each of the other Directors.
- ii) The feedback received from all the Directors was discussed at the Meeting of Independent Directors and the NRC. The performance of the Non-Independent Non-Executive Directors and Board Chairman was also reviewed by them.
- iii) The collective feedback on the performance of the Board (as a whole) was discussed by the Chairman of the NRC with the Chairman of the Board. It was also presented to the Board.
- iv) Assessment of performance of every statutorily mandated Committee of the Board was conducted and these assessments were presented to the Board for consideration. Areas on which the Committees of the Board were assessed included degree of fulfilment of key responsibilities, adequacy of Committee composition and effectiveness of Meetings.
- v) During the year under review, the recommendations made in the previous year were satisfactorily implemented.

**25. PARTICULARS OF SUBSIDIARY COMPANIES OR JOINT VENTURES OR ASSOCIATE COMPANY**

The Company neither has any joint venture with nor does it have any associate or subsidiary Company as defined under various provisions of the Act.

## 26. PARTICULARS OF DEPOSITS

During the year under review, the Company has neither accepted any deposit covered under Chapter V of the Act nor has it contravened the compliance requirements of Chapter V of the Act.

## 27. PARTICULARS OF SIGNIFICANT/ MATERIAL ORDERS PASSED, IF ANY

During the year under review, there were no significant and/ or material orders passed by any Regulator/ Court/ Tribunal which could impact the going concern status of the Company and its operations in future.

## 28. AUDITORS

### a) Statutory Auditors

Pursuant to the provisions of Sections 139, 142 and other applicable provisions of the Act read with Rules made thereunder, the Shareholders at the 38<sup>th</sup> Annual General Meeting (AGM) of the Company held on 21<sup>st</sup> September 2017, approved the appointment of M/s. Price Waterhouse & Co Chartered Accountants LLP, (PwC) (Firm Registration Number - 304026E/E-300009) as the Statutory Auditors of the Company to hold office for a period of 5 years commencing from the conclusion of the 38<sup>th</sup> AGM till the conclusion of the 43<sup>rd</sup> AGM to be held in the year 2022. The re-appointment of PwC will be reviewed based on the order of Securities Appellate Tribunal (SAT).

The Auditors' Report issued by PwC for the financial year 2018-19 does not contain any qualification, reservations, adverse remark or disclaimer.

### b) Internal Auditors

In terms of the provisions of Section 139 of the Act and based on the recommendation of Audit Committee, the Board of Directors at their Meeting held on 8<sup>th</sup> May 2019 re-appointed M/s. Ernst & Young LLP (EY) (AAB-4343) as the Internal Auditors of the Company. EY confirmed their willingness to be re-appointed as the Internal Auditors of the Company. Further, the Audit Committee in consultation with Internal Auditors, formulated the scope, functioning, periodicity and methodology for conducting the internal audit.

### c) Cost Auditors

In terms of the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules 2014, and based on the recommendation of the Audit Committee, the Board of Directors at their Meeting held 8<sup>th</sup> May 2019 re-appointed M/s. Sagar and Associates, Cost Accountants (Firm Registration No. 000118), as the Cost Auditors for the financial year 2019-20 to conduct the audit of Steel Products of the Company. The necessary consent letter and certificate of eligibility was received from M/s. Sagar & Associates, confirming their eligibility to be re-appointed as the Cost Auditors of the Company.

A resolution seeking ratification of remuneration payable to M/s. Sagar and Associates, Cost Accountants (Firm Registration No. 000118) to conduct the audit of Steel Products of the Company for the financial year 2019-20 has been included in the notice convening 40<sup>th</sup> AGM of the Company.

### d) Secretarial Auditors

In terms of Section 204 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and based on the recommendation of the Audit Committee, the Board of Directors at their Meeting held on 2<sup>nd</sup> May 2017 appointed M/s. MKS & Associates, Company Secretaries (Firm Registration No. S2017TL460500) as the Secretarial Auditors for the financial year 2018-19. The Secretarial Audit Report for the financial year 2018-19 in the prescribed form MR-3 on the audit carried out by the said Auditor is enclosed to this Report as **Annexure 6**.

Further, based on the recommendation of the Audit Committee, the Board of Directors at their Meeting held on 8<sup>th</sup> May 2019 re-appointed M/s. MKS & Associates, Company Secretaries (Firm Registration No. S2017TL460500) as the Secretarial Auditors of the Company for the financial year 2019-20. The necessary consent letter and certificate of eligibility was received from M/s. MKS & Associates, Company Secretaries, confirming their eligibility to be re-appointed as the Secretarial Auditors of the Company.

## 29. DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has adopted a policy on Prevention, Prohibition and Redressal of Sexual Harassment at Workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. The Company has also constituted a Committee for Prevention of Sexual Harassment at work place. No complaints were received under the said policy during the year under review.

**30. PARTICULARS OF EMPLOYEES**

During the year under review, no employee in the Company drew remuneration in excess of the amounts prescribed under Section 197(12) of the Act, read with Rule 5 (2) and 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Further the information pursuant to Section 197 of the Act read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time is enclosed as **Annexure 7**.

**31. SHARE CAPITAL**

The authorised share capital of the Company is ₹ 17,00,00,000/- comprising of 15,00,00,000 equity shares of ₹ 1/- and 2,00,000 preference shares of ₹ 100/- each. Further, the paid-up equity share capital of the Company is ₹ 3,69,20,000/- divided into 3,69,20,000 equity shares of ₹ 1/- each. During the year under review, there was no change in the capital structure of the Company. Disclosure under Section 67(3)(c) of the Act in respect of voting rights not exercised directly by the employees of the Company is not applicable.

**32. ISSUE OF SHARES**

During the year under review, the Company has not:

- i) Issued any shares with differential voting rights pursuant to the provisions of Rule 4 of the Companies (Share Capital and Debenture) Rules, 2014;
- ii) Issued any sweat equity shares to any of its employees, pursuant to the provisions of Rule 8 of the Companies (Share Capital and Debenture) Rules, 2014;
- iii) Implemented any Employee Stock Option Scheme for its employees.

**33. PURCHASE OF SHARES OF THE COMPANY**

During the period under review, the Company has not given any loan, guarantee or security, or any financial assistance to the employees of the Company for the purpose of purchase or subscription for any shares of the Company or its Holding Company pursuant to Section 67(2) of the Act.

**34. VIGIL MECHANISM**

The Company has adopted a Whistle Blower Policy to report to the Management, the instances of unethical behaviour, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy. Under the policy, the employees can approach the Company's Ethics Counsellor/ Chairman of the Audit Committee for reporting.

**35. REPORT ON CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Pursuant to the Regulation 15(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, compliance with the Corporate Governance provisions as specified in Regulations 17 to 27 and 46 (2) and para C, D and E of Schedule V are not applicable to the Company because, neither the paid-up share capital exceeds ₹ 10 Crore nor the net-worth exceeds ₹ 25 Crore as on the last day of previous financial year i.e. 31<sup>st</sup> March 2019.

Accordingly, for the year under review, the reports stating compliance with the Code of Corporate Governance and the Management Discussion and Analysis have not been annexed to this report.

**36. ACKNOWLEDGEMENTS**

The Directors wish to place on record their sincere appreciation for the unrelenting support received during the year from the Shareholders, Tata Projects Limited (Holding Company), customers - both in India and abroad, suppliers and vendors, Banks, and other Government and Regulatory authorities, Financing and lending institutions. The Board wishes to record its deep appreciation to all the employees and workers of the Company for their dedication and commitment.

**Registered Office**

2<sup>nd</sup> Floor, One Boulevard, Lake Boulevard Road,  
Hiranandani Business Park, Powai, Mumbai, Maharashtra - 400076  
Email: investors@artson.net; Website: www.artson.net

By Order of the Board  
For **Artson Engineering Limited**

Date: 8<sup>th</sup> May 2019  
Place: Mumbai

**Vinayak K. Deshpande**  
Chairman  
DIN: 00036827

**FORM MGT- 9**
**EXTRACT OF ANNUAL RETURN**

 As on the Financial Year ended on 31<sup>st</sup> March 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS**

Corporate Identity Number	L27290MH1978PLC020644
Registration date	18 <sup>th</sup> September 1978
Name of the Company	Artson Engineering Limited
Category/ Sub-Category of the Company	India Non-Governmental Company, Limited by Shares
Address of Registered Office and contact details	2 <sup>nd</sup> Floor, One Boulevard, Lake Boulevard Road, Hiranandani Business Park, Powai, Mumbai, Maharashtra-400076. Website: www.artson.net
Whether listed Company (yes/ no)	Yes (Bombay Stock Exchange)
Name, Address and contact details of Registrar and Transfer Agent	Link Intime (India) Private Limited C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 Tel No: +91 22 49186000 Fax: +91 22 49186060 email: rnt.helpdesk@linkintime.co.in

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing to 10 % or more of the total turnover of the Company shall be stated:

S. No.	Name and description of main product/ service	NIC Code of product/ service -2008	% to total turnover of the Company
1.	Manufacture of Structural Metal Products	251 & 259	24.08
2.	Industrial & Infrastructure projects	332 & 422	75.92

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

NAME AND ADDRESS OF THE COMPANY	CIN/ GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES	APPLICABLE SECTION
<b>Tata Projects Limited</b>				
Mithona Towers-1, 1-7-80 to 87, Prenderghast Road, Secunderabad - 500003, Telangana	U45203TG1979PLC057431	Holding Company	75%	2(46)

Note: The Company does not have any Subsidiary and Associate Company.

IV. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

i. Category-wise share holding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoters</b>									
<b>1. Indian</b>									
a. Individual	0	0	0	0.00%	0	0	0	0.00%	0.00%
b. Central Government	0	0	0	0.00%	0	0	0	0.00%	0.00%
c. State Government	0	0	0	0.00%	0	0	0	0.00%	0.00%
d. Bodies Corporate	2,76,90,000	0	2,76,90,000	75.00 %	2,76,90,000	0	2,76,90,000	75.00 %	0.00%
e. Banks/ Financial Institutions	0	0	0	0.00%	0	0	0	0.00%	0.00%
f. Any Other	0	0	0	0.00%	0	0	0	0.00%	0.00%
<b>Sub-total (A)(1)</b>	<b>2,76,90,000</b>	<b>0</b>	<b>2,76,90,000</b>	<b>75 %</b>	<b>2,76,90,000</b>	<b>0</b>	<b>2,76,90,000</b>	<b>75 %</b>	<b>0.00%</b>
<b>2. Foreign</b>									
a. NRIs- Individuals	0	0	0	0.00%	0	0	0	0.00%	0.00%
b. Other- Individuals	0	0	0	0.00%	0	0	0	0.00%	0.00%
c. Bodies Corporate	0	0	0	0.00%	0	0	0	0.00%	0.00%
d. Banks/ Financial Institutions	0	0	0	0.00%	0	0	0	0.00%	0.00%
e. Any Other	0	0	0	0.00%	0	0	0	0.00%	0.00%
<b>Sub-total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Total Shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	<b>2,76,90,000</b>	<b>0</b>	<b>2,76,90,000</b>	<b>75 %</b>	<b>2,76,90,000</b>	<b>0</b>	<b>2,76,90,000</b>	<b>75 %</b>	<b>0.00%</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a. Mutual Funds/ UTI	0	2,875	2,875	0.01%	0	2,875	2,875	0.01%	0.00%
b. Banks/ Financial Institutions	0	1,400	1,400	0.00%	0	1,400	1,400	0.00%	0.00%
c. Central Government	0	0	0	0.00%	0	0	0	0.00%	0.00%
d. State Government	0	0	0	0.00%	0	0	0	0.00%	0.00%
e. Venture Capital Funds	0	0	0	0.00%	0	0	0	0.00%	0.00%
f. Insurance Companies	0	0	0	0.00%	0	0	0	0.00%	0.00%
g. FIIs	0	770	770	0.00%	0	770	770	0.00%	0.00%
h. Foreign venture capital funds	0	0	0	0.00%	0	0	0	0.00%	0.00%
i. Other (Foreign Portfolio Investors)	5378	0	5378	0.02%	0	0	0	0.00%	(0.02%)
<b>Sub- total (B)(1)</b>	<b>5378</b>	<b>5045</b>	<b>10423</b>	<b>0.03%</b>	<b>0</b>	<b>5045</b>	<b>5045</b>	<b>0.01%</b>	<b>(0.02%)</b>
<b>2. Non-Institutions</b>									
<b>a. Bodies Corporate</b>									
i. Indian	1058062	400000	1458062	3.95%	993367	400000	1393367	3.77%	0.18%
ii. Overseas	0	0	0	0.00%	0	0	0	0.00%	0.00%
<b>b. Individuals</b>									
i. Individual / other shareholders holding nominal share capital up to ₹ 1 lakh	4927854	1446453	6374307	17.27%	4767711	1409307	6177018	16.73%	(1.34%)
ii. Individual / others shareholders holding nominal share capital in excess of ₹ 1 lakh	1264289	0	1264289	3.42%	1464559	0	1464559	3.97%	(0.32%)
<b>c. Others specify</b>									
Non Resident Individual	86184	36375	122919	0.34%	153276	36735	190011	0.51%	0.18%
<b>Sub- total (B)(2)</b>	<b>7336389</b>	<b>1882828</b>	<b>9219577</b>	<b>24.97%</b>	<b>7378913</b>	<b>1846042</b>	<b>9224955</b>	<b>24.99%</b>	<b>(0.02%)</b>
<b>Total Public Shareholding (b)=(B)(1) +(B)(2)</b>	<b>7341767</b>	<b>1887873</b>	<b>9230000</b>	<b>25.00%</b>	<b>7378913</b>	<b>1851087</b>	<b>9230000</b>	<b>25.00%</b>	<b>0.00%</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0.00%	0	0	0	0.00%	0.00%
<b>GRAND TOTAL = (A) + (B) + (C)</b>	<b>35031767</b>	<b>1887873</b>	<b>36920000</b>	<b>100%</b>	<b>3568913</b>	<b>1851087</b>	<b>36920000</b>	<b>100%</b>	<b>0.00%</b>

**ii. Shareholding of Promoters**

S. No.	Shareholder's Name	Shareholding at the beginning of the Year			Shareholding at the end of the Year			Change in shareholding during the year
		No. of shares	% of Total shares of the Company	% of shares pledged / encumbered to total shares	No. of shares	% of Total shares of the Company	% of shares pledged / encumbered to total shares	
1	Tata Projects Limited	27690000	75%	0.00%	27690000	75%	0.00%	0.00%

**iii. Change in Promoter's shareholding (please specify, if there is no change)**

S. No.	Particulars	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of Total shares of the Company	No. of shares	% of Total shares of the Company
1	<b>At the beginning of the year</b>	27690000	75%	27690000	75%
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ Sweat equity etc.):	- NIL -			
2	<b>At the End of the year</b>	27690000	75%	27690000	75%

**iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

S. No.	For each of the Top 10 shareholders	Shareholding at the beginning of the year		Date wise Increase / Decrease in Shareholding during the Year specifying reasons for increase/ decrease			Cumulative Shareholding during the year		At the end of the year (or the date of separation, if separated during the Year)	
		No. of shares	% of Total shares of the Company	Date	No. of shares	Increase/ (Decrease)	No. of shares	% of Total shares of the Company	No. of shares	% of Total shares of the Company
1	Sarnam Trading Mercantile Pvt. Ltd.	400000	1.08	-	-	-	400000	1.08	400000	1.08
2	Meenaxi Narendra Mehta	499499	1.35	15.06.2018	(2625)	Decrease	496874	1.35	385000	1.04
				31.08.2018	(19421)		477453	1.29		
				14.09.2018	(14537)		462916	1.25		
				14.12.2018	(17800)		445116	1.20		
				21.12.2018	(51050)		394066	1.07		
				11.01.2019	(2421)		391645	1.06		
				15.03.2019	(6645)	385000	1.04			
3	Vishal Narendra Mehta	260000	0.70	-	-	-	260000	0.70	260000	0.70
4	Narayan Keshavdas Jagasia**	256230	0.69	08.02.2019	(500)	Decrease	255730	0.69	255730	0.69
5	Pranav Securities Private Limited	200000	0.54	-	-	-	200000	0.54	200000	0.54
6	Veena K Jagwani	131090	0.36	30.06.2018	10000	Increase	141090	0.38	141090	0.38



S. No.	For each of the Top 10 shareholders	Shareholding at the beginning of the year		Date wise Increase / Decrease in Shareholding during the Year specifying reasons for increase/ decrease			Cumulative Shareholding during the year		At the end of the year (or the date of separation, if separated during the Year)	
		No. of shares	% of Total shares of the Company	Date	No. of shares	Increase/ (Decrease)	No. of shares	% of Total shares of the Company	No. of shares	% of Total shares of the Company
7	Ketan Jayantil Shah - HUF	33000	0.08	06.07.2018	(33000)	Decrease	0	0.00	119000	0.32
				13.07.2018	33000	Increase	33000	0.08		
				24.08.2018	9206	Increase	42206	0.11		
				31.08.2018	2294	Increase	44500	0.12		
				07.09.2018	(26500)	Decrease	18000	0.04		
			30.11.2018	101000	Increase	119000	0.32			
8	Vinod Kumar Ohri**	79850	0.21	27.07.2018	7457	Increase	87307	0.23	106798	0.28
				24.08.2018	700	Increase	88007	0.23		
				31.08.2018	7581	Increase	95588	0.25		
				14.09.2018	41	Increase	95629	0.25		
				21.09.2018	1098	Increase	96727	0.26		
				29.09.2018	500	Increase	97227	0.26		
				12.10.2018	1821	Increase	99048	0.26		
				15.02.2019	2600	Increase	101648	0.27		
				22.02.2019	3500	Increase	105148	0.28		
			08.03.2019	1650	Increase	106798	0.28			
9	Dhruv Bhasin	0	0.00	21.12.2018	103769	Increase	103769	0.28	103769	0.28
10	IIFL Securities Limited	0	0.00	29.03.2019	100000	Increase	100000	0.27	100000	0.27
11	Consortium Sec. Pvt. Ltd	100200	0.27	13.04.2018	(100)	Decrease	100100	0.27	100000	0.27
				18.05.2018	(100)	Decrease	100000	0.27		
				20.07.2018	100	Increase	100100	0.27		
				03.08.2018	(100)	Decrease	100000	0.27		
				15.02.2019	200	Increase	100200	0.27		
				22.02.2019	200	Increase	100400	0.27		
				08.03.2019	(400)	Decrease	100000	0.27		
12	Pranav M Shah	100000	0.27	-	-	-	100000	0.27	100000	0.27
13	Renuka Pranav Shah	100000	0.27	-	-	-	100000	0.27	100000	0.27
14	Map Auto Limited	100000	0.27	-	-	-	100000	0.27	100000	0.27
15	Innovate Securities Pvt. Ltd.*	101000	0.27	06.07.2018	(101000)	Decrease	0	0.00	0	0.00
				13.07.2018	101000	Increase	101000	0.27		
				07.09.2018	6802	Increase	107802	0.29		
				14.09.2018	(6802)	Decrease	101000	0.27		
				23.11.2018	79	Increase	101079	0.27		
				30.11.2018	(101079)	Decrease	0	0.00		
16	Neepta Shah*	100000	0.27	29.03.2019	100000	Decrease	0	0.00	0	0.00

Note:

\*The shareholders who were in the list of top 10 shareholders of the Company at the beginning of the year, who are no longer in the list of top 10 shareholders at the end of the year

\*\*The details of holding has been clubbed based on the PAN

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ Lakh)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i. Principal Amount	2612.14	-	-	2612.14
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>2612.14</b>	<b>-</b>	<b>-</b>	<b>2612.14</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition (+)	646.00	-	-	646.00
• Reduction (-)	-	-	-	-
<b>Net Change</b>	<b>646.00</b>	<b>-</b>	<b>-</b>	<b>646.00</b>
<b>Indebtedness at the end of the financial year</b>				
i. Principal Amount	3258.14	-	-	3258.14
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>3258.14</b>	<b>-</b>	<b>-</b>	<b>3258.14</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

S. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager	Total Amount
		Mr. Saket Mathur	
<b>1.</b>	<b>Gross Salary</b>		
	a. Salary as per provisions of section 17(1) of the Income-tax Act,1961	76,31,292	76,31,292
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	c. Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-
<b>2</b>	Stock Option	-	-
<b>3</b>	Sweat Equity	-	-
<b>4</b>	Commission - as a % of profit - others, specify	-	-
<b>5</b>	Other, please specify	-	-
	<b>Total (A)</b>	<b>76,31,292</b>	<b>76,31,292</b>

Note: The above figures are given on proportionate basis.

**B. Remuneration to other Directors:**

S. No.	Particulars of Remuneration	Name of Directors			Total Amount (₹)
1	<b>Independent Directors</b>				
	<b>Name/ Particulars</b>	<b>Mr. Nalin M. Shah</b>	<b>Mr. Michael Bastian</b>	<b>Ms. Leja Hattiangadi</b>	<b>Total</b>
	Fee for attending Board Committee Meetings and Independent Directors Meeting	4,90,000	5,60,000	6,10,000	16,60,000
	Commission	-	-	-	-
	<b>Total (B) (1)</b>	<b>4,90,000</b>	<b>5,60,000</b>	<b>6,10,000</b>	<b>16,60,000</b>
2	<b>Other Non-Executive Directors</b>				
	<b>Name/ Particulars</b>	<b>Mr. Vinayak K. Deshpande</b>	<b>Mr. Pralhad Pawar</b>		<b>Total</b>
	Fee for attending Board Committee Meetings	-	-	-	-
	Commission	-	-	-	-
	<b>Total (B) (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (B)= (1)+(2)</b>					<b>16,60,000</b>
<b>Overall Ceiling as per the Act</b>		Section 197 of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 prescribed sitting fees of ₹ 1 Lakh to be paid to each Director per Meeting. The above sitting fees paid to Directors are within the prescribed limit			

**Notes:**

- In terms of the Resolution passed by the Board of Directors, Mr. Vinayak K Deshpande and Mr. Pralhad Pawar, nominees and employees of Tata Projects Limited, are not paid any Sitting Fees.

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

S. No.	Particulars of Remuneration	Key Managerial Personnel			Total (₹)
		Manager	Company Secretary	CFO	
		Mr. Saket Mathur	Mr. Deepak Tibrewal	Mr. S. Balaji	
1.	Gross Salary				
	a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	76,31,292	14,58,017	30,49,981	1,21,39,290
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	c. Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as a % of profit				
	- others, specify				
5	Other, please specify	-	-	-	-
	<b>Total (A)</b>	<b>76,31,292</b>	<b>14,58,017</b>	<b>30,49,981</b>	<b>1,21,39,290</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
<b>A. Company</b>					
Penalty			Nil		
Punishment					
Compounding					
<b>B. Directors</b>					
Penalty			Nil		
Punishment					
Compounding					
<b>C. Other Officers in Default</b>					
Penalty			Nil		
Punishment					
Compounding					

By order of the Board  
For **Artson Engineering Limited**

Date: 8<sup>th</sup> May 2019  
Place: Mumbai

**Vinayak K. Deshpande**  
Chairman  
DIN: 00036827

**REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES**

[Pursuant to Section 134(3)(o) of the Companies Act, 2013 and Rule 9 of the Companies (CSR) Rules, 2014]

1. Brief outline of the Company's policy, including overview of projects/programs proposed to be undertaken:

Artson Engineering Limited (AEL), believes in responsibility towards society and positively impacting and supporting both the environment and the communities. Company shall give preference to the local area and areas around it where it operates, focusing on sustainability of programs and empowerment of these communities.

AEL shall strive to align with the Tata Group CSR and other national and international frameworks like the UN Sustainable Development Goals (SDG), in line with the schedule VII of the Companies Act 2013, as recommended by the CSR Committee of the Board and approved by the Board from time to time.

AEL will participate in Tata Group CSR Initiatives in the area of Skill Development, Water, Education and Disaster Response.

AEL is committed to improving the quality of life of members of the community, especially the underprivileged, and wherever possible, interact with identified NGOs and augment their efforts in this direction.

AEL shall play an active role in promotion of inclusive growth through deployment of Affirmative Action initiatives to drive significant impact.

AEL's focus areas of development shall include programs on:

**Water:** Provide Safe drinking water and develop social entrepreneurs in water space.

**Skill Development:** To support the National Skill Development and help Industries to move to a virtuous circle of higher productivity, employment, income growth, enhance employability and development.

**Education:** To improve literacy/education efforts by participating in various Government schemes and initiatives of other Corporates and NGOs.

**Implementation of the CSR Policy:**

- The corpus to be spent on CSR shall include at least 2% of the average net profit of India operations for the preceding three financial years (or as may be amended by law/ rules from time to time). Any surplus arising out of the CSR programs and projects shall not form part of business profits of the Company.
- We will implement all CSR activities directly or through Tata Projects Community Development Trust or other partners like NGOs, academic institutions, Government, other Trusts etc.
- Implementation of this policy will be monitored and reviewed periodically through a two-tier structure comprising: CSR Committee of the Board and CSR Department/ team of AEL.

We shall build partnerships and promote innovation through incubation of ideas and technology to address societal needs (Centers of Excellence). We shall continue to actively promote volunteerism to enable our employees, our partners to contribute their skills, talents and expertise for development.

2. CSR Committee presently consists of Ms. Leja Hattiangadi, as Chairperson, Mr. Vinayak K. Deshpande and Mr. Pralhad Pawar as members.
3. Average Net profits for last three financial years for computation of CSR spending: ₹ 423.02 Lakhs
4. Prescribed CSR expenditure (2% of Average Net Profit): ₹ 8.46 Lakhs
5. Details of CSR spent for financial year:
- a) Total amount to be spent for the financial year: ₹ 8.46 Lakhs
  - b) Amount Spent is ₹ 8.50 Lakhs
  - c) Amount unspent, if any: Nil

**6. Manner in which the amount is spent during the year**

S. No	CSR Project or Activity Identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and District where projects or programs were undertaken	Amount outlay (budget) project or program wise (in ₹)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on project or program (2) Over-heads		Cumulative expenditure up to the reporting period (in ₹)	Amount spent Directly or through implementing agency*
					Direct Exp. (in ₹)	Over Heads		
1	Skill Development	Employment enhancing vocational skills especially among children, women, elderly, and the differently-abled	Towards training 120 students in construction related skills	3,00,000	2,91,394	Nil	2,91,394	Implementing Agency – NGO (TPCDT)
2	Education	Promoting Education including special education, especially amongst children, women, elderly and the differently abled	Towards setting up Digital classroom in a school	5,46,000	5,58,606	Nil	5,58,606	Implementing Agency – NGO (TPCDT)
<b>Total</b>				<b>8,46,000</b>	<b>8,50,000</b>	<b>-</b>	<b>8,50,000</b>	<b>-</b>

By order of the Board  
For **Artson Engineering Limited**

**Vinayak K. Deshpande**

Chairman

DIN: 00036827

**Leja Hattiangadi**

Director

DIN: 00198720

Date: 8<sup>th</sup> May 2019

Place: Mumbai

## REMUNERATION POLICY

### Policy for Directors, Key Managerial Personnel and other employees

The philosophy for remuneration of Directors, Key Managerial Personnel (“KMP”) and all other employees of Artson Engineering Limited (“Company”) is based on the commitment of fostering a culture of leadership with trust. The remuneration policy is aligned to this philosophy.

This remuneration policy has been prepared pursuant to the provisions of Section 178(3) of the Companies Act, 2013 (“Act”) and Regulation 19 read with Part - D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. In case of any inconsistency between the provisions of law and this remuneration policy, the provisions of the law shall prevail, and the Company shall abide by the applicable law. While formulating this policy, the Nomination and Remuneration Committee (“NRC”) has considered the factors laid down under Section 178(4) of the Act, which are as under:

- a. “the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c. remuneration to Directors, Key Managerial Personnel and senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals”

**Key principles governing this remuneration policy are as follows:**

#### 1. Remuneration for Independent Directors and Non-Independent Non-Executive Directors

- Independent Directors (“ID”) and non-independent non-executive Directors (“NED”) may be paid sitting fees (for attending the Meetings of the Board and of Committees of which they may be members) and commission within regulatory limits.
- Within the parameters prescribed by law, the payment of sitting fees and commission will be recommended by the NRC and approved by the Board.
- Overall remuneration (sitting fees and commission) should be reasonable and enough to attract, retain and motivate Directors aligned to the requirements of the Company (taking into consideration the challenges faced by the Company and its future growth imperatives).
- Overall remuneration should be reflective of size of the Company, complexity of the sector/ industry/ Company’s operations and the Company’s capacity to pay the remuneration.
- Overall remuneration practices should be consistent with recognized best practices.
- Quantum of sitting fees may be subject to review on a periodic basis, as required.
- The aggregate commission payable to all the NEDs and IDs will be recommended by the NRC to the Board based on Company performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the Board.
- The NRC will recommend to the Board the quantum of commission for each Director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent in the Board and Committee Meetings, individual contributions at the Meetings and contributions made by Directors other than in Meetings.
- In addition to the sitting fees and commission, the Company may pay to any Director such fair and reasonable expenditure, as may have been incurred by the Director while performing his/ her role as a Director of the Company. This could include reasonable expenditure incurred by the Director for attending Board/ Board Committee Meetings, General Meetings, Court convened Meetings, Meetings with Shareholders/ Creditors/ Management, site visits, induction and training (organized by the Company for Directors) and in obtaining professional advice from independent advisors in the furtherance of his/ her duties as a Director.

## 2. Remuneration for Managing Director (“MD”) / Executive Directors (“ED”)/ KMP/ rest of the employees

- The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence remuneration should be:
- Market competitive (market for every role is defined as companies from which the Company attracts talent or companies to which the Company loses talent)
- Driven by the role played by the individual,
- Reflective of size of the Company, complexity of the sector/ industry/ Company’s operations and the Company’s capacity to pay,
- Consistent with recognized best practices and
- Aligned to any regulatory requirements.

### In terms of remuneration mix or composition,

- The remuneration mix for the MD/ EDs is as per the contract approved by the shareholders.
- In case of any change, the same would require the approval of the shareholders.
- Basic/ fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience.
- In addition to the basic/ fixed salary, the Company provides employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings and tax optimization, where possible. The Company also provides all employees with a social security net (subject to limits) by covering medical expenses and hospitalization through re-imbursments or insurance cover and accidental death and dismemberment through personal accident insurance.
- The Company provides retirement benefits as applicable.
- In addition to the basic/ fixed salary, benefits, perquisites and allowances as provided above, the Company provides MD/ EDs such remuneration by way of commission, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board, subject to the overall ceilings stipulated in the Act.
- The specific amount payable to the MD/ EDs would be based on performance as evaluated by the Board or the NRC and approved by the Board.
- In addition to the basic/ fixed salary, benefits, perquisites and allowances as provided above, the Company provides MD/ EDs such remuneration by way of an annual incentive remuneration/ performance linked bonus subject to the achievement of certain performance criteria and such other parameters as may be considered appropriate from time to time by the Board. An indicative list of factors that may be considered for determination of the extent of this component are:
  - a. Company performance on certain defined qualitative and quantitative parameters as may be decided by the Board from time to time,
  - b. Industry benchmarks of remuneration,
  - c. Performance of the individual.
- The Company provides the rest of the employees a performance linked bonus. The performance linked bonus would be driven by the outcome of the performance appraisal process and the performance of the Company.

### Remuneration payable to Director for services rendered in other capacity

- The remuneration payable to the Directors shall be inclusive of any remuneration payable for services rendered by such Director in any other capacity unless:
  - a. The services rendered are of a professional nature; and
  - b. The NRC believes the Director possesses requisite qualification for the practice of the profession.

### Policy implementation

- The NRC is responsible for recommending the remuneration policy to the Board. The Board is responsible for approving and overseeing implementation of the remuneration policy.

By order of the Board  
For **Artson Engineering Limited**

Date: 8<sup>th</sup> May 2019  
Place: Mumbai

**Vinayak K. Deshpande**  
Chairman  
DIN: 00036827



**FORM AOC-2**For the financial year ended 31<sup>st</sup> March 2019

[Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

**I. Details of contracts or arrangements or transactions not at arm's length basis**

S. No.	Name(s) of the Related party and nature of relationship	Nature of Contract/ arrangement/ transaction	Duration of Contract/ arrangement/ transaction	Silent terms of Contract/ arrangement/ transaction, including value if any	Date of Approval by the Board	Amount paid as advances, if any.
NIL						

**II. Details of contracts or arrangements or transactions at arm's length basis**

S. No.	Nature of Contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts/ arrangements/ transactions including the value, if any (INR in Lakhs)	Dates of approval by the Board	Amount paid as advances, if any (INR in Lakhs)
<b>Name of the related party: Tata Projects Limited (Holding Company)</b>					
1	SBU-M&M/Zuari Agro Chemical Limited/LOI/001 for Design, Engineering, Supply of Equipment, Piping, Instruments, Electricals, Chemicals, Catalyst, Insulation, Commissioning spares etc., transportation to site, Erection and Commissioning of Purge Gas Recovery Unit for Ammonia and Urea Plant of Zuari Agro Chemicals Limited	Ongoing till August 2019	1353.15	NA	80.21
2	SBU-M&M/Al Dross Processing Facility – 700027 / 13452 for Supply, Erection & Commissioning of Hot Dross Processing Dross Refining and Slag Conditioner Facility as per Project Technical Specifications for Runaya Refining LLP	Ongoing till November 2019	2894.00	NA	12.97
3	Related Party Contract Memo of TPL of 3 <sup>rd</sup> Quarter of 2018-19 for Biennial Rate Contract for Block Fabrication at MHS & Module Hall inside GRSE	Ongoing	565.00	NA	Nil
4	Related Party Contract Memo of TPL of 1 <sup>st</sup> Quarter of 2018-19 for Biennial Rate Contract for Block Fabrication at GRSE RBD Unit for P17 A yard 3022	Ongoing	808.00	NA	Nil

S. No.	Nature of Contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts/ arrangements/ transactions including the value, if any (INR in Lakhs)	Dates of approval by the Board	Amount paid as advances, if any (INR in Lakhs)
5	Related Party Contract Memo of TPL of 4 <sup>th</sup> Quarter of 2018-19 for Biennial Rate Contract for Erection of Blocks and Units at GRSE Premises for P17A Project Yard 3022	Ongoing	1265.00	NA	Nil
6	Project Management of Warehouse Construction Project at ITC Kapurthala	Ongoing	1000.00	NA	Nil
7	SBU-M&M/ TSL -CW Plant Khondbond 700021 / 13586 dt 3 <sup>rd</sup> Aug 2018 for Fabrication and Supply of 1100 MT Steel Structure	Ongoing till June 2019	247.50	NA	Nil
8	SBU-PG/NTPC-CHP Darlipalli - 100041/16726 dt 4 <sup>th</sup> Oct 2018 for Fabrication and Supply of 55 MT Steel Structure	Completed in December 2018	38.50	NA	Nil
9	SBU-PG/NTPC-CHP Darlipalli - 100041/17540 dt 15 <sup>th</sup> Jan 2019 for Fabrication and Supply of 170 MT Steel Structure	Ongoing till June 2019	40.00	NA	Nil
10	SBU-M&M/ TSL -CW Plant Khondbond 700021 / 13586 Amnd -1 dt 28 <sup>th</sup> Feb 2019 for Fabrication and Supply of 150 MT Steel Structure	Ongoing till June 2019	33.80	NA	Nil
11	SBU-PG/NTPC-CHP Darlipalli - 100041/17738 dt 7 <sup>th</sup> Feb 2019 for Fabrication and Supply of 165 MT Steel Structure	Ongoing till June 2019	117.20	NA	Nil
12	WO No.-SBU-O&GH/ (Oil, Gas & Hydrocarbons) ISRO-SIET-500045/ 6238, dt: 05.12.2018 for Design & fabrication of 04 Nos. of Non Cryogenic coded tanks	Ongoing till February 2019	400.00	NA	80.00
13	WO No.-SBU-O&GH/ (Oil, Gas & Hydrocarbons) ISRO-SIET-500045/ 6252, dt: 10.12.2018 for Design & fabrication of 57 Nos Command Bottles ASME U stamp	Ongoing till March 2019	30.00	NA	3.00

S. No.	Nature of Contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts/ arrangements/ transactions including the value, if any (INR in Lakhs)	Dates of approval by the Board	Amount paid as advances, if any (INR in Lakhs)
14	WO No.-SBU-O&GH/ (Oil, Gas & Hydrocarbons) ISRO-SIET-500045/ 6243, dt: 14.12.2018 for Design & fabrication of 3 Nos. Water Tank ASME U Stamp	Ongoing till July 2019	581.00	NA	58.10
15	WO No.-SBU-O&GH/ (Oil, Gas & Hydrocarbons) ISRO-2-500048/ 6659, dt: 27.02.19 for Manufacture of 1 No Buffer Vessel Tank	Ongoing till June 2019	7.50	NA	Nil
16	LOI dt 15 <sup>th</sup> March 2019 for Manufacture and Supply 2 nos. Cooling & DM Water tank-	Ongoing till October 2019	210.00	NA	Nil
17	WO No.-SBU-O&GH/ (Oil, Gas & Hydrocarbons) ISRO-2-500048/ 6656 dt: 10 <sup>th</sup> March 2019 for Manufacture and Supply of 43 Nos. Command Bottle	Ongoing till July 2019	29.79	NA	Nil
18	Shared services/ re-imburement of expenses	Ongoing	39.46	NA	Nil
19	Rent, maintenance and allied services	Ongoing	28.18	NA	Nil
20	Deputation of employees	Ongoing	104.26	NA	Nil
Name of the related party: Key Managerial Personnel – CS, CFO & Manager/COO					
21	Remuneration	Ongoing	121.39	NA	NIL

By order of the Board  
For **Artson Engineering Limited**

**Vinayak K. Deshpande**  
Chairman  
DIN: 00036827

Date: 8<sup>th</sup> May 2019  
Place: Mumbai

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

[Information as per Section 134(3)(m) read with Companies (Accounts) Rules, 2014 and forming part of the Board's Report for the Financial Year ended 31<sup>st</sup> March 2019]

### A Conservation of Energy

The Company is conscious of the need for energy conservation and striving to explore possibilities of reducing energy consumption in all the areas of operations including office premises as well as its manufacturing facilities at Nashik and Nagpur. 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

(₹ In Crores)

Foreign Exchange	Financial Year ended 31 <sup>st</sup> March 2019	Financial Year ended 31 <sup>st</sup> March 2018
Earnings	4.34	13.43
Outgo	5.90	13.94

By order of the Board  
For **Artson Engineering Limited**

**Vinayak K. Deshpande**

Chairman

DIN: 00036827

Date: 8<sup>th</sup> May 2019

Place: Mumbai

**FORM MR-3**  
**SECRETARIAL AUDIT REPORT**

**For the financial year ended 31<sup>st</sup> March 2019**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To  
The Members,  
**Artson Engineering Limited**  
Mumbai.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Artson Engineering Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided and declarations made by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by "the Company" for the financial year ended on 31<sup>st</sup> March 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India i.e. Secretarial Standard – 1 for Board Meeting and Secretarial Standards - 2 for General Meetings.
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 **[Except those as prescribed under Regulation 15(2) read with Regulations 15(3)]\***

Further as per the explanation given by the Company there are no specific acts applicable to the Company to be reported in my Report.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc.

\*As per Regulation 15 (2) to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the provisions of regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V shall not apply in respect of a listed entity whose paid up equity share capital does not exceed ₹ 10 crores and net worth does not exceed ₹ 25 crores as on March 31, 2017 to the extent that they are addition to the requirements specified under the Companies Act, 2013.

**I further report that:**

I further report that the Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. No changes took place during the period under review in the composition of the Board of Directors.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were in advance for the Meetings and a system exists for seeking and obtaining further information and clarifications on the agenda items before the Meeting and for meaningful participation at the Meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Signature:

For **MKS and Associates**  
(Reg. No. S2017TL460500)

**Manish Kumar Singhania**  
Practicing Company Secretary:

ACS No. 22056

C P No: 8068

Date: 30<sup>th</sup> April 2019

Place: Hyderabad

To  
The Members,  
**Artson Engineering Limited**  
Mumbai.

**My Secretarial Audit Report of even date is to be read along with this letter.**

- 1 The maintenance of Secretarial records is the responsibility of the Management of the Company. Further, the Company is also responsible for devising proper systems and process to ensure the compliance of the various statutory requirements and Governance systems.
- 2 It is the responsibility of the Management of the Company to ensure that the systems and process devised for operating effectively and efficiently.
- 3 My responsibility is to express an opinion on these secretarial records based on my audit.
- 4 I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the process and practices followed provide a reasonable basis for my opinion.
- 5 Wherever required, I have obtained the Management representations about the compliance of laws, rules and regulations and happening of events etc.
- 6 The Compliance of the provisions of other applicable laws, rules and regulations is the responsibility of the Management. My examination was limited to the verification of procedure on test basis.
- 7 The secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Signature:

For **MKS and Associates**  
(Reg. No. S2017TL460500)

**Manish Kumar Singhania**  
Practicing Company Secretary:  
ACS No. 22056  
C P No: 8068

Date: 30<sup>th</sup> April 2019  
Place: Hyderabad

By Order of the Board  
For **Artson Engineering Limited**

Date: 8<sup>th</sup> May 2019  
Place: Mumbai

**Vinayak K. Deshpande**  
Chairman  
DIN: 00036827

**STATEMENT OF DISCLOSURE OF REMUNERATION**

[Information pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

- I. Ratio of remuneration of each Director to the median remuneration of employees for the financial year ended 31<sup>st</sup> March 2019.

(₹ in Lakhs)

Name of the Director	Designation	Ratio	Remuneration
Mr. Vinayak K. Deshpande	Chairman	-	-
Mr. Nalin M. Shah	Independent Director	1:1	4.9
Mr. Michael Bastian	Independent Director	1.14:1	5.6
Mr. Pralhad Pawar	Non-Executive Director	-	-
Ms. Leja Hattiangadi	Independent Director	1.24:1	6.1

Note: The sitting fees is paid only to the Independent Directors of the Company for attending the Meetings of the Board and Committees thereof.

- II. % Increase of remuneration of each Director & KMPs in the financial year ended 31<sup>st</sup> March 2019

(₹ in Lakhs)

Directors	Designation	% Increase in Remuneration
Mr. Vinayak K. Deshpande	Chairman	NA
Mr. Nalin M. Shah	Director	11.36
Mr. Michael Bastian	Director	14.29
Mr. Pralhad Pawar	Director	NA
Ms. Leja Hattiangadi	Director	27.08
<b>Key Managerial Personnel (KMP)</b>		
Mr. Saket Mathur	Manager & Chief Operating Officer	7.00
Mr. S. Balaji	Chief Financial Officer	8.00
Deepak Tibrewal	Company Secretary	8.00

- III. % Increase in median remuneration of employees in the Financial Year: **7%**

- IV. Number of permanent Employees on the roll of the Company: **194**

- V. The explanation on the relationship between average increase in remuneration against the performance of the Company.

(₹ in Lakhs)

Particulars	2018-19	2017-18
Total Income	16156.61	14172.22
EBITDA	810.67	1187.98
EBITDA as % of total Income	5.02%	8.38%
PAT (₹ Lakhs)	(168.64)	130.81
PAT as % of total Income	(1.04%)	0.92%

Average increase in the remuneration of employees is in line with market scenario and as a measure to motivate employees for better future performance.

- VI. Average percentile increases already made in the salaries of employees other than the managerial personnel in the last



financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

- average percentile increases already made in the salaries of employees other than the managerial personnel in the last financial year: **7%**
- percentile increase in the managerial remuneration: **7%**

Average increase in the remuneration of employees is in the line with market scenario and as a measure to motivate employees for better future performance: **7%**

VII. It is affirmed that the remuneration paid to Directors, Key Managerial Persons and employees during the year is as per the remuneration policy of the Company.

By order of the Board  
For **Artson Engineering Limited**

Date: 8<sup>th</sup> May 2019  
Place: Mumbai

**Vinayak K. Deshpande**  
Chairman  
DIN: 00036827

## INDEPENDENT AUDITOR'S REPORT

To the Members of Artson Engineering Limited

### Report on the audit of the financial statements

#### Opinion

1. We have audited the accompanying financial statements of Artson Engineering Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and total comprehensive income (comprising of loss and other comprehensive income), changes in equity and its cash flows for the year then ended.

#### Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Key audit matter description

##### Assessment of recoverability of Deferred Tax Asset in respect of unabsorbed tax losses

##### (Refer Note 7 to the financial statements)

The Company has recognised a deferred tax asset in respect of unabsorbed tax losses comprising of unabsorbed depreciation and business losses pertaining to the earlier assessment years. The balance of such deferred tax asset as at March 31, 2019 was ₹ 1,078 Lakhs (comprising of deferred tax asset of ₹ 141.02 Lakhs and ₹ 936.98 Lakhs in respect of unabsorbed depreciation and business losses respectively), which is included in Deferred tax assets (net) amounting to ₹ 1,307.23 Lakhs. The deferred tax asset is recognised as it is considered to be recoverable based on the Company's projected taxable profits in the forthcoming years. Under Indian Accounting Standard 12, Income Taxes, the carrying amount of a deferred tax asset is required to be reviewed at the end of each reporting period.

This was considered as a key audit matter as the amount is material to the financial statements and significant judgement was required by the Company's Management in the preparation of forecasts of future taxable profits based on the underlying business plans.

#### How our audit addressed the key audit matters

Our procedures included the following:

- Evaluation of the design and testing operating effectiveness of Company's controls relating to the assessment of carrying amount of deferred tax assets, the preparation of the forecast and its related inputs/ assumptions
- Comparing the Company's business forecast prepared in the previous year with its actual performance during the year;
- Assessing the business plans used by the Management in evaluating the utilization of the deferred tax asset;
- Testing, along with Auditor's experts, the reasonability of management estimates and key assumptions such as growth rate and estimated percentage of gross profit used in the management projections of the future taxable profits and whether the tax losses can be utilized within the forecast recoupment period;

- Evaluating the progress made by the Company in recent periods vis-a-vis the budget, which inter-alia included monitoring of operational inefficiencies and related cost and improvement of order book position;

Based on the above procedures, our testing did not identify any exceptions with respect to the reasonability of the assumptions and estimates used by the management in assessing the recoverability of Deferred Tax Asset in respect of unabsorbed tax losses.

### **Key audit matter description**

#### **Appropriateness of estimation of total costs to be incurred for completion of contracts**

##### **(Refer Note 2.3 and Note 20 to the financial statements)**

For all of its construction contracts, the Company recognises revenue over a period of time and measures the progress based on the input method by considering the proportion of contract costs incurred for the work performed till the balance sheet date, relative to the estimated total costs of the contract. The estimated total costs also include cost contingencies which take into account specific uncertain risks arising within each contract.

This has been determined as a key audit matter as the amount is significant to the financial statements. Also, management judgement is involved in the assessment of project data and estimation of total costs including cost contingencies; and any variation in the cost has a consequential impact on the revenue recognised.

#### **How our audit addressed the key audit matter**

Our procedures included the following:

- Understood and evaluated the design and tested the operating effectiveness of controls around estimation of costs to complete including the review and approval of estimated project cost.
- Evaluated the methodology applied by the Management in estimating the total costs.
- On a sample basis, obtained and reviewed project source documents such as contract agreements and estimated total costs.
- Tested, on a sample basis, the calculation of percentage of completion under Input method including the testing of costs incurred and recorded against the contract for occurrence and accuracy, assessing the basis for determining the total costs and re-computing the percentage of completion.
- Evaluated the reasonableness of significant judgements applied by Management in their estimates and the key assumptions in the total estimated costs, including cost contingencies, for a sample of contracts.
- Inspected Meeting minutes of project reviews performed by them to identify relevant changes in their assessments and estimates; and reviewed the status of the project.
- Evaluated the adequacy of disclosures made in the financial statements.

Based on the above procedures, we did not note any significant exceptions in the estimation of total costs to be incurred for completion of contracts.

#### **Other Information**

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, but does not include the financial statements and our Auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Responsibilities of management and those charged with governance for the financial statements**

6. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance,

changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

7. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### **Auditor's responsibilities for the audit of the financial statements**

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
12. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We

describe these matters in our Auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on other legal and regulatory requirements

13. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
14. As required by Section 143(3) of the Act, we report that:
- (a) We have sought and 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 it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
  - (e) On the basis of the written representations received from the Directors as on March 31, 2019 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2019 from being appointed as a Director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 45 to the financial statements;
    - ii. The Company has long-term contracts as at March 31, 2019 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at March 31, 2019.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2019.
    - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2019.

For Price Waterhouse & Co Chartered Accountants LLP  
Firm Registration Number: 304026E/E-300009  
Chartered Accountants

**Sunit Kumar Basu**

Partner

Membership Number: 55000

Mumbai

8<sup>th</sup> May 2019

## ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 14 (f) of the Independent Auditors' Report of even date to the members of Artson Engineering Limited on the financial statements for the year ended March 31, 2019

**Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act**

1. We have audited the internal financial controls with reference to financial statements of Artson Engineering Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

### **Meaning of Internal Financial Controls with reference to financial statements**

6. A Company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of Management and Directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls with reference to financial statements**

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial

statements to future periods are subject to the risk that the internal financial control controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse & Co Chartered Accountants LLP  
Firm Registration Number: 304026E/E-300009  
Chartered Accountants

Sunit Kumar Basu  
Partner  
Membership Number: 55000

Mumbai  
8<sup>th</sup> May 2019

## ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

**Referred to in paragraph 13 of the Independent Auditors' Report of even date to the members of Artson Engineering Limited on the financial statements as of and for the year ended March 31, 2019**

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) The title deeds of immovable properties, as disclosed in Note 3 on Fixed Assets and Note 8 on Other Assets to the financial statements, are held in the name of the Company.
- ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of income tax and employees' state insurance, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, professional tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities. Also refer note 45(b) to the financial statements regarding management's assessment on certain matters relating to provident fund.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, service-tax, duty of customs, duty of excise, goods and service tax which have not been deposited on account of any dispute. The particulars of dues of sales tax and value added tax as at March 31, 2019 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount disputed (₹ in Lakhs)	Amount deposited (₹ in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Central Sales Tax Act, 1956	Central Sales Tax	41.40	Nil	F.Y 2007-08	Maharashtra Sales Tax Tribunal
MVAT Act, 2002	Value Added Tax & Central Sales Tax	2.39	Nil	F.Y 2008-09	Commissioner (Appeals)
MVAT Act, 2002	Value Added Tax & Central Sales Tax	1.60	Nil	F.Y 2011-12	Deputy Commissioner of Sales Tax (Appeals)



Name of the statute	Nature of dues	Amount disputed (₹ in Lakhs)	Amount deposited (₹ in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Punjab Value Added Tax Act, 2005	Value Added Tax	4.84	1.21	FY 2009-10	Joint Director-cum- Deputy Excise & Taxation Commissioner (Appeals)
Punjab Value Added Tax Act, 2005	Value Added Tax	2.32	Nil	FY 2009-10	Excise & Taxation Officer -cum-Officer Incharge
West Bengal Value Added Tax Act, 2003	Value Added Tax	1.99	Nil	FY 2015-16	Joint Commissioner Sales Tax

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.
- ix. In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained. The Company has not raised any moneys by way of initial public offer and further public offer (including debt instruments).
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse & Co Chartered Accountants LLP  
Firm Registration Number: 304026E/E-300009  
Chartered Accountants

Sunit Kumar Basu  
Partner  
Membership Number: 55000

Mumbai  
8<sup>th</sup> May 2019

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2019**

(All amounts are in ₹ Lakhs unless otherwise stated)

Particulars	Notes	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	3	451.90	473.74
(b) Capital work-in-progress	3	20.98	-
(c) Intangible assets	4	6.67	6.75
(d) Financial assets			-
(i) Trade receivables	5	76.17	97.13
(ii) Other financial assets	6	8.53	106.48
(e) Deferred tax assets (net)	7	1,307.23	1,543.68
(f) Non-current tax assets (net)		331.36	445.66
(g) Other non-current assets	8	288.96	380.94
<b>Total non-current assets</b>		<b>2,491.80</b>	<b>3,054.38</b>
<b>Current assets</b>			
(a) Inventories	9	1,836.71	2,387.73
(b) Financial assets			
(i) Trade receivables	5	3,516.70	2,760.23
(ii) Cash and cash equivalents	10	219.83	69.26
(iii) Bank balances other than (ii) above	11	118.02	1.01
(iv) Other financial assets	6	5,086.02	1,302.07
(c) Other current assets	8	1,111.35	1,392.30
<b>Total current assets</b>		<b>11,888.63</b>	<b>7,912.60</b>
<b>Total assets</b>		<b>14,380.43</b>	<b>10,966.98</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	12	369.20	369.20
(b) Other equity	13	190.25	214.67
<b>Total Equity</b>		<b>559.45</b>	<b>583.87</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	14	278.68	1,740.24
(b) Provisions	15	56.87	49.41
<b>Total non-current liabilities</b>		<b>335.55</b>	<b>1,789.65</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16	1,471.42	863.86
(ii) Trade payables	17		
- total outstanding dues of micro enterprises and small enterprises		466.72	128.56
- total outstanding dues of creditors other than micro enterprises and small enterprises		7,515.15	5,905.56
(iii) Other financial liabilities	18	1,692.33	126.88
(b) Provisions	15	6.38	10.12
(c) Other current liabilities	19	2,333.43	1,558.48
<b>Total current liabilities</b>		<b>13,485.43</b>	<b>8,593.46</b>
<b>Total liabilities</b>		<b>13,820.98</b>	<b>10,383.11</b>
<b>Total equity and liabilities</b>		<b>14,380.43</b>	<b>10,966.98</b>

See accompanying notes forming part of financial statements 1-47

This is the Balance Sheet referred to in our report of even date.

**For Price Waterhouse & Co Chartered Accountants LLP**

Chartered Accountants

FRN: 304026E/ E-300009

**Sunit Kumar Basu**

Partner

Membership No. 55000

**Vinayak K. Deshpande**

Chairman

DIN:00036827

**For and on behalf of the Board of Directors**
**Nalin M. Shah**

Director

DIN:00882723

**Saket Mathur**

Manager

**S. Balaji**

Chief Financial Officer

**Deepak Tibrewal**

Company Secretary

Place: Mumbai

 Date: 8<sup>th</sup> May 2019

Place: Mumbai

 Date: 8<sup>th</sup> May 2019

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**  
(All amounts are in ₹ Lakhs except for earnings per share information)

Particulars		Notes	For the year ended 31 <sup>st</sup> March 2019	For the year ended 31 <sup>st</sup> March 2018
<b>I</b>	Revenue from operations	20	<b>15,801.30</b>	13,247.20
<b>II</b>	Other income	21	<b>355.31</b>	925.02
<b>III</b>	<b>Total income (I + II)</b>		<b>16,156.61</b>	14,172.22
<b>IV</b>	<b>Expenses</b>			
	(a) Cost of materials consumed	22	<b>8,636.67</b>	6,120.73
	(b) Changes in inventories of stock-in-trade and work-in-progress	23	<b>(545.42)</b>	(955.29)
	(c) Excise duty on sale of goods		-	36.72
	(d) Employee benefit expense	24	<b>1,150.36</b>	1,055.37
	(e) Finance costs	25	<b>685.53</b>	543.53
	(f) Depreciation and amortisation expense	26	<b>112.92</b>	100.66
	(g) Project execution expenses	27	<b>5,018.75</b>	5,757.00
	(h) Other expenses	28	<b>1,085.58</b>	969.71
	<b>Total expenses (IV)</b>		<b>16,144.39</b>	13,628.43
<b>V</b>	<b>Profit before tax (III-IV)</b>		<b>12.22</b>	543.79
<b>VI</b>	<b>Income tax expense:</b>			
	(a) Current tax		-	-
	(b) Deferred tax	29	<b>180.86</b>	412.98
	<b>Total tax expense (VI)</b>		<b>180.86</b>	412.98
<b>VII</b>	<b>Profit for the year (V - VI)</b>		<b>(168.64)</b>	130.81
<b>VIII</b>	<b>Profit for the year</b>		<b>(168.64)</b>	130.81
<b>IX</b>	<b>Other comprehensive income</b>			
	(i) Items that will not be reclassified subsequently to the statement of profit and loss			
	- Remeasurement gains of post employment benefits on defined benefit plan (net)		<b>0.53</b>	4.34
	(ii) Income tax relating to these items		<b>(0.15)</b>	(1.20)
<b>X</b>	<b>Total other comprehensive income for the year, net of tax</b>		<b>0.38</b>	3.14
<b>XI</b>	<b>Total comprehensive income for the year (VIII + X)</b>		<b>(168.26)</b>	133.95
	<b>Earnings per equity share (Face value : ₹ 1)</b>	32		
	Basic earnings per share (₹)		<b>(0.46)</b>	0.35
	Diluted earnings per share (₹)		<b>(0.46)</b>	0.35

See accompanying notes forming part of financial statements 1-47

This is the Statement of Profit and loss referred to in our report of even date.

For **Price Waterhouse & Co Chartered Accountants LLP**

Chartered Accountants  
FRN: 304026E/ E-300009

**Sunit Kumar Basu**  
Partner  
Membership No. 55000

**Vinayak K. Deshpande**  
Chairman  
DIN:00036827

For and on behalf of the Board of Directors

**Nalin M. Shah**  
Director  
DIN:00882723

**Saket Mathur**  
Manager

**S. Balaji**  
Chief Financial Officer

**Deepak Tibrewal**  
Company Secretary

Place: Mumbai  
Date: 8<sup>th</sup> May 2019

Place: Mumbai  
Date: 8<sup>th</sup> May 2019

**STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

(All amounts are in ₹ Lakhs unless otherwise stated)

Particulars	For the year ended 31 <sup>st</sup> March 2019	For the year ended 31 <sup>st</sup> March 2018
<b>Cash flows from operating activities</b>		
Profit before tax for the year	12.22	543.79
<b>Adjustments for :</b>		
Finance costs	685.53	543.53
Interest income	(71.22)	(16.69)
Loss on disposal of property, plant and equipment	17.89	7.73
Depreciation and amortisation expense	112.92	100.66
Liabilities no longer required Written back	(176.38)	(634.10)
Provision for doubtful debts no longer required written back	(4.59)	(228.16)
Provision for doubtful debts on trade receivables	17.54	4.50
Provision for doubtful debts on unbilled revenue	9.95	2.11
Provision for expected claims	50.00	-
Actuarial gain on defined benefit plan (Net)	0.38	3.14
Unrealised (gain)/loss on foreign currency transactions	13.12	(3.83)
	<b>667.36</b>	<b>322.68</b>
<b>Movements in working capital</b>		
(Increase)/decrease in Trade Receivables	(762.02)	202.97
(Increase)/decrease in Inventories	(670.94)	(597.02)
(Increase)/decrease in Other Financial Assets	(2,358.54)	(559.74)
(Increase)/decrease in Other Assets	296.89	(295.69)
Increase/(decrease) in Trade Payables	2,071.58	1,542.46
Increase/(decrease) in Provisions	3.34	16.81
Increase/(decrease) in Other Financial Liabilities	78.72	(326.98)
Increase/(decrease) in Other Liabilities	774.95	(352.90)
<b>Cash (used in)/generated from operations</b>	<b>101.34</b>	<b>(47.40)</b>
Income Taxes (refund)/paid	(179.35)	(29.34)
<b>Net cash (used in)/generated from operating activities</b>	<b>280.69</b>	<b>(18.06)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment and Intangible assets	(139.32)	(234.65)
Increase in other bank balances	(117.01)	(1.01)
Proceeds from disposal of property, plant and equipment	13.61	2.34
Interest received	2.31	16.69
<b>Net Cash used in investing activities</b>	<b>(240.40)</b>	<b>(216.63)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(499.94)	(372.00)
<b>Net Cash used in financing activities</b>	<b>(499.94)</b>	<b>(372.00)</b>
<b>Net increase in Cash and Cash equivalents</b>	<b>(459.66)</b>	<b>(606.70)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>(794.60)</b>	<b>(189.38)</b>
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	2.67	1.48
<b>Cash and cash equivalents at the end of the year</b>	<b>(1,251.59)</b>	<b>(794.60)</b>
Cash and cash equivalents at the end of the year (Refer Note10)	219.83	69.26
Bank overdraft (Refer Note 16)	(1,471.42)	(863.86)
<b>Cash and cash equivalents (including Bank overdraft) at the end of the year</b>	<b>(1,251.59)</b>	<b>(794.60)</b>

This is the Statement of Cash Flow referred to in our report of even date.

**For Price Waterhouse & Co Chartered Accountants LLP**

Chartered Accountants

FRN: 304026E/ E-300009

**Sunit Kumar Basu**

Partner

Membership No. 55000

**Vinayak K. Deshpande**

Chairman

DIN:00036827

For and on behalf of the Board of Directors

**Nalin M. Shah**

Director

DIN:00882723

**Saket Mathur**

Manager

**S. Balaji**

Chief Financial Officer

**Deepak Tibrewal**

Company Secretary

Place: Mumbai

 Date: 8<sup>th</sup> May 2019

Place: Mumbai

 Date: 8<sup>th</sup> May 2019

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**  
 (All amounts are in ₹ Lakhs unless otherwise stated)

A. Equity Share Capital	For the year ended 31 <sup>st</sup> March 2019	For the year ended 31 <sup>st</sup> March 2018
Balance as at 1 <sup>st</sup> April	369.20	369.20
Changes in equity share capital during the year	-	-
<b>Balance as at 31<sup>st</sup> March</b>	<b>369.20</b>	<b>369.20</b>

B. Other Equity	For the year ended 31 <sup>st</sup> March 2019			For the year ended 31 <sup>st</sup> March 2018		
	Retained Earnings	Equity component of financial instruments	Total	Retained Earnings	Equity component of financial instruments	Total
Balance as at 1 <sup>st</sup> April (as originally presented)	(4,012.28)	4,226.95	214.67	(4,146.23)	4,377.07	230.84
Impact of change in accounting policy - Implementation of Ind AS 115 (Refer Note 31)	94.47	-	94.47	-	-	-
Restated balance	(3,917.81)	4,226.95	309.14	(4,146.23)	4,377.07	230.84
Profit / (Loss) for the year	(168.64)	-	(168.64)	130.81	-	130.81
Other comprehensive income for the year	0.38	-	0.38	3.14	-	3.14
Financial gain due to corporate guarantee	-	68.40	68.40	-	57.00	57.00
Deferred tax liability on equity component	-	(19.03)	(19.03)	-	(207.12)	(207.12)
<b>Total comprehensive income for the year</b>	<b>(4,086.07)</b>	<b>4,276.32</b>	<b>190.25</b>	<b>(4,012.28)</b>	<b>4,226.95</b>	<b>214.67</b>

This is the Statement of Changes in Equity referred to in our report of even date.

For **Price Waterhouse & Co Chartered Accountants LLP**  
 Chartered Accountants  
 FRN: 304026E/ E-300009

**Sunit Kumar Basu**  
 Partner  
 Membership No. 55000

**Vinayak K. Deshpande**  
 Chairman  
 DIN:00036827

For and on behalf of the Board of Directors

**Nalin M. Shah**  
 Director  
 DIN:00882723

**Saket Mathur**  
 Manager

**S. Balaji**  
 Chief Financial Officer

**Deepak Tibrewal**  
 Company Secretary

Place: Mumbai  
 Date: 8<sup>th</sup> May 2019

Place: Mumbai  
 Date: 8<sup>th</sup> May 2019

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019

### 1) General Information

Artson Engineering Limited (“the Company”) is a Company limited by shares incorporated under the erstwhile 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 Scrip 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. The Company is operating in one segment viz. Supply of fabricated steel structure and site services of mechanical works.

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. Meanwhile, with effect from December 1, 2016, the Ministry of Finance, Government of India notified the SICA Repeal Act, 2003 (“Repeal Act, 2003”) by virtue of which BIFR stood dissolved and all the appeals, references, inquiries and proceedings pending before the BIFR stand abated except for the Schemes already sanctioned. The Management is of the opinion that considering the current financial performance and order booking, the Company does not require to refer the case to the NCLT for approval of the above.

#### 1.1 Applicability of new and revised Ind AS:

- **Ind AS 115, Revenue from Contracts with Customers**

Effective 01 April 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognized. The Company has adopted Ind AS 115 using the modified retrospective approach. The effect of initially applying this standard is recognized at the date of initial application (i.e. 01 April 2018). The standard is applied only to contracts that are not completed as at the date of initial application and the comparative information in the Financial statements is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. The Company had to change its accounting policy and make certain adjustments following the adoption of Ind AS 115. This has been disclosed in Note 31 of the Financial Statements.

- **Appendix C, Uncertainty over Income Tax Treatments, to Ind AS 12, ‘Income Taxes’**

The appendix explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;
- that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;
- that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;
- that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty; and
- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The Company operates in limited countries and tax jurisdictions and has substantially completed assessing its existing models and processes which it has developed to account for tax uncertainties against the specific guidance in the appendix C to Ind AS 12 to consider the impact on income tax accounting in respect of its material tax jurisdictions. Basis such assessment, the application of this guidance is not expected to have material impact on its financial statements.

- **Amendment to Ind AS 12, Income Taxes**

The amendments clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of dividends. Previously, it was unclear whether

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019 (Contd.)**

the income tax consequences of dividends should be recognised in profit or loss, or in equity, and the scope of the existing guidance was ambiguous.

These amendments do not have any impact on the financial statements of the Company.

- **Ind AS 103, 'Business Combinations'**

The amendments clarify that obtaining control of a business that is a joint operation, is a business combination achieved in stages. The acquirer should re-measure its previously held interest in the joint operation at fair value at the acquisition date.

These amendments will apply to future business combinations of the Company for which acquisition date is on or after 1 April 2019. These amendments do not have any impact on the financial statements of the Company.

- **Ind AS 111, 'Joint Arrangements'**

The amendments clarify that the party obtaining joint control of a business that is a joint operation should not re-measure its previously held interest in the joint operation.

These amendments will apply to future transactions of the Company in which it obtains joint control of a business on or after 1 April 2019. These amendments do not have any impact on the financial statements of the Company.

- **Ind AS 23, 'Borrowing Costs'**

The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

Since the Company does not have qualifying assets, these amendments do not have any impact on the financial statements of the Company.

- **Long-term Interests in Associates and Joint Ventures – Amendments to Ind AS 28, 'Investment in Associates and Joint Ventures'**

The amendments clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under Ind AS 109 'Financial Instruments' before applying the loss allocation and impairment requirements in Ind AS 28.

Since the Company does not have associates or joint ventures, the amendments will not have any impact on its financial statements.

- **Prepayment Features with Negative Compensation – Amendments to Ind AS 109, 'Financial Instruments'**

The narrow-scope amendments made to Ind AS 109 enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model.

These amendments are not expected to have any impact on the financial statements of the Company.

- **Plan Amendment, Curtailment or Settlement – Amendments to Ind AS 19, 'Employee Benefits'**

The amendments to Ind AS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must:

- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change;
- any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling; and
- separately recognise any changes in the asset ceiling through other comprehensive income.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019 (Contd.)

These amendments will apply to any future plan amendments, curtailments, or settlements of the Company on or after 1 April 2019. The amendment does not have any impact on the Company.

- **Ind AS 116, 'Leases'**

Ind AS 116 was notified by Ministry of Corporate Affairs on 30 March 2019 and it is applicable for annual reporting periods beginning on or after 1 April 2019.

Ind AS 116 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The statement of profit and loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change.

Operating cash flows will be higher as repayments of the lease liability and related interest are classified within financing activities.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under Ind AS 116, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company is in the process of reviewing all of its leasing arrangements in light of the new lease accounting rules in Ind AS 116. The standard will affect primarily the accounting for the Company's operating leases. The Company intends to apply simplified transition approach and will not restate comparative information in the financial statements for the year ending 31 March 2020 to show the impact of adopting Ind AS 116.

The Company is in the process of assessing the detailed impact of Ind AS 116 which will become effective from 01 April 2019.

## 2) SIGNIFICANT ACCOUNTING POLICIES:

### 2.1 Basis of preparation

#### (a) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under the Section 133 of the Companies Act, 2013 (the Act), the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

#### (b) Historical cost convention

The financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities and defined benefit plans (plan assets), which are measured at fair values at the end of each reporting period, as explained in the accounting policies below:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019 (Contd.)****2.2 Estimates**

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the year. Application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these financial statements have been disclosed. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

**2.3 Revenue Recognition**

The Company recognizes revenue on satisfaction of performance obligation to its customer. Revenue is measured based on the consideration specified in a contract with a customer and excludes taxes collected on behalf of the government authorities.

**Determination of transaction price and its subsequent assessment:**

The Company assesses the transaction price considering the contract price as agreed with the customer in the contract document, that includes Letter of Acceptance/Intent or any document evidencing the contractual arrangement. Where consideration is not specified within the contract and is variable, the Company estimates the amount of consideration to be received from its customer. The consideration recognized is the amount which the Company assesses to be highly probable not to result in a significant reversal in future periods.

Modification(s) to an existing contract, if any, are assessed to be either a separate performance obligation or an extension of existing scope and transaction price is determined accordingly Company considers the retention moneys held by customer to be protection money in the hands of the Company and hence are not subjected to discounting pursuant to para 61 and 62(c) of Ind AS 115. The mobilisation advances received, free of interest, from customers, also are not subjected to discounting, as the Company considers the objective behind the transaction to be that of ensuring and protecting timely execution of the project and not deriving financial benefit in the nature of interest.

Company deploys revenue recognition both as (a) over a period of time, and (b) at a point of time, as considered appropriate to the nature of product/service delivered to the customer.

**Revenue from operations:**

- (i) Revenue from construction activities is recognized over a period of time and the Company uses the input method to measure progress of delivery.
- (ii) Revenue from sale of goods is recognized at a point in time when title has passed to the customer. Revenue is recognized on dispatch of goods and on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Amount disclosed as revenue is inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes, goods and service tax (GST) and amounts collected on behalf of third parties.
- (iii) Revenue from services rendered is recognised at a point in time based on the arrangements/ agreements with the concerned parties and when the services are rendered.

**Revenue from other sources:**

- (i) Interest income is accrued on a time basis using the effective interest method by reference to the principal outstanding and the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.
- (ii) Any amount received/receivable in respect of Arbitration Awards in favour of the Company is treated as income of the year of receipt of the award.

**Performance obligations in a contract with customer**

Company determines the performance obligations, considering the nature and scope of each contract.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019 (Contd.)

### Measuring Progress of a construction contract

When the outcome of individual contracts can be estimated reliably, contract revenue and contract costs are recognized as revenue and expenses respectively by reference to the stage of completion as at the reporting date. The stage of completion is determined on the basis of proportion of cost of work performed to-date, to the total estimated contract costs. Costs are recognized as incurred and revenue is recognized on the basis of the proportion of total actual costs as at the reporting date, to the estimated total costs of the contract.

For the purpose of recognizing revenue, contract revenue comprises the initial amount of revenue agreed in the contract, the variations in contract work, claims and incentive payments to the extent that it is probable they will result in revenue and they are capable of being reliably measured.

The percentage of completion method is applied on a cumulative basis in each accounting year to the current estimates of contract revenue and contract costs. The effect of a change in the estimate of the outcome of a contract is accounted for as a change in accounting estimates and the effect of which is recognized in the Statement of Profit and Loss in the year in which the change is made and in subsequent years.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognized only to the extent of contract costs incurred of which recovery is probable and the related contract costs are recognized as an expense in the year in which they are incurred.

When it is probable that the total contract cost will exceed total contract revenue, the expected loss is recognized as an expense in the Statement of Profit and Loss in the year in which such probability occurs.

Provision is made for all known or expected losses on individual contracts once such losses are foreseen. Revenue in respect of variations to contracts and incentive payments is recognized when it is probable it will be agreed by the customer.

The Company adjusts the impact of uninstalled materials from the contract value, budgeted costs and costs incurred to measure the percentage of completion. The revenue on such items is recognized equal to the cost incurred on such items.

No profit is recognized till a minimum of 10% progress is achieved on the contract.

### Contract Assets and Contract Liabilities

If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, such amount is recognized as a contract asset, excluding any amounts presented as a receivable. The contract asset represents the Company's right to consideration in exchange for goods or services that the Company has transferred to the customer. The Company shall assess a contract asset for impairment in accordance with Ind AS 109. An impairment of a contract asset shall be measured, presented and disclosed on the same basis as a financial asset that is within the scope of Ind AS 109.

If the customer pays consideration, or an Company has a right to an amount of consideration that is unconditional, before the Company transfers a good or service to the customer, such amount is recognized as a contract liability. The contract liability represents the Company's obligation to transfer goods or services to the customer for which the Company has received consideration from the customer.

## 2.4 Foreign Currency Translation

### (i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian Rupee (INR), which is the Company's functional and presentation currency.

### (ii) Transactions and balances

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of transaction. Foreign currency monetary items outstanding at the Balance Sheet date are restated at the prevailing year-end rates. The resultant gain / loss upon such restatement along with gain / loss on account of foreign currency transactions is accounted in the Statement of Profit and Loss.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019 (Contd.)****2.5 Employee Benefits****(i) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

**(ii) Other long-term employee benefit obligations**

Other long-term employee benefits comprise of earned leave and sick leave compensated absences that are not expected to be settled wholly within 12 months after the end of the period in which the employees renders related services. These obligations are therefore measured as the present value of expected future payments and expected utilizations (in case of sick leaves) to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the appropriate market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

**(iii) Post-employment obligations**

The Company operates the following post-employment schemes:

- (a) Defined benefit plans such as gratuity and
- (b) Defined contribution plans such as provident fund.

**(a) Defined benefit plans - Gratuity**

The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The gratuity plan is a funded plan and the Company makes contributions to Life Insurance Corporation of India (LIC). The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The estimated future payments which are denominated in a currency other than INR, are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

**(b) Defined contribution plan**

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019 (Contd.)

### 2.6 Earnings Per Share

#### (i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year.

#### (ii) Diluted Earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

### 2.7 Leasing

#### As a lessee

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

### 2.8 Taxation

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in India in accordance with the provisions of the Income Tax Act, 1961. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019 (Contd.)**

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

**2.9 Property, Plant and Equipment & Intangible Assets****Property, Plant and Equipment**

Property, Plant and Equipment are carried at historical cost less accumulated depreciation and impairment losses, if any. The cost of Property, Plant and Equipment comprises its purchase price and other attributable expenditure incurred in making the asset ready for its intended use and interest on borrowings attributable to acquisition of qualifying Property, Plant and Equipment up to the date the asset is ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Property, Plant and Equipment retired from active use and held for sale are stated at the lower of their net book value and net realizable value and are disclosed separately.

**Intangible Assets:**

Intangible assets comprise of the application and other software procured through perpetual licences. The intangible assets are capitalized on implementation of such software and comprises of the prices paid for procuring the licences and implementation cost of such software.

**Depreciation and Amortization methods, useful lives and residual value:**

Depreciation and amortization has been provided for on the written down value method as per the useful life prescribed in Schedule II to the Companies Act, 2013, which are as follows:

Nature of assets	Useful life (in years)
Buildings	30
Plant and Equipment*	5-15
Computers	3
Office equipment	5
Furniture and fixtures	10
Electrical Installations	10
Vehicles	8
Softwares	3

\* Plant and Equipment includes components for which depreciation is charged as per the useful life of the components.

The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

**Impairment:**

All Property, Plant and Equipment are tested for impairment at the end of each financial year. The impairment loss being the excess of carrying value over the recoverable value of the assets, if any, is charged to the Statement of Profit and Loss in the respective financial year. The impairment loss recognized in prior years is reversed in cases where the recoverable value exceeds the carrying value, upon reassessment in the subsequent years.

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019 (Contd.)

### 2.10 Inventories

Raw materials and Work-in Progress are stated at the lower of cost and net realizable value. Cost of raw materials comprises cost of purchases. Cost of work-in-progress comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of first-in first-out (FIFO) basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### 2.11 Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Company has a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

#### A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- (b) a present obligation that arises from past events but is not recognized because:
  - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) the amount of the obligation cannot be measured with sufficient reliability.

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.

### 2.12 Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

- (i) **Financial assets carried at amortized cost:** - Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses). Impairment losses are presented as separate line item in the statement of profit and loss.
- (ii) **Financial assets at fair value through other comprehensive income (FVOCI):** - Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in statement of profit and loss.
- (iii) **Financial assets at fair value through profit or loss:** - Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.
- (iv) **Financial liabilities:** - Financial liabilities are measured at amortized cost using the effective interest method.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019 (Contd.)****Impairment of Financial Assets**

The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized cost, trade receivables, other contractual rights to receive cash or other financial asset.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115, the Company always measures the loss allowance at an amount equal to the lifetime expected credit losses. Further, for the purpose of measuring lifetime expected credit loss allowance for these assets, the Company has used a practical expedient method as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

**Derecognition of Financial Assets****A financial asset is derecognized only when**

1. The Company has transferred the rights to receive cash flows from the financial asset or
2. retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

**Income recognition**

Interest income from financial assets at fair value through profit or loss is disclosed as interest income within other income. Interest income on financial assets at amortised cost and financial assets at FVOCI is calculated using the effective interest method is recognized in the statement of profit and loss as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

**2.13 Operating cycle**

The Company's activities (primarily construction activities) have an operating cycle that has a period of less than twelve months. The Company has selected the duration of the individual contracts as its operating cycle, wherever appropriate, for classification of its assets and liabilities as current and non-current.

**2.14 Cash and cash equivalents**

For the purpose of presentation in the Statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Balance Sheet.

**2.15 Trade Receivables**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019 (Contd.)

### 2.16 Offsetting financial instruments

Financial Assets and Liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

### 2.17 Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

### 2.18 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the Company does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

### 2.19 Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

### 2.20 Segment reporting

The Company operates in only one business segment viz. Supply of steel structure and site services for mechanical works. Therefore, segment-wise reporting under Ind AS 108 is not applicable.

### 2.21 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019 (Contd.)

## 3. PROPERTY, PLANT AND EQUIPMENT

(All amounts are in ₹ Lakhs unless otherwise stated)

Particulars	Buildings	Plant and Equipment	Computers	Office Equipment	Furniture & Fixtures	Electrical Installations	Vehicles	Total	Capital work-in-progress
<b>Gross carrying amount - Cost/Deemed cost</b>									
Balance as at 1 <sup>st</sup> April 2017	88.67	465.91	16.59	12.14	19.38	15.89	1.19	619.77	-
Additions	-	189.46	15.41	13.75	7.96	-	0.63	227.21	-
Disposals	-	(59.09)	-	(0.89)	(0.89)	-	-	(60.87)	-
<b>Balance as at 31<sup>st</sup> March 2018</b>	<b>88.67</b>	<b>596.28</b>	<b>32.00</b>	<b>25.00</b>	<b>26.45</b>	<b>15.89</b>	<b>1.82</b>	<b>786.11</b>	-
Balance as at 1 <sup>st</sup> April 2018	88.67	596.28	32.00	25.00	26.45	15.89	1.82	786.11	-
Additions	-	49.23	38.38	2.17	24.53	3.60	-	117.91	20.98
Disposals	-	(110.78)	(4.29)	(11.23)	(5.04)	(0.84)	-	(132.18)	-
<b>Balance as at 31<sup>st</sup> March 2019</b>	<b>88.67</b>	<b>534.73</b>	<b>66.09</b>	<b>15.94</b>	<b>45.94</b>	<b>18.65</b>	<b>1.82</b>	<b>771.84</b>	<b>20.98</b>

Particulars	Buildings	Plant and Equipment	Computers	Office Equipment	Furniture & Fixtures	Electrical Installations	Vehicles	Total	Capital work-in-progress
<b>Accumulated depreciation</b>									
Balance as at 1 <sup>st</sup> April 2017	19.77	216.33	5.43	6.42	10.89	8.97	0.74	268.55	-
Depreciation expense	8.16	62.10	10.60	7.65	3.77	2.42	0.10	94.80	-
Disposals	-	(49.23)	-	(0.86)	(0.89)	-	-	(50.98)	-
<b>Balance as at 31<sup>st</sup> March 2018</b>	<b>27.93</b>	<b>229.20</b>	<b>16.03</b>	<b>13.21</b>	<b>13.77</b>	<b>11.39</b>	<b>0.84</b>	<b>312.37</b>	-
Balance as at 1 <sup>st</sup> April 2018	27.93	229.20	16.03	13.21	13.77	11.39	0.84	312.37	-
Depreciation expense	7.19	71.06	18.66	4.54	4.81	1.81	0.17	108.24	-
Disposals	-	(84.61)	(3.90)	(7.28)	(4.09)	(0.79)	-	(100.68)	-
<b>Balance as at 31<sup>st</sup> March 2019</b>	<b>35.12</b>	<b>215.65</b>	<b>30.79</b>	<b>10.47</b>	<b>14.49</b>	<b>12.41</b>	<b>1.01</b>	<b>319.94</b>	-

Particulars	Buildings	Plant and Equipment	Computers	Office Equipment	Furniture & Fixtures	Electrical Installations	Vehicles	Total	Capital work-in-progress
<b>Net carrying amount</b>									
Balance as at 31 <sup>st</sup> March 2018	60.74	367.08	15.97	11.79	12.68	4.50	0.98	473.74	-
<b>Balance as at 31<sup>st</sup> March 2019</b>	<b>53.55</b>	<b>319.08</b>	<b>35.30</b>	<b>5.47</b>	<b>31.45</b>	<b>6.24</b>	<b>0.81</b>	<b>451.90</b>	<b>20.98</b>

## 3.1 Property, plant and equipment pledged as security

Refer to Note 14 for information on property, plant and equipment pledged as security by the Company.

## 3.2 Self Constructed Asset

Additions to Plant and Equipment include an amount of ₹ 11.54 Lakhs (31<sup>st</sup> March 2018 - ₹ 125.02 Lakhs) representing working support structure constructed for machinery at Nashik factory capitalised from the inventory of raw materials.

## 3.3 Buildings

Buildings are constructed on leasehold land not owned by the Company.

## 3.4 Contractual Obligations

Refer to Note 44 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

## 3.5 Capital work-in-progress

Capital work-in-progress comprises of De-dusting machine to be installed at the Nashik factory.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019 (Contd.)**
**4. INTANGIBLE ASSETS**

Particulars	Computer software
Gross carrying amount - Cost/Deemed cost	
Balance as at 1 <sup>st</sup> April 2017	15.88
Additions	7.44
Disposals	-
<b>Balance as at 31<sup>st</sup> March 2018</b>	<b>23.32</b>
Balance as at 1 <sup>st</sup> April 2018	23.32
Additions	4.60
Disposals	-
<b>Balance as at 31<sup>st</sup> March 2019</b>	<b>27.92</b>

Particulars	Computer software
<b>Accumulated Amortisation</b>	
Balance as at 1 <sup>st</sup> April 2017	10.71
Amortisation expense	5.86
Disposals	-
<b>Balance as at 31<sup>st</sup> March 2018</b>	<b>16.57</b>
Balance as at 1 <sup>st</sup> April 2018	16.57
Amortisation expense	4.68
Disposals	-
<b>Balance as at 31<sup>st</sup> March 2019</b>	<b>21.25</b>

Particulars	Computer software
<b>Net Carrying Amount</b>	
Balance as at 31 <sup>st</sup> March 2018	6.75
Balance as at 31 <sup>st</sup> March 2019	6.67

**5. TRADE RECEIVABLES**

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
<b>Non-Current</b>		
Unsecured, considered good	76.17	97.13
Unsecured, considered doubtful	102.04	214.67
Allowance for doubtful debts	(102.04)	(214.67)
	<b>76.17</b>	<b>97.13</b>
<b>Current</b>		
Unsecured, considered good	3,516.70	2,760.23
Unsecured, considered doubtful	18.65	4.50
Allowance for expected credit loss	(18.65)	(4.50)
	<b>3,516.70</b>	<b>2,760.23</b>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019 (Contd.)

## 5.1 Expected Credit Loss Allowance on receivables

The Company applies the simplified approach for providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all the trade receivables (including unbilled revenue disclosed under other financial assets). The loss allowance provision is determined as follows after incorporating forward looking information.

- (i) At the end of each reporting period, the Company reviews every receivable balance and in case an issue is identified with regard to the recovery of the balance, a specific provision is made for the same.
- (ii) The Company also computes the Expected Credit Loss Allowance (ECLA) by applying the average percentage of bad debts writeoffs on turnover determined on a historical basis over the past 4 years. Expected Credit Loss Allowance is determined on the closing balance of all receivables (including unbilled revenue disclosed under other financial assets) from external customers at each reporting date.

No Expected Credit loss provision has been created for receivables from the Holding Company since the Company considers the life time credit risk of these financial assets to be very low.

## 5.2 Expected Credit Loss Allowance on other financial assets

No Expected Credit Loss provision, other than specific provisions, has been created for Cash and Cash equivalents and Other financial assets (other than unbilled revenue), since the Company considers the life time credit risk of these financial assets to be very low.

## 5.3 Movement in the Expected Credit Loss Allowance

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
Balance at the beginning of the year	840.26	1,061.81
Less: Provision no longer required written back during the year	(76.41)	(228.16)
Less: Bad Debts written off during the year (Refer Note below)	(163.28)	-
Add: Additional provision for the current year	27.49	6.61
<b>Balance at the end of the year</b>	<b>628.06</b>	<b>840.26</b>

Note: The Company during the current year entered into a settlement agreement with M/s Aegis Logistics Ltd on January 27, 2019. As per the settlement agreement, the Company received an amount of ₹ 92.73 Lakhs (including Interest of ₹ 20.91 Lakhs) towards its outstanding dues of ₹ 235.10 Lakhs (Non Current Trade receivables of ₹ 116.02 Lakhs and Non Current Security Deposits of ₹ 119.08 Lakhs). Accordingly, the Company has considered an amount of ₹ 71.82 Lakhs as 'Provision for doubtful debts no longer required written back' under Other Income and has written off the balance receivable of ₹ 163.28 Lakhs from the Opening Provision.

## 5.4 Break up of the Expected credit loss allowance

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
Allowance for expected credit loss on Non Current Trade Receivables (Note 5)	102.04	214.67
Allowance for expected credit loss on Current Trade Receivables (Note 5)	18.65	4.50
Allowance for expected credit loss on Non Current - Other Financial Assets (Note 6)	199.00	318.08
Allowance for expected credit loss on Current - Other Financial Assets (Note 6)	308.37	303.01
<b>Total</b>	<b>628.06</b>	<b>840.26</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019 (Contd.)**
**6. OTHER FINANCIAL ASSETS**

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
<b>Non-Current</b>		
Security deposits		
Unsecured, considered good	8.53	80.68
Unsecured, considered doubtful	199.00	318.08
	<b>207.53</b>	<b>398.76</b>
Less: Allowance for doubtful deposits	(199.00)	(318.08)
	<b>8.53</b>	<b>80.68</b>
In Deposit Accounts with maturity greater than 12 months	-	25.80
	<b>8.53</b>	<b>106.48</b>
<b>Current</b>		
Unsecured, considered good, unless otherwise stated		
Contractual Reimbursable expenses	296.31	300.90
Less: Allowance for doubtful amounts	(296.31)	(300.90)
	-	-
Security deposits	107.52	25.03
Interest accrued on deposits	21.96	18.11
Unbilled Revenue (Refer Note below)	4,968.60	1,251.79
Less: Allowance for doubtful amounts	(12.06)	(2.11)
	<b>4,956.54</b>	<b>1,249.68</b>
Other Advances	-	9.25
<b>Total</b>	<b>5,086.02</b>	<b>1,302.07</b>

Note: Effective 01<sup>st</sup> April 2018 the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether how much and when revenue has to be recognised. One of the effects of applying the standard was reclassification of certain costs lying in Contracts-in-progress under Inventories (Note 9) as Unbilled Revenue under Note 6 - Other Financial Assets. As at 01<sup>st</sup> April 2018, an amount of ₹ 1,328.75 Lakhs has been reclassified as Unbilled Revenue. Refer Note 31 for the detailed disclosure in this regard.

**7. DEFERRED TAX ASSETS (NET)**

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
<b>Deferred tax assets</b>		
On differences in the Net carrying amount of Property, Plant and Equipment as per Income Tax and the Companies Act, 2013	71.24	67.85
On provision for expected credit loss on trade receivables and other financial assets	179.56	233.76
On Provision for expected claims	13.91	-
On Provision for Compensated Absences	15.20	12.61
On Provision for Gratuity	2.39	3.95
On Provision for Bonus	14.48	12.54
On Unabsorbed business losses and Unabsorbed depreciation	1,078.00	1,311.83
On Amortisation of Guarantee Commission relating to Corporate Guarantee issued by the Holding Company	138.69	99.04
On interest expense relating to the interest-free loan received from the Holding Company	19.91	9.22
<b>Sub Total (A)</b>	<b>1,533.38</b>	<b>1,750.80</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019 (Contd.)**

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
<b>Deferred tax liabilities</b>		
On Equity portion of the Corporate Guarantee issued by the Holding Company	162.75	143.72
On Equity portion of the interest-free loan received from the Holding Company	63.40	63.40
<b>Sub Total (B)</b>	<b>226.15</b>	<b>207.12</b>
<b>Net Deferred tax assets (A - B)</b>	<b>1,307.23</b>	<b>1,543.68</b>

**Significant estimates - Deferred tax assets on unabsorbed business losses and unabsorbed depreciation**

The Company has recognised deferred tax assets on unabsorbed business losses and unabsorbed depreciation. The Company has incurred losses in the earlier years and it has started to make profits over the past couple of years. The management has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets. The losses can be carried forward for a period of 8 years as per the requirements of the Income Tax Act, 1961 upto the Financial Year 2021-22. After set off of losses, the Company is expected to generate taxable income in the Financial Year 2021-22.

**Movement in Deferred tax assets (net)**

Financial Year 2018-19	Opening balance	Recognised in statement of profit or loss	Recognised in Other Comprehensive Income	Recognised in Other Equity	Closing Balance
<b>Deferred tax (liabilities)/assets in relation to</b>					
On differences in the Net carrying amount of Property, Plant and Equipment as per Income Tax and the Companies Act, 2013	67.85	3.39	-	-	71.24
Provision for compensated absences	12.61	2.59	-	-	15.20
Provision for Gratuity	3.95	(1.41)	(0.15)	-	2.39
On Provision for expected credit loss on trade receivables and other financial assets	233.76	(54.20)	-	-	179.56
On Provision for expected claims	-	13.91	-	-	13.91
Provision for Bonus	12.54	1.94	-	-	14.48
Unabsorbed business losses and Unabsorbed depreciation	1,311.83	(197.42)	-	(36.41)	1,078.00
On Amortisation of Guarantee Commission relating to Corporate Guarantee issued by the Holding Company	99.04	39.65	-	-	138.69
On interest expense relating to the interest-free loan received from the Holding Company	9.22	10.69	-	-	19.91
On Equity portion of the Corporate Guarantee issued by the Holding Company	(143.72)	-	-	(19.03)	(162.75)
On Equity portion of the interest-free loan received from the Holding Company	(63.40)	-	-	-	(63.40)
	<b>1,543.68</b>	<b>(180.86)</b>	<b>(0.15)</b>	<b>(55.44)</b>	<b>1,307.23</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019 (Contd.)**

Financial Year 2017-18	Opening balance	Recognised in statement of profit or loss	Recognised in Other Comprehensive Income	Recognised in Other Equity	Closing Balance
<b>Deferred tax (liabilities)/assets in relation to</b>					
On differences in the Net carrying amount of Property, Plant and Equipment as per Income Tax and the Companies Act, 2013	102.43	(34.58)	-	-	67.85
Provision for compensated absences	10.08	2.53	-	-	12.61
Provision for Gratuity	3.77	1.38	(1.20)	-	3.95
On Provision for expected credit loss on trade receivables and other financial assets	351.08	(117.32)	-	-	233.76
Provision for Bonus	10.62	1.92	-	-	12.54
Unabsorbed business losses and Unabsorbed depreciation	1,647.90	(336.07)	-	-	1,311.83
On Amortisation of Guarantee Commission relating to Corporate Guarantee issued by the Holding Company	39.10	59.94	-	-	99.04
On interest expense relating to the interest-free loan received from the Holding Company	-	9.22	-	-	9.22
On Equity portion of the Corporate Guarantee issued by the Holding Company	-	-	-	(143.72)	(143.72)
On Equity portion of the interest-free loan received from the Holding Company	-	-	-	(63.40)	(63.40)
	<b>2,164.98</b>	<b>(412.98)</b>	<b>(1.20)</b>	<b>(207.12)</b>	<b>1,543.68</b>

**8. OTHER ASSETS**

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
<b>Non-Current</b>		
Balances with government authorities		
VAT credit receivable	286.29	378.22
Prepayments (Refer Note (a) below)	2.67	2.72
<b>Total</b>	<b>288.96</b>	<b>380.94</b>
<b>Current</b>		
Balances with government authorities		
CENVAT credit receivable	0.14	0.14
GST credit receivable	768.11	368.87
Advances to staff	12.00	4.53
Advances to suppliers	134.95	765.14
Prepaid expenses	104.83	86.77
Financial benefit on the Corporate Guarantee received from the Holding Company	80.79	156.82
Other Advances	10.53	10.03
<b>Total</b>	<b>1,111.35</b>	<b>1,392.30</b>

Note (a) - Represents amount paid towards land lease for a period of 95 years which is amortised on straight line basis over the term of the lease. The amortisation expenses is recognised in the Statement of Profit and Loss under Note 27 - "Other Expenses". For the year ended 31<sup>st</sup> March 2019, the charge is ₹ 0.05 Lakh (Previous Year ₹ 0.04 Lakh).

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019 (Contd.)

## 9. INVENTORIES

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
Raw materials (At lower of cost and net realisable value)	656.36	541.78
Work-in-progress (At lower of cost and net realisable value)	926.30	332.01
Contracts-in-progress (At lower of cost and net realisable value) (Refer notes (a) and (b) below)	236.93	1,507.76
Scrap (At estimated realisable value)	17.12	6.18
<b>Total</b>	<b>1,836.71</b>	<b>2,387.73</b>

## Notes:

- (a) Contracts-in-progress disclosed under Inventories as at 31<sup>st</sup> March 2018 included an amount of ₹ 1,221.96 Lakhs incurred on completed/ongoing contracts claimable from and billable to customers, including costs on account of delays/change in scope/design by them, etc., which were at various stages of discussion/negotiations. Effective 01<sup>st</sup> April 2018 the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether how much and when revenue has to be recognised. One of the effects of applying the standard was classification of these costs as Unbilled Revenue under Note 6 - Other Financial Assets.
- (b) Contracts-in-progress disclosed under Inventories as at 31<sup>st</sup> March 2019 represents costs of construction materials lying at project sites which would be consumed in the next year.

## 10. CASH AND CASH EQUIVALENTS

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
Balances with banks in current accounts	215.90	62.29
Cash on hand	3.93	6.97
<b>Total</b>	<b>219.83</b>	<b>69.26</b>

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

## 11. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
In Deposit Accounts with maturity more than 3 months but less than 12 months [Refer note (a) below]	118.02	1.01
<b>Total</b>	<b>118.02</b>	<b>1.01</b>

Note (a): Includes an amount of ₹ 118.02 Lakhs (31<sup>st</sup> March 2018 - ₹ 1.01 Lakh) held as lien by banks towards the various non-fund facilities sanctioned by them.

## 12. EQUITY SHARE CAPITAL

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
<b>Authorised Share Capital</b>		
150,000,000 equity shares of ₹ 1 each (31 <sup>st</sup> March 2018 : 150,000,000)	1,500.00	1,500.00
200,000 preference shares of ₹ 100/- each (31 <sup>st</sup> March 2018 : 200,000)	200.00	200.00
	<b>1,700.00</b>	<b>1,700.00</b>
<b>Issued and Subscribed Capital</b>		
36,920,000 fully paid equity shares of ₹ 1 each (31 <sup>st</sup> March 2018 : 36,920,000)	369.20	369.20
	<b>369.20</b>	<b>369.20</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019 (Contd.)**
**Notes:**
**(i) Reconciliation of the Number of shares and amount outstanding at the beginning and at the end of the year**

Particulars	Number of Shares in '000s	Equity Share Capital (Amount ₹ Lakh)
As at 1 <sup>st</sup> April 2017	36,920	369.20
Shares Issued during the year	-	-
<b>As at 31<sup>st</sup> March 2018</b>	<b>36,920</b>	<b>369.20</b>
As at 1 <sup>st</sup> April 2018	36,920	369.20
Shares Issued during the year	-	-
<b>As at 31<sup>st</sup> March 2019</b>	<b>36,920</b>	<b>369.20</b>

**(ii) Terms/rights attached to equity shares**

The Company's issued, subscribed and paid-up capital comprises of equity shares only and no preference shares have been issued. The Company's paid-up capital comprises only one class, i.e. equity shares having par value of ₹ 1 per share. They entitle the holder to participate in dividends, and to share in the proceeds of winding up of the Company in proportion to the number of and amounts paid on the shares held.

Every holder of equity shares present at a Meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

The liability of the members is limited.

**(iii) Restriction on distribution of dividend:**

Pursuant to the revised terms of the loan given by the Holding Company, the Company is not permitted to declare any dividend to the equity shareholders without the payment of loan amount to the Holding Company in full.

(iv) No bonus shares have been issued during the last five years.

(v) No shares have been issued for consideration other than cash during the last five years.

(vi) No shares have been bought back during the last five years.

(vii) Shares of the Company held by holding Company

Particulars	As at 31 <sup>st</sup> March 2019		As at 31 <sup>st</sup> March 2018	
	Number of Shares in '000s	% age of holding	Number of Shares in '000s	% age of holding
<b>Equity shares of ₹ 1 each</b>				
Tata Projects Limited, Holding Company	27,690	75	27,690	75

(viii) Details of shares held by each shareholder holding more than 5%

Particulars	As at 31 <sup>st</sup> March 2019		As at 31 <sup>st</sup> March 2018	
	Number of Shares in '000s	% age of holding	Number of Shares in '000s	% age of holding
<b>Equity shares of ₹ 1 each</b>				
Tata Projects Limited, Holding Company	27,690	75	27,690	75



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019 (Contd.)

## 13. OTHER EQUITY

## 13 (a) Reserves and Surplus

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
<b>Retained Earnings</b>		
Balance as at the beginning of the year	(4,012.28)	(4,146.23)
Impact of change in accounting policy - Implementation of Ind AS 115 (Net of tax) (Refer Note 31)	94.47	-
<b>Restated balance</b>	<b>(3,917.81)</b>	<b>(4,146.23)</b>
Profit/ (Loss) for the year	(168.64)	130.81
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurement gains of post employment benefits on defined benefit plan, net of deferred tax	0.38	3.14
<b>Balance at the end of the year</b>	<b>(4,086.07)</b>	<b>(4,012.28)</b>

## 13 (b) Equity component of financial instruments

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
Balance as at the beginning of the year	4,226.95	4,377.07
Add: Financial benefit on the corporate guarantee received from the Holding Company (Refer Note (i) below)	68.40	57.00
Less: Deferred Tax Liability on the equity component of financial instruments	(19.03)	(207.12)
<b>Balance at the end of the year</b>	<b>4,276.32</b>	<b>4,226.95</b>

## Notes:

- (i) Term loan from bank disclosed under Note 18 and Loans repayable on demand from banks disclosed under Note 16 include amounts that have been granted by the banks at a concessional interest rate based on a corporate guarantee provided by the Holding Company. As per the requirements of Ind AS 109, the Company has computed the deemed financial benefit on the borrowings availed at concessional rate and the said benefit has been taken to Other Equity. The financial benefit accounted is being amortised in the Statement of Profit and Loss over the period of the loans. The amount of financial benefit taken to Other Equity as at 31<sup>st</sup> March 2019 is ₹ 679.18 Lakhs (31<sup>st</sup> March 2018 - ₹ 610.78 Lakhs). Additionally, during the year, the Company has recognised an amount of ₹ 144.43 Lakhs (31<sup>st</sup> March 2018 - ₹ 140.56 Lakhs) as guarantee commission charge in the Statement of Profit and Loss under Note 25 - Finance costs.

## 14. NON-CURRENT BORROWINGS

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
<b>Secured - at amortised cost</b>		
Term loan from bank (Refer note (i) below)	-	1,500.00
Loans from related parties (Refer note (ii) below)	278.68	240.24
<b>Total for non-current borrowings</b>	<b>278.68</b>	<b>1,740.24</b>

- (i) The amount represents Term Loan of ₹1,500 Lakhs availed from IndusInd Bank by first pari passu charge on fixed and current assets of the Company, both present and future. The loan is repayable in single installment at the end of 3 years from the date of first disbursement of the facility i.e. 28<sup>th</sup> September 2016 and carries an interest rate of 1

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019 (Contd.)**

year MCLR plus 0.10% per annum i.e. 10% per annum, currently. Additionally, the term loan from bank is guaranteed unconditionally with irrevocable corporate guarantee from the Holding Company. As the loan amount is repayable within the next 12 months (i.e. by 27<sup>th</sup> September, 2019), the same has been regrouped to Other financial liabilities as Current maturities of long term debt under Note 18 as at 31<sup>st</sup> March 2019.

- (ii) During the year 2016-17, the Company revised the terms of the term loan received from the Holding Company of ₹1,930.39 Lakhs and inter- corporate deposit received from the Holding Company of ₹ 2,100 Lakhs. As per the revised terms, the total loan from the Holding Company is repayable in a single installment at the end of 20 years and does not bear any interest. As per the requirements of Ind AS 109, the loan from Holding Company was recorded at its fair value of ₹ 207.10 Lakhs as at 31<sup>st</sup> March 2017 and the difference of ₹ 3,823.29 Lakhs between the loan received from the Holding Company of ₹ 4,030.39 lakhs and the fair value of the loan was taken to Other Equity. The loan is secured by mortgage of leasehold land at Nashik. The leasehold land has been disclosed as prepayments under Other Non Current Assets (Note 8). Also refer the table below for the movement in the loan from related party:

Particulars	For the year ended 31 <sup>st</sup> March 2019	For the year ended 31 <sup>st</sup> March 2018
Opening balance	240.24	207.10
Add: Additions during the year	-	-
Add: Interest accrued during the year	38.44	33.14
<b>Balance as at the end of the year</b>	<b>278.68</b>	<b>240.24</b>

**Net Debt Reconciliation**

This section sets out the changes in liabilities arising from financing activities in the statement of cash flows:

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
Opening balance as at 1 <sup>st</sup> April (Current, Non-Current borrowings and Current maturities of long-term debt)*:	1,748.28	1,717.31
Add: Proceeds from Borrowings	-	-
Less: Repayments of Borrowings	-	-
Add: Interest expense	177.55	194.25
Less: Repayments of Interest	(139.11)	(163.28)
<b>Closing balance</b>	<b>1,786.72</b>	<b>1,748.28</b>

\*Bank overdraft balances are not included above as they are considered as cash and cash equivalents.

**15. PROVISIONS**

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
<b>Non-Current</b>		
Gratuity (Refer Note 33)	6.69	9.81
Compensated Absences	50.18	39.60
	<b>56.87</b>	<b>49.41</b>
<b>Current</b>		
Gratuity (Refer Note 33)	1.91	4.41
Compensated Absences	4.47	5.71
	<b>6.38</b>	<b>10.12</b>
<b>Total</b>	<b>63.25</b>	<b>59.53</b>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019 (Contd.)

16. CURRENT BORROWINGS

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
<b>Secured - at amortised cost</b>		
Loans repayable on demand from banks (Bank Overdraft) (Refer Note (i) below)	1,471.42	863.86
<b>Total</b>	<b>1,471.42</b>	<b>863.86</b>

Note:

- (i) Working Capital loans from banks of ₹ 1,471.42 Lakhs (31<sup>st</sup> March 2018 ₹ 863.86 Lakhs) are secured by pari passu charge on the inventories, trade receivables and other current assets of the Company. The current interest rates charged by banks range from 9% to 10.30% per annum. Additionally, the working capital loans amounting to ₹476.41 Lakhs (31<sup>st</sup> March 2018 ₹ 863.86 Lakhs) from banks is guaranteed unconditionally with irrevocable corporate guarantee from the Holding Company.

17. TRADE PAYABLES

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
<b>Trade Payables</b>		
Dues of micro and small enterprises under Micro, Small and Medium Enterprises Development Act, 2006 (Refer Note 40)	466.72	128.56
Others	7,515.15	5,905.56
<b>Total</b>	<b>7,981.87</b>	<b>6,034.12</b>

18. OTHER FINANCIAL LIABILITIES

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
<b>Current</b>		
a) Current maturities of long-term debt (Refer Note 14 (i))	1,508.04	8.04
b) Liability for expenses	13.00	39.16
c) Capital Creditors	4.17	-
d) Interest accrued and due	3.55	6.28
e) Employee benefits payable	163.57	73.40
<b>Total</b>	<b>1,692.33</b>	<b>126.88</b>

19. OTHER CURRENT LIABILITIES

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
(a) Advances from customers including mobilisation advances	2,298.18	1,546.91
(b) Advance billing to customers	5.30	-
(c) Statutory dues	29.95	11.57
<b>Total</b>	<b>2,333.43</b>	<b>1,558.48</b>

20. REVENUE FROM OPERATIONS

Particulars	For the year ended 31 <sup>st</sup> March 2019	For the year ended 31 <sup>st</sup> March 2018
a) Income from sale of goods (including excise duty)	3,710.48	4,387.91
b) Income from contracts	11,995.85	8,712.44
c) Other operating revenues	94.97	146.85
<b>Total</b>	<b>15,801.30</b>	<b>13,247.20</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019 (Contd.)**

Refer note 31 for details about restatements for change in accounting policies consequent to adoption of Ind AS 115.

Unsatisfied long-term contracts:

The following table shows unsatisfied performance obligations resulting from fixed-price long-term contracts.

Particulars	For the year ended 31 <sup>st</sup> March 2019	For the year ended 31 <sup>st</sup> March 2018
Aggregate amount of the transaction price allocated to long-term contracts that are partially unsatisfied as at reporting date	15,098.80	-

# As permitted under the transitional provisions in Ind AS 115, the transaction price allocated to (partially) unsatisfied performance obligations as of 31 March 2018 is not disclosed.

Management expects that 100% of the transaction price allocated to the unsatisfied contracts as of 31 March 2019 will be recognised as revenue during the next reporting period.

The sale contracts for sale of goods are for periods of one year or less. As permitted under Ind AS 115, the transaction price allocated to these unsatisfied contracts is not disclosed.

Reconciliation of revenue recognised with contract price:

Particulars	For the year ended 31 <sup>st</sup> March 2019
<b>Contract price</b>	14,808.49
Adjustments for:	
Contract Modifications in respect of claims raised	1,009.87
Liquidated damages	(17.06)
<b>Revenue from continuing operations</b>	<b>15,801.30</b>

**Critical judgements in recognising revenue**

The following are the critical estimates while determining the Revenue from construction activities:

Estimated Total Costs – Management determines the Estimated Total Costs for the project, which is used to determine the stage of completion of the contract.

These estimates may depend on the outcome of future events and may need to be reassessed at the end of each reporting period. Refer Note 2.3 for the accounting policy on Revenue from Construction activities.

**21. OTHER INCOME**

Particulars	For the year ended 31 <sup>st</sup> March 2019	For the year ended 31 <sup>st</sup> March 2018
<b>a) Interest income</b>		
Bank deposits	4.39	2.92
Interest on tax refunds	65.06	13.77
Interest on arbitration awards (Refer Note 5.3)	20.91	-
Others	1.77	-
	<b>92.13</b>	<b>16.69</b>
<b>b) Other non-operating income</b>		
Liabilities/provisions no longer required written back	176.38	634.10
Provision for doubtful debts no longer required written back	76.41	228.16
Miscellaneous Income	10.39	46.07
	<b>263.18</b>	<b>908.33</b>
<b>Total</b>	<b>355.31</b>	<b>925.02</b>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019 (Contd.)

22. COST OF MATERIALS CONSUMED

Particulars	For the year ended 31 <sup>st</sup> March 2019	For the year ended 31 <sup>st</sup> March 2018
a) Opening Stock (including Scrap)	547.96	906.23
	<b>547.96</b>	<b>906.23</b>
b) Purchases	8,773.73	5,887.48
c) Less: Capitalised during the year (Refer Note 3.2)	(11.54)	(125.02)
d) Less: Closing Stock (including Scrap)	(673.48)	(547.96)
	<b>8,088.71</b>	<b>5,214.50</b>
<b>Total</b>	<b>8,636.67</b>	<b>6,120.73</b>

23. CHANGES IN INVENTORIES OF STOCK-IN-TRADE AND WORK-IN-PROGRESS

Particulars	For the year ended 31 <sup>st</sup> March 2019	For the year ended 31 <sup>st</sup> March 2018
(a) Opening Work-in-progress	332.01	659.90
Opening Contracts-in-progress (Refer Note 9(a))	285.80	224.58
(b) Less: Closing Work-in-progress	(926.30)	(332.01)
Less: Closing Contracts-in-progress	(236.93)	(1,507.76)
<b>Total</b>	<b>(545.42)</b>	<b>(955.29)</b>

24. EMPLOYEE BENEFIT EXPENSE

Particulars	For the year ended 31 <sup>st</sup> March 2019	For the year ended 31 <sup>st</sup> March 2018
Salaries and wages	1,095.04	1,009.96
Contribution to provident and other funds (Refer Note 33.1)	41.59	41.33
Staff welfare expenses	13.73	4.08
<b>Total</b>	<b>1,150.36</b>	<b>1,055.37</b>

25. FINANCE COSTS

Particulars	For the year ended 31 <sup>st</sup> March 2019	For the year ended 31 <sup>st</sup> March 2018
<b>Interest expense on :</b>		
(i) Borrowings	335.58	248.65
(ii) Mobilisation advances received from customers	60.23	95.51
(iii) Loan received from the Holding Company	38.44	33.14
(iv) Delay in payment of statutory dues	0.02	3.03
(v) Others	73.81	19.46
Guarantee commission on Corporate guarantee received from the Holding Company	144.43	140.56
Other borrowing costs	33.02	3.18
<b>Total</b>	<b>685.53</b>	<b>543.53</b>

26. DEPRECIATION AND AMORTISATION EXPENSE

Particulars	For the year ended 31 <sup>st</sup> March 2019	For the year ended 31 <sup>st</sup> March 2018
Depreciation of property, plant and equipment	108.24	94.80
Amortisation of intangible assets	4.68	5.86
<b>Total Depreciation and amortisation expense</b>	<b>112.92</b>	<b>100.66</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019 (Contd.)**
**27. PROJECT EXECUTION EXPENSES**

Particulars	For the year ended 31 <sup>st</sup> March 2019	For the year ended 31 <sup>st</sup> March 2018
Cost of erection services	4,768.81	5,436.53
Insurance charges	53.43	43.39
Bank guarantee and letter of credit charges	28.24	13.76
Other site expenses	168.27	263.32
<b>Total</b>	<b>5,018.75</b>	<b>5,757.00</b>

**28. OTHER EXPENSES**

Particulars	For the year ended 31 <sup>st</sup> March 2019	For the year ended 31 <sup>st</sup> March 2018
Rent (Refer Note 37)	98.33	145.33
Rates and taxes	96.63	97.50
Repairs	0.55	0.63
Motor vehicle expenses	1.92	2.95
Travelling expenses	79.85	143.04
Legal and professional fees (Refer Note 42)	236.57	142.66
Postage and telephone	15.48	28.50
Printing and stationery	13.61	18.18
Business development expenses	10.40	6.63
Director's fees	16.60	14.70
Loss on forex fluctuation	20.44	15.97
Provision for doubtful debts	27.49	6.61
Provision for expected claims	50.00	-
Corporate Social Responsibility expenses (Refer Note 43)	8.50	3.50
Loss on sale of Property, Plant and Equipment	17.89	7.73
Motor vehicle expenses	157.28	159.12
Electricity and water charges	171.39	147.73
Miscellaneous expenses	62.65	28.93
<b>Total</b>	<b>1,085.58</b>	<b>969.71</b>

**29. INCOME TAXES**

Tax expense in the Statement of Profit and Loss comprises:

Particulars	For the year ended 31 <sup>st</sup> March 2019	For the year ended 31 <sup>st</sup> March 2018
Current Taxes on profits for the year	-	-
Adjustments for current tax of prior periods	-	-
Deferred Taxes charge	180.86	412.98
<b>Income Tax expense</b>	<b>180.86</b>	<b>412.98</b>

Tax expense recognised in Other Comprehensive Income comprises:

Particulars	For the year ended 31 <sup>st</sup> March 2019	For the year ended 31 <sup>st</sup> March 2018
Income tax relating to items that will not be reclassified subsequently to Statement of Profit and Loss	(0.15)	(1.20)
<b>Income Tax expense recognised in Other Comprehensive Income</b>	<b>(0.15)</b>	<b>(1.20)</b>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019 (Contd.)

Tax expense recognised directly in Equity comprises:

Particulars	For the year ended 31 <sup>st</sup> March 2019	For the year ended 31 <sup>st</sup> March 2018
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited/(credited) to equity:		
Deferred tax:		
On equity portion of the Corporate Guarantee issued by the Holding Company	19.03	143.72
On equity portion of the Interest - free loan received from the Holding Company	-	63.40
<b>Income Tax expense recognised directly in Equity</b>	<b>19.03</b>	<b>207.12</b>

The following table provides the details of income tax assets and income tax liabilities as at 31<sup>st</sup> March 2019 and 31<sup>st</sup> March 2018.

Particulars	For the year ended 31 <sup>st</sup> March 2019	For the year ended 31 <sup>st</sup> March 2018
Non- current Income tax assets	331.36	445.66
Current Income tax liabilities	-	-
<b>Net current income tax assets at the end of the year</b>	<b>331.36</b>	<b>445.66</b>

29.1 The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	For the year ended 31 <sup>st</sup> March 2019	For the year ended 31 <sup>st</sup> March 2018
Profit before tax from continuing operations	12.22	543.79
Tax rate at 27.82% for FY 2018-19 (FY 2017-18 : 33.06%) (A)	3.40	179.78
Tax effect of amounts which are not deductible (taxable) in calculating taxable income (B)	5.07	4.75
Effect of change in Tax rate on the Deferred Tax Charge for the year (C)	125.59	187.64
Effect of changes in the deferred tax assets recognised in the previous year (D)	46.80	40.81
<b>Income tax expense (A+B+C+D)</b>	<b>180.86</b>	<b>412.98</b>
Tax expense recognised in profit or loss (relating to continuing operations)	180.86	412.98

### 30. RELATED PARTY TRANSACTIONS

#### 30.1 Details of related parties

Description of relationship	Names of related parties
(i) Holding Company	Tata Projects Limited
(ii) Key Management Personnel	Mr. Vinayak K. Deshpande, Chairman Mr. Nalin M. Shah, Independent Director Mr. Michael Bastian, Independent Director Mr. Pralhad Pawar, Director Ms. Leja Hattiangadi, Independent Director Mr. Nikhil Naniwadekar, Manager (Upto 31 <sup>st</sup> December 2017) Mr. Saket Mathur, Manager (From 1 <sup>st</sup> January 2018) Mr. Rajesh Mandale, Chief Financial Officer (Upto 31 <sup>st</sup> May 2017) Mr. S. Balaji, Chief Financial Officer (From 11 <sup>th</sup> July 2017) Mr. Deepak Tibrewal, Company Secretary & Compliance Officer

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019 (Contd.)**
**30.2 Details of related party transactions with the Holding Company during the year ended 31<sup>st</sup> March 2019 and balance outstanding as at 31<sup>st</sup> March 2019.**

Particulars	Transactions during the year ended		Balances Outstanding at the end of the year	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
1 Income from sale of goods (including excise duty)	(1,406.92)	(3,561.48)	-	-
2 Income from contracts	(3,503.94)	(2,588.53)	-	-
3 Reimbursement of expenses to Holding Company (including employee deputation cost)	171.90	212.91	-	-
4 Reimbursement of expenses by Holding Company	(67.53)	(9.49)	-	-
5 Interest on loan received from the Holding Company	38.44	33.14	-	-
6 Guarantee commission on Corporate guarantee received from the Holding Company	149.26	140.56	-	-
7 Trade receivables	-	-	2,041.77	1,455.70
8 Trade payables	-	-	(1,319.06)	(1,180.26)
9 Long term borrowings	-	-	(278.68)	(240.24)
10 Financial benefit on the Corporate Guarantee received from the Holding Company	-	-	80.79	156.82
11 Advances from customers including mobilisation advances	-	-	(1,590.37)	(822.03)
12 Bank Guarantee limits utilised	-	-	1,664.84	1,793.63
13 Letter of Credit Limits utilised	-	-	46.20	-
14 Corporate Guarantees given	-	-	1,319.76	2,979.27
15 Corporate Guarantees received (including corporate guarantees given to bankers)	-	-	6,505.52	2,666.67

**30.3 Compensation of Key Managerial Personnel**

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
Short-term benefits	122.36	114.22
Directors Sitting Fees (Refer Note 28)	16.60	14.70
<b>Total</b>	<b>138.96</b>	<b>128.92</b>

Note: As gratuity and compensated absences are computed for all the employees on an aggregate basis in the actuarial valuation report, the amounts relating to the Key Managerial Personnel cannot be individually identified.

**31. Changes in accounting policies**

This note explains the impact of the adoption of Ind AS 115 Revenue from Contracts with Customers on the Company's financial statements.

**Impact on the financial statements**

The Company applied Ind AS 115 for the first time by using the modified retrospective method of adoption with the date of initial application of 1<sup>st</sup> April 2018. Under this method, the Company recognised the cumulative effect of initially



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019 (Contd.)

applying Ind AS 115 as an adjustment to the opening balance of retained earnings as at 1<sup>st</sup> April 2018. Comparative prior period has not been adjusted.

Entities applying the modified retrospective method can elect to apply the revenue standard only to contracts that are not completed as at the date of initial application (that is, they would ignore the effects of applying the revenue standard to contracts that were completed prior to the date of initial application). By taking that practical expedient the Company applies Ind AS 115 for all the contracts that are not completed on 1<sup>st</sup> April 2018.

**The Impact on the Company's retained earnings as at 1<sup>st</sup> April 2018:**

Particulars	Note	1 <sup>st</sup> April 2018
Balance at 1 <sup>st</sup> April 2018 (as originally presented)		214.67
Change in the Percentage of Completion method under Ind AS 115	(i)	94.47
Restated balance at 1 <sup>st</sup> April 2018		309.14

**(i) Change in the Percentage of Completion method under Ind AS 115**

The Company as at 1<sup>st</sup> April 2018 has changed its Percentage of Completion method under Ind AS 115 to Input Method i.e, Cost incurred vis-à-vis the Budgeted cost for the project. The Company had been determining the Percentage of Completion under the erstwhile Ind AS 115 using Output method i.e., Survey method. The effect of applying this change as at 1<sup>st</sup> April 2018 resulted in an increase of ₹ 94.47 lakhs (Net of taxes ₹ 36.41 lakhs) in the opening retained earnings as on April 01, 2018 with corresponding increase in Unbilled Revenue of ₹ 1,106.66 lakhs, decrease in inventories of ₹ 999.81 lakhs, decrease in Provision for Contractual expenses of ₹ 14.86 lakhs and increase in non current trade receivables of ₹ 9.17 lakhs.

Balance sheet (extract)	31 <sup>st</sup> March 2019 without adoption of Ind AS 115	Increase/ (decrease)	31 <sup>st</sup> March 2019 as reported
<b>Current assets</b>			
Inventories	4,562.46	(2,725.75)	1,836.71
Other financial assets	2,242.61	2,843.41	5,086.02
<b>Total current assets</b>	<b>11,770.97</b>	<b>117.66</b>	<b>11,888.63</b>
<b>Total assets</b>	<b>14,262.77</b>	<b>117.66</b>	<b>14,380.42</b>
<b>Current liabilities</b>			
Other current liabilities	2,328.13	5.30	2,333.43
<b>Total Current liabilities</b>	<b>13,480.12</b>	<b>5.30</b>	<b>13,485.43</b>
<b>Total liabilities</b>	<b>13,815.68</b>	<b>5.30</b>	<b>13,820.98</b>
<b>Net Assets</b>	<b>447.09</b>	<b>112.36</b>	<b>559.45</b>
Retained earnings	77.89	112.36	190.25
<b>Total equity</b>	<b>447.09</b>	<b>112.36</b>	<b>559.45</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019 (Contd.)**

Statement of profit and loss (extract) year ended 31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2019 without adoption of Ind AS 115	Increase/ (decrease)	31 <sup>st</sup> March 2019 as reported
Revenue from operations	14,069.79	1,731.51	15,801.30
<b>Total income</b>	<b>14,425.10</b>	<b>1,731.51</b>	<b>16,156.61</b>
<b>Expenses</b>			
Changes in inventories of stock-in-trade and work-in-progress	(2,259.04)	1,713.62	(545.42)
<b>Total expenses</b>	<b>14,430.77</b>	<b>1,713.62</b>	<b>16,144.39</b>
<b>Profit before tax</b>	<b>(5.67)</b>	<b>17.89</b>	<b>12.22</b>
<b>Profit for the year</b>	<b>(186.53)</b>	<b>17.89</b>	<b>(168.64)</b>
<b>Total comprehensive income for the year</b>	<b>(186.15)</b>	<b>17.89</b>	<b>(168.26)</b>
<b>Earnings per equity share (Face value : ₹ 1)</b>			
Basic earnings per share (₹)	(0.51)	0.05	(0.46)
Diluted earnings per share (₹)	(0.51)	0.05	(0.46)

**Disclosure required to be made under erstwhile IND AS-11 construction contracts**

Particulars	Year ended 31 <sup>st</sup> March 2018
Construction revenue recognised during the year	8,712.44
Aggregate of contract costs incurred and recognised profits (less recognised losses) upto the reporting date	17,393.16
Advances received for contracts-in-progress	804.07
Retention money for contracts-in-progress	170.10
Gross amount due from customers for contract work	2,471.64

**32. EARNINGS PER SHARE OF ₹ 1 FACE VALUE**

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
Basic & Diluted earnings per share		
From continuing operations	(0.46)	0.35

**Reconciliation of earnings used in calculating earnings per share**

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
Basic & Diluted earnings per share		
Profit attributable to the equity holders of the Company used in calculating basic earnings per share	(168.64)	130.81

**Weighted average number of shares used as the denominator**

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
Weighted average number of equity shares used as the denominator in calculating basic earnings per share (Nos in Lakhs)	369.20	369.20
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share (Nos in Lakhs)	369.20	369.20

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019 (Contd.)

## 33. EMPLOYEE BENEFITS PLANS

## 33.1 Defined Contribution plan

In respect of defined contribution plans, contributions are made to provident fund for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the Government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is ₹ 33.69 Lakhs (31<sup>st</sup> March 2018 – ₹ 27.91 Lakhs).

## 33.2 Defined benefit plans

The Company provides for gratuity for employees in India as per the payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to Life Insurance Corporation of India (LIC). The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

(a) The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
Discount rate	7.32%	7.53%
Expected rate of salary increase	8.00%	8.00%

(b) Amounts recognised in statement of profit and loss in respect of these defined benefits plans are as follows:

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
<b>Service Cost</b>		
Current Service Cost	11.73	11.72
Past Service Cost and (gain)/loss from settlements	-	0.41
Net Interest expense	0.19	0.61
<b>Components of defined benefit costs recognised in the statement of profit or loss (included under Contribution to Provident and Other Funds - Note 24)</b>	<b>11.92</b>	<b>12.74</b>

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
<b>Remeasurement on the net defined benefit liability:</b>		
Actuarial (Gains)/losses arising from changes in financial assumptions	0.64	(1.95)
Actuarial (Gains)/losses arising from experience assumptions	(2.08)	(3.53)
Return on plan assets excluding amounts included in Net Interest expense/(income) on above	0.91	1.14
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>(0.53)</b>	<b>(4.34)</b>

The current service cost for the year is included in Note 24 - 'Employee benefit expense' in the Statement of Profit and Loss

The remeasurement of the net defined liability is included in Other Comprehensive Income.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019 (Contd.)**

- (c) The amount included in the Balance Sheet arising from the Company's obligation in respect of its defined benefit plans is as follows :

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
Present value of funded defined benefit obligation	44.85	37.32
Fair value of plan assets	36.25	23.10
<b>Net liability arising from defined benefit obligation</b>	<b>8.60</b>	<b>14.22</b>

- (d) Change in Defined benefit obligation during the year

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
Opening defined benefit obligations	37.32	37.16
Current service cost	11.73	11.72
Interest Cost	2.61	2.23
Past service cost	-	0.41
Actuarial (Gains)/losses arising from changes in financial assumptions	0.64	(1.95)
Actuarial (Gains)/losses arising from experience assumptions	(2.08)	(3.53)
Benefits paid (including benefits paid directly by employer)	(5.37)	(8.72)
<b>Closing defined benefit obligation</b>	<b>44.85</b>	<b>37.32</b>

- (e) Change in the fair value of the plan assets during the year :

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
Opening fair value of plan assets	23.10	24.91
Adjustment to opening fair value of plan assets	6.50	-
Interest income	2.42	1.61
Return on plan assets (excluding amounts included in net interest expense)	(0.91)	(1.14)
Contribution from the employer	8.54	6.44
Benefits paid	(3.40)	(8.72)
<b>Closing fair value of plan assets</b>	<b>36.25</b>	<b>23.10</b>

- (f) Summary of the funded status of the defined benefit plans for the past five years:

Particulars	2019	2018	2017	2016	2015
Defined Benefit Obligation	44.85	37.32	37.16	32.70	35.61
Fair Value of Plan Assets	36.25	23.10	24.91	21.89	17.61
(Surplus)/Deficit	8.60	14.22	12.25	10.81	18.00

- (g) Summary of the Experience adjustments on the defined benefit plans for the past five years

Particulars	2019	2018	2017	2016	2015
Experience Adjustment on Plan Liabilities [(Gain)/Loss]	(1.44)	(5.48)	1.37	(10.91)	(3.02)
Experience Adjustment on Plan Asset [(Gain)/Loss]	0.91	1.14	(0.11)	1.58	(0.11)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019 (Contd.)

## (h) Sensitivity Analysis - Defined Benefit plan

Particulars	Discount Rate		Salary Escalation Rate	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Increase/(Decrease) in the defined benefit obligation (In ₹ Lakhs)	(2.92)	3.30	3.09	(2.79)

## (i) Expected cash flow profile of the benefits to be paid

Particulars	Expected Payout - Year 1	Expected Payout - Year 2	Expected Payout - Year 3	Expected Payout - Year 4	Expected Payout - Year 4 and above	Expected Payout - Year 6 and above
Expected benefits pay out	4.42	3.49	4.33	4.07	6.25	23.55

The weighted average duration of the payment of these cash flows for the year ended 31<sup>st</sup> March 2019 is 6.35 years.

Expected contribution to be made to plan assets in the Financial Year 2019-20 is ₹ 1.91 Lakhs (31<sup>st</sup> March 2018: ₹ 6.28 lakhs)

## 33.3 Other long-term employee benefits - Compensated Absences

The Compensated absences cover the Company's liability for earned leave and sick leave

## (a) Funded status of obligation towards compensated absences and the charge in the Statement of Profit and Loss

Particulars	For the year ended 31 <sup>st</sup> March 2019	For the year ended 31 <sup>st</sup> March 2018
Funded Status		
Present value of obligation	54.65	45.31
Fair Value of Plan Assets	-	-
(Surplus) / Deficit	<b>54.65</b>	<b>45.31</b>
Charge in the Statement of Profit and Loss	26.40	26.55

## 34. FAIR VALUES

The management assessed that trade receivables, cash and cash equivalents, other bank balances, other financial assets, short term borrowings, trade payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities or interest bearing nature of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

## (i) Financial instruments by category

Particulars	Carrying value	
	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
<b>Financial assets</b>		
<b>At amortised cost</b>		
Trade receivables	3,592.87	2,857.36
Cash and cash equivalents	219.83	69.26
Other bank balances	118.02	1.01
Other financial assets	5,094.55	1,408.55
<b>Total financial assets</b>	<b>9,025.27</b>	<b>4,336.18</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019 (Contd.)**

Particulars	Carrying value	
	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
<b>Financial liabilities</b>		
<b>At amortised cost</b>		
Borrowings	1,750.10	2,604.10
Trade payables	7,981.87	6,034.12
Other financial liabilities	1,692.33	126.88
<b>Total financial liabilities</b>	<b>11,424.30</b>	<b>8,765.10</b>

**(ii) Fair value hierarchy**

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

**Assets and liabilities which are measured at amortised cost for which fair values are disclosed**

As at 31 <sup>st</sup> March 2019	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Trade receivables	-	-	3,592.87	3,592.87
Cash and cash equivalents	-	-	219.83	219.83
Other bank balances	-	-	118.02	118.02
Other financial assets	-	-	5,094.55	5,094.55
<b>Total financial assets</b>	<b>-</b>	<b>-</b>	<b>9,025.27</b>	<b>9,025.27</b>
Financial liabilities				
Borrowings	-	-	1,750.10	1,750.10
Trade payables	-	-	7,981.87	7,981.87
Other financial liabilities	-	-	1,692.33	1,692.33
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>11,424.30</b>	<b>11,424.30</b>
<b>As at 31<sup>st</sup> March 2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
Trade receivables	-	-	2,857.36	2,857.36
Cash and cash equivalents	-	-	69.26	69.26
Other bank balances	-	-	1.01	1.01
Other financial assets	-	-	1,408.55	1,408.55
<b>Total financial assets</b>	<b>-</b>	<b>-</b>	<b>4,336.18</b>	<b>4,336.18</b>
Financial liabilities				
Borrowings	-	-	2,604.10	2,604.10
Trade payables	-	-	6,034.12	6,034.12
Other financial liabilities	-	-	126.88	126.88
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>8,765.10</b>	<b>8,765.10</b>

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019 (Contd.)

## 35. FINANCIAL RISK MANAGEMENT

## A. Credit risk

Credit risk is the risk arising from credit exposure to customers, cash and cash equivalents held with banks and current and non-current held-to maturity financial assets.

## (i) Credit risk management

The credit risk to the Company arises from two sources:

- (a) Customers, who default on their contractual obligations, thus resulting in financial loss to the Company
- (b) Non certification by the customers, either in part or in full, the works billed as per the contract, being non claimable cost as per the terms of the contract with the customer

## (a) Customers

The Company evaluates the credentials of a customer at a very early stage of the bid. The Company has adopted a policy of 3 tier verification before participating for any bid. The first step of such verification includes verification of customer credentials. The Company, as part of verification of the customer credentials, ensures the compliance with the following criterion,

- (i) Customer's financial health by examining the audited financial statements
- (ii) Whether the Customer has achieved the financial closure for the work for which the Company is bidding
- (iii) Brand and market reputation of the customer
- (iv) Details of other contractors working with the customer
- (v) Where the customer is Public Sector Undertaking, sanction and availability of adequate financial resources for the proposed work

The Company makes provision on its financial assets, on every reporting period, as per Expected Credit Loss Method. The provision is made separately for each financial assets of each business line. The percentage at which the provision is made, is determined on the basis of historical experience of such provisions, modified to the current and prospective business and customer profile."

Trade receivables consist of large number of customers, spread across diverse industries and geographical areas. Majority of the customers of the Company comprise of Public Sector Undertakings, with whom the Company does not perceive any default risk, however there would be a credit risk on account of delays in the payments. Additionally the Company has significant revenue contracts with Holding Company, Tata Projects Limited, the credit risk for these transactions has been considered minimal. As regards the customers from private sector, the Company carries out financial evaluation on regular basis and provides for any amount perceived as non realisable, in the books of accounts.

## (b) Non certification of works billed

The costs incurred on projects are regularly monitored through the Project budgets. Costs which are incurred beyond the agreed terms and conditions of the contract, would be claimed from the customer, based on the actual works performed. The realisability of such claims is reviewed by the management on a periodic basis and the costs, which are identified as non tenable or costs beyond the collectible amounts would be provided in the books of accounts.

## (ii) Provision for Expected Credit Loss

Refer Note 5.1 of the Financial Statements

## B. Liquidity risk

The Company being an EPC contractor, has a constant liquidity pressures to meet the project requirements. These requirements are met by a balanced mix of borrowings and project cash flows. Cash flow forecast is made for all projects on monthly basis and the same are tracked for actual performance on daily basis. Shortfall in cash flows are

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019 (Contd.)**

matched through short term borrowings and other strategic financing means. The daily project requirements are met by allocating the daily aggregated cash flows among the projects. The Company has established practice of prioritising the site level payments and regulatory payments above other payment requirements.

**(i) Financing arrangements**

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
<b>Secured Borrowings:</b>		
Floating rate		
Expiring within one year (bank overdraft)	2,428.58	236.14

**(ii) Maturities of financial liabilities**

The table below provides company financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities

Particulars	Less than 1 year	1-2 years	2-4 years	Total
Trade payables	7,981.87			7,981.87
Other financial liabilities	1,692.33			1,692.33

**C. Market risk**
**(i) Foreign currency risk**

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, Primarily with respect to AED (United Arab Emirates Dirham) and KWD (Kuwaiti Dinar).

Since the Company's net exposure in foreign exchange is not significant, the Company has not opted for derivative financial instruments to mitigate foreign exchange related risk exposures

**(a) Foreign currency risk exposure**

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Particulars	Year ended 31 <sup>st</sup> March 2019 (₹ in Lakhs)		Year ended 31 <sup>st</sup> March, 2018 (₹ in Lakhs)	
	AED	KWD	AED	KWD
Cash and Cash equivalents	0.77	0.30	39.31	0.34
Trade Receivables	691.21	-	353.34	-
Other Non-Current Assets	0.12	-	1.32	-
Other Current Assets	1.94	-	19.18	0.31
Other Financial Assets	60.07	-	59.67	-
Trade Payables	(86.33)	-	(219.76)	-
Other Current Liabilities	-	-	(2.59)	-
Other Financial Liabilities	-	-	(1.02)	-
<b>Net Assets /(Liabilities)</b>	<b>667.78</b>	<b>0.30</b>	<b>249.45</b>	<b>0.65</b>



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019 (Contd.)

## (ii) Interest rate risk

## (a) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period is as follows:

Particulars	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
Variable rate borrowings	2,971.42	2,363.86
<b>Total Borrowings</b>	<b>2,971.42</b>	<b>2,363.86</b>

## (b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Particulars	Impact on Profit after tax	
	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
Interest rates-increase by 50 basis points	13.09	7.69
Interest rates-decrease by 50 basis points	(13.09)	(7.69)

## 36. CAPITAL MANAGEMENT

The Company's business model is working capital centric. The Company manages its working capital needs and long-term capital expenditure, through a balanced mix of capital (including retained earnings) and short-term debt.

The capital structure of the Company comprises of net debt (borrowings reduced by cash and bank balances) and equity.

The Company is not subject to any externally imposed capital requirements.

The Company reviews its capital requirements on an annual basis, in the form of Annual Operating Plan (AOP). The AOP of the Company aggregates the capital required for execution of projects identified and the financing mechanism of such requirements is determined as part of AOP.

The Company's debt to adjusted capital ratio at the end of the reporting period was as follows:

Particulars	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
Total liabilities	3,250.10	2,604.10
Less : Cash and Cash equivalents	219.83	69.26
<b>Adjusted net debt</b>	<b>3,030.27</b>	<b>2,534.84</b>
<b>Total equity</b>	<b>559.45</b>	<b>583.87</b>
<b>Adjusted net debt to adjusted equity ratio</b>	<b>5.42</b>	<b>4.34</b>

## 37. OPERATING LEASE ARRANGEMENTS

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
(i) Rental expense relating to operating leases	98.33	145.33

## (ii) Non-cancellable operating leases

The Company leases various offices under non-cancellable operating leases expiring within one to five years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
Within one year	52.95	13.13
Later than one year but not later than five years	86.64	17.51
Later than five years	11.23	-
	<b>150.82</b>	<b>30.64</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019 (Contd.)**
**38. SEGMENT INFORMATION**

The Company operates in only one business segment viz. Supply of steel structure and site services for mechanical works. Therefore, segment-wise reporting under Ind AS 108 is not applicable.

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
Income from sale of goods (including excise duty)	3,710.48	4,387.91
Income from contracts	11,995.85	8,712.44
Other operating revenues	94.97	146.85
<b>Total</b>	<b>15,801.30</b>	<b>13,247.20</b>

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
<b>Revenues</b>		
India	15,432.73	12,057.77
Outside India	368.57	1,189.43
<b>Total</b>	<b>15,801.30</b>	<b>13,247.20</b>
<b>Non-current assets</b>		
India	2,491.80	3,054.38

**Significant clients**

Three customers individually accounted for more than 10% of the revenues in the year ended 31<sup>st</sup> March 2019 (31<sup>st</sup> March 2018: Two clients individually accounted for more than 10% of the revenues).

39. Provision for current tax is not made in lieu of carry forward losses. The Company has been advised that since it continues to have negative net worth for computation of income tax in line with the erstwhile BIFR order dt 20.06.2013, the provision in respect of MAT u/s 115JB of Income Tax Act, 1961 is not applicable and hence the same is not provided.
40. **DISCLOSURE IN ACCORDANCE WITH SECTION 22 OF THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006:**

According to information available with the Management, on the basis of intimation received from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the Company has the following amounts due to micro and small enterprises under the said Act:

Disclosure under Section of Micro, Small and Medium Enterprises Development Act, 2006

Particulars	Year ended 31 <sup>st</sup> March 2019 (₹ Lakh)	Year ended 31 <sup>st</sup> March 2018 (₹ Lakh)
i Principal amount remaining unpaid	413.87	86.60
ii Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	52.85	41.96
iii The Amount of interest paid along with the amounts of the payment made to suppliers beyond the appointed day	-	-
iv The amount of interest due and payable for the period of delay in making payment(which have been paid but beyond the appointed day during the year) but without adding interest specified under the MSMED ACT	-	-
v Interest accrued and remaining unpaid at the end of the year to suppliers under the MSMED Act	52.85	41.96

Dues to the Micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019 (Contd.)**

41. The Company was registered with the Board for Industrial and Financial Reconstruction (BIFR) as a sick Company and BIFR, vide its order dated December 18, 2017, had sanctioned the rehabilitation scheme. With effect from 1<sup>st</sup> December, 2016 the Ministry of Finance, Government of India notified the SICA Repeal Act, 2003 by virtue of which BIFR stood dissolved and all appeals, references, inquiries and proceedings pending before BIFR stand abated except for the Schemes already sanctioned. Whereas, the Company had an option to refer the case to National Company Law Tribunal (NCLT), the management, considering the current financial performance and order booking, had decided not to pursue the matter with NCLT.

**42. LEGAL AND PROFESSIONAL FEES INCLUDE AUDITORS' REMUNERATION AS BELOW**

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
Audit fees	10.30	10.30
Tax Audit fees	1.00	1.00
Taxation /certification matters	-	-
Reimbursement of expenses	0.19	0.47
Service Tax	-	-
<b>Total</b>	<b>11.49</b>	<b>11.77</b>

**43. CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE**

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
Contribution to Tata Projects Community Development Trust	8.50	3.50
Amount required to be spent as per Section 135 of the Act	8.46	3.35
Amount spent during the year on		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	8.46	3.50

44. Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is - ₹ 8.60 Lakhs (31<sup>st</sup> March 2018 - ₹ 16.78 Lakhs).

**45. CONTINGENT LIABILITIES****45 (a)**

Particulars	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
Contingent liabilities		
Claim against the Company not acknowledged as debts		
Matters under dispute:		
(i) Sales Tax Matters/ Value Added Tax Matters	48.55	164.56
(ii) Third party claims from disputes relating to contracts	509.67	3,714.40
(iii) Other matters	6.53	-
	<b>564.75</b>	<b>3,878.96</b>

45 (b) The Company is in the process of evaluating the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management which is supported by legal advice, the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in these Financial Statements.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

46. The Company has appointed Mr. Saket Mathur as Manager w.e.f. 1<sup>st</sup> January, 2018 in compliance with the provisions of Section 203 of the Companies Act, 2013.
47. Previous year's figures have been regrouped and restated wherever necessary to make their classification comparable with that of the current year.

As per our report of even date

For **Price Waterhouse & Co Chartered Accountants LLP**

Chartered Accountants

FRN: 304026E/ E-300009

**Sunit Kumar Basu**

Partner

Membership No. 55000

**Vinayak K. Deshpande**

Chairman

DIN:00036827

For and on behalf of the Board of Directors

**Nalin M. Shah**

Director

DIN:00882723

**Saket Mathur**

Manager

**S. Balaji**

Chief Financial Officer

**Deepak Tibrewal**

Company Secretary

Place: Mumbai

Date: 8<sup>th</sup> May 2019

Place: Mumbai

Date: 8<sup>th</sup> May 2019



# ARTSON ENGINEERING LIMITED

CIN: L27290MH1978PLC020644

(A subsidiary of Tata Projects Limited)

Registered office: 2<sup>nd</sup> Floor, One Boulevard, Lake Boulevard Road, Hiranandani Business Park, Powai, Mumbai – 400076, Maharashtra

Email: investors@artson.net; Website: www.artson.net

## SHAREHOLDERS DETAILS UPDATION FORM

To  
Link Intime (India) Private Limited,  
(Unit: Artson Engineering Limited)  
C 101, 247 Park, L B S Marg, Vikhroli West,  
Mumbai - 400083, Maharashtra.  
Email ID: rnt.helpdesk@linkintime.co.in

I /we hereby request you to record/ update the following details against my/ our folio no.:

<b>Name of the Sole/ First named shareholder</b>	:	
<b>Folio No.</b>	:	
<b>Full Address</b> (with pin code)	:	
CIN / Registration number: * (applicable to corporate shareholders)	:	
<b>E-mail Id</b> (to be registered)	:	
<b>PAN no. *</b> (of the sole/ first named shareholder)	:	
<b>Phone / Mobile number</b>	:	

\*self-attested copy of the document enclosed

### Bank Details:

<b>IFSC</b>	:	
<b>MICR</b>	:	
<b>Bank A/c type</b>	:	
<b>Bank Account No.@</b>	:	
<b>Name of the Bank</b>	:	
<b>Name of the Branch</b>	:	
<b>Bank Branch Address</b>	:	

@ A blank cancelled cheque is enclosed to enable verification of bank details

I/ We hereby declare that the particulars given above are correct and complete. If the transaction is delayed because of incomplete information, I / we would not hold the Company / RTA responsible. I /We undertake to inform any subsequent changes in the above particulars as and when the changes take place. I / We understand that the above details shall be maintained till I / we hold the securities under the above mentioned Folio No. / Beneficiary account.

Place:

Date:

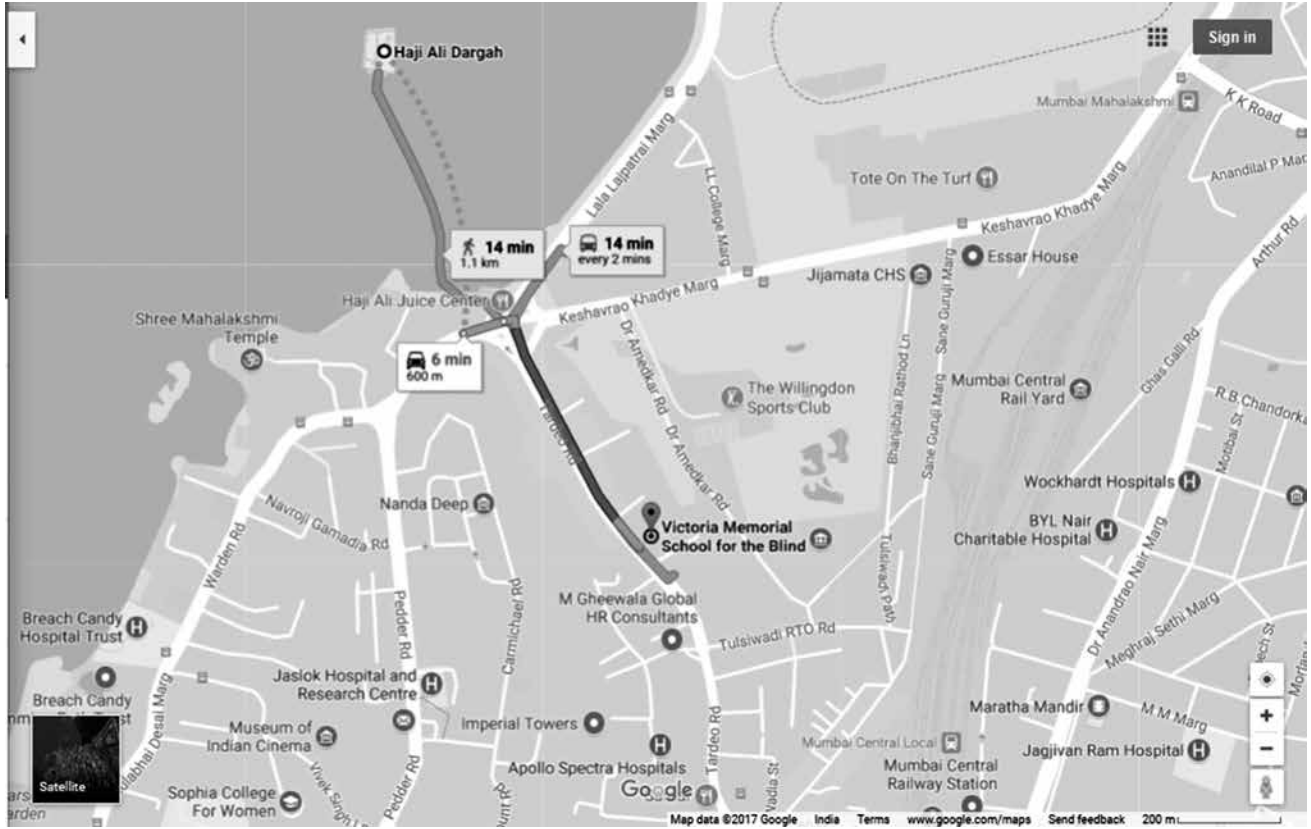
.....  
Signature of Sole/ First Shareholder

# Route Map for the Venue of Annual General Meeting

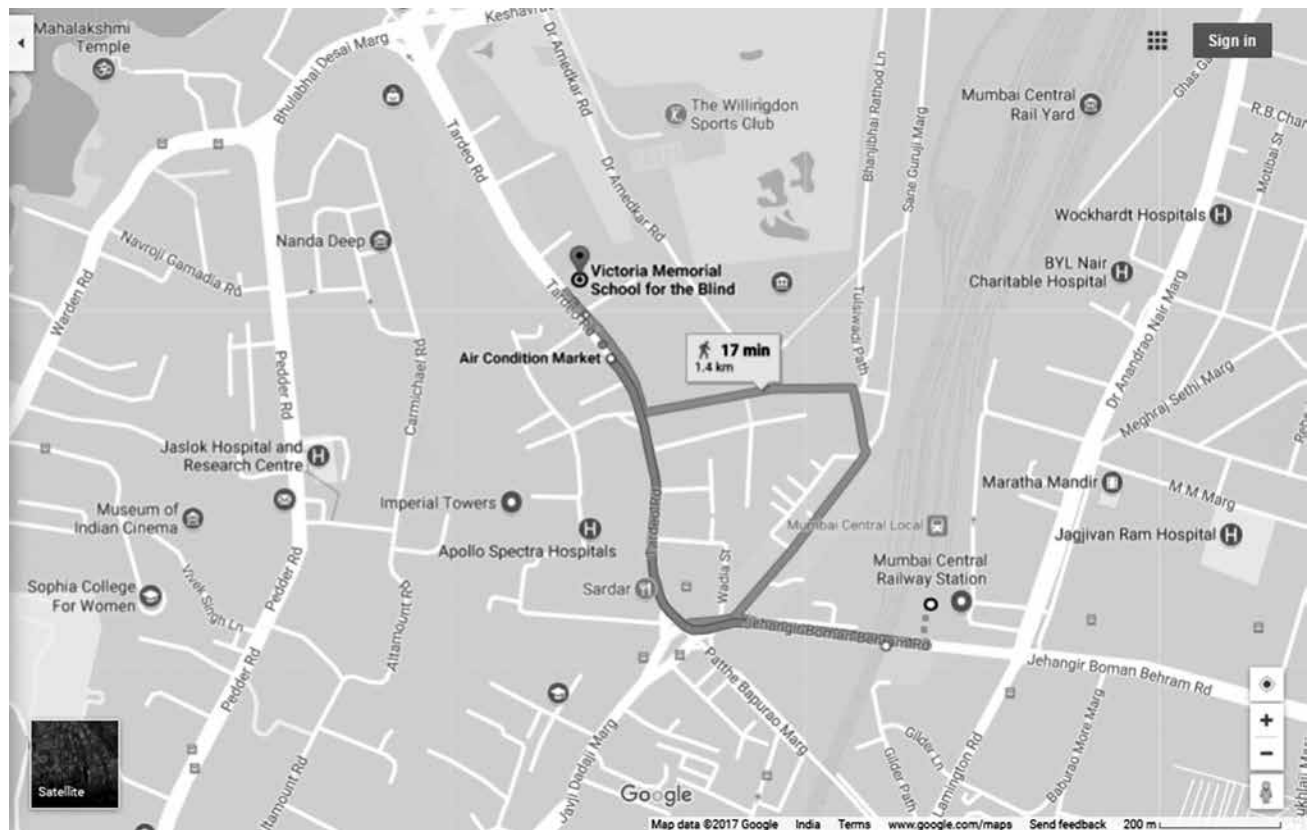
[Map not to scale]

Venue: Seminar Hall, Victoria Memorial School for the Blind, Opp. Tardeo AC Market, 73, Tardeo Road, Mumbai - 400034, Maharashtra.

## From HAJI ALI



## From MUMBAI CENTRAL





## ARTSON ENGINEERING LIMITED

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### ATTENDANCE SLIP

(To be presented at the entrance of the AGM venue)

I hereby record my presence at the 40<sup>th</sup> Annual General Meeting of the Company at 03:00 p.m. on Wednesday, 24<sup>th</sup> July 2019 at Seminar Hall, The Victoria Memorial School for the Blind, Opp. Tardeo AC Market, 73, Tardeo Road, Mumbai – 400034. I certify that I am a registered shareholder/ proxy for the registered shareholder of the Company. I hereby record my presence at the 40<sup>th</sup> 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

Notes:

The members attending the Meeting in person or in Proxy are requested to complete the attendance slip in all respect and hand it over at the entrance of the AGM Venue.

- Please refer to the instructions printed under the notes to the Notice convening the 40<sup>th</sup> Annual general Meeting of the Company.
- The e-voting period commences from Sunday, 21<sup>st</sup> July 2019 (09:00 a.m. IST) and shall remain open until Tuesday, 23<sup>rd</sup> July 2019 (05:00 p.m. IST).
- The e-voting module shall be disabled by the NSDL at 05:00 p.m. IST, on Tuesday, 23<sup>rd</sup> July 2019, and members shall not be allowed to vote through remote e-voting thereafter.



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### PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

- Name of the Shareholder(s) :
- Registered Address :
- E-mail Id :
- Folio No. / Client Id : DP Id

I/ We being the member of M/s. Artson Engineering Limited, and holding shares, hereby appoint:

1.	Name	:	
	Address	:	
	E-mail Id	:	
	Signature	:	or failing him / her
2.	Name	:	
	Address	:	
	E-mail Id	:	
	Signature	:	or failing him / her
3.	Name	:	
	Address	:	
	E-mail Id	:	
	Signature	:	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 40<sup>th</sup> Annual General Meeting of members of the Company, to be held on Wednesday, 24<sup>th</sup> July 2019 at 03:00 p.m. at Seminar Hall, The Victoria Memorial School for the Blind, Opp. Tardeo AC Market, 73, Tardeo Road, Mumbai – 400034, and at any adjournment thereof in respect of such resolutions as are indicated below:

Item No.	Description of Resolution	No. of Shares for which voting cast for	(FOR) I/we assent to the Resolution	(AGAINST) I/we dissent to the Resolution
<b>Ordinary Business:</b>				
1.	To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31 <sup>st</sup> March 2019 together with the Reports of the Board of Directors and the Auditors thereon.			
2.	To appoint a Director in place of Mr. Pralhad Pawar (DIN: 06557071), who retires by rotation and, being eligible, offers himself for re-appointment.			
<b>Special Business:</b>				
3.	Re-appointment of Mr. Nalin M. Shah (DIN: 00882723) as an Independent Director			
4.	Re-appointment of Ms. Leja Hattiangadi (DIN: 00198720) as an Independent Director			
5.	Ratification of remuneration payable to the Cost Auditors for the financial year 2019-20			
6.	To enter into Related Party Transactions (RPT) with Tata Projects Limited (TPL) under Section 188 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014			

Signed on ..... 2019

\_\_\_\_\_  
Signature of Shareholder

Affix ₹ 1/- Revenue Stamp
---------------------------------

\_\_\_\_\_  
Signature of Proxy Holder

Note: This form of proxy in order to be effective, should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.





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To  
The Shareholders,  
Sub: Dematerialisation Reminder Letter

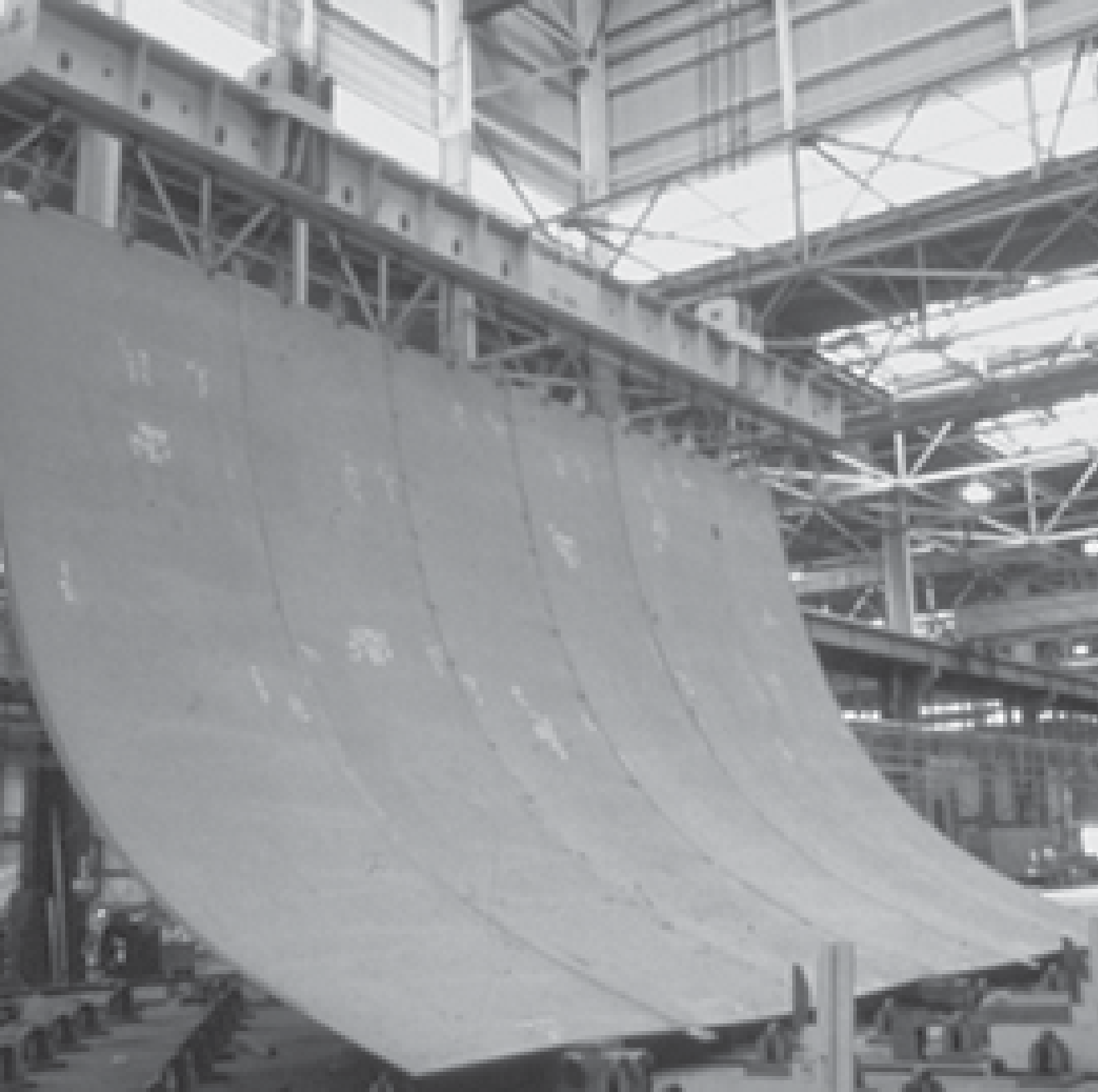
Pursuant to SEBI notification no. SEBI/LAD-NRO/GN/2018/24 dated 8<sup>th</sup> June 2018 requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed w.e.f. 31<sup>st</sup> March 2019, unless the securities proposed to be transferred are held in dematerialized form. Holders of the Company's equity shares may therefore consider to dematerialize their holdings of securities in proposed form.

### **Following is the procedure to dematerialize shares:**

1. Submit to your depository, Dematerialization Request Form (DRF) (in triplicate) duly filled in and signed by all the shareholder/ shareholders (in case of joint holding), along with physical share certificate(s) and other requisite documents.  
  
Note: Ensure that names and order of the names as given in the share certificate(s) match with names and order thereof as appearing in the depository's account and obtain an acknowledgement.
2. On receipt of the DRF, the depository will generate a Dematerialization Request Number (DRN), which is electronically transmitted to the Share Transfer Agents (STA).
3. Simultaneously, the depository will send the physical certificate(s) with the original DRF to the STA for verification and confirmation.
4. The STA, on receipt of DRF and share certificate(s) will process the request. If the DRF is found to be in order, i.e. verified signature and certificate(s), then it will electronically confirm the request.
5. The depository on receipt of such confirmation, will credit the account with the number of shares so dematerialized.







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