



FORM A

FORMAT OF COVERING LETTER OF THE ANNUAL AUDIT REPORT TO BE FILED WITH THE STOCK EXCHANGE

1.	Name of the company	Artson Engineering Limited
2.	Annual financial statements for the year ended	31st March 2013
3.	Type of Audit observation	Matter of Emphasis
		Emphasis of Matter Without qualifying our opinion, we draw attention to Note No. 35 to the Financial Statements of the Company having being prepared on a going concern basis, based on the Management's assessment of the Company's ability to continue as a going concern, which is relied upon by us. Note No. 35 to the Financial Statements The Company is registered with the Board for Industrial & Financial Reconstruction (BIFR) as a sick company and BIFR has, vide its Order dated 18th December 2007, sanctioned the rehabilitation scheme and the same is under implementation. The Company is also in process of making an application to the BIFR seeking an extension of the Sanctioned Scheme of rehabilitation. The Management is considering various alternatives for achieving profitability and positive cash flow. Based on the current order book position and considering continued support of the holding Company, barring unforeseen circumstances, the Management is confident about the Company's ability to continue as a going concern. The accounts have accordingly been prepared on a going concern basis.



ARTSON ENGINEERING LIMITED

A subsidiary of

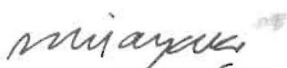
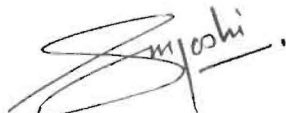
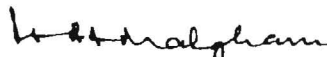
TATA PROJECTS LIMITED

Regd. Office : 11th Floor, Hiranandani Knowledge Park, Technology Street, Powai, Mumbai. 400 076

Tel: +91 22 6625 5600 • Fax : +91 22 6625 5614

E-mail : artson@artson.net, artson@vsnl.com • Website : www.artson.net



4.	Frequency of observation	The matter of emphasis has appeared for the first time.
5.	To be signed by- • CEO/Managing Director • CFO • Auditor of the company • Audit Committee Chairman	 VINAYAK DESHPANDE Chairman  SATISH JOSHI Chief Financial Officer  KANU CHOKSHI Partner, Chokshi & Chokshi Statutory Auditors  H. H. MALGHAM Chairman - Audit Committee

* The Company at present does not have a CEO or a Managing Director and hence, this Form is signed by the Chairman.



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ARTSON ENGINEERING LIMITED

(A subsidiary of Tata Projects Limited)

34TH ANNUAL REPORT

2012-13





De-gassing Boot erected at a project site in Rajasthan



Pressure Filters manufactured at Nashik Factory

Artson Engineering Limited

(A subsidiary of Tata Projects Limited)

Board of Directors (As on 10th May 2013)

Chairman	Vinayak Deshpande
Directors	H. H. Malgham
	A. K. Misra
	Michael Bastian
	Nalin Shah
	Pralhad Pawar
Special Director	Shashikant Oak

Registered Office

11th Floor, Hiranandani Knowledge Park,
Technology Street, Powai,
Mumbai-400 076

Manufacturing Unit

D-5, MIDC
Ambad, Nashik-422 010

Share Registrars and Transfer Agents

Sharepro Services (India) Private Limited
(Registered Office)
UNIT: Artson Engineering Limited
13AB, Samhita Warehousing Complex,
2nd Floor, Sakinaka Telephone Exchange Lane,
Off Andheri-Kurla Road, Sakinaka,
Andheri (East), Mumbai-400 072

Sharepro Services (India) Private Limited
(Investor Relation Centre)
UNIT: Artson Engineering Limited
912, Raheja Centre,
Free Press Journal Road,
Nariman Point,
Mumbai-400 021

Bankers

Bank of India
Corporation Bank

Monitoring Agency

Bank of India

Statutory Auditors

Chokshi & Chokshi, Chartered Accountants

Concurrent Auditors

Patel & Deodhar, Chartered Accountants

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Artson Engineering Limited

(A subsidiary of Tata Projects Limited)

Registered Office: 11th Floor, Hiranandani Knowledge Park, Technology Street, Powai, Mumbai-400 076

NOTICE

Notice is hereby given that the 34th Annual General Meeting of the Members of the Company will be held on Friday, 12th July 2013 at 4.00 p.m. at Sunville Banquets, Royal Hall, 3rd Floor, 9, Dr. Annie Besant Road, Opposite Atria Mall, Worli, Mumbai, 400 018 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Profit and Loss Account for the Financial Year ended 31st March 2013 and the Balance Sheet as at that date, together with Reports of the Board of Directors and the Auditors thereon.
2. To consider and if thought fit, to pass, with or without, modification(s) the following Resolution as an Ordinary Resolution:
“RESOLVED THAT Mr. Hoshie H. Malgham, a Director liable to retire by rotation, who does not seek re-election, be not re-appointed as a Director of the Company and the vacancy, so created on the Board of Directors of the Company, be not filled.”
3. To appoint a Director in place of Mr. A. K. Misra, who retires by rotation and being eligible, offers himself for re-election.
4. To appoint Auditors to hold Office until the conclusion of the 35th Annual General Meeting on a remuneration to be fixed by the Board of Directors. M/s. Chokshi & Chokshi, Chartered Accountants, Mumbai, the retiring Auditors are eligible for re-appointment.

Special Business

5. Appointment of Mr. Nalin Shah as a Director.
To appoint a Director in place of Mr. Nalin Shah, who was appointed as an Additional Director of the Company by the Board of Directors with effect from 1st August 2012 and who holds office upto the date of ensuing Annual General Meeting of the Company under Section 260 of the Companies Act, 1956 (the Act) but who is eligible for appointment and in respect of whom the Company has received a Notice in writing under Section 257 of the Act from a Member proposing his candidature for the office of Director.
6. Appointment of Mr. Pralhad Pawar as a Director.
To appoint a Director in place of Mr. Pralhad Pawar, who was appointed as an Additional Director of the Company by the Board of Directors with effect from 19th April 2013 and who holds office upto the date of ensuing Annual General Meeting of the Company under Section 260 of the Companies Act, 1956 (the Act) but who is eligible for appointment and in respect of whom the Company has received a Notice in writing under Section 257 of the Act from a Member proposing his candidature for the office of Director.

Notes:

1. **A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy and such proxy need not be a Member of the Company. Proxies, in order to be valid, must be received at the Registered Office of the Company not less than 48 hours before the Meeting.**
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Annual General Meeting is annexed hereto.

3. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 8th July 2013 to Friday, 12th July 2013 (both days inclusive).
4. Members holding shares in electronic form are requested to bring their Client ID and DP ID numbers at the Meeting for easy identification.
5. To facilitate registration an attendance slip is enclosed. Shareholders attending the Annual General Meeting are requested to bring it with them at the venue.
6. Pursuant to the provisions of the Companies Act, 1956, facility for making nomination is available to the shareholders in respect of shares held by them. Nomination forms can be obtained from the Registered Office of the Company or the Share Registrars and Transfer Agents of the Company or can also be downloaded from the Company's website – **www.artson.net**.
7. Shareholders are requested to address all correspondence in relation to shares related matters to the Company's Share Registrars and Transfer Agents at the following addresses:

Sharepro Services (India) Private Limited
(Registered Office)
UNIT: Artson Engineering Limited
13AB, Samhita Warehousing Complex,
2nd Floor, Sakinaka Telephone Exchange Lane,
Off Andheri-Kurla Road, Sakinaka,
Andheri (East), Mumbai-400 072

Sharepro Services (India) Private Limited
(Investor Relation Centre)
UNIT: Artson Engineering Limited
912, Raheja Centre,
Free Press Journal Road,
Nariman Point,
Mumbai-400 021

8. A Member desirous of getting any information on the accounts or operations of the Company is requested to forward his/her queries to the Company at least seven days prior to the Meeting so that the required information can be made available at the Meeting.
9. Pursuant to the "Green Initiative in Corporate Governance" the Notice convening the 34th Annual General Meeting along with the Balance Sheet, Profit & Loss Account, Directors' Report and Auditors' Report etc. for the year ended 31st March 2013, is being issued in electronic form, to the email address made available by the Depositories.

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

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

By Order of the Board,

VISHRAM PANCHPOR
Company Secretary

Registered Office:

11th Floor, Hiranandani Knowledge Park,
Technology Street, Powai,
Mumbai-400 076

Date: 10th May, 2013

EXPLANATORY STATEMENT

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

Item No. 5:

Mr. Nalin Shah, was appointed as an Additional Director of the Company by the Board of Directors with effect from 1st August 2012. Pursuant to the provisions of Section 260 of the Act and Article 147 of the Articles of Association, Mr. Shah holds office till the date of ensuing Annual General Meeting, but is eligible for appointment. The Company has received a notice in writing under Section 257 of the Act from a Member of the Company proposing Mr. Nalin Shah, as a candidate for the office of a Director liable to retire by rotation.

Mr. Nalin Shah holds a Degree in Business Administration from the University of San Francisco and is a Member of the Institute of Chartered Accountants in England & Wales. Mr. Shah was member of the Governing Board of Deloitte India for several years and was also the National Professional Practice Director of Deloitte India for 2 years and Chairman of the firm's Audit Technical Committee for over five years. Mr. Shah has handled audits of many leading organizations in almost all key sectors of the economy. He was a member of the Accounting Standard Board of the Institute of Chartered Accountants of India, and a Member of the Corporate Laws Committee of the Bombay Chamber of Commerce & Industry.

None of the Directors except Mr. Nalin Shah is concerned with or interested in the said Resolution.

Item No. 6:

Mr. Pralhad Pawar, nominee of Tata Projects Limited, was appointed as an Additional Director of the Company by the Board of Directors with effect from 19th April 2013. Pursuant to the provisions of Section 260 of the Act and Article 147 of the Articles of Association, Mr. Pawar holds office till the date of ensuing Annual General Meeting, but is eligible for appointment. The Company has received a notice in writing under Section 257 of the Act from a Member of the Company proposing Mr. Pralhad Pawar, as a candidate for the office of a Director liable to retire by rotation.

Mr. Pralhad Pawar is a graduate in Chemical Engineering (1981) from IIT Mumbai and Masters in Financial Management from Jamnalal Bajaj Institute of Management (1991). He has over 3 decades of experience. He started his career with Orkay Group Company and later moved to Dharamsi Morarji Chemical Company. He joined Larsen & Toubro Limited (L&T) in 1995 and was associated in different roles in Strategy Planning, Business Development and Project Management functions for 16 years. During his stint with L&T, he was responsible for developing business of mega brown-field ammonia-urea fertilizer plants being planned by Indian fertilizer companies, managing strategic alliance and relationship with a leading European EPC company for developing these opportunities in India. He was also leader for long term strategic planning for Mid and Downstream Hydrocarbon business of L&T.

Mr. Pawar joined Tata Projects Limited (TPL) in June, 2012 and is presently the Executive Vice President and Business Head – OG&H of TPL.

None of the Directors except Mr. Pralhad Pawar is concerned with or interested in the said Resolution.

By Order of the Board,

VISHRAM PANCHPOR
Company Secretary

Registered Office:

11th Floor, Hiranandani Knowledge Park,
Technology Street, Powai,
Mumbai-400 076

Date: 10th May, 2013

INFORMATION PERTAINING TO DIRECTORS SEEKING RE-APPOINTMENT/APPOINTMENT

Name of the Director	Mr. A. K. Misra	Mr. Nalin Shah	Mr. Pralhad Pawar
Director Identification Number (DIN)	00396404	00882723	06557071
Date of Birth	3 rd October 1945	13 th February 1947	19 th February 1959
Directorship in other Indian companies	1. TEIL Projects Limited 2. Capital Fortunes Venture Private Limited	1. Eimco Elecon (India) Limited 2. Development Credit Bank Limited	Nil
Directorship in foreign companies	1. Al Tawleed Energy & Power Co., Saudi Arabia, LLC 2. TPL -TQA Quality Services South Africa (Proprietary) Limited, South Africa 3. TPL -TQA Quality Services (Mauritius) Pty. Limited, Mauritius	Nil	Nil
Positions in Committees* of other Indian companies	1. TEIL Projects Limited, Audit Committee, Chairman	1. Eimco Elecon (India) Limited, Audit Committee, Chairman 2. Development Credit Bank Limited, Audit Committee, Member 3. Development Credit Bank Limited, Investor Grievance Committee, Member	Nil
Number of shares held in the Company	Nil	Nil	Nil
Relationship, if any, with other Directors	Nil	Nil	Nil

* Only Audit and Investor Grievances Committees considered.

DIRECTORS' REPORT

TO THE MEMBERS,

The Directors present their Thirty-fourth Annual Report along with the Audited Statement of Accounts for the Financial Year ended 31st March 2013.

1. Performance of the Company

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

Financial Highlights

	Financial Year ended 31 st March 2013	Financial Year ended 31 st March 2012
		(₹ Crore)
Sales and Other Income	59.25	60.85
Profit/(Loss) before Finance Cost, Tax, Depreciation and Exceptional Items	(29.70)	(5.50)
Profit/(Loss) before tax	(39.41)	(13.49)
Profit/(Loss) after tax	(39.40)	(13.30)
Profit/(Loss) brought forward	(19.67)	(6.37)
Profit/(Loss) available for appropriation	(59.07)	(19.67)

Operations

The Company's Total Income for the year under review aggregated ₹ 59.25 Crore (Previous year – ₹ 60.85 Crore). The operations of the Company for the period under review resulted in a Loss after Tax of ₹ 39.40 Crore (Previous year – Loss after Tax of ₹ 13.30 Crore).

The Company commenced the financial year with an order backlog of about ₹ 115 Crore and since the commencement of the year under review, the Company received new orders with estimated aggregate value of about ₹ 55 Crore. Thus, the total orders available for execution aggregated approx. ₹ 170 Crore.

During the year under review, 4 (four) projects with estimated aggregate value of ₹ 90 Crore were planned for execution. These included projects at Cuddalore (Tamil Nadu), Jodhpur (Rajasthan), Dahej (Gujarat) and a project in UAE. The Clients who awarded these contracts to the Company have subsequently either suspended these projects indefinitely or terminated them and this adversely affected the Company's execution plans for the year under review.

The projects execution activities at Haldia (West Bengal), Jamshedpur (Jharkhand), Kalinganagar (Orissa) and Uran (Maharashtra) were carried out through the year. The Company also carried out project execution activities in UAE. All these projects are scheduled for completion in the Financial Year 2013-14.

The Company's Nashik Factory made a significant contribution during the year under review. The order that involved manufacture of pressure water filters is nearing its completion. The Management is making focussed efforts to further improve the factory's operations to enhance the overall performance of the Company.

Uncertainties in the global economies and snail-paced growth of infrastructure industry remained the main areas of concern throughout the year under review. No major expansion plans or new projects were announced and as a result many companies suffered a major setback. Small and Medium companies, including your Company, had to carry out operations on tiny projects with constrained margins.

During this year of uncertainty, the Company focussed on closure of old projects at Bathinda (Punjab) and Barmer (Rajasthan) as well as overseas projects in Kuwait and UAE.

Under the guidance of Tata Projects Limited (TPL), the Company is completely revamping/restructuring its operations and has finalised a strategy and business plan to overcome the difficulties in operations. The Company is hopeful of reporting improved performance in the years to come.

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

As the Members are aware, the Board for Industrial and Financial Reconstruction (BIFR) had, vide its Order dated 18th December 2007, sanctioned a rehabilitation scheme (Sanctioned Scheme). While most of the provisions of the Sanctioned Scheme have been implemented, the Company, despite its strenuous efforts, could not achieve the desired objective of being a positive net worth company.

The shareholders may recollect that at the previous Annual General Meeting, the Chairman had informed the shareholders that the Company would approach the BIFR seeking continuity of the Sanctioned Scheme and extension to come out of the BIFR's purview. Accordingly, the Company is making its application to the BIFR with certain proposals for additional reliefs and concessions from various authorities. The Company is hopeful that the BIFR and the concerned authorities may graciously consider these proposals and with their continued support, the Company may, in this phase of revival, be able to meet the commitment of being a positive net worth Company.

3. Term loan from Tata Projects Limited

Considering the working capital requirements for the projects under execution and other business activities of the Company and with a view to overcome acute cash deficit circumstances, the Company approached TPL to re-schedule the outstanding term-loan so that the balance amount of 2nd installment of ₹ 3.70 Crore will now fall due on 31st March 2017 and thereafter the remaining term-loan will be paid in 3 (three) equal annual installments of ₹ 5.20 Crore each.

4. Change of Registered Office of the Company

Effective 1st January 2013, the Registered Office of the Company has been shifted from Rang Udyan Building No. 2, 1st Floor, Sitladevi Temple Road, Mahim (West), Mumbai 400 016 to 11th Floor, Hiranandani Knowledge Park, Technology Street, Powai, Mumbai 400076.

5. Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, for the year ended 31st March 2013 the Directors, based on the representations received from the Management, confirm that:

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

6. Directors

Mr. Nalin Shah was appointed as an Additional Director effective 1st August 2012. Mr. Shah has immense knowledge and experience in the fields of finance, audit and corporate governance and it is felt that his presence on the Board will be very beneficial to the Company at this crucial time.

Mr. P. V. Varghese, who was appointed as a Whole-time Director effective 1st January 2010 for a period of 3 (three) years i.e. upto 31st December 2012, did not seek any further extension as a Whole-time Director of the Company. Accordingly, he ceased to be a Director of the Company effective that date. The Board has placed on record its appreciation of the role played by Mr. Varghese during his tenure as a Director.

Mr. P. S. Chopde, an original promoter and director, resigned as a Director of the Company effective 10th April 2013. The Board has placed on record its appreciation of the significant role played by Mr. Chopde during his more than three decade long tenure as a Director.

Mr. Pralhad Pawar, the Executive Vice President of Tata Projects Limited's Oil, Gas & Hydrocarbon SBU, was nominated by it to the Board and the Board has appointed Mr. Pawar as an Additional Director effective 19th April 2013.

Pursuant to Section 260 of the Companies Act, 1956, Mr. Nalin Shah and Mr. Pralhad Pawar respectively hold office, as Additional Director, upto the ensuing Annual General Meeting, but are eligible for re-appointment. The Company has received notices in writing from Members proposing candidature of Mr. Nalin Shah and Mr. Pralhad Pawar for the respective offices of Director. Accordingly, proposals for appointment of Mr. Nalin Shah and Mr. Pralhad Pawar as Directors are being placed before the shareholders for their approval at the ensuing Annual General Meeting.

As per the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. H. H. Malgham and Mr. A. K. Misra retire by rotation. Mr. Malgham has not offered himself for re-appointment and Mr. A. K. Misra, being eligible, offers himself for re-appointment.

7. Audit Committee

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

8. Auditors

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

9. Cost Accountants

Pursuant to the provisions of the Companies (Cost Accounting Records) Rules, 2011 ("the Rules") notified vide Notification [No. G. S. R. 429 (E) dated 3rd June 2011] issued by the Ministry of Corporate Affairs, the Company re-appointed M/s. R. Nanabhoy & Co., Cost Accountants, Mumbai to be the cost accountants for the Financial Year under review.

10. Particulars of Employees

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 forms part of this Report. However, as per Section 219(1) (b)(iv) of the Companies Act, 1956, this Report together with the Accounts is being sent to all the shareholders of the Company excluding the Section 217(2A) statement. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

11. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgoings

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

12. Report on Corporate Governance

Pursuant to the Order dated 4th April 2012 passed by the BIFR, the Company has been granted exemption from complying with the requirements of Clause 49 of the Listing Agreement upto 31st March 2013. Accordingly, for the year under review, the Company is not required to report compliance with Clause 49 of the Listing Agreement dealing with the Code of Corporate Governance.

13. Acknowledgements

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

For and on behalf of the Board of Directors

VINAYAK DESHPANDE
Chairman

Mumbai, 10th May 2013

ANNEXURE TO THE DIRECTORS' REPORT

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

Information as per Section 217(1)(e) read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the Financial Year ended 31st March 2013:

A. Conservation of Energy

The Company is conscious of the need for energy conservation and striving to explore the possibilities of reducing energy consumption in office premises as well as in the Nashik Factory. Environment and energy conservation days were observed to create awareness among employees and business associates on conservation of energy.

B. Technology Absorption

Not applicable.

C. Foreign Exchange Earnings and Outgoings

	(₹ Crore)	
	Financial Year ended 31 st March 2013	Financial Year ended 31 st March 2012
Earnings	4.97	2.19
Outgo	7.35	4.45

For and on behalf of the Board of Directors

VINAYAK DESHPANDE

Chairman

Mumbai, 10th May 2013

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ARTSON ENGINEERING LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **Artson Engineering Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note No. 35 to the Financial Statements of the Company having being prepared on a going concern basis, based on the Management's assessment of the Company's ability to continue as a going concern, which is relied upon by us.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:
- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

KANU CHOKSHI
Partner
Membership No. 17085

Place : Mumbai
Date : 10th May 2013

ANNEXURE TO THE AUDITORS' REPORT

REFERRED TO IN PARA 6 (1) OF OUR REPORT OF EVEN DATE OF ARTSON ENGINEERING LIMITED

- (i) (a) The Company is maintaining records showing full particulars, including quantitative details and situations of all the fixed assets.
- (b) According to the information and explanations given to us, the fixed assets are being physically verified by the Management at all its offices in a phased manner at reasonable intervals which in our opinion is reasonable having regard to the size of the Company and nature of assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The Company did not dispose off any substantial part of fixed assets during the year and hence the going concern status is not affected.
- (ii) (a) According to the information and explanations given to us, physical verification has been conducted by the management as at the year end in respect of the finished goods in process, stores, spare parts and raw materials.
- (b) In our opinion and according to the information and explanations given by the management, the procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) No material discrepancies have been noticed on verification of inventory between the physical stock and the book records. The discrepancies noticed have been properly dealt with in the books of account.
- (iii) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. As the Company has not granted any loans, secured or unsecured, to parties listed in the Register maintained under Section 301 of the Companies Act, 1956, paragraphs (iii) (a), (b), (c) & (d) of the Order are not applicable.
- (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. As the Company has not taken any loans, secured or unsecured, from parties listed in the Register maintained under Section 301 of the Companies Act, 1956, paragraphs (iii) (e), (f) & (g) of the Order are not applicable.
- (iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and the sale of goods and services. Further, during the course of our audit, we have neither come across nor have been informed of any continuing failure to correct any major weakness in such internal controls. However, in our opinion having regard to the size and nature of business and construction sites being spread over different areas, the internal control needs to be strengthened.
- (v) (a) In our opinion, and according to the information and explanations given to us, there are no transactions that need to be entered into a Register maintained under Section 301 of the Companies Act, 1956.
- (b) In our opinion, and according to the information and explanations given to us, as there are no transactions that need to be entered into a Register maintained under Section 301 of the Companies Act, 1956, paragraph (v) (b) of the Order is not applicable.
- (vi) In our opinion, and according to the information and explanations given to us, the Company has not accepted any public deposits and hence directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder are not applicable. As per the information and explanations given to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this respect.
- (vii) In our opinion, the internal audit function carried out during the year by a firm of Chartered Accountants appointed by the Company have been commensurate with its size of the Company and nature of its business.

- (viii) According to the information and explanations given to us and on verification of records, the Company has made and maintained cost records as prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income-Tax, Sales-Tax, Wealth Tax, Service Tax, Custom Duty, Cess and other material statutory dues, as applicable, with the appropriate authorities *except in respect of Service tax of ₹ 0.70 Lakh which is outstanding as at 31st March 2013 for a period of more than 6 months from the date they became payable.*
- (b) As at 31st March 2013, according to the records of the Company and the information and explanations given to us, the following are the particulars of dues on account of Income Tax/Sales Tax/Wealth Tax/Service Tax/Custom Duty/Excise Duty that have not been deposited on account of disputes:-

Name of the Statute	Nature of the Dues	Amount (₹ in Lakh)	Period to which Amount relates	Forum where dispute pending
Commercial Tax Officer (Andhra Pradesh)	Works Contract differences in value of property passing and sale in transit	12.21	1998-99	Commissioner (Appeals)
Commercial Tax (West Bengal)	Works Contract value	2.08	1998-99 1999-00 2000-01	Commissioner (Appeals)
Commercial Tax (Punjab)	Penalty levied on account of documents missing in transport of material.	8.03	2010-11	Joint Director cum Deputy Excise & Taxation Commissioner (Appeals)
Income Tax	Penalty in respect of certain claims not admitted	333.79	AY 2006-07 AY 2007-08	Commissioner (Appeals)

- (x) The accumulated losses of the Company are more than its paid-up capital and free reserves. The Company has incurred a cash loss of ₹ 3,697.68 Lakh during the financial year and ₹ 1,120.19 Lakh in the immediately preceding financial year.
- (xi) According to the information and explanations given to us and on the basis of our examination of the books of account, in our opinion, the Company has not defaulted in repayment of dues to any financial institution or banks or debenture holders.
- (xii) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund, nidhi, mutual benefit or a society. Accordingly, provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) The Company has not entered into any trading in shares, securities, debentures and other investments during the year. Accordingly, provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us and the representations made by the management, the Company has not given any Guarantee for loans taken by others from any bank or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, term loans availed by the Company were *prima-facie* applied by the Company during the year for the purpose for which they were obtained.

- (xvii) According to the information and explanations given to us and based on the overall examination of the Balance Sheet of the Company, funds raised on short term basis have *prima-facie* not been used for long term investment.
- (xviii) During the year, Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any secured debentures during the year.
- (xx) The Company has not raised any money by way of public issues during the year.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

KANU CHOKSHI
Partner
Membership No. 17085

Place : Mumbai
Date : 10th May 2013

Balance Sheet as on 31st March 2013

	Notes	31 st March 2013 ₹ Lakh	31 st March 2012 ₹ Lakh
Equity and Liabilities			
Shareholders' Funds			
Share Capital	3	369.20	369.20
Reserves and Surplus	4	(5,907.25)	(1,967.46)
		(5,538.05)	(1,598.26)
Non-current Liabilities			
Long-term Borrowings	5	3,730.39	1,077.37
Deferred Tax Liability (net)	31	—	1.20
Other long-term Liabilities	6	213.22	241.34
Long-term Provisions	7	30.91	23.51
		3,974.52	1,343.41
Current Liabilities			
Short-term Borrowings	8	2,827.85	3,632.48
Trade Payables	9	1,851.78	1,832.98
Other Current Liabilities	10	3,306.37	3,201.88
Short-term Provisions	11	12.11	4.49
		7,998.11	8,671.84
TOTAL		6,434.58	8,416.99
Assets			
Non-Current Assets			
Fixed Assets			
Tangible Assets	12	1,022.53	1,208.78
Intangible Assets	13	1.97	3.29
Capital Work-in-Progress		—	—
Intangible Assets under development		—	—
Non-current Investments		—	—
Deferred Tax Asset (net)		—	—
Long-term Loans and Advances	14	1,440.57	879.65
Other Non-current Assets	15	371.05	160.09
		2,836.12	2,251.80
Current Assets			
Current Investments		—	—
Inventories	16	1,015.98	971.27
Trade Receivables	17	1,665.56	4,174.67
Cash and Cash Equivalents	18	177.47	152.34
Short-term Loans and Advances	19	170.67	104.36
Other Current Assets	20	568.78	762.56
		3,598.46	6,165.19
TOTAL		6,434.58	8,416.99

Notes attached hereto form an integral part of these financial statements

1 to 47

As per our Report attached
for Chokshi & Chokshi
Chartered Accountants
Registration number: 101872W

Satish M. Joshi
Chief Financial Officer

For and on behalf of the Board

Vinayak Deshpande
Chairman

Kanu Chokshi
Partner
Membership No. 17085

Vishram N. Panchpor
Company Secretary

H. H. Malgham
Director

Pralhad Pawar
Director

Place : Mumbai
Date : 10th May 2013

Place : Mumbai
Date : 10th May 2013

Statement of Profit and Loss for the year ended 31st March 2013

	Notes	31 st March 2013 ₹ Lakh	31 st March 2012 ₹ Lakh
Continuing Operations			
Income			
Revenue from Operations (gross)	21	6,062.85	6,077.92
Less: Excise Duty		(162.96)	(44.73)
Revenue from Operations (Net)		5,899.89	6,033.18
Other Income	22	24.87	51.73
Total Revenue (I)		5,924.76	6,084.92
Expenses			
Cost of raw materials and components consumed	23	2,419.60	1,013.01
Project Execution Expenses	24	4,912.30	4,162.74
(Increase)/Decrease in Inventories and Contracts-in-Progress	25	41.97	(18.35)
Employee Benefits expense	26	954.64	1,072.36
Other Expenses	27	565.95	404.78
Total Expenses (II)		8,894.46	6,634.55
Earnings before Finance Costs, Tax, Depreciation and Amortization and Exceptional Items (EBITDA) (I) – (II)			
		(2,969.70)	(549.64)
Depreciation and amortization expense	12 & 13	185.26	215.53
Finance costs	28	727.97	553.88
Profit/(Loss) Before Exceptional & Extraordinary Items & Tax		(3,882.93)	(1,319.05)
Exceptional Items	29	58.06	13.05
Profit/(Loss) Before Extraordinary Items & Tax		(3,940.99)	(1,332.10)
Extraordinary Items	36	—	16.68
Profit/(Loss) Before Tax		(3,940.99)	(1,348.78)
Tax expenses			
Current tax		—	—
Taxation of earlier years		—	—
Deferred tax	31(b)	(1.20)	(18.89)
Total Tax expense		(1.20)	(18.89)
Profit/(Loss) for the year from Continuing Operations (A)		(3,939.79)	(1,329.89)
Earnings per equity share (nominal value of share ₹ 1/-)			
Before Extraordinary Items			
Basic & Diluted		(10.67)	(3.56)
After Extraordinary Items			
Basic & Diluted		(10.67)	(3.60)
Notes attached hereto form an integral part of these financial statements	1 to 47		

As per our Report attached
for Chokshi & Chokshi
Chartered Accountants
Registration number: 101872W

Satish M. Joshi
Chief Financial Officer

For and on behalf of the Board

Vinayak Deshpande
Chairman

Kanu Chokshi
Partner
Membership No. 17085

Vishram N. Panchpor
Company Secretary

H. H. Malgham
Director

Pralhad Pawar
Director

Place : Mumbai
Date : 10th May 2013

Place : Mumbai
Date : 10th May 2013

Cash Flow Statement for the year ended 31st March 2013

		(₹ Lakh)
	Year Ended 31 st March 2013	Year Ended 31 st March 2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Taxes	(3,940.99)	(1,329.88)
Adjustments for:		
Depreciation/Amortisation	185.26	215.53
Interest Expenditure	727.97	542.79
Interest Income	(15.24)	(11.11)
Deferred Tax	—	(18.89)
	897.99	728.32
Operating Profit before Working Capital Changes	(3,043.00)	(601.56)
Adjustments for:		
Trade Receivables	2,509.10	(263.17)
Long-term loans & advances	(560.92)	—
Short term loans & advances	(66.30)	2,511.99
Other Current Assets	193.78	—
Other Non-Current Assets	(210.96)	—
Inventories	(44.71)	(97.30)
Trade Payables	18.80	(1,891.86)
Other Current Liabilities	976.51	—
Other Long-term Liabilities	(28.11)	—
Long-term provisions	7.40	—
Short term provisions	7.61	—
	2,802.20	259.65
Cash Generated from Operations	(240.80)	(341.91)
Taxes Paid (including Fringe Benefit Tax) (Net)	—	—
Net Cash from Operating Activities	A	(341.91)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets and CWIP	(88.31)	(157.24)
Sale of Fixed Assets	90.61	33.24
Interest Received	15.24	11.11
Net Cash used in Investing Activities	B	(112.89)

Cash Flow Statement (Contd.)

(₹ Lakh)

	Year Ended 31 st March 2013	Year Ended 31 st March 2012
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long-term Borrowings - Non Current	2,653.03	600.00
Proceeds from Long-term Borrowings - Current	(887.66)	—
Proceeds from Short-term Borrowings	(808.02)	572.49
Repayment of Long-term Borrowings	15.62	—
Repayment of Short-term Borrowings	3.39	(156.79)
Interest Paid	(727.97)	(542.79)
Dividend Paid including Dividend Tax	—	—
Net Cash from Financing Activities	C 248.39	472.91
Net (Decrease)/Increase in Cash and Cash Equivalents (A+B+C)	25.13	18.11
Cash and Cash Equivalents as at 1st April (Opening Balance)	152.34	134.21
Cash and Cash Equivalents as at 31st March 2013 (Closing Balance)	177.47	152.34

Notes:

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

As per our Report attached
for Chokshi & Chokshi
Chartered Accountants
Registration number: 101872W

Kanu Chokshi
Partner
Membership No. 17085

Place : Mumbai
Date : 10th May 2013

Satish M. Joshi
Chief Financial Officer

Vishram N. Panchpor
Company Secretary

Place : Mumbai
Date : 10th May 2013

For and on behalf of the Board

Vinayak Deshpande
Chairman

H. H. Malgham
Director

Pralhad Pawar
Director

Notes to Accounts

1. Corporate Information

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

The Company was incorporated in the year 1978. Since inception, the Company has commissioned on turn-key basis several fuel storage and handling facility systems. The Company operates in the business segment of Oil, Gas and Hydrocarbon (OG&H) Industry.

The Company was referred to the BIFR as a sick company under the provisions of Section 3 (1) (O) of the Sick Industrial Companies (Special Provisions) Act, 1985. The Company's reference as a sick company was registered under Case No. 152/2004 with the BIFR. At the hearing held on 27th November 2007, the BIFR sanctioned the Rehabilitation Scheme of the Company and the Order sanctioning the scheme of rehabilitation was received by the Company on 18th December 2007 (Sanctioned Scheme). The Sanctioned Scheme is presently under implementation.

2. Significant Accounting Policies for the Year Ended 31st March 2013:

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

(i) Method of Accounting and preparation of Financial Statement:

The financial statements are prepared under the historical cost convention, on an accrual basis, in conformity with the generally accepted accounting principles, in India and in accordance with accounting standards notified under the Companies (Accounting Standards) Rules, 2006

(ii) Revenue Recognition

a. Manufacturing activities:

Sales of Goods is recognized when significant risks pass to the buyer as per the terms of sales. Sales exclude amount recovered towards Excise Duty and Sales Tax.

b. Erection/Construction activities:

Revenue is recognized when there is certainty as to measurability and collectability exists. Revenues from execution of contract are recognized on the Percentage of Completion method. The stage of completion is determined on the basis of actual work executed during the year. Running bills are accounted as sales on monthly basis. No profit is recognized till a minimum of 10% progress is achieved on the contract except in case of contracts executed on Cost-plus basis. Costs incurred and invoices raised in respect of such contracts are carried in the Balance Sheet as contracts in progress and advance billing respectively. When it is probable at any stage of the contract that the total cost will exceed the total contract revenue, the expected loss is recognized immediately. Liquidated damages/Penalties are accounted for as cost when such delays and causes are attributable to the Company or when deducted by the Client.

c. Work done but not billed:

Value of work executed, billed subsequent to the Balance Sheet date, is valued at contract price.

d. i. Income and Expenses are accounted on accrual basis except capital incentive from Government authorities and liquidated damages to the extent under negotiation.

ii. VAT set-off is based on returns filed with appropriate authorities.

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

(iii) Fixed Assets:

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

(iv) Depreciation/Amortisation on Fixed Assets:

a. Depreciation has been provided for on the written down value method at the rates specified in Schedule XIV of the Companies Act, 1956 except as stated below.

b. All Fixed Assets costing less than ₹ 5,000/- each are fully depreciated in the year of acquisition.

c. Leasehold Improvements are amortised over the period of the lease.

d. Computer software being an intangible asset is amortized at 40% on written down value basis.

(v) Impairment of Assets:

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

Notes to Accounts (Contd.)

(vi) Valuation of Inventories:

- Stage of completion and cost of completion in respect of engineering and construction contracts-in-progress, being technical matters, are estimated and certified by the Company's technical personnel.
- Stock of raw materials, construction materials, stores and spares lying at store, sites/factory have been valued at the lower of cost on First in First Out basis and the net realizable value.
- Work-in-Progress is valued at the lower of cost and net realizable value.
- Sale in transit are valued at respective contract price.

(vii) Investments:

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

(viii) Foreign Currency Transactions:

- Sales and expenditure relating to overseas jobs/projects have been converted at the exchange rates prevailing on the date of transaction.
- Assets and liabilities denominated in foreign currencies at the year-end are normally translated at the year-end exchange rates.
- The exchange difference on conversion are credited or charged to the Statement of Profit and Loss.
- Financial statements of foreign operations, which are integral operations are translated using the same principles as stated above except following items which are translated as below:

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

(ix) Retirement benefits:

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

(x) Segment Reporting:

The Company is in the business of Engineering, Procurement & Construction contract in Oil, Gas & Hydrocarbon (OG&H) Sector and ancillary services, including Manufacturing activity. More than 90% of the income is derived from Engineering & Construction contracts in OG&H Sector and ancillary services. The projects are executed both in India and abroad. Considering the core activity of the Company as above, the primary segment is Geographical segment. Accordingly the reportable segment of the Company is geographic as follows:

- Domestic
- Overseas

(xi) Earnings Per Share:

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

(xii) Taxation (including Deferred Tax):

Provision for Income Tax is made for both current and deferred taxes. Current tax is provided on the basis of taxable income in accordance with and at the applicable tax rates and tax laws. Deferred tax assets and liabilities arising on account of timing differences and which are capable of reversal in subsequent periods, are recognized using the tax rates, and tax laws that have been enacted or substantively enacted. Deferred tax assets on timing differences, other than on unabsorbed depreciation and carry forward of loss, are recognized if their a reasonable certainty of their reversal. However deferred tax assets on unabsorbed depreciation and carry forward of losses is recognized only if there is virtual certainty.

Notes to Accounts (Contd.)

(xiii) Borrowing Costs:

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

(xiv) Provisions, Contingent Liabilities and Contingent Assets:

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

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

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

Contingent Liability is disclosed in the case of:

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

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

(xv) Extraordinary Items:

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

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

Note 3 Share Capital

	31 st March 2013 ₹ Lakh	31 st March 2012 ₹ Lakh
Authorized shares		
(i) 150,000,000 Equity Shares of ₹ 1/- each	1,500.00	1,500.00
(ii) 200,000 Preference Shares of ₹ 100/- each	200.00	200.00
Issued, Subscribed and Paid-up shares		
36,920,000 Equity Shares of ₹ 1/- each	369.20	369.20
Total issued, subscribed and fully paid-up share capital	369.20	369.20

a. Reconciliation of the shares outstanding at the beginning and at the end of the year

	31 st March 2013		31 st March 2012	
Equity shares	No.	₹ Lakh	No.	₹ Lakh
At the beginning of the year	36,920,000	369.20	36,920,000	369.20
Issued during the year	—	—	—	—
Outstanding at the end of the year	36,920,000	369.20	36,920,000	369.20

b. Terms/rights attached to equity shares

The Company's issued, subscribed and paid-up capital comprises of equity shares only and no preference share have been issued. The Company's paid-up capital comprises only one class i.e. equity shares having par value of ₹ 1 per share. Each holder of equity share is entitled to one vote per share.

The liability of the members is limited

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

Restriction on distribution of Dividend

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

Notes to Accounts (Contd.)

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

	2012-13	2011-12	2010-11	2009-10	2008-09
Equity shares allotted as fully paid bonus shares by capitalization of securities premium	—	—	—	—	—
Equity shares allotted as fully paid-up pursuant to contracts for consideration other than cash.	—	—	—	—	—
Equity shares bought back by the Company	—	—	—	—	—

- d. **Details of shareholders holding more than 5% shares in the Company**

Nature	31 st March 2013		31 st March 2012	
	No.	% holding	No.	% holding
Equity shares of ₹ 1/- each fully paid				
Tata Projects Limited				
Holding Company	27,690,000	75.00	27,690,000	75.00

- e. **Reduction in paid-up value of equity shares**

Pursuant to the provisions of the Sanctioned Scheme, effective 26th December 2007 the paid-up value of the equity shares has been reduced from ₹ 10 per share to ₹ 1 per share fully paid-up. On reduction, the paid-up capital of the Company was reduced to ₹ 92,30,000 comprising of 92,30,000 equity shares of ₹ 1 each. On 4th January 2008, the Company has allotted 2,76,90,000 equity shares of ₹ 1 each to Tata Projects Limited. Consequent to the allotment of these shares, the Company has become a subsidiary of Tata Projects Limited (shareholding of 75% in the Company's paid-up capital). The Company's paid-up capital has thus been increased to ₹ 3,69,20,000 comprising of 3,69,20,000 equity shares of ₹ 1 each.

Note 4 Reserves and Surplus

	31 st March 2013 ₹ Lakh	31 st March 2012 ₹ Lakh
Balance as per last Balance Sheet	(1,967.46)	(637.57)
Loss for the year	(3,939.79)	(1,329.88)
Net surplus/(deficit) in the Statement of Profit and Loss	(5,907.25)	(1,967.46)
Total Reserves and Surplus	(5,907.25)	(1,967.46)

Note 5 Long-term Borrowings

	31 st March 2013 ₹ Lakh	31 st March 2012 ₹ Lakh
Loans & Advances from Related Parties		
Secured *	1,930.39	1,040.19
Unsecured	1,800.00	—
Deferred Payment Liabilities		
Sales tax Deferment Loan		
Unsecured	—	36.27
Other Loans and Advances		
Vehicle Loan		
Secured **	—	0.90
	3,730.39	1,077.37

Foot Note:

* Term Loan from the Holding Company in terms of the Sanctioned Scheme of BIFR dated 18th December 2007 secured against the immovable property and all title deeds of the property.

** Secured by hypothecation of the motor vehicle.

Notes to Accounts (Contd.)

Maturity Profile of Long term borrowings

Maturity Profile

	₹ Lakh	
	Loans & Advances from Related Parties (secured)	Loans & Advances from Related Parties (unsecured)
1-2 Years	—	—
2-3 Years	—	1,800.00
3-4 Years	370.00	—
Beyond 4 Years	1,560.39	—
Total	1,930.39	1,800.00

Foot Note:

Based on an in-principle approval granted by the Holding Company for moratorium in repayment as proposed by the Company, the maturity profile of the loans and their classification into Current and Non-current has been done for the current year.

Note 6 Other Long-term liabilities

	31 st March 2013 ₹ Lakh	31 st March 2012 ₹ Lakh
Trade Payables		
Under MSMED (See Note 34)	—	—
Others	201.54	227.57
Others		
Security Deposits Received	11.69	13.77
	213.22	241.34

Note 7 Long-Term Provisions

	31 st March 2013 ₹ Lakh	31 st March 2012 ₹ Lakh
Provision for Employee Benefits		
Provision for Leave Benefits	30.91	23.51
	30.91	23.51

Note 8 Short-term Borrowings

	31 st March 2013 ₹ Lakh	31 st March 2012 ₹ Lakh
Loans Repayable on Demand		
From Banks		
Secured *	2,527.48	2,032.48
Unsecured	300.37	—
Loans & Advances from Related Parties		
Unsecured	—	1,600.00
	2,827.85	3,632.48

Note:

* Working Capital loan is secured by first charge by way of hypothecation of inventories, books debts and other Current Assets.

Note 9 Trade Payables

	31 st March 2013 ₹ Lakh	31 st March 2012 ₹ Lakh
Under MSMED (See Note 34)	—	1.08
Others	1,851.78	1,831.90
	1,851.78	1,832.98

Notes to Accounts (Contd.)

Note 10 Other Current Liabilities

	31 st March 2013 ₹ Lakh	31 st March 2012 ₹ Lakh
Current maturities of long term debt (See Note 38)	24.01	893.56
Current maturities of Finance Lease Obligations	0.90	3.39
Interest accrued and due on borrowings	387.83	193.16
Income received in advance	10.51	—
Other Payables		
Advance from Customers	441.68	402.39
Liability for Contract expenses	240.72	227.78
Liability for Other Expenses	1,279.16	843.89
Statutory Dues	299.05	170.75
Other Current Liabilities	622.52	466.96
	3,306.37	3,201.88

Note 11 Short Term Provisions

	31 st March 2013 ₹ Lakh	31 st March 2012 ₹ Lakh
Provision for Employee Benefits		
Provision for Gratuity	0.84	0.38
Provision for Leave Benefits	11.27	4.11
	12.11	4.49

Note 12 Tangible Fixed Assets

	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 01-04-2012 (at cost)	Additions	Deductions/ Other adjustments	As at 31-03-2013 (at cost)	As at 01-04-2012	For the year	Deductions/ Other adjustments	As at 31-03-2013	As at 31-03-2013	As at 31-03-2012
Tangible Assets										
1. LEASEHOLD LAND	4.29	—	—	4.29	—	—	—	—	4.29	4.29
2. BUILDINGS	201.26	—	—	201.26	77.07	12.42	—	89.49	111.77	124.19
3. LEASEHOLD IMPROVEMENTS	52.03	—	52.03	—	11.75	9.85	21.61	—	—	40.27
4. PLANT AND MACHINERY	2,100.29	72.45	45.87	2,126.88	1,264.84	120.13	15.29	1,369.68	757.19	835.46
5. COMPUTERS	120.66	8.08	—	128.74	105.25	7.59	—	112.84	15.90	15.41
6. FURNITURE AND FIXTURES	163.93	2.72	0.83	165.82	91.70	14.30	0.83	105.17	60.65	72.23
7. OFFICE EQUIPMENT	81.34	4.92	1.70	84.55	47.03	6.86	1.52	52.38	32.18	34.31
8. ELECTRICAL INSTALLATIONS	117.42	—	41.11	76.31	46.55	9.62	11.69	44.47	31.84	70.88
9. VEHICLES	56.57	0.14	—	56.71	44.82	3.18	—	48.00	8.71	11.75
TOTAL	2,897.79	88.31	141.54	2,844.55	1,689.01	183.95	50.93	1,822.03	1,022.53	1,208.78
Previous Year	2,793.29	153.12	48.61	2,897.79	1,489.82	214.57	15.38	1,689.01	1,208.78	1,303.47

Note:

Deletion to Fixed Asset include:

- Leasehold Improvements discarded Gross Block ₹ 52.03 Lakh (Previous Year ₹ 18.14 Lakh), Accumulated Depreciation ₹ 21.61 Lakh (Previous Year ₹ 5.32 Lakh) & Net Charged to the Statement of Profit and Loss ₹ 30.42 Lakh (Previous Year ₹ 12.82 Lakh)
- Electrical Installation discarded Gross Block ₹ 38.45 Lakh (Previous Year ₹ 0.25 Lakh), Accumulated Depreciation ₹ 10.81 Lakh (Previous Year ₹ 0.04 Lakh) & Net Charged to the Statement of Profit and Loss ₹ 27.64 Lakh (Previous Year ₹ 0.24 Lakh)

Notes to Accounts (Contd.)

Note 13 Intangible Fixed Assets

₹ Lakh

	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 01-04-2012 (at cost)	Additions	Deductions/ Other adjustments	As at 31-03-2013 (at cost)	As at 01-04-2012	For the year	Deductions/ Other adjustments	As at 31-03-2013	As at 31-03-2013	As at 31-03-2012
Intangible Assets										
1. COMPUTER SOFTWARE	4.32	—	—	4.32	1.03	1.32	—	2.35	1.97	3.29
TOTAL	4.32	—	—	4.32	1.03	1.32	—	2.35	1.97	3.29
Previous Year	0.22	4.10	—	4.32	0.07	0.96	—	1.03	3.29	0.15

Note 14 Long Term Loans and Advances

	31 st March 2013 ₹ Lakh	31 st March 2012 ₹ Lakh
Security Deposit		
Unsecured, considered good	95.99	122.68
Doubtful	199.00	—
	294.99	122.68
Provision for doubtful deposits	(199.00)	—
	95.99	122.68
Other Loans and Advances		
Advance recoverable in cash or in kind for value to be received – unsecured	404.94	366.26
Advance income-tax (net of provision for taxation)	210.75	76.42
Balances with statutory/government authorities	728.89	314.28
	1,344.58	756.96
Total	1,440.57	879.65

Note 15 Other Non-Current Asset

	31 st March 2013 ₹ Lakh	31 st March 2012 ₹ Lakh
Trade Receivables		
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	371.05	160.09
Total	371.05	160.09

Note 16 Inventories

	31 st March 2013 ₹ Lakh	31 st March 2012 ₹ Lakh
Contracts-in-progress	246.97	456.61
Raw Materials and Components	387.93	477.25
Work-in-Progress at Factory	205.08	37.41
Finished Goods		
Stock-in-Transit	176.00	—
	1,015.98	971.27

Notes to Accounts (Contd.)

Note 17 Trade Receivables

	Current	
	31 st March 2013 ₹ Lakh	31 st March 2012 ₹ Lakh
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	763.16	1,419.39
Doubtful	178.00	100.00
	941.16	1,519.39
Provision for doubtful receivables	(178.00)	(100.00)
	(A) 763.16	1,419.39
Others		
Unsecured, considered good	(B) 902.40	2,755.27
Total	(A + B) 1,665.56	4,174.67

Note 18 Cash and Cash Equivalents

	31 st March 2013 ₹ Lakh	31 st March 2012 ₹ Lakh
Balances with banks:		
In Current Accounts	55.19	34.93
In Deposit Accounts with original maturity of less than 3 months *	3.33	—
Cash in hand	20.36	5.30
	78.88	40.23
Other bank balances		
In Deposit Accounts with original maturity for more than 3 months but less than 12 months	98.59	112.11
* See Note 31 (a)	98.59	112.11
Total	177.47	152.34

Note 19 Short Term Loans and Advances

	31 st March 2013 ₹ Lakh	31 st March 2012 ₹ Lakh
Security Deposit		
Unsecured, considered good	—	19.36
Other Loans and Advances		
Unsecured, considered good	—	—
Advances to staff	8.36	3.56
Advance to Contractors/Suppliers	121.67	49.34
Prepaid expenses	29.39	32.09
Other Loans and advances	11.25	—
Total	170.67	104.36

Notes to Accounts (Contd.)

Note 20 Other Current Assets

	31 st March 2013 ₹ Lakh	31 st March 2012 ₹ Lakh
Unsecured, considered good		
Work done but not billed	557.71	753.14
Interest accrued on Fixed Deposit/Margin Money	11.07	9.42
	568.78	762.56

Note 21 Revenue from Operations

	31 st March 2013 ₹ Lakh	31 st March 2012 ₹ Lakh
Sale of goods/products		
Pressure Vessels and Air Receivers	1,305.36	479.05
Sale of services		
Income from Erection/Supply Contracts	4,245.13	5,342.77
Income from Manpower Supply	349.14	223.82
Other operating revenue		
Scrap Sales	152.88	32.17
Hire Charges Received	10.34	0.11
Gross Revenue from Operations	6,062.85	6,077.92
Less: Excise Duty	162.96	44.73
Net Revenue from Operations	5,899.89	6,033.18

Note 22 Other Income

	31 st March 2013 ₹ Lakh	31 st March 2012 ₹ Lakh
Interest Income	15.24	8.47
Exchange Rate Difference (net) (see Note 41)	9.59	43.26
Miscellaneous Income	0.04	—
	24.87	51.73

Note 23 Cost of Raw Materials and Components Consumed

	31 st March 2013 ₹ Lakh	31 st March 2012 ₹ Lakh
Inventory at the beginning of the year	477.25	398.30
Add: Purchases	2,506.28	1,091.96
	2,983.53	1,490.26
Less: Inventory at the end of the year	563.93	477.25
Cost of Raw Material and Components Consumed	2,419.60	1,013.01

Notes to Accounts (Contd.)

Note 24 Project Execution Expenses

	31 st March 2013 ₹ Lakh	31 st March 2012 ₹ Lakh
Cost of Erection Services	2,964.00	3,952.91
Motor Vehicle expenses	114.37	408.75
Hire Charges Machineries	133.05	545.92
Works Contract Tax and Other Taxes	198.75	330.94
Liquidated Damages and Penalty	57.68	—
Site Expenses	137.39	365.70
Rent for Guest House/Office at Site	70.95	176.57
Provision for Contract Expenses	211.94	(1,855.77)
Price Reduction	884.35	—
Insurance Premium	31.49	42.49
Bank Guarantee and Letter of credit charges	54.13	47.76
Other Project Expenses	54.18	147.48
	4,912.30	4,162.74

Note 25 (Increase)/Decrease in Inventories and Contracts-in-progress

	31 st March 2013 ₹ Lakh	31 st March 2012 ₹ Lakh
Inventories at the end of the year		
Work-in-progress	205.08	37.41
Contracts-in-progress	246.97	456.61
	452.05	494.02
Inventories at the beginning of the year		
Work-in-progress	37.41	265.51
Contracts-in-progress	456.61	210.16
	494.02	475.67
	41.97	(18.35)

Note 26 Employee Benefit Expenses

	31 st March 2013 ₹ Lakh	31 st March 2012 ₹ Lakh
Salaries, Wages and Bonus	912.08	1,033.13
Contribution to Provident and Other Funds	38.73	35.38
Staff Welfare Expenses	3.83	3.84
	954.64	1,072.36

Notes to Accounts (Contd.)

Note 27 Other Expenses

	31 st March 2013 ₹ Lakh	31 st March 2012 ₹ Lakh
Office Rent	85.25	66.26
Electricity Expenses	11.90	11.05
Rates and Taxes	1.07	1.26
Motor Vehicle Expenses	8.73	6.54
Travelling Expenses	97.99	72.79
Legal and Professional Fees (See Note 43)	127.86	114.01
Postage, Telephone, Telegram & Telex	24.83	31.46
Printing and Stationery	15.48	24.09
Business Development Expenditure	2.49	12.70
Registration Expenses - Overseas	16.75	14.30
Directors' Fees	2.50	2.45
Bad debts	36.06	—
Provision for Doubtful Debts	78.00	—
Loss on Assets Sale/Discarded	1.98	5.31
Miscellaneous expenses	55.06	42.57
	565.95	404.78

Note 28 Finance Costs

	31 st March 2013 ₹ Lakh	31 st March 2012 ₹ Lakh
Interest Expenses		
Borrowing	713.18	540.46
On Deferred/Delayed payment of Taxes	3.55	2.33
Other Borrowing Cost	11.24	11.09
	727.97	553.88

Note 29 Exceptional Items

	31 st March 2013 ₹ Lakh	31 st March 2012 ₹ Lakh
Leasehold Improvements Discarded	30.42	12.82
Electrical Installations Discarded	27.64	0.24
	58.06	13.05

30. Contingent liabilities not provided for:

- Sales Tax (Works Contract Tax) ₹ 22.31 Lakh (Previous Year ₹ 22.31 Lakh) for which appeals are pending.
- Claims lodged but not acknowledged by the company ₹. 1,534.99 Lakh (Previous Year ₹ NIL)
- Income Tax Department has issued a demand notice for ₹ 227.26 Lakh as penalty for A.Y. 2006-07 and A.Y. 2007-08 and the same is pending before the Appellate Authorities.
- Capital Commitment of ₹ NIL (Previous Year ₹ 0.41 Lakh) on account of orders floated in market for purchase of Capital Goods.

- All the Fixed Deposit receipts are lying with the banks towards margin money against Bank guarantees issued by Banks.

Notes to Accounts (Contd.)

- b. Deferred Tax Liabilities as on 31st March, 2013 comprises of:

Particulars	Balance as on 31 st March 2013 (₹ Lakh)	Balance as on 31 st March 2012 (₹ Lakh)
Deferred Tax Liability: Arising on account of timing difference in:		
i. Depreciation	2.31	16.65
Deferred Tax Asset: Arising on account of timing difference in:		
i. Provision for Leave Encashment	(4.94)	(9.38)
ii. Provision for Gratuity	(0.29)	(0.13)
iii. Provision for Bonus	(1.93)	(5.94)
Net Deferred Tax (Asset)/Liability	(4.85)	1.20
Net Deferred Tax (Asset)/Liability recognized during the year (See Foot Note)	(1.20)	1.20

Note: Considering the prudence, Company has recognized Deferred Tax Asset only to the extent of reversal of deferred tax liability. Accordingly, only ₹ 1.20 Lakh Deferred tax asset is recognized during the year.

- c. Provision for tax under the Income Tax Act, 1961 is not made as there are no chargeable profits during the year.

32. (a) Related Parties and Relationships

Holding Company: Tata Projects Limited

Key Managerial Personnel: Mr. P. S. Chopde, Executive Director (Manufacturing)

Mr. P. V. Varghese, Executive Director (Upto 31st December 2012)

(b) Related Party Transactions

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

Name of the related party	Nature of relation	Nature of transaction	2012-13 (₹ Lakh)	2011-12 (₹ Lakh)
Tata Projects Limited	Holding Company	Secured Loan outstanding as at the beginning of the year.	1,930.39	2,080.39
		Secured Loan taken during the year	NIL	—
		Secured Loan repaid during the year	NIL	150.00
		Secured Loan outstanding as at year end	1,930.39	1,930.39
		Unsecured Loan outstanding as at the beginning of the year.	1,600.00	1,000.00
		Unsecured Loan taken during the year	200.00	600.00
		Unsecured Loan repaid during the year	—	—
		Unsecured Loan outstanding as at year end	1,800.00	1,600.00
		Interest payable at the beginning of the year	193.16	8.32
		Interest accrued and due during the year	370.16	301.56
		Interest Paid during the year	175.48	116.72
		Interest payable at the end of the year	387.83	193.16
		Sale of Goods/Services	11.98	95.16
		Receivables as at end of the year.	—	12.22
		Balance of Mobilisation/Advance as at the end of year	1.30	3.23
		Liability for Reimbursement of Expenses	1.94	268.45
Mr. P. S. Chopde, Executive Director (Manufacturing)	Key Management Personnel	Managerial Remuneration	28.80	28.80
Mr. P. V. Varghese, Executive Director	Key Management Personnel (Up to 31.12.2012)	Managerial Remuneration	21.60	28.80

Notes to Accounts (Contd.)

33. Disclosure as required by AS-7 on "Construction Contracts" is as follows:

Sr. No.	Particulars	2012-13 (₹ Lakh)	2011-12 (₹ Lakh)
a.	Contract revenue recognized during the year	4,594.28	5,566.59
b.	Amount of Customer Advances (Net of recoveries from progressive bills)	334.96	399.16
c.	Retention amount	316.20	582.10
d.	Aggregate amount of contract costs incurred in respect of ongoing contracts net of recognized profits (less recognized loss) upto the reporting date. (Including the contracts closed during the year)	31,468.37	47,575.31
e.	Gross amount due from customers for contract work	1,859.62	3,488.60

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

The Company has obtained confirmations from suppliers and service providers in earlier years who have registered themselves under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) and based on the information available with the Company, the balance due to Micro, Small and Medium Enterprises as defined under the MSMED Act, 2006 is ₹ NIL Lakh.

- a. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:

Sr. No.	Particulars	31 st March, 2013 (₹ Lakh)	31 st March, 2012 (₹ Lakh)
1.	Principal Amount remaining Unpaid	—	1.08
2.	Interest Due and remained unpaid thereon	—	0.26

- b. The amount of interest paid by the company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year is ₹ NIL (Previous Year ₹ NIL)
- c. The amount of interest due and payable for the period of delay in making payment (where principal has been paid but interest under MSMED Act 2006 not paid is ₹ NIL (Previous Year ₹ NIL)
- d. The amount of interest accrued and remaining unpaid at the end of each accounting year is ₹ NIL (Previous Year ₹ NIL)
- e. The amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of Micro, Small and Medium Enterprises Development Act, 2006 is – ₹ NIL (Previous Year ₹ NIL).

The above information is given to the extent available with the Company.

35. The Company is registered with the Board for Industrial & Financial Reconstruction (BIFR) as a sick company and BIFR has, vide its Order dated 18th December 2007, sanctioned the rehabilitation scheme and the same is under implementation. The Company is also in process of making an application to the BIFR seeking an extension of the Sanctioned Scheme of rehabilitation. The Management is considering various alternatives for achieving profitability and positive cash flow. Based on the current order book position and considering continued support of the holding Company, barring unforeseen circumstances, the Management is confident about the Company's ability to continue as a going concern. The accounts have accordingly been prepared on a going concern basis.

36. Extra-ordinary Item includes ₹ NIL (Previous Year ₹ 16.68 Lakh) being the fire insurance claim lodged in Financial Year 2010-11.

37. a. Majority of the Company's Fixed Assets have been independently valued by an independent valuer in the year 2010-11 and considering the same, there is no impairment in the value of assets as on the Balance Sheet date.
- b. In the opinion of the Management, all Current Assets, Loans & Advances are approximately of the same value if realized in the ordinary course of business. Provision for all the known liabilities is adequately made.
- c. Sundry Debtors include retention of ₹ 371.05 Lakh (Previous Year ₹ 621.36 Lakh) receivable on completion of projects.
- d. Balance outstanding against Trade Receivable and Trade Payable (including debit balances), are subject to reconciliation and confirmation with respective parties. Provision of ₹ 78 Lakh (Previous Year ₹ NIL) for doubtful debts is made during the year, resulting in total provision of ₹ 178 Lakh as on 31st March 2013.

38. Amount due within one year towards Sales Tax Deferment Loan is ₹ 24.01 Lakh (Previous Year ₹ 3.36 Lakh).

Notes to Accounts (Contd.)

39. Earnings per share (Basic & Diluted)

	Year ended 31 st March 2013	Year Ended 31 st March 2012
a. Net profit/(loss) available for equity shareholders before Extraordinary items (₹ Lakh)	(3,939.79)	(1,313.20)
b. Net profit/(loss) available for equity shareholders after Extraordinary items (₹ Lakh)	(3,939.79)	(1,329.88)
c. Number of equity shares (Face value ₹ 1/-) (No. in Lakh)	369.20	369.20
d. Basic and diluted earnings per share before Extraordinary items (a/c) (₹)	(10.67)	(3.56)
e. Basic and diluted earnings per share after Extraordinary items (b/c) (₹)	(10.67)	(3.60)

40. Details of earning and expenditure in foreign currency for the year ended 31st March, 2013.

Particulars	Year ended 31 st March 2013 (₹ Lakh)	Year ended 31 st March 2012 (₹ Lakh)
Earning in foreign exchange (Amount expended in equivalent Indian rupees)	496.91	219.49
Expenditure in foreign currency (Amount expended in equivalent Indian rupees)	735.27	444.73

41. The net gain on account of exchange rate difference amounting to ₹ 9.59 Lakh (Previous Year Gain ₹ 43.31 Lakh) has been credited to the Statement of Profit and Loss in compliance with AS-11 on "The Effect of changes in foreign Exchange Rates".

42. Quantitative Details:-

i) Erection/Construction Activities

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

ii) Manufacturing Activities

The relevant quantitative details for commercial operations carried out at Nasik Factory are as follows:

(a) Raw material Consumed:

	Unit	2012-13		2011-12	
		Quantity	Value (₹ Lakh)	Quantity	Value (₹ Lakh)
Plates/Steel	(M.T.)	2,350.667	1,055.17	55.809	22.94
Pipes	(M.T.)	4,740.000	36.30	16.350	9.77
Paints	(Ltr.)	18,600.000	31.31	1,359.000	2.12
Others		—	33.21	—	3.60
Total		—	1,155.99	—	38.43

(b) Imported/Indigenous Raw materials Consumed:

	2012-13		2011-12	
	Value (₹ Lakh)	%	Value (₹ Lakh)	%
Imported	NIL	NIL	NIL	NIL
Indigenous	1,155.99	100%	38.43	100%

(c) Manufacturing Sales

	Unit	2012-13		2011-12	
		Quantity	Value (₹ Lakh)	Quantity	Value (₹ Lakh)
Turnover					
Vessels/Pre-fabricated	(M.T.)	1,943.752	1,482.35	378.487	531.19
Less: Excise Duty		—	(163.06)	—	(48.62)
Total		—	1,319.29	—	482.57

Notes to Accounts (Contd.)

43. Legal and Professional Fees include Auditor's remuneration (net of Service Tax) as below:

Nature of services	Year ended 31 st March 2013 (₹ Lakh)	Year ended 31 st March 2012 (₹ Lakh)
Audit fees	6.00	6.00
Tax Audit fees	1.00	1.00
Taxation matters	1.50	1.40
Reimbursement of expenses	0.37	0.02
Total	8.87	8.42

44. Leave Encashment has been provided as per actuarial valuation at ₹ 14.58 Lakh (Previous Year ₹ 11.68 Lakh).

The Actuarial Valuation of Gratuity and Leave Encashment has been done and the details of the same are:

Sr. No	Particular	Gratuity (Funded) (₹ Lakh)		Leave Encashment (Unfunded) (₹ Lakh)		
		2012-13	2011-12	2012-13	2011-12	
I.	Expenses recognized in the statement of P & L A/c					
	Current Service Cost	7.89	5.52	28.42	23.95	
	Interest Cost	2.66	1.85	2.05	1.12	
	Expected Return on Plan Assets	(3.27)	(2.88)	—	—	
	Net Actuarial (Gain)/Loss recognized for the period	(1.62)	1.04	(12.01)	(9.43)	
	Expense recognized in the Statement of P & L A/c	(5.67)	5.54	18.46	15.63	
II.	Movement in the Liability recognized in Balance Sheet.					
	Opening Net Liability	33.94	23.16	27.63	15.95	
	Expenses as above	12.80	10.06	18.46	15.63	
	Contribution Paid	(4.83)	(2.44)	(3.91)	(3.95)	
	Closing Net Liability	41.91	30.79	42.18	27.63	
III.	Changes in present value of obligations					
	PVO at the beginning of year	33.94	23.17	27.63	15.95	
	Interest Cost	2.66	1.85	2.05	1.12	
	Current Service Cost	7.89	5.52	28.42	23.94	
	Benefits Paid	(1.21)	(0.79)	(3.91)	(3.95)	
	Actuarial (Gain)/Loss on obligation	(1.38)	1.04	(12.01)	(9.43)	
	PVO at end of year	41.91	30.79	42.18	27.63	
IV.	Changes in fair value of plan assets					
	Fair Value Plan Assets at Beginning of the year	33.94	29.41	—	—	
	Expected Return on plan Assets Contribution	3.51	2.88	—	—	
	Contributions	4.83	2.44	—	—	
	Benefit Paid	(1.21)	(0.79)	—	—	
	Actuarial Gain/(Loss) on Plan Assets	—	—	—	—	
	Fair Value of Plan Assets at end year	41.07	33.94	—	—	
V.	Actual Return on Plan Asset	3.50	2.88	—	—	
VI.	Category of Assets as at the end of the year					
	Insurer Managed Funds*	41.07	33.94	—	—	
VII.	Experience Adjustment					
	Gratuity	2012-13	2011-12	2010-11	2009-10	2008-09
	Defined Benefit Obligation	41.91	30.79	23.17	15.48	31.17
	Fair Value of Planned Assets	41.07	33.94	29.41	28.22	25.18
	(Surplus)/Deficit	0.84	(3.15)	(6.24)	(12.74)	5.98
	Experience Adjustment on Plan Liabilities[(Gain)/Loss]	(1.38)	1.04	8.74	(12.63)	27.59
	Experience Adjustment on Plan Asset[(Gain)/Loss]	(0.24)	—	—	(0.22)	0.14
	Leave Encashment	2012-13	2011-12	2010-11	2009-10	2008-09
	Defined Benefit Obligation	42.18	27.63	15.95	3.82	4.11
	Experience Adjustment on Plan Liabilities[(Gain)/Loss]	(2.13)	(9.43)	(4.92)	(5.47)	—

* Details of individual investment in portfolio or investment structure of portfolio are not available as on the Balance Sheet date.

Notes to Accounts (Contd.)

VIII. Actuarial Assumptions

Gratuity

	2012-13	2011-12
Mortality	LIC (1994-96) Ult.	LIC (1994-96) Ult.
Interest/Discount Rate	8%	8%
Rate of Increase In Compensation	4%	4%
Rate of Return (expected) on plan Assets	9.15%	9.15%
Employee Attrition Rate (PS)	10%	10%
Expected Average Remaining Service	7.48	7.58

Leave Encashment

	2012-13	2011-12
Mortality	LIC (1994-96) Ult.	LIC (1994-96) Ult.
Interest/Discount Rate	8%	8%
Rate of Increase In Compensation	10%	10%
Rate of Return (expected) on plan Assets	—	—
Employee Attrition Rate (PS)	10%	10%
Expected Average Remaining Service	7.41	7.58

XI. Expected Contribution

Expected Contribution to be made to the plan assets in financial year 2013-14 is ₹ 0.21 Lakh

45. Segmental Reporting (Geographical Segments):

Sales	Year ended 31 st March 2013 (₹ Lakh)	Year ended 31 st March 2012 (₹ Lakh)
Domestic	5,245.38	5,781.41
Overseas	491.29	100.38
Total	5,736.67	5,881.79

46. In line with accepted practice in construction business, certain revisions of costs and billing of previous years which have crystallized during the year have been dealt with during the current year.
47. Previous year's figures have been regrouped and restated wherever necessary to make their classification comparable with that of the current period.

As per our Report attached
for Chokshi & Chokshi
Chartered Accountants
Registration number: 101872W

Satish M. Joshi
Chief Financial Officer

For and on behalf of the Board

Vinayak Deshpande
Chairman

Kanu Chokshi
Partner
Membership No. 17085

Vishram N. Panchpor
Company Secretary

H. H. Malgham
Director

Pralhad Pawar
Director

Place : Mumbai
Date : 10th May 2013

Place : Mumbai
Date : 10th May 2013

NOTES

[illegible]

**ARTSON ENGINEERING LIMITED**

Registered Office: 11th Floor, Hiranandani Knowledge Park,
Technology Street, Powai, Mumbai 400 076

IMPORTANT COMMUNICATION TO MEMBERS

Dear Members,

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

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

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

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

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

Thanking you,

Yours faithfully,

For **ARTSON ENGINEERING LIMITED**

VISHRAM PANCHPOR

Company Secretary

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

MEMBERS EMAIL REGISTRATION FORM

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

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

Signed this day of 2013

Signature of the Member

**ARTSON ENGINEERING LIMITED**

Registered Office: 11th Floor, Hiranandani Knowledge Park,
Technology Street, Powai, Mumbai 400 076

ATTENDANCE SLIP

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

34TH ANNUAL GENERAL MEETING

Day & Date	Time	Venue
Friday, 12 th July 2013	4.00 p.m.	Sunville Banquets, Royal Hall, 3 rd Floor, 9, Dr. Annie Besant Road, Opposite Atria Mall, Worli, Mumbai 400 018

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

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

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

**ARTSON ENGINEERING LIMITED**

Registered Office: 11th Floor, Hiranandani Knowledge Park,
Technology Street, Powai, Mumbai 400 076

PROXY

I/We _____ of _____
in the district of _____ being a Member/Members of **Artson Engineering Limited** hereby
appoint _____ of _____
in the district of _____ as my/our proxy to vote for me/us on my/our behalf at the Thirty-fourth Annual General Meeting
of the Company to be held on Friday, 12th July 2013 at 4.00 p.m. at Sunville Banquets, Royal Hall, 3rd Floor, 9, Dr. Annie Besant
Road, Opposite Atria Mall, Worli, Mumbai 400 018 and at any adjournment thereof.

Signed this _____ day of _____, 2013

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

Signature.....

Affix
required
Revenue
Stamp

Note:

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

