



Listing Department
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai - 400007, MH.

Dear Sir/ Madam,

Pursuant to the Regulation 30 and 34 of Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations 2015 read with the corresponding schedules thereof, the Notice convening **41st AGM of the Company to be held on Tuesday, 15th September 2020 at 03.00 pm through Video Conference (VC) / Other Audio-Visual Means (OVAM)** along with the Annual Report of the Company for FY 2019-20 is enclosed.

Also available on the following link: <http://artson.net/wp-content/uploads/2020/08/Financial-Year-ended-31st-March-2020.pdf>

Event		Day & Date	Time
Cut-off Date		Tuesday, 8 th September 2020	NA
Book Closure	From	Wednesday, 9 th September 2020	NA
	To	Tuesday, 15 th September 2020	NA
e-Voting	Start	Friday, 11 th September 2020	09.00 AM (IST)
	End	Monday, 14 th September 2020	05.00 PM (IST)
AGM		Tuesday, 15 th September 2020	03.00 PM (IST)

Thanking You

[illegible]

Encl: a/a



ARTSON ENGINEERING LIMITED

(Subsidiary of Tata Projects Limited)

41st
ANNUAL REPORT
2019-20

BOARD OF DIRECTORS



Vinayak K. Deshpande
Chairman
(Non-Executive)



Nalin M. Shah
Independent Director



Pralhad Pawar
Non-Executive Director



Leja Hattiangadi
Independent Director



Sunil Potdar
Independent Director
w.e.f. 30th April 2020



Arvind Chokhany
Non-Executive Director
w.e.f. 30th April 2020



K. Satyanarayana
Non-Executive Director
w.e.f. 30th April 2020

KEY MANAGERIAL PERSONNEL

Chief Operating Officer	:	Saket Mathur
Chief Financial Officer	:	S. Balaji
Company Secretary	:	Deepak Tibrewal



ARTSON ENGINEERING LIMITED

CIN: L27290MH1978PLC020644

(A Subsidiary of Tata Projects Limited)

Regd. Office: 2nd Floor, One Boulevard, Lake Boulevard Road, Hiranandani Business Park, Powai, Mumbai - 76, MH

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

Registrar and Share Transfer Agent	: 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 49186060
Bankers	: Axis Bank Corporation Bank Federal Bank IndusInd Bank South Indian Bank
Statutory Auditors	: Price Waterhouse & Co Chartered Accountants, LLP (FRN-304026E/E300009)
Internal Auditors	: Ernst & Young, LLP (AAB-4343)
Secretarial Auditors	: MKS & Associates, Company Secretaries (FRN-S2017TL460500)
Cost Auditors	: Sagar & Associates, Cost Accountants (FRN-000118)
Registered Office	: 2nd Floor, One Boulevard, Lake Boulevard Road, Hiranandani Business Park, Powai, Mumbai - 400076, Maharashtra
Corporate Office	: Ground Floor, Mithona Towers 1-7-80 to 87, Prenderghast Road, Secunderabad, Hyderabad - 500003, Telangana State Tel No. 040 6601 8194
Manufacturing units	: Nashik Unit: D-5, MIDC Ambad, Nashik, Nashik - 422010 Nagpur Unit: Plot No D.1, Umred, Industrial Area, MIDC, Umred, Dist. - Nagpur - 441203

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41ST ANNUAL GENERAL MEETING

Date :	Wednesday, 15th September 2020
Time :	03:00 p.m. IST
Venue:	Video Conference (VC) / Other Audio-Visual Means (OVAM) facility provided by the National Securities Depositories Limited (NSDL)

NOTICE CONVENING 41ST ANNUAL GENERAL MEETING

Notice is hereby given that the 41st Annual General Meeting (AGM) of the members of Artson Engineering Limited ('the Company') will be held on Tuesday, 15th September 2020 at 03.00 p.m. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") 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 31st March 2020, together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Vinayak K. Deshpande (DIN: 00036827), who retires by rotation and, being eligible, offers himself for re-appointment.

Special Business:

3. Appointment of Mr. Sunil Sheshagirirao Potdar (DIN: 00177142) as non-executive Director:

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

"RESOLVED THAT Mr. Sunil Sheshagirirao Potdar (DIN: 00177142), who was appointed as an Additional Director of the Company with effect from 30th April 2020 by the Board of Directors and holds office upto the date of this Annual General Meeting of the Company in terms of Section 161(1) of the Companies Act, 2013 (the Act), and is eligible for appointment and in respect of whom the Company has received a notice in writing from a member under the provisions of section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as a non-executive Director."

4. Appointment of Mr. Sunil Sheshagirirao Potdar (DIN: 00177142) as Independent Director:

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and other applicable provisions of the Companies Act 2013 (the Act) [including any statutory modification(s) or re-enactment(s) thereof for the time being in force], the Companies (appointment and Qualification of Directors) rules, 2014, as amended from time to time and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), as amended from time to time, the appointment of Mr. Sunil Sheshagirirao Potdar (DIN: 00177142), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and Rules framed thereunder and Regulation 16(1)(b) of the Listing Regulations, as amended, and who is eligible for appointment as an Independent Director of the Company, not liable to retire by rotation, for a term of 3 (Three) consecutive years commencing from 30th April 2020 to 29th April 2023 (both days inclusive), be and is hereby approved"

5. Appointment of Mr. Arvind Chokhany (DIN: 06668147) as non-executive Director:

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

"RESOLVED THAT Mr. Arvind Chokhany (DIN: 06668147), who was appointed as an Additional Director of the Company with effect from 30th April 2020 by the Board of Directors and holds office upto the date of this Annual General Meeting of the Company in terms of Section 161(1) of the Companies Act, 2013 (the Act), and is eligible for appointment and in respect of whom the Company has received a notice in writing from a member under the provisions of section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as a non-executive Director."

6. Appointment of Mr. K. Satyanarayana (DIN: 07160142) as non-executive Director:

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

"RESOLVED THAT Mr. K. Satyanarayana (DIN: 07160142), who was appointed as an Additional Director of the Company with effect from 30th April 2020 by the Board of Directors and holds office upto the date of this Annual General Meeting of the Company in terms of Section 161(1) of the Companies Act, 2013 (the Act), and is eligible for appointment and in respect of whom the Company has received a notice in writing from a member under the provisions of section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as a non-executive Director."

7. Ratification of remuneration payable to the Cost Auditors for the financial year 2020-21

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 Rs. 1,00,000/- (Rupees One Lakh Only), plus applicable taxes and actual out-of-pocket expenses incurred in connection with the audit, payable to M/s. Sagar & Associates, Cost Accountants (Firm Registration No. 000118), who are appointed as the Cost Auditors to conduct the audit of cost records maintained by the Company for the financial year 2020-21.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to so do all such acts, matters, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

8. Related Party Transactions (RPTs) with Tata Projects Limited (TPL)

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 40th Annual General Meeting of the Company held on 24th July 2019 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 (or any Committees thereof), 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	Rs. 300 Crore
2	Rent/ Leasing of property of any kind	Rs. 20 Crore
Total		Rs. 320 Crore

RESOLVED FURTHER THAT any of the Directors of the Company, the Chief Financial Officer 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:

- In view of the global outbreak of COVID-19, the Ministry of Corporate Affairs (MCA), Government of India, has vide its General Circular No. 14/ 2020 dated 8th April 2020, General Circular No. 17/ 2020 dated 13th April 2020, in relation to “Clarification on passing of ordinary and special resolutions by Companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by Covid-19” and General Circular No. 20/2020 dated 5th May 2020, in relation to “Clarification on holding of Annual General Meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM)” (collectively referred to as “MCA Circulars”) and Securities and Exchange Board of India vide Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May 2020, in relation to “Additional relaxation in relation to compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 - Covid-19 pandemic” (“SEBI Circular”) have permitted the holding of the Annual General Meeting (“AGM”) through Video Conferencing (“VC”)/Other Audio Visual Means (“OAVM”), without the physical presence of the Members at a common venue. In compliance with the applicable provisions of the Companies Act, 2013 (the “Act”) (including any statutory modification or re-enactment thereof for the time being in force) read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (the “Rules”), as amended from time to time, read with the MCA Circulars, SEBI Circular and pursuant to Regulation 44 of

the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("Listing Regulations") the Annual General Meeting ("AGM") of the Company is scheduled to be held on Tuesday, 15th September 2020, at 03.00 p.m. (IST) through VC/OAVM and the voting for items to be transacted in the Notice to this AGM only through remote electronic voting process ("e-Voting").

2. As per the provisions of Clause 3.A.II. of the General Circular No. 20/ 2020 dated 5th May 2020, the matters of Special Business as appearing at Item Nos. 3 to 8 of the accompanying Notice, are considered to be unavoidable by the Board and hence, form part of this Notice.
3. The relative Explanatory Statement pursuant to Section 102 of the Act, in regard to the business as set out in Item Nos. 3 to 8 above and the relevant details of the Director seeking appointment/ re-appointment as set out in Item Nos. 3 to 6 above as required under Regulation 26(4) and 36(3) of the Listing Regulations and under Secretarial Standard - 2 on General Meetings issued by The Institute of Company Secretaries of India, is annexed.
4. PURSUANT TO THE PROVISIONS OF THE ACT, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. SINCE THIS AGM IS BEING HELD PURSUANT TO THE MCA CIRCULARS THROUGH VC/OAVM, THE REQUIREMENT OF PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, IN TERMS OF THE MCA CIRCULARS AND THE SEBI CIRCULAR, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE MEMBERS WILL NOT BE AVAILABLE FOR THIS AGM AND HENCE, THE PROXY FORM, ATTENDANCE SLIP AND ROUTE MAP OF AGM ARE NOT ANNEXED TO THIS NOTICE.
5. Institutional Investors, who are Members of the Company, are encouraged to attend through VC/OVAM facility and vote through remote e-Voting facility. Corporate Members intending to appoint their authorized representatives to attend the AGM through VC/OVAM and to vote thereat through remote e-Voting are requested to send a certified copy of the Board Resolution to the Scrutinizer by e-mail at vnv.scrutinizer@gmail.com with a copy marked to evoting@nsdl.co.in and investors@artson.net
6. In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.
7. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
8. The Members can join the AGM in the VC/OAVM mode 30 minutes before and 15 minutes after the scheduled time of the commencement of the AGM by following the procedure mentioned in the Notice. The Members will be able to view the proceedings on National Securities Depository Limited's ("NSDL") e-Voting website at www.evoting.nsdl.com. The facility of participation at the AGM through VC/OAVM will be made available to at least 1,000 Members on a first come first served basis as per the MCA Circulars. However, attendance of Members holding more than 2% of the shares of the Company, Institutional Investors as on Tuesday, 8th September 2020 and Directors and Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee, the Stakeholders Relationship Committee and Auditors will not be restricted on first come first serve basis.
9. Considering the difficulties caused due to the Covid-19 pandemic, MCA and SEBI have dispensed with the requirement of printing and sending physical copies of the Annual Report and the Notice of this Meeting and the Annual Reports have been sent via email to all those members who have registered their email IDs with the Company or the Registrar and Transfer Agent or the Depositories or the Depository Participants as on Friday, 14th August 2020.
10. The Notice convening the AGM and the Annual Report for FY 2019-20 has been uploaded on the website of the Company at www.artson.net and may also be accessed from the relevant section of the websites of the Stock Exchange i.e. BSE Limited ("BSE") at www.bseindia.com. The AGM Notice is also available on the website of NSDL at www.evoting.nsdl.com
11. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 9th September 2020 to Tuesday, 15th September 2020, both days inclusive.
12. As per Regulation 40 of the Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from 1st April 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease

of portfolio management, Members holding shares in physical form are requested to consider converting their holdings to dematerialised form.

13. Members are requested to intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone/mobile numbers, PAN, registering of nomination and power of attorney, Bank Mandate details such as name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DP in case the shares are held in electronic form and to the RTA in case the shares are held in physical form.
14. 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 to not leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned DP and holdings should be verified from time to time.
15. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members, who have not yet registered their nomination, are requested to register the same by submitting Form No. SH-13. The said form can be downloaded from the Company's website www.artson.net (under 'Investor Relations' section). Members are requested to submit the said form to their DP in case the shares are held in electronic form and to the RTA in case the shares are held in physical form.
16. The format of the Register of Members prescribed by the MCA under the Act, requires the Company/RTA to record additional details of Members, including their PAN details, e-mail address, bank details for payment of dividend etc. A form for capturing additional details is available on the Company's website www.artson.net (under 'Investor Relations' section). Members holding shares in physical form are requested to submit the filled in form to the Company or RTA in physical mode, after restoration of normalcy, as per instructions mentioned in the form. Members holding shares in electronic form are requested to submit the details to their respective DP only and not to the Company or RTA.
17. Members holding shares in physical form, in identical order of names, in more than one folio, are requested to send to the Company or RTA, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
18. 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

19. Members desiring inspection of statutory registers during the AGM may send their request in writing to the Company at investors@artson.net
20. Members who wish to inspect the relevant documents referred to in the Notice can send an e-mail to investors@artson.net up to the date of the AGM.
21. This AGM Notice is being sent by e-mail only to those eligible Members who have already registered their e-mail address with the Depositories/the DP/the Company's RTA/the Company or who will register their e-mail address with RTA, on or before 5:00 p.m. (IST) on Friday, 14th August 2020.
22. To facilitate Members to receive this Notice electronically and cast their vote electronically, the Company has made special arrangement with NSDL for registration of e-mail addresses in terms of the MCA Circulars. Eligible Members who have not submitted their e-mail address were requested to provide their e-mail address to the RTA/ NSDL, on or before 5:00 p.m. (IST) on Friday, 14th August 2020. In addition, the Company has intimated its shareholders about updating the email IDs through its website www.artson.net and through the website of BSE Limited www.bseindia.com
23. After successful submission of the e-mail address, NSDL will e-mail a copy of the Annual Report for FY20 along with the remote e-Voting user ID and password, within 48 hours of successful registration of the e-mail address by the Member. In case of any queries, Members may write to investors@artson.net or evoting@nsdl.co.in

24. For permanent registration of their e-mail address, Members are requested to register their e-mail address, in respect of electronic holdings, with their concerned DP and in respect of physical holdings, with the RTA.
25. Those Members who have already registered their e-mail addresses are requested to keep their e-mail addresses validated with their DP/RTA to enable servicing of notices/documents/Annual Reports and other communications electronically to their e-mail address in future.
26. Process and manner for Members opting for e-Voting is, as under:
- I. In compliance with the provisions of Sections 108 and other applicable provisions of the Act, read with Rule 20 of the Rules and Regulation 44 of the Listing Regulations, the Company is offering only e-Voting facility to all the Members of the Company and the business will be transacted only through the electronic voting system. The Company has engaged the services of NSDL for facilitating e-Voting to enable the Members to cast their votes electronically as well as for e-Voting during the AGM. Resolution(s) passed by Members through e-Voting is/are deemed to have been passed as if it/they have been passed at the AGM.
 - II. Members are provided with the facility for voting through Voting system during the VC/OAVM proceedings at the AGM and Members participating at the AGM, who have not already cast their vote by remote e-Voting, are eligible to exercise their right to vote at the AGM.
 - III. Members who have already cast their vote by remote e-Voting prior to the AGM will also be eligible to participate at the AGM but shall not be entitled to cast their vote again on such resolution(s) for which the Member has already cast the vote through remote e-Voting.
 - IV. **Members of the Company holding shares either in physical form or electronic form as on the cut-off date i.e., Tuesday, 8th September 2020, may cast their vote by remote e-Voting. The remote e-Voting period commences on Friday, 11th September 2020 at 09:00 a.m. (IST) and ends on Monday, 14th September 2020 at 05:00 p.m. (IST). 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 shall not be allowed to change it subsequently.**
 - V. The instructions for Members attending the AGM through VC/OAVM are as under:
 - A. The Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system and they may access the same at <https://www.evoting.nsdl.com> under the Shareholders/ Members login by using the remote e-Voting credentials, where the EVEN of the Company (113427) will be displayed. On clicking this link, the Members will be able to attend and participate in the proceedings of the AGM through a live webcast of the meeting and submit votes on announcement by the Chairman. **Please note that the Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the Notice to avoid last minute rush.** Further, Members may also use the OTP based login for logging into the e-Voting system of NSDL.
 - B. Members may join the AGM through laptops, smartphones, tablets and iPads for better experience. Further, Members will be required to use Internet with a good speed to avoid any disturbance during the Meeting. Members will need the latest version of Chrome, Safari, Internet Explorer 11, MS Edge or Firefox. Please note that participants connecting from mobile devices or tablets or through laptops connecting via mobile hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is, therefore, recommended to use stable Wi-Fi or LAN connection to mitigate any glitches.
 - C. Members are encouraged to submit their questions in advance with regard to the financial statements or any other matter to be placed at the AGM, from their registered e-mail address, mentioning their name, DP ID and Client ID number/folio number and mobile number, to reach the Company's e-mail address at investors@artson.net before 05.00 p.m. (IST) on Tuesday, 8th September 2020. Queries that remain unanswered at the AGM will be appropriately responded by the Company at the earliest post the conclusion of the AGM.

- D. Members who would like to express their views/ask questions as a Speaker at the AGM may pre-register themselves by sending a request from their registered e-mail address mentioning their names, DP ID and Client ID/ folio number, PAN and mobile number to investors@artson.net between Friday, 4th September 2020 (09:00 a.m. IST) and Tuesday, 8th September 2020 (05.00 p.m. IST). Only those Members who have pre-registered themselves as speakers will be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
- E. Members who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.co.in or call on toll free no.:1800-222-990 or contact Mr. Amit Vishal, Senior Manager - NSDL at amitv@nsdl.co.in or call on +91 22 24994360/+91 9920264780.

The instructions for Members for e-Voting are as under:

The remote e-voting period begins on Friday, 11th September 2020 at 09:00 A.M. and ends on Monday, 14th September 2020 at 05:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter.

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

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 ‘Shareholders’ 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 log-in to NSDL eservices after using your log-in 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***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** 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 113427 then user ID is 113427001***.

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. a .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, please follow steps mentioned below in **process for those shareholders whose email IDs are not registered**.
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) option available on www.evoting.nsdl.com.
 - b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on 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 mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
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.

Details on Step 2 is given below:

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 click 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 (113427) to cast your vote.
4. Now you are ready for e-Voting as the voting 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 confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

- 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 vnv.scrutinizer@gmail.com with a copy marked to evoting@nsdl.co.in and investors@artson.net
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 the 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?" option available on 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 or call on toll free no.: 1800-222-990 or send a request to Mr. Amit Vishal, Senior Manager - NSDL at amitv@nsdl.co.in or call on +91 22 24994360/+91 9920264780.

Process for those shareholders whose email IDs are not registered with the depositories for procuring user ID and password and registration of e-mail IDs for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to investors@artson.net

In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to investors@artson.net

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company (113427) will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
27. 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., Tuesday, 8th September 2020.
28. Any person who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice and holding shares as of the cut-off date i.e. Tuesday, 8th September 2020, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or the Company/RTA.
29. 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 i.e., Tuesday, 8th September 2020 only shall be entitled to avail the facility of remote e-Voting, as well as voting at the meeting.
30. The Board of Directors has appointed Mr. Vishram Panchpor (ICSI Membership No. 20057; CP No. 13027). Company Secretary in whole-time practice as Scrutinizer to scrutinize the voting at the AGM and remote e-Voting process, in a fair and transparent manner.

31. The Chairman shall, at the AGM allow voting by use of remote e-Voting system for all those Members who are present during the AGM through VC/OAVM but have not cast their votes by availing the remote e-Voting facility. The remote e-Voting module during the AGM shall be disabled by NSDL for voting 15 minutes after the conclusion of the Meeting.
32. The Scrutinizer shall, after the conclusion of voting at the AGM, first count the votes cast during the AGM and, thereafter, unblock the votes cast through remote e-Voting and shall make, not later than 48 hours from 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 authorised by him in writing, who shall countersign the same and declare the result of the voting forthwith.
33. The Results declared, along with the Scrutinizer's Report, shall be placed on the Company's website www.artson.net and on the website of NSDL www.evoting.nsdl.com, immediately after the declaration of the result by the Chairman or a person authorised by him in writing. The results shall also be immediately forwarded to the Stock Exchanges where the Company's Equity Shares are listed viz. BSE and be made available on the website viz. www.bseindia.com.

Registered Office

2nd 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: 31st July 2020

Place: Pune

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 Nos. 3 to 8 of the accompanying notice dated 31st July 2020.

Item Nos. 3 & 4: Appointment of Mr. Sunil Sheshagirirao Potdar (DIN:00177142) as Non-Executive Director and Independent Director:

Pursuant to the provisions of Section 161 of the Companies Act 2013, read with the Articles of Association of the Company and based on the recommendations of the Nomination and Remuneration Committee (NRC), the Board of Directors of the Company at their meeting held on 30th April 2020 appointed Mr. Sunil Sheshagirirao Potdar (DIN:00177142) as a Non-Executive Director, Independent with effect from 30th April 2020, who holds the office till the date of the ensuing AGM.

Mr. Potdar aged 63 years, is a graduate in Chemical Engineering from Laxminarayn Institute of Technology, Nagpur (1979). He started his professional journey as R&D engineer with Larsen and Toubro and worked with Buckau Wolf (now Thyssen Krupp) as Senior Executive in Cement Project Engineering group. Subsequently he was engaged with Tata Honeywell as General Manager of Process Automation business serving Minerals, Metals and Mining industries and Director of Thermo Fisher's Process Instruments business in India. For last 10 years, he was Managing Director and country manager of Schenck Process group's Indian business. Mr. Potdar is a Technocrat with proven track record to start, profitably grow and manage high technology capital goods business and has extensive experience in multinational and multicultural environment with skills in organization development, strategic planning and sales/ marketing of technology products and services to core sector industries.

Mr. Potdar is not disqualified from being appointed as Director in terms of Section 164 of Companies Act, 2013 and has given his consent to act as Director. Further, the Company has received a Notice in writing under Section 160 of the Act from a Member of the Company proposing Mr. Potdar as a candidate for the office of a Director.

Further, in terms of provisions of Sections 149, 150, 152, Schedule IV and any other applicable provisions of the Act and the Listing Regulations, Mr. Potdar, being eligible for appointment as an Independent Director 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").

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

In the opinion of the NRC and the Board, Mr. Potdar 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 appointment as an Independent Director of the Company and is independent of the Management.

Therefore, it is proposed to appoint Mr. Potdar as an Independent Director w.e.f. 30th April 2020 up to 29th April 2023 not liable to retire by rotation.

Copy of the draft letter of appointment of Mr. Potdar 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 (09:00 a.m. to 05:00 p.m.) on any working day, excluding Saturday.

The Board considers that his association would be of immense benefit to the Company and it is desirable to avail services of Mr. Potdar as an Independent Director and based on the recommendation of the Nomination and Remuneration Committee recommends the Ordinary Resolution as set out at Item No. 3 and 4 of the notice of the AGM for approval of the members.

Except Mr. Potdar, 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 and 4 of the accompanying notice of the AGM. Mr. Potdar is not related to any Director of the Company.

Item No. 5: Appointment of Mr. Arvind Chokhany (DIN: 06668147) as Non-Executive Director:

Pursuant to the provisions of Section 161 of the Companies Act 2013, read with the Articles of Association of the Company and based on the recommendations of the Nomination and Remuneration Committee (NRC), the Board of Directors of the Company at their meeting held on 30th April 2020 appointed Mr. Arvind Chokhany (DIN: 06668147) as a Non-Executive Director with effect from 30th April 2020, who holds the office till the date of the ensuing AGM.

Mr. Chokhany aged 48 years, is the Chief Financial Officer of Tata Projects Limited. Prior to joining TPL he was part of the leadership team for five years at Tata Realty Infrastructure Limited as CFO. He was also the CEO of the Road and Highways Concessions Business. He has over 26 years of experience, with large Global institutions like Tatas, Deutsche Bank, Standard Chartered and HDFC Group having expertise in people and stakeholder management, Strategic Business planning, Finance Operations, Capital / balance Sheet, Working Capital management, M&A, Structured Debt / Equity deployment, Cash-Flow management, Leadership experience in investment / divestment, Portfolio and Asset management, Corporate Tax planning, Implementing robust budgetary controls and MIS, Automation Systems with strong domain knowledge of local and international accounting and regulatory guidelines as well as deep domain understanding of Real Estate and Infrastructure Business.

Mr. Chokhany is not disqualified from being appointed as Director in terms of Section 164 of Companies Act, 2013 and has given his consent to act as Director. Further, the Company has received a Notice in writing under Section 160 of the Act from a Member of the Company proposing Mr. Chokhany as a candidate for the office of a Director.

Therefore, it is proposed to appoint Mr. Chokhany as a Non-executive Director w.e.f. 30th April 2020 liable to retire by rotation.

The Board considers that his association would be of immense benefit to the Company and it is desirable to avail services of Mr. Chokhany as a Non-executive Director and based on the recommendation of the Nomination and Remuneration Committee recommends the Ordinary Resolution as set out at Item No. 5 of the notice of the AGM for approval of the members.

Except Mr. Chokhany, 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. 5 of the accompanying notice of the AGM. Mr. Chokhany is not related to any Director of the Company.

Item No. 6: Appointment of Mr. K. Satyanarayana (DIN: 07160142) as Non-Executive Director:

Pursuant to the provisions of Section 161 of the Companies Act 2013, read with the Articles of Association of the Company and based on the recommendations of the Nomination and Remuneration Committee (NRC), the Board of Directors of the Company at their meeting held on 30th April 2020 appointed Mr. K. Satyanarayana (DIN: 07160142) as a Non-Executive Director with effect from 30th April 2020, who holds the office till the date the ensuing AGM.

Mr. Satyanarayana aged 54 years, is a Graduate Civil Engineer from Andhra University having 30+ years of varied experience in the construction industry. He is also a Qualified Project Management Professional and having Six Sigma Green Belt to his credence.

He is a Director on Board for a JV Company (TEIL) of Tata Projects Ltd and Engineers India Limited, Member of Corporate Leadership Council of Tata Projects Limited (TPL) and is one of the Trustees of TPL PF Trust Board. In addition, he is Director on Board for many Joint Ventures operated by Tata Projects.

He is the Chief Operating Officer (COO) of Strategic Business Group-Industrial Systems, which operates in sectors such as, Power Plants, Oil Gas & Hydrocarbon, Steel Plants, Defense & Nuclear, Manufacturing facilities (Loco Manufacturing Units, Food Processing Plants etc), High Rise Buildings including Residential Buildings, Hospitals, IT Parks, Institutional Buildings and Environmental Projects which includes River Rejuvenation, Water Treatment plants, Sewage Treatment plants, Irrigation projects etc.

Apart from his involvement in the Organizational Initiatives such as Operational Excellence, Innovation & Technology, Sustainability etc., he is responsible for handling business over Rs.6000 Crore.

Mr. Satyanarayana is not disqualified from being appointed as Director in terms of Section 164 of Companies Act, 2013 and has given his consent to act as Director. Further, the Company has received a Notice in writing under Section 160 of the Act from a Member of the Company proposing Mr. Satyanarayana as a candidate for the office of a Director.

Therefore, it is proposed to appoint Mr. Satyanarayana as a Non-executive Director w.e.f. 30th April 2020 liable to retire by rotation.

The Board considers that his association would be of immense benefit to the Company and it is desirable to avail services of Mr. Satyanarayana as a Non-executive Director and based on the recommendation of the Nomination and Remuneration Committee recommends the Ordinary Resolution as set out at Item No. 6 of the notice of the AGM for approval of the members.

Except Mr. Satyanarayana, 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. 5 of the accompanying notice of the AGM. Mr. Satyanarayana is not related to any Director of the Company.

Regarding Item Nos. 2 to 6 – The information pursuant to Para 1.2.5 of Secretarial Standard 2, pertaining to Director seeking Appointment/ Re-appointment:

Name	Mr. Vinayak K. Deshpande	Mr. Sunil Sheshagirao Potdar	Mr. Arvind Chokhany	Mr. K. Satyanarayana
Designation	Chairman (Non-Executive)	Independent Director	Non-Executive Director	Non-Executive Director
Director Identification Number (DIN)	00036827	00177142	06668147	07160142
Date of Birth	21st July 1957	13th March 1957	18th April 1972	2nd November 1965
Qualifications	B. Tech (Chemical)	Chemical Engineer	Chartered Accountant	Civil Engineer
Specialised Expertise	Design and Sales of Boilers and Captive Power Plants, EPC and Construction/ Infrastructure Business	Strategy Planning Business Development and Project Management	Finance Operations, Capital / Balance Sheet, Working Capital Management	Business Development, Operational Excellence & Project Management
Experience	Approx. 4 decades of overall experience	Approx. 4 decades of overall experience	Approx. 3 decades of overall experience	Over 3 decades of overall experience
Terms and Conditions of Appointment	Nominee of Tata Projects Limited (Holding Company); Non-Executive Director & Chairman of the Board	Independent Director	Nominee of Tata Projects Limited (Holding Company); Non-Executive Director	Nominee of Tata Projects Limited (Holding Company); Non-Executive Director
Remuneration	Nil	Nil	Nil	Nil
Date of First Appointment on the Board	1st February 2012	30th April 2020	30th April 2020	30th April 2020
Directorship in other Indian companies	1. Kennametal India Limited (KIL) 2. Voltas Limited (VL) 3. Tata Projects Limited (TPL) 4. TRF Limited (TRF) 5. Signify Innovations India Limited (SIIL) 6. Pune IT City Metro Rail Limited (PCMRL)	Mincem Engineering Consultants Private Limited	1. Ujjwal Pune Limited 2. TCC Construction Private Limited 3. TP Luminaire Private Limited	TEIL Projects Limited

Name	Mr. Vinayak K. Deshpande	Mr. Sunil Sheshagirirao Potdar	Mr. Arvind Chokhany	Mr. K. Satyanarayana
Positions in Committees of other Indian companies	1. KIL - Chairman of NRC; Member of AC & RC. 2. VL - Chairman of PC & SHE. 3. TPL - Member of CSR, OPEX, PRC, FC & SAC 4. TRF - Member of EC & SRC 5. SIIL - Chairman of SRC; Member of AC & NRC 6. PCMRL – Chairman of NRC	Nil	Nil	Nil
Number of shares held in the Company	Nil	Nil	Nil	Nil
Relationship, if any, with other Directors, Manager and other KMP	Nil	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 NRC, CSR, and EC	Member of Audit Committee and Project Review Committee	Invitee for the Audit Committee	Member of Project Review Committee
Number of Board Meetings attended	Attended all Board Meetings (5) held during the year	Attended all Board Meetings (2) held post appointment	Attended all Board Meetings (2) held post appointment	Attended all Board Meetings (2) held post appointment

* AC: Audit Committee; NRC: Nomination & Remuneration Committee; SRC: Stakeholders Relationship Committee; CSR: Corporate Social Responsibility Committee; PRC: Project Review Committee; EC: Executive Committee; RC: Risk Committee; PC: Project Committee; SHE: Safety-Health-Environment Committee; OPEX: Operations Excellence Committee; FC: Finance Committee; SAC: Securities Allotment Committee.

Item No. 7: Ratification of remuneration payable to the Cost Auditors for the financial year 2020-21

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 31st March 2020-21 at a remuneration of Rs. 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. 7 of the notice for ratification of the remuneration payable to the cost Auditor for the financial year ended 31st March 2021.

Accordingly, the Board of Directors recommends the resolution at Item No. 7 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. 8: Related Party Transactions (RPT) with Tata Projects Limited (TPL)

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, Mr. Pralhad Pawar, Mr. Arvind Chokhany; and Mr. K. Satyanarayana 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.	Rs. 300 Crore
	Rent/ Leasing of property of any kind.	Rs. 20 Crore
	Total	Rs. 320 Crore
Whether the transactions have been approved by the Board of Directors	Yes, in the Board Meeting held on 11th May 2020.	
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. 8 for approval.

Mr. Vinayak K. Deshpande, Mr. Pralhad Pawar, Mr. Arvind Chokhany; and Mr. K. Satyanarayana being nominees of Holding Company, may be considered as related to Promoters and therefore may deemed to be considered as interested or concerned. However, 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.

Registered Office

2nd 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: 31st July 2020
Place: Pune

Vinayak K. Deshpande
Chairman
DIN: 00036827

BOARD'S REPORT

To the Members,

The Board presents the 41st Annual Report of Artson Engineering Limited (the Company or AEL) along with the Audited Financial Statements for the year ended 31st March 2020.

1. FINANCIAL RESULTS

PARTICULARS	Amount (Rs. in Lakhs)	
	2019-20	2018-19
Gross Turnover (including Other Income)	16958.87	16156.61
Profit before Interest and Depreciation (EBIDTA)	1805.96	810.67
Finance Charges	1002.07	685.53
Depreciation and Amortization	181.23	112.92
Total Expenditure	16336.21	16144.39
Net Profit Before Tax (PBT)	622.66	12.22
Less: Tax expense	(696.37)	(180.86)
Net Profit After Tax (PAT)	(73.71)	(168.64)
Other Comprehensive Income	5.99	0.38
Total Comprehensive income	(67.72)	(168.26)
Balance of Profit brought forward	190.25	214.67
Balance available for appropriation	146.71	190.25
Surplus carried to Balance Sheet	146.71	190.25

2. COMPANY'S PERFORMANCE

The Company's total income for the year under review aggregated Rs. 16959 Lakhs (Previous Year: Rs. 16157 Lakhs). The operations of the Company for the year under review resulted in profit before tax of Rs. 623 Lakhs (Previous Year: 12 Lakhs) and profit/ (loss) after tax of (Rs. 74 Lakhs) (Previous Year: 169 Lakhs Loss).

During the year under review, the Company has completed fabrication of all 4 large diameter (79 Mtrs.) tanks for storage of crude oil at IOCL, Paradip and while one tank has been handed over to the client, the other three are in various stages of commissioning. Upon completion, the Company will regain its pre-qualification eligibility for pursuing more projects of similar large diameter tanks.

The Company has also completed construction of 3 tanks for storage of Aviation Turbine Fuel (ATF) for GMR Hyderabad airport. The tanks are under commissioning before handing over for operations.

The Company has achieved considerable progress in the tankage projects for IOCL at Dhumad, BPCL Pune, automated warehouse project for ITC at Kapurthala and Aluminium Dross project for Runaya resource at Jharsuguda.

The Nagpur unit of the Company has executed orders for supply of over 4000 MT of steel structures to various clients, including ThyssenKrupp, BHEL, John Zink and Tata Projects.

The Nashik unit of Company delivered over 2100 tonnes of process equipment, achieved highest turnover and highest order booking during the last financial year. The unit has also completed delivery of 3 out of 6 sets of Air storage vessels to Tata Projects Limited for their prestigious ISRO project. This year, the unit has marked its entry into medium and high-pressure vessel manufacturing segment by acquiring high thickness plate bending machine and welding capabilities.

During the year under review, the Company received new orders with estimated value of approx. 14000 Lakhs. The closing order backlog of the Company for the year ended 31st March 2020 stood at approx. 17500 Lakhs.

Some of the major orders received during the year are as follows:

- From BHEL for Fabrication and Supply of Steel Structures from our Nagpur facility for their NTPC Patrattu Project.
- From Tata Projects Limited for Manufacturing of Air Vessels at our Nashik facility for their ISRO Trisonic Wind Tunnel Project.
- From John Zink Hamworthy for Fabrication of Structural Derrick.
- From ThyssenKrupp & FLS for additional quantity to their ongoing orders.

Further, decisions on few other major bids submitted by the Company were postponed / projects shelved, which are expected to materialise in the current financial year.

On 11th March 2020, the Covid-19 outbreak was declared a global pandemic by the World Health Organization (WHO). Consequent to this, Government of India declared lockdown on 22nd March 2020, which was further extended from time to time. In line with Government directives, the Company had temporarily shut down its operations since 23rd March 2020, impacting working of the Company. Thereafter, operations of the Company has gradually re-started during May 2020 in a phased manner.

OUTLOOK

Business demonstrated moderate growth for companies in the steel fabrication and process equipment manufacturing segments during most of last year. Further, the COVID-19 pandemic created disruptions from mid-March in the regional and domestic supply chains and resourcing, including availability of labour, plant, machinery, materials and capital, thus affecting construction and fabrication business.

Current year is expected to witness the continuing lockdown, labour issues and supply chain disruptions, restricted government spending may degrow the infrastructure sector. In general, the pandemic and subsequent nationwide lockdown are likely to disrupt the growth of infrastructure construction and process companies for FY2021.

The Company continues to face challenges in arranging transportation and accommodation for labour, maintaining social distancing at factories and construction sites, obtaining clearances from district officials for intra and inter-district movement and ensuring raw material availability. Thus, the manufacturing sector is likely to take some time to return to normalcy even after the lockdown is lifted and bulk of construction activity, therefore, is likely to resume only in the third quarter of this fiscal at the earliest.

The Company is now leveraging technology and transforming office workplace to be more virtual and less physical. At project sites and factories, new technologies such as mechanised circumferential welding, column and boom type robotic welding line for fabrication and automation are being introduced.

Market forecasts for FY2021 would be varying depending on the evolving situation and the assumptions being made on the recovery process in the country. This is so as the explanatory factors, i.e., the extension of lockdown and the quantum of economic activity permitted is unknown and has to be assumed. The assumption that after the lockdown ending, the recovery process will be gradual and be calibrated across all sectors with the second half being closer to normal.

The Company continues to maintain excellent record on Employee's Health and Safety at all factory locations and project sites and has 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 Garden Reach Shipbuilders & Engineers Limited (GRSE) for best safety practices.
- Received token of appreciation from Murata Machinery India Private Limited (Muratec) for good safety practices.

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 2019-20. Further, as the members are aware, pursuant to the revised terms of the loan (interest free for 20 years) given by the Holding Company, 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 31st March 2020.

8. BORROWINGS

The borrowings of the Company i.e. long-term loans and working capital facilities from Banks stood at Rs. 5740 Lakhs as at 31st March 2020.

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**. Further, the Annual Return of the Company for the FY 2018-19 is available on the website of the Company i.e., www.artson.net

10. 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 changes 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. 31st March 2020 and the date of the report i.e., 31st July 2020.

11. DIRECTORS AND KEY MANAGERIAL PERSONNEL

a) Appointment of Director

Based on the recommendation of the NRC, the Board of Directors at their meeting held on 30th April 2020 appointed the following as the Directors of the Company with immediate effect:

S. No.	Name	Designation / Role
1	Mr. Sunil Sheshagirirao Potdar	Additional Director (Independent)
2	Mr. Arvind Chokhany	Additional Director (Non-Executive, Non-Independent)
3	Mr. K. Satyanarayana	Additional Director (Non-Executive, Non-Independent)

Resolutions pertaining to the appointment of the above mentioned three Directors has been included in the notice convening 41st AGM of the Company.

b) Cessation of Directors

During the year under review, Mr. Michael Bastian, retired from the position of Independent Director of the Company on completion of his term.

c) Directors retiring by rotation

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

d) Changes in Directorship

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

e) Changes in the Key Managerial Personnel

During the year under review, there was no change in KMPs of the Company.

f) Declaration by Independent Directors

As per the requirement of Section 149 (7) of the Act, Mr. Nalin M. Shah, Ms. Leja Hattiangadi and Mr. Sunil Sheshagirirao Potdar, 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.

12. NUMBER OF BOARD MEETINGS

During the financial year, the Board met Five (5) times i.e., on 8th May 2019, 23rd July 2019, 4th September 2019, 5th November 2019; and 27th January 2020. The gap between any two consecutive Board Meetings did not exceed One Hundred and Twenty days.

13. 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.

Based on the annual evaluation process and the overall engagement of the Independent Directors in the affairs of the Company during the year, the Board of Directors are of the opinion that the Independent Directors of the Company possess, practice and preach highest standards of integrity and have the required experience and expertise in their respective areas which enable them to provide guidance to the Management and adds value in the Company's decision process.

14. 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 31st March 2020. 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 was no material departure 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 31st March 2020 and of the profit/ loss 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 31st March, 2020; and proper systems have 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 31st March 2020.

15. AUDIT COMMITTEE

During the year under review, and on 30th April 2020, the Audit Committee was reconstituted. At present, the Audit Committee comprises of:

S. No.	Name	Role	Designation
1	Mr. Nalin M. Shah	Chairman	Independent Director
2	Ms. Leja Hattiangadi	Member	Independent Director
3	Mr. Pralhad Pawar	Member	Non-Executive Director
4	Mr. Sunil Sheshagirirao Potdar	Member	Independent Director

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. The Committee is governed by terms of reference, which are in line with the regulatory requirements mandated by the Companies Act, 2013 and Listing Regulations.

During the financial year, the Audit Committee met Five (5) times i.e., on 8th May 2019, 23rd July 2019, 4th September 2019, 5th November 2019; and 27th January 2020.

16. NOMINATION AND REMUNERATION COMMITTEE

During the year under review, the Nomination and Remuneration Committee (NRC) was reconstituted. At present the NRC comprises of:

S. No.	Name	Role	Designation
1	Ms. Leja Hattiangadi	Chairperson	Independent Director
2	Mr. Vinayak K. Deshpande	Member	Non-Executive Director
3	Mr. Nalin M. Shah	Member	Independent Director

The composition of the Committee is as per the requirements of the provisions of Section 178 of the Act and the Listing Regulations. The Committee is governed by terms of reference, which are in line with the regulatory requirements mandated by the Companies Act, 2013 and Listing Regulations

During the financial year, the NRC met Four (4) times i.e., on 8th May 2019, 23rd July 2019, 5th November 2019; and 27th January 2020.

17. STAKEHOLDERS' RELATIONSHIP COMMITTEE

During the year under review, the Stakeholders' Relationship Committee (SRC) was reconstituted. At present the SRC comprises of:

S. No.	Name	Role	Designation
1	Ms. Leja Hattiangadi	Chairperson	Independent Director
2	Mr. Nalin M. Shah	Member	Independent Director
3	Mr. Pralhad Pawar	Member	Non-Executive Director

The composition of the Committee is as per the requirements of the provisions of Section 178 of the Act and the Listing Regulations. The Committee is governed by terms of reference, which are in line with the regulatory requirements mandated by the Companies Act, 2013 and Listing Regulations.

During the financial year, the SRC met four (4) times i.e., on 8th May 2019, 23rd July 2019, 5th November 2019; and 27th January 2020.

18. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

During the year under review, there was no change in the constitution of the Corporate Social Responsibility (CSR) Committee. At present the Committee comprises of:

S. No.	Name	Role	Designation
1	Ms. Leja Hattiangadi	Chairperson	Independent Director
2	Mr. Vinayak K. Deshpande	Member	Non-Executive Director
3	Mr. Pralhad Pawar	Member	Non-Executive Director

The composition of the Committee is as per the requirements of the provisions of Section 135 of the Act and the Listing Regulations.

Pursuant to the provision of section 135 of the Companies Act 2013 read with the corresponding Rules made thereunder and the CSR Policy adopted by the Board of Directors, the provisions of CSR spending in the year 2019-20 were not applicable to the Company. Therefore, there was no CSR Committee meeting held during the year.

However, the CSR policy adopted by the Company is enclosed as **Annexure 2**.

19. 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**.

20. 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.

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. 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.

25. 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.

26. 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.

27. 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 38th Annual General Meeting (AGM) of the Company held on 21st 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 38th AGM till the conclusion of the 43rd AGM to be held in the year 2022.

The Auditors' Report issued by PwC for the financial year 2019-20 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 11th May 2020 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 11th May 2020 re-appointed M/s. Sagar and Associates, Cost Accountants (Firm Registration No. 000118), as the Cost Auditors for the financial year 2020-21 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 41st 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 8th May 2019 had appointed M/s. MKS & Associates, Company Secretaries (Firm Registration No. S2017TL460500) as the Secretarial Auditors for the financial year 2019-20. The Secretarial Audit Report for the financial year 2019-20 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 11th May 2020 re-appointed M/s. MKS & Associates, Company Secretaries (Firm Registration No. S2017TL460500) as the Secretarial Auditors of the Company for the financial year 2020-21. 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.

28. 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 2019-20.

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 workplace. 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 Rs. 17,00,00,000/- comprising of 15,00,00,000 equity shares of Rs. 1/- and 2,00,000 preference shares of Rs. 100/- each. Further, the paid-up equity share capital of the Company is Rs. 3,69,20,000/- divided into 3,69,20,000 equity shares of Rs. 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 Rs. 10 Crore nor the net-worth exceeds Rs. 25 Crore as on the last day of previous financial year i.e. 31st March 2020.

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

2nd 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: 31st July 2020

Place: Pune

Form MGT- 9

EXTRACT OF ANNUAL RETURN

As on the Financial Year ended 31st March 2020

[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	18th 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	2nd Floor, One Boulevard, Lake Boulevard Road, Hiranandani Business Park, Powai, Mumbai, Maharashtra - 400076. Website: www.artson.net
Whether listed Company (yes/ no)	Yes (BSE Limited)
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	31.61
2.	Industrial & Infrastructure projects	332 & 422	68.39

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Name and address of the Company	CIN/ GLN	Holding / Subsidiary / Associate	% of Shares	Applicable Section
Tata Projects Limited				
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	
A. Promoters									
1. Indian									
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%
Sub-total (A)(1)	2,76,90,000	0	2,76,90,000	75 %	2,76,90,000	0	2,76,90,000	75 %	0.00%
2. Foreign									
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%
Sub-total (A)(2)	0	0	0	0.00%	0	0	0	0.00%	0.00%
Total Shareholding of Promoter (A)=(A)(1)+(A) (2)	2,76,90,000	0	2,76,90,000	75 %	2,76,90,000	0	2,76,90,000	75 %	0.00%
B. Public Shareholding									
1. Institutions									
a. Mutual Funds/ UTI	0	2,875	2,875	0.0078%	0	2,875	2,875	0.0078%	0.00%
b. Banks/ Financial Institutions	0	1,400	1,400	0.0038%	0	1,400	1,400	0.0038%	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. FIs	0	0	0	0.00%	0	0	0	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)	0	770	770	0.0021%	0	770	770	0.00%	(0.0021%)
Sub- total (B)(1)	0	5045	5045	0.0137%	0	5045	5045	0.0137%	(0.02%)
2. Non-Institutions									
a. Bodies Corporate									
i. Indian	993367	400000	1393367	3.7740%	760067	400000	1160067	3.1421%	(0.63)%
ii. Overseas	0	0	0	0.00%	0	0	0	0.00%	0.00%
b. Individuals									
i. Individual / other shareholders holding nominal share capital up to Rs. 1 lakh	4473575	1409307	5882882	15.9341%	5336295	1366389	6702684	18.1546	2.2205%
ii. Individual/ others shareholders holding nominal share capital in excess of Rs. 1 lakh	1145559	0	1145559	3.1028%	444965	0	444965	1.2052	(1.8976)%
c. Others specify									
Non-Resident Individual	153276	36735	190011	0.5147%	220147	36735	256882	0.6958	0.1812%
NBFC registered with SEBI	1300	0	1300	0.0035	0	0	0	0	0.00%
Hindu Undivided Family	569509	0	569509	1.5425	649105	0	649105	1.7581	0.2156%
Clearing Member	42327	0	42327	0.1146	11252	0	11252	0.0305	(0.0842)%
Sub- total (B)(2)	7378913	1846042	9224955	24.9863	7421831	1803124	9224955	24.9863%	0.00%
Total Public Shareholding (b)=(B)(1) +(B)(2)	7378913	1851087	9230000	25.00	7421831	1808169	9230000	25.00%	0.00%
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00%	0	0	0	0.00%	0.00%
GRAND TOTAL = (A) + (B) + (C)	35068913	1851087	36920000	100	35111831	1808169	36920000	100%	0.00%

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.		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	At the beginning of the year	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	At the End of the year	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	Narayan Keshavdas Jagasia*	255730	0.6927	07.06.2019	(1800)	Decrease	253930	0.6878	252930	0.6851
				05.07.2019	(1000)		252930	0.6851		
3	Pranav Securities Private Limited	200000	0.5417	-	-	-	200000	0.5417	200000	0.5417
4	Veena K Jagwani	141090	0.3822	09.08.2019	8000	Increase	149090	0.4038	192065	0.5202
				30.08.2019	2000	Increase	151090	0.4092		
				15.11.2019	20000	Increase	171090	0.4634		
				27.12.2019	1384	Increase	172474	0.4672		
				10.01.2020	(7109)	Decrease	165365	0.4479		
				17.01.2020	23500	Increase	188865	0.5116		
				24.01.2020	3200	Increase	192065	0.5202		
5	Vinod Kumar Ohri	106798	0.2893	09.08.2019	10000	Increase	116798	0.3164	142798	0.3868
				30.08.2019	5000	Increase	121798	0.3299		
				15.11.2019	10000	Increase	131798	0.357		
				27.12.2019	11000	Increase	142798	0.3868		

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
6	Ketan Jayantilal shah-HUF	119000	0.3223	-	-	-	-	-	119000	0.3223
7	Pranav M Shah	100000	0.2709	-	-	-	-	-	100000	0.2709
8	Renuka Pranav Shah	100000	0.2709	-	-	-	-	-	100000	0.2709
9	Consortium Sec. Pvt Ltd	100000	0.2709	-	-	-	-	-	100000	0.2709
10	Neepea K Shah	0	0	14.06.2019	100000	Increase	100000	0.2709	100000	0.2709
11	Dhruv Bhasin	103769	0.2811	12.07.2019	(71289)	Decrease	32480	0.088	67620	0.1822
				26.07.2019	(12410)	Decrease	20070	0.0544		
				30.08.2019	(13242)	Decrease	6828	0.0185		
				13.12.2019	66599	Increase	73427	0.1989		
				17.01.2020	(1632)	Decrease	71795	0.1945		
				24.01.2020	(1675)	Decrease	70120	0.1899		
				31.01.2020	(2860)	Decrease	67260	0.1822		
12	Meenaxi Narendra Mehta*	385000	1.0428	31.05.2019	(39063)	Decrease	345937	0.937	0	0
				07.06.2019	(80168)	Decrease	265769	0.7199		
				14.06.2019	(11563)	Decrease	254206	0.6885		
				21.06.2019	(29628)	Decrease	224578	0.6083		
				29.06.2019	(970)	Decrease	223608	0.6057		
				05.07.2019	(98608)	Decrease	125000	0.3386		
				12.07.2019	(25000)	Decrease	100000	0.2709		
				19.07.2019	(25000)	Decrease	75000	0.2031		
				26.07.2019	(25000)	Decrease	50000	0.1354		
				15.11.2019	(9463)	Decrease	40537	0.1098		
				22.11.2019	(5760)	Decrease	34777	0.0942		
				29.11.2019	(11905)	Decrease	22872	0.062		
				06.12.2019	(2141)	Decrease	20731	0.0562		
				13.12.2019	(4966)	Decrease	15765	0.0427		
				20.12.2019	(15765)	Decrease	0	0.00		
13	Vishal Narendra Mehta*	260000	0.7042	12.07.2019	(60000)	Decrease	200000	0.5417	0	0
				26.07.2019	(40000)	Decrease	160000	0.4334		
				08.11.2019	(150382)	Decrease	9618	0.0261		
				15.11.2019	(9618)	Decrease	0	0		

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 is been clubbed based on the PAN.

V. INDEBTEDNESS

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

(Rs. Lakh)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount	3258.14	-	-	3258.14
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	3258.14	-	-	3258.14
Change in Indebtedness during the financial year				
• Addition (+)	2481.52	-	-	2481.52
• Reduction (-)	0	-	-	0
Net Change	2481.52	-	-	2481.52
Indebtedness at the end of the financial year				
i. Principal Amount	5739.66	-	-	5739.66
ii. Interest due but not paid	0	-	-	0
iii. Interest accrued but not due	0	-	-	0
Total (i+ii+iii)	5739.66	-	-	5739.66

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	
1.	Gross Salary		
	a. Salary as per provisions of section 17(1) of the Income-tax Act, 1961	86,83,236	86,83,236
	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	-	-
	Total (A)	86,83,236	86,83,236

B. Remuneration to other Directors:

S. No.	Particulars of Remuneration	Name of Directors			Total Amount (Rs.)
1	Independent Directors				
	Name / Particulars	Mr. Nalin M. Shah	Mr. Michael Bastian	Ms. Leja Hattiangadi	Total
	Fee for attending Board Committee meetings and Independent Directors meeting	4,20,000	2,00,000	5,20,000	11,40,000
	Commission	0	0	0	0
	Total (B)(1)	4,20,000	2,00,000	5,20,000	11,40,000
2	Other Non-Executive Directors				
	Name / Particulars		Mr. Vinayak K. Deshpande	Mr. Pralhad Pawar	Total
	Fee for attending Board Committee meetings		0	0	0
	Commission		0	0	0
	Total (B) (2)		0	0	0
Total (B)= (1)+(2)					11,40,000
Overall Ceiling as per the Act		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 Rs. 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 Fee.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WT

S. No.	Particulars of Remuneration	Key Managerial Personnel			
		Manager	Company Secretary	CFO	Total (Rs.)
		Mr. Saket Mathur	Mr. Deepak Tibrewal	Mr. Balaji S	
1.	Gross Salary				
	i. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	86,83,236	16,42,404	33,81,376	1,37,07,016
	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	-	-	-	-
	Total (A)	86,83,236	16,42,404	33,81,376	1,37,07,016

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)
A. Company					
Penalty	Nil				
Punishment					
Compounding					
B. Directors					
Penalty	Nil				
Punishment					
Compounding					
C. Other Officers in Default					
Penalty	Nil				
Punishment					
Compounding					

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

Vinayak K. Deshpande

Chairman

DIN: 00036827

Date: 31st July 2020

Place: Pune

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]

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, 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.

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

Vinayak K. Deshpande
Chairman
DIN: 00036827

Date: 31st July 2020
Place: Pune

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-imbursements 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.

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

Vinayak K. Deshpande
Chairman
DIN: 00036827

Date: 31st July 2020
Place: Pune

FORM AOC-2

For the financial year ended 31st March 2020

[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)
Name of the related party: Tata Projects Limited (Holding Company)					
1	Related Party Contract SBU-PG (Power Generation)/NTPC-CHP Darlipali/100041/18836 and subsequent communication for fabrication and supply of structures for NTPC Darlipali Project	Completed in February 2020	23.00	NA	Nil
2	Related Party Contract Amendment to SBU-O&G(Oil Gas Hydrocarbon)/ EPC-I,II Trisonic Wind Tunnel - 500047/6994, due to Change in scope for Air Vessels	Ongoing till May 2020	694.15	NA	Nil
3	Related Party Contract SBU-O&G (Oil Gas Hydrocarbon / EPC 1_2 Trisonic Wind Tunnel/ 500047 / 6994 for Design, Engineering, Fabrication, Transportation, Alignment, and Site Assembly of 6 nos. of Air Storage Vessels for TERCS / VSSC	Completed in February 2020	2032.00	NA	710.13
4	Related Party Contract SBU-O&G/ ISRO -TWT/ DMCW /Artson/ WO-001 for Design, Engineering, Services for DM Water Storage Tank and Cooling Water Tank	Completed in June 2019	21.00	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	SBU-O&G/ISRO -TWT/ Air Vessel /Artson/WO-001 for-Design and Engineering Services for Air Vessels for TERLS. VSSC	Completed in August 2019	203.25	NA	Nil
6	SBU-ISC (Industrial Services and Construction)/F2BS P Block Fabrication/ 810018/ 815 for Fabrication of Block and Outfitting at GRSE	Ongoing	74.00	NA	NA
7	Shared services/ re-imbursement of expenses	Ongoing	48.29	NA	Nil
8	Rent, maintenance and allied services	Ongoing	28.18	NA	Nil
9	Deputation of employees	Ongoing	85.93	NA	Nil
Name of the related party: Key Managerial Personnel – CS, CFO & Manager/COO					
10	Remuneration	Ongoing	137.07	NA	Nil

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Date: 31st July 2020
Place: Pune

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

Vinayak K. Deshpande
Chairman
DIN: 00036827

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 31st 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

(Rs. In Crores)

Foreign Exchange	Financial Year ended 31st March 2020	Financial Year ended 31st March 2019
Earnings	4.48	4.34
Outgo	7.10	5.90

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

Vinayak K. Deshpande

Chairman

DIN: 00036827

Date: 31st July 2020

Place: Pune

Form MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration 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 31st March, 2020 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 31st March 2020 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 – 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 be 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 Rs. 10 crores and net worth does not exceed Rs. 25 crores as on March 31, 2017 to the extent that they are addition to the requirements specified under the Companies Act, 2013.

We further report that:

I further report that The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, 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.

We 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.

For MKS and Associates
(Reg. No. S2017TL460500)

Manish Kumar Singhania
Practicing Company Secretary:
ACS No. 22056
C P No: 8068
UDIN: A022056B000218703

Place: Hyderabad
Date: 09.05.2020

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.

For MKS and Associates
(Reg. No. S2017TL460500)

Manish Kumar Singhania
Practicing Company Secretary:
ACS No. 22056
C P No: 8068
UDIN: A022056B000218703

Place: Hyderabad
Date: 09.05.2020

Registered Office

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

Date: 31st July 2020
Place: Pune

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

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 31st March 2020.

(₹ in Lakhs)

Name of the Director	Designation	Ratio	Remuneration
Mr. Vinayak K. Deshpande	Chairman	---	---
Mr. Nalin M. Shah	Independent Director	0.91:1	4.20
Mr. Michael Bastian*	Independent Director	1.29:1	2.00
Mr. Pralhad Pawar	Non-Executive Director	---	---
Ms. Leja Hattiangadi	Independent Director	1.12:1	5.20

* For part of the year

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 31st March 2020

(₹ in Lakhs)

Directors	Designation	% Increase in Remuneration
Mr. Vinayak K. Deshpande	Chairman	NA
Mr. Nalin M. Shah	Director	(16.67)
Mr. Michael Bastian	Director	7.14
Mr. Pralhad Pawar	Director	NA
Ms. Leja Hattiangadi	Director	(27.76)
Key Managerial Personnel (KMP)		
Mr. Saket Mathur	Manager & Chief Operating Officer	14.00
Mr. S. Balaji	Chief Financial Officer	10.00
Mr. Deepak Tibrewal	Company Secretary & Compliance Officer	10.60

III. % Increase in median remuneration of employees in the Financial Year: **8.20%**

IV. Number of permanent Employees on the roll of the Company: **186**

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

(₹ in Lakhs)

Particulars	2019-20	2018-19
Total Income	16958.87	16156.61
EBITDA	1805.96	810.67
EBITDA as % of total income	10.65%	5.02%
PAT	(73.71)	(168.64)
PAT as % of total income	(0.43%)	(1.04%)

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: **8.20%**
 - percentile increase in the managerial remuneration: **11.00%**
- 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: **8.20%**
- 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.

Registered Office

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

Date: 31st July 2020
Place: Pune

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

Vinayak K. Deshpande
Chairman
DIN: 00036827

INDEPENDENT AUDITORS' 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, 2020, 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, 2020, 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.

Emphasis of Matter

4. We draw your attention to Note 46 to the financial statements, which explains the uncertainties and the Management's assessment of the financial impact due to the lock-downs and other restrictions and conditions related to the COVID-19 pandemic situation, for which a definitive assessment of the impact in the subsequent period is highly dependent upon circumstances as they evolve. Further, our attendance at the physical inventory verification done by the Management was not practicable under the current lock-down restrictions imposed by the government, and we have therefore, relied on the related alternate audit procedures to obtain comfort over the existence and condition of inventory at year end. Our opinion is not modified in respect of this matter.

Key audit matters

5. 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 depreciation and business losses pertaining to the earlier assessment years. The balance of such deferred tax asset as at March 31, 2020 is Rs. 403.00 Lakhs (comprising of deferred tax asset of Rs. 115.83 Lakhs and Rs. 287.17 Lakhs in respect of unabsorbed depreciation and business losses respectively), which is included in Deferred tax assets (net) amounting to Rs. 505.31 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 matter

Our procedures included the following:

- Evaluation of the design and testing operating effectiveness of the Company's control relating to 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 the reasonability of Management estimates (including testing of reasonability of the provision made by the Management for unrecoverable portion of the Deferred Tax Asset) and key assumptions such as growth rate and estimated percentage of gross profit used in Management projections of the future taxable profits and whether tax losses can be utilized within the forecast recoupment period;
- Evaluating the progress made by the Company in recent periods vis-à-vis the budget along with reasons for variance, if any, which inter-alia included monitoring of progress of projects and related costs and improvement of order book position;

Based on the above procedures, we assessed 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

Estimation of construction contract revenue and related costs (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.

As explained above contract revenue is measured based on the proportion of contract costs incurred for work performed till the balance sheet date, relative to the estimated total contract costs. The recognition of revenue and profit/loss therefore rely on estimates in relation to total estimated costs.

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

6. 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

7. 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.
8. 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

9. 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
10. 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.
11. 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.
 12. 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.
 13. 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

14. 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.
15. 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 Statement of Cash Flows 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, 2020 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2020 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 reporting 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 44 to the financial statements;
 - ii. The Company has long-term contracts as at March 31, 2020 for which there were no material foreseeable losses. The Company did not have any long-term derivative contracts as at March 31, 2020.
 - 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, 2020.
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020
16. 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.

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

Sunit Kumar Basu

Partner

Membership Number: 55000

UDIN: 20055000AAAAAZ2814

Place: Hyderabad
Date : May 11, 2020

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 15 (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, 2020

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, 2020 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, 2020, 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. Also refer paragraph 4 of our main audit report.

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

Sunit Kumar Basu

Partner

Membership Number: 55000

UDIN: 20055000AAAAAZ2814

Place: Hyderabad
Date : May 11, 2020

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 14 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, 2020

- 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. Further, our attendance at the physical inventory verification done by the Management was not practicable under the current restrictions imposed by the government and we have performed alternate audit procedures. Also refer Note 46 to the financial statements and paragraph 4 of our main audit report.
- 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 the undisputed statutory dues in respect of income tax, provident fund, employees' state insurance, though there has been slight delays in a few cases, and is regular in depositing undisputed statutory dues, including 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.

Further, for the period February 01, 2020 to March 31, 2020, the Company is yet to pay Goods and Service Tax and file GSTR - 3B, for which the timeline is June 30, 2020 (along with the payment of interest) as per the Notification No. 31/2020 issued by the Central Board of Indirect Taxes and Customs.

- (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 taxes as at March 31, 2020 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount disputed (Rs. in Lakhs)	Amount deposited (Rs. in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Central Sales Tax Act, 1956	Central Sales Tax	41.40	4.24	F.Y 2007-08	Maharashtra Sales Tax Tribunal

Name of the statute	Nature of dues	Amount disputed (Rs. in Lakhs)	Amount deposited (Rs. in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
MVAT Act, 2002	Value Added Tax & Central Sales Tax	1.60	Nil	F.Y 2011-12	Deputy Commissioner of Sales Tax (Appeals)
Punjab Value Added Tax Act, 2005	Value Added Tax	4.84	1.21	F.Y 2009-10	Joint Director-cum- Deputy Excise & Taxation Commissioner (Appeals)
Punjab Value Added Tax Act, 2005	Value Added Tax	2.32	Nil	F.Y 2009-10	Excise & Taxation Officer - cum-Officer Incharge
West Bengal Value Added Tax Act, 2003	Value Added Tax	1.99	0.39	F.Y 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 moneys raised by way of 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

UDIN: 20055000AAAAAZ2814

Place: Hyderabad
Date : May 11, 2020

BALANCE SHEET AS AT 31ST MARCH, 2020

(All amounts are in ₹ Lakhs unless otherwise stated)

Particulars	Notes	As at 31 st March, 2020	As at 31 st March, 2019
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	871.49	451.90
(b) Capital work-in-progress	3	24.78	20.98
(c) Intangible assets	4	13.61	6.67
(d) Right of use assets	4	92.80	-
(e) Financial assets			
(i) Trade receivables	5	307.85	76.17
(ii) Other financial assets	6	8.53	8.53
(f) Deferred tax assets (net)	7	505.31	1,307.23
(g) Non-current tax assets (net)		352.98	331.36
(h) Other non-current assets	8	244.15	288.96
Total non-current assets		2,421.50	2,491.80
Current assets			
(a) Inventories	9	1,720.84	1,836.71
(b) Financial assets			
(i) Trade receivables	5	3,163.90	3,516.70
(ii) Cash and cash equivalents	10	66.77	219.83
(iii) Bank balances other than (ii) above	11	108.99	118.02
(iv) Other financial assets	6	7,100.91	5,086.02
(c) Other current assets	8	1,392.84	1,111.35
Total current assets		13,554.25	11,888.63
Total assets		15,975.75	14,380.43
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	12	369.20	369.20
(b) Other equity	13	146.71	190.25
Total equity		515.91	559.45
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	14	1,814.77	278.68
(ii) Lease liabilities	45	68.18	-
(b) Provisions	15	76.98	56.87
Total non-current liabilities		1,959.93	335.55
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	3,916.85	1,471.42
(ii) Lease liabilities	45	29.99	-
(iii) Trade payables	17		
- total outstanding dues of micro enterprises and small enterprises		595.10	466.72
- total outstanding dues of creditors other than micro enterprises and small enterprises		6,187.83	7,515.15
(iv) Other financial liabilities	18	333.54	1,692.33
(b) Provisions	15	9.70	6.38
(c) Other current liabilities	19	2,426.90	2,333.43
Total current liabilities		13,499.91	13,485.43
Total liabilities		15,459.84	13,820.98
Total equity and liabilities		15,975.75	14,380.43

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
Place: Hyderabad

Vinayak K. Deshpande

Chairman
DIN:00036827
Place: Pune

For and on behalf of the Board of Directors

Nalin M. Shah

Director
DIN:00882723
Place: Mumbai

Saket Mathur

Manager
Place: Hyderabad

S. Balaji

Chief Financial Officer
Place: Hyderabad

Deepak Tibrewal

Company Secretary
Place: Hyderabad

Date: 11 May 2020

Date: 11 May 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

(All amounts are in ₹ Lakhs except for earnings per share information)

Particulars	Notes	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
I Revenue from operations	20	16,300.21	15,801.30
II Other income	21	658.66	355.31
III Total income (I + II)		16,958.87	16,156.61
IV Expenses			
(a) Cost of materials consumed	22	6,306.73	8,636.67
(b) Changes in inventories of stock-in-trade and work-in-progress	23	210.81	(545.42)
(c) Employee benefit expense	24	1,343.85	1,150.36
(d) Finance costs	25	1,002.07	685.53
(e) Depreciation and amortisation expense	26	181.23	112.92
(f) Project execution expenses	27	6,306.11	5,018.75
(g) Other expenses	28	985.41	1,085.58
Total expenses (IV)		16,336.21	16,144.39
V Profit before tax (III-IV)		622.66	12.22
VI Income tax expense:			
(a) Current tax		-	-
(b) Deferred tax	29	696.37	180.86
Total tax expense (VI)		696.37	180.86
VII Profit/(loss) for the year (V - VI)		(73.71)	(168.64)
VIII Profit/(loss) for the year		(73.71)	(168.64)
IX Other comprehensive income			
(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)		8.30	0.53
(ii) Income tax relating to these items		(2.31)	(0.15)
X Total other comprehensive income for the year, net of tax		5.99	0.38
XI Total comprehensive income for the year (VIII + X)		(67.72)	(168.26)
Earnings per equity share (Face value : ₹ 1)	31		
Basic earnings per share (₹)		(0.20)	(0.46)
Diluted earnings per share (₹)		(0.20)	(0.46)

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
Place: Hyderabad

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S. Balaji
Chief Financial Officer
Place: Hyderabad

Deepak Tibrewal
Company Secretary
Place: Hyderabad

Date: 11 May 2020

Date: 11 May 2020

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2020

(All amounts are in ₹ Lakhs unless otherwise stated)

Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
Cash flows from operating activities		
Profit before tax for the year	622.66	12.22
Adjustments for :		
Finance costs	1,002.07	685.53
Interest income	(193.88)	(71.22)
(Gain)/Loss on disposal of property, plant and equipment	(0.33)	17.89
Depreciation and amortisation expense	181.23	112.92
Liabilities/provisions no longer required written back	(411.82)	(176.38)
Provision for doubtful debts no longer required written back	(34.60)	(4.59)
Provision for doubtful debts on trade receivables	33.47	17.54
Provision for doubtful debts on unbilled revenue	5.53	9.95
Provision for expected claims	-	50.00
Actuarial gain on defined benefit plan (Net)	5.99	0.38
Unrealised (gain)/loss on foreign currency transactions	(10.64)	13.12
	1,199.68	667.36
Movements in working capital		
(Increase)/decrease in Trade Receivables	157.08	(762.02)
(Increase)/decrease in Inventories	115.87	(670.94)
(Increase)/decrease in Other Financial Assets	(1,415.10)	(2,358.54)
(Increase)/decrease in Other Assets	(231.63)	296.89
Increase/(decrease) in Trade Payables	(1,243.97)	2,071.58
Increase/(decrease) in Provisions	17.82	3.34
Increase/(decrease) in Other Financial Liabilities	15.16	78.72
Increase/(decrease) in Other Liabilities	93.47	774.95
Cash (used in)/generated from operations	(1,291.62)	101.34
Less: Income Taxes (refund)/paid	(4.52)	(179.35)
Net cash (used in)/generated from operating activities	(1,287.10)	280.69
Cash flows from investing activities		
Payments for property, plant and equipment and Intangible assets	(489.55)	(139.32)
(Increase)/Decrease in other bank balances	9.03	(117.01)
Proceeds from disposal of property, plant and equipment	1.56	13.61
Interest received	4.42	2.31
Net Cash used in investing activities	(474.54)	(240.40)
Cash flows from financing activities		
Proceeds from Long Term Borrowings	1,500.00	-
Repayment of Long Term Borrowings	(1,500.00)	-
Finance Costs paid	(808.08)	(499.94)
Principal Payment of lease liabilities	(17.96)	-
Interest Payment of lease liabilities	(10.82)	-
Net Cash used in financing activities	(836.86)	(499.94)
Net decrease in cash and cash equivalents	(2,598.50)	(459.66)
Cash and cash equivalents at the beginning of the year	(1,251.59)	(794.60)
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	0.01	2.67
Cash and cash equivalents at the end of the year	(3,850.08)	(1,251.59)
Cash and cash equivalents at the end of the year	66.77	219.83
Bank overdraft	(3,916.85)	(1,471.42)
Cash and cash equivalents (including Bank overdraft) at the end of the year	(3,850.08)	(1,251.59)

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
Place: Hyderabad

Vinayak K. Deshpande
Chairman
DIN:00036827
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For and on behalf of the Board of Directors

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Place: Mumbai

Saket Mathur
Manager
Place: Hyderabad

S. Balaji
Chief Financial Officer
Place: Hyderabad

Deepak Tibrewal
Company Secretary
Place: Hyderabad

Date: 11 May 2020

Date: 11 May 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

A. Equity Share Capital

(All amounts are in ₹ Lakhs unless otherwise stated)

Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
Balance as at 1 st April	369.20	369.20
Changes in equity share capital during the year	-	-
Balance as at 31 st March	369.20	369.20

B. Other Equity

Particulars	For the year ended 31 st March, 2020			For the year ended 31 st March, 2019		
	Retained Earnings	Equity component of financial instruments	Total	Retained Earnings	Equity component of financial instruments	Total
Balance as at 1 st April (as originally presented)	(4,086.07)	4,276.32	190.25	(4,012.28)	4,226.95	214.67
Impact of change in accounting policy - Implementation of Ind AS 115	-	-	-	94.47	-	94.47
Restated balance	(4,086.07)	4,276.32	190.25	(3,917.81)	4,226.95	309.14
Profit /(Loss) for the year	(73.71)	-	(73.71)	(168.64)	-	(168.64)
Other comprehensive income for the year	5.99	-	5.99	0.38	-	0.38
Financial gain due to corporate guarantee	-	127.46	127.46	-	68.40	68.40
Deferred tax liability on equity component	-	(103.28)	(103.28)	-	(19.03)	(19.03)
Total comprehensive income for the year	(4,153.79)	4,300.50	146.71	(4,086.07)	4,276.32	190.25

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
Place: Hyderabad

Vinayak K. Deshpande
Chairman
DIN:00036827
Place: Pune

Saket Mathur
Manager
Place: Hyderabad

Date: 11 May 2020

For and on behalf of the Board of Directors

Nalin M. Shah
Director
DIN:00882723
Place: Mumbai

S. Balaji
Chief Financial Officer
Place: Hyderabad

Deepak Tibrewal
Company Secretary
Place: Hyderabad

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)**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 Standards issued but not yet effective:

- There is no such notification which would have been applicable from April 1, 2020.

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.

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

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 31ST MARCH 2020 (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-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

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.

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 utilisations (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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)**(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.

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

The Company's lease asset classes primarily consist of leases for premises. The Company assesses whether a contract contains a lease, at inception of a contract. 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. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (1) The contract involves the use of an identified asset;
- (2) The Company has substantially all the economic benefits from use of the asset through the period of the lease and
- (3) The Company has the right to direct the use of the asset.

At the date of commencement of the lease, The Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, The Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the balance lease term of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are re-measured with a

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

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 substantially 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.

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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

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.

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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

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.

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

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.

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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

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 31ST MARCH 2020 (Contd.)

(All amounts are in ₹ Lakhs unless otherwise stated)

3. Property, plant and equipment

Particulars	Buildings	Plant and Equipment	Computers	Office Equipment	Furniture & Fixtures	Electrical Installations	Vehicles	Total	Capital work-in-progress
Gross carrying amount - Cost/Deemed cost									
Balance as at 1 st 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)	-
Balance as at 31st March, 2019	88.67	534.73	66.09	15.94	45.94	18.65	1.82	771.84	20.98
Balance as at 1 st April, 2019	88.67	534.73	66.09	15.94	45.94	18.65	1.82	771.84	20.98
Additions	27.02	490.63	7.03	33.95	12.15	-	-	570.78	24.78
Disposals	-	(11.14)	-	(0.32)	(0.11)	-	-	(11.57)	(20.98)
Balance as at 31st March, 2020	115.69	1,014.22	73.12	49.57	57.98	18.65	1.82	1,331.05	24.78

Particulars	Buildings	Plant and Equipment	Computers	Office Equipment	Furniture & Fixtures	Electrical Installations	Vehicles	Total	Capital work-in-progress
Accumulated depreciation									
Balance as at 1 st 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)	-	(100.67)	-
Balance as at 31st March, 2019	35.12	215.65	30.79	10.47	14.49	12.41	1.01	319.94	-
Balance as at 1 st April, 2019	35.12	215.65	30.79	10.47	14.49	12.41	1.01	319.94	-
Depreciation expense	6.43	93.16	24.89	12.93	10.93	1.52	0.12	149.98	-
Disposals	-	(9.96)	-	(0.30)	(0.10)	-	-	(10.36)	-
Balance as at 31st March, 2020	41.55	298.85	55.68	23.10	25.32	13.93	1.13	459.56	-

Particulars	Buildings	Plant and Equipment	Computers	Office Equipment	Furniture & Fixtures	Electrical Installations	Vehicles	Total	Capital work-in-progress
Net carrying amount									
Balance as at 31 st March, 2019	53.55	319.08	35.30	5.47	31.45	6.24	0.81	451.90	20.98
Balance as at 31st March, 2020	74.14	715.37	17.44	26.47	32.66	4.72	0.69	871.49	24.78

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 ₹ 8.96 Lakhs (31st March, 2019 - ₹ 11.54 Lakhs) representing metallic rotators 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 temporary structure for central stores to be constructed at the Nagpur factory.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

4(a) Intangible assets

Particulars	Computer software
Gross carrying amount - Cost/Deemed cost	
Balance as at 1 st April, 2018	23.32
Additions	4.60
Disposals	-
Balance as at 31st March, 2019	27.92
Balance as at 1 st April, 2019	27.92
Additions	14.86
Disposals	-
Balance as at 31st March, 2020	42.78

Particulars	Computer software
Accumulated Amortisation	
Balance as at 1 st April, 2018	16.57
Amortisation expense	4.68
Disposals	-
Balance as at 31st March, 2019	21.25
Balance as at 1 st April, 2019	21.25
Amortisation expense	7.92
Disposals	-
Balance as at 31st March, 2020	29.17

Particulars	Computer software
Net Carrying Amount	
Balance as at 31 st March, 2019	6.67
Balance as at 31st March, 2020	13.61

4(b) Right-of-use assets

Particulars	Right-of-use assets
Balance as at 1 st April, 2019	116.13
Additions	-
Disposals	-
Balance as at 31st March, 2020	116.13

Particulars	Right-of-use assets
Balance as at 1st April, 2019	-
Amortisation expense	23.33
Disposals	-
Balance as at 31st March, 2020	23.33

Particulars	Right-of-use assets
Net Carrying Amount	
Balance as at 31st March, 2020	92.80

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

5. Trade receivables

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Non-Current		
Unsecured, considered good	307.85	76.17
Unsecured, considered doubtful	68.68	102.04
Allowance for doubtful debts	(68.68)	(102.04)
	307.85	76.17
Current		
Unsecured, considered good	3,163.90	3,516.70
Unsecured, considered doubtful	50.87	18.65
Allowance for expected credit loss	(50.87)	(18.65)
	3,163.90	3,516.70

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.

- 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.
- The Company also computes the Expected Credit Loss Allowance (ECLA) by applying the average percentage of bad debts write-offs 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 st March, 2020	As at 31 st March, 2019
Balance at the beginning of the year	628.06	840.26
Less: Provision no longer required written back during the year	(317.88)	(76.41)
Less: Bad Debts written off during the year (Refer Note below)	-	(163.28)
Add: Additional provision for the current year	39.00	27.49
Balance at the end of the year	349.18	628.06

Note: The Company during the current year received an Arbitration Award with respect to an ongoing dispute with HPCL-Mittal Energy Limited on December 02, 2019. As per the Arbitration Award, the Company recorded an amount of ₹ 527.5 Lakhs (including Interest of Rs. 161.86 Lakhs and reimbursable legal expenses of Rs. 47.76 Lakhs) towards its outstanding dues of ₹ 317.88 Lakhs (Non Current Trade receivables of ₹ 34.60 Lakhs and Current Contractual Reimbursable expenses of ₹ 283.28 Lakhs). The legal expenses reimbursable of ₹ 5 Lakhs incurred in previous year has been considered under Other Income and legal expenses reimbursable ₹ 42.76 Lakhs incurred in current year is adjusted against 'Legal and professional fees' under other expenses.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

5.4 Break up of the Expected credit loss allowance

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Allowance for expected credit loss on Non Current Trade Receivables (Note 5)	68.68	102.04
Allowance for expected credit loss on Current Trade Receivables (Note 5)	50.87	18.65
Allowance for expected credit loss on Non Current - Other Financial Assets (Note 6)	199.00	199.00
Allowance for expected credit loss on Current - Other Financial Assets (Note 6)	30.63	308.37
Total	349.18	628.06

6. Other Financial Assets

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Non-Current		
Security deposits		
Unsecured, considered good	8.53	8.53
Unsecured, considered doubtful	199.00	199.00
	207.53	207.53
Less: Allowance for doubtful deposits	(199.00)	(199.00)
	8.53	8.53
Current		
Unsecured, considered good, unless otherwise stated		
Contractual Reimbursable expenses	300.66	296.31
Less: Allowance for doubtful amounts	(13.04)	(296.31)
	287.62	-
Security deposits	29.79	107.52
Interest accrued on deposits/Arbitration	185.28	21.96
Unbilled Revenue	6,615.81	4,968.60
Less: Allowance for doubtful amounts	(17.59)	(12.06)
	6,598.22	4,956.54
Total	7,100.91	5,086.02

7. Deferred tax assets (net)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Deferred tax assets		
On differences in the Net carrying amount of Property, Plant and Equipment as per Income Tax and the Companies Act, 2013	68.68	71.24
On Provision for expected credit loss on receivables and other financial assets	101.98	179.56
On Provision for expected claims	13.91	13.91
On Provision for Compensated Absences	21.33	15.20
On Provision for Gratuity	2.79	2.39
On Provision for Bonus	17.98	14.48
On Unabsorbed business losses and Unabsorbed depreciation	403.00	1,078.00
On Amortisation of Guarantee Commission relating to Corporate Guarantee issued by the Holding Company	172.75	138.69
On interest expense relating to the interest-free loan received from the Holding Company	32.32	19.91
Sub Total (A)	834.74	1,533.38

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Deferred tax liabilities		
On Equity portion of the Corporate Guarantee issued by the Holding Company	198.21	162.75
On Equity portion of the interest-free loan received from the Holding Company	131.22	63.40
Sub Total (B)	329.43	226.15
Net Deferred tax assets (A - B)	505.31	1,307.23

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 2019-20	Opening balance	Recognised in statement of profit or loss	Recognised in Other Comprehensive Income	Recognised in Other Equity	Closing Balance
Deferred tax (liabilities)/assets in relation to					
On differences in the Net carrying amount of Property, Plant and Equipment as per Income Tax and the Companies Act, 2013	71.24	(2.56)	-	-	68.68
Provision for compensated absences	15.20	6.13	-	-	21.33
Provision for Gratuity	2.39	2.67	(2.31)	-	2.79
On Provision for expected credit loss on trade receivables and other financial assets	179.56	(77.58)	-	-	101.98
On Provision for expected claims	13.91	-	-	-	13.91
Provision for Bonus	14.48	3.50	-	-	17.98
Unabsorbed business losses and Unabsorbed depreciation	1,078.00	(675.00)	-	-	403.00
On Amortisation of Guarantee Commission relating to Corporate Guarantee issued by the Holding Company	138.69	34.06	-	-	172.75
On interest expense relating to the interest-free loan received from the Holding Company	19.91	12.41	-	-	32.32
On Equity portion of the Corporate Guarantee issued by the Holding Company	(162.75)	-	-	(35.46)	(198.21)
On Equity portion of the interest-free loan received from the Holding Company	(63.40)	-	-	(67.82)	(131.22)
	1,307.23	(696.37)	(2.31)	(103.28)	505.31

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

Financial Year 2018-19	Opening balance	Recognised in statement of profit or loss	Recognised in Other Comprehensive Income	Recognised in Other Equity	Closing Balance
Deferred tax (liabilities)/assets in relation to					
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)
	1,543.68	(180.86)	(0.15)	(55.44)	1,307.23

8. Other Assets

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Non-Current		
Balances with government authorities		
VAT credit receivable	241.53	286.29
Prepayments (Refer Note (a) below)	2.62	2.67
Total	244.15	288.96
Current		
Balances with government authorities		
CENVAT credit receivable	0.14	0.14
GST credit receivable	938.57	768.11
Advances to staff	6.83	12.00
Advances to suppliers	233.47	134.95
Prepaid expenses	63.56	104.83
Financial benefit on the Corporate Guarantee received from the Holding Company	85.84	80.79
Other Advances	64.43	10.53
Total	1,392.84	1,111.35

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 28 - "Other Expenses". For the year ended 31 March, 2020, the charge is ₹ 0.05 Lakh (Previous Year ₹ 0.05 Lakh).

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

9. Inventories

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Raw materials (At lower of cost and net realisable value)	740.69	656.36
Work-in-progress (At lower of cost and net realisable value)	736.61	926.30
Contracts-in-progress (At lower of cost and net realisable value) (Refer note (a) below)	215.81	236.93
Scrap (At estimated realisable value)	27.73	17.12
Total	1,720.84	1,836.71

Notes:

- (a) Contracts-in-progress disclosed under Inventories as at 31st March, 2020 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 st March, 2020	As at 31 st March, 2019
Balances with banks in current accounts	61.68	215.90
Cash on hand	5.09	3.93
Total	66.77	219.83

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior period. Cash and cash equivalents held in foreign currencies as at 31st March 2020 is Rs. 0.26 Lakhs (31st March 2019 -Rs. 1.07 Lakhs).

11. Bank balances other than cash and cash equivalents

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
In Deposit Accounts with maturity more than 3 months but less than 12 months [Refer note (a) below]	108.99	118.02
Total	108.99	118.02

Note (a): The entire amount of Rs. 108.99 Lakhs (31st March, 2019 - Rs. 118.02 Lakh) held as lien by banks towards the various non-fund facilities sanctioned by them.

12. Equity Share Capital

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Authorised Share Capital		
150,000,000 equity shares of ₹ 1 each (31 st March, 2019 : 150,000,000)	1,500.00	1,500.00
200,000 preference shares of ₹ 100/- each (31 st March, 2019 : 200,000)	200.00	200.00
	1,700.00	1,700.00
Issued and Subscribed Capital		
36,920,000 fully paid equity shares of ₹ 1 each (31 st March, 2019 : 36,920,000)	369.20	369.20
Total	369.20	369.20

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (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 1st April, 2018	36,920	369.20
Shares Issued during the year	-	-
As at 31st March, 2019	36,920	369.20
As at 1st April, 2019	36,920	369.20
Shares Issued during the year	-	-
As at 31st March, 2020	36,920	369.20

(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 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 st March, 2020		As at 31 st March, 2019	
	Number of Shares in '000s	% age of holding	Number of Shares in '000s	% age of holding
Equity shares of ₹ 1 each				
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 st March, 2020		As at 31 st March, 2019	
	Number of Shares in '000s	% age of holding	Number of Shares in '000s	% age of holding
Equity shares of ₹ 1 each				
Tata Projects Limited, Holding Company	27,690	75	27,690	75

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

13. Other equity

13 (a) Reserves and Surplus

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Retained Earnings		
Balance as at the beginning of the year	(4,086.07)	(4,012.28)
Impact of change in accounting policy - Implementation of Ind AS 115 (Net of tax)	-	94.47
Restated balance	(4,086.07)	(3,917.81)
Profit/ (Loss) for the year	(73.71)	(168.64)
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurement gains of post employment benefits on defined benefit plan, net of deferred tax	5.99	0.38
Balance at the end of the year	(4,153.79)	(4,086.07)

13 (b) Equity component of financial instruments

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Balance as at the beginning of the year	4,276.32	4,226.95
Add: Financial benefit on the corporate guarantee received from the Holding Company (Refer Note (i) below)	127.46	68.40
Less: Deferred Tax Liability on the equity component of financial instruments	(103.28)	(19.03)
Balance at the end of the year	4,300.50	4,276.32

Notes:

- (i) Term loan from bank disclosed under Note 14 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 31st March, 2020 is ₹ 771.18 Lakhs (31st March, 2019 - ₹ 679.18 Lakhs). Additionally, during the year, the Company has recognised an amount of ₹ 122.42 Lakhs (31st March, 2019 - ₹ 144.43 Lakhs) as guarantee commission charge in the Statement of Profit and Loss under Note 25 - Finance costs.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)**14. Non-current borrowings**

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Secured - at amortised cost		
Term loan from bank (Refer note (i) below)	1,491.50	-
Loans from related parties (Refer note (ii) below)	323.27	278.68
Total for non-current borrowings	1,814.77	278.68

- (i) The amount represents Term Loan of ₹1,500 Lakhs availed from Axis Bank by first pari passu charge on fixed and current assets of the Company, both present and future. The loan is repayable in 4 equal quarterly installment commencing from 27th month from the date of first disbursement of the facility i.e. 27th September 2019 and carries an interest rate of 12 months MCLR plus 1.20% per annum i.e. 9.65% per annum, currently. Additionally, the term loan from bank is guaranteed unconditionally with irrevocable corporate guarantee from the Holding Company.
- (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 31st 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 st March, 2020	For the year ended 31 st March, 2019
Opening balance	278.68	240.24
Add: Additions during the year	-	-
Add: Interest accrued during the year	44.59	38.44
Balance as at the end of the year	323.27	278.68

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 st March, 2020	As at 31 st March, 2019
Opening balance as at 1 st April (Current, Non-Current borrowings and Current maturities of long-term debt)*:	1,786.72	1,748.28
Add: Proceeds from Borrowings	1,490.00	-
Less: Repayments of Borrowings	(1,500.00)	-
Add: Interest expense	195.75	177.55
Less: Repayments of Interest	(137.36)	(139.11)
Closing balance	1835.11	1,786.72

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

15. Provisions

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Non-Current		
Gratuity (Refer Note 32)	5.85	6.69
Compensated Absences	71.13	50.18
	76.98	56.87
Current		
Gratuity (Refer Note 32)	4.17	1.91
Compensated Absences	5.53	4.47
	9.70	6.38
Total	86.68	63.25

16. Current Borrowings

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Secured - at amortised cost		
Loans repayable on demand from banks (Bank Overdraft) (Refer Note (i) below)	3,916.85	1,471.42
Total	3,916.85	1,471.42

Note:

- (i) Working Capital loans from banks of ₹ 3,916.85 Lakhs (31st March, 2019 ₹ 1,471.42 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 9.2% to 12% per annum. Additionally, the working capital loans amounting to ₹ 1,296.09 Lakhs (31st March, 2019 ₹ 476.41 Lakhs) from banks is guaranteed unconditionally with irrevocable corporate guarantee from the Holding Company.

17. Trade Payables

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Trade Payables		
Dues of micro and small enterprises under Micro, Small and Medium Enterprises Development Act, 2006 (Refer Note 39)	595.10	466.72
Others	6,187.83	7,515.15
Total	6,782.93	7,981.87

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)**18. Other Financial Liabilities**

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Current		
a) Current maturities of long-term debt	8.04	1,508.04
b) Liability for expenses	7.02	13.00
c) Capital Creditors	104.05	4.17
d) Interest accrued and due	29.72	3.55
e) Employee benefits payable	184.71	163.57
Total	333.54	1,692.33

19. Other Current Liabilities

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
(a) Advances from customers including mobilisation advances	2,231.16	2,298.18
(b) Advance billing to customers	18.61	5.30
(c) Statutory dues	177.13	29.95
Total	2,426.90	2,333.43

20. Revenue from Operations

Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
(a) Income from sale of goods	5,094.86	3,710.48
(b) Income from contracts	11,148.39	11,995.85
(c) Other operating revenues	56.96	94.97
Total	16,300.21	15,801.30

Note: Income from sale of goods includes an amount of ₹ 398.56 Lakhs (31st March, 2019: ₹ 632.88 Lakhs) pertaining to service income from fabrication activity.

Unsatisfied long-term contracts:

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

Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
Aggregate amount of the transaction price allocated to long-term contracts that are partially unsatisfied as at reporting date	10,375.89	15,098.80

Management expects that 74% of the transaction price allocated to the unsatisfied contracts as of 31 March 2020 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

Reconciliation of revenue recognised with contract price:

Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
Contract price	15,829.41	14,808.49
Adjustments for:		
Contract Modifications in respect of claims raised/Additional work	470.80	1,009.87
Liquidated damages	-	(17.06)
Revenue from continuing operations	16,300.21	15,801.30

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 st March, 2020	For the year ended 31 st March, 2019
(a) Interest income		
Bank deposits	5.66	4.39
Interest on tax refunds	26.14	65.06
Interest on arbitration awards (Refer Note 5.3)	161.86	20.91
Others	0.22	1.77
	193.88	92.13
(b) Other non-operating income		
Liabilities/provisions no longer required written back	411.82	176.38
Provision for doubtful debts no longer required written back	34.60	76.41
Miscellaneous Income	18.36	10.39
	464.78	263.18
Total	658.66	355.31

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

22. Cost of Materials Consumed

Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
(a) Opening Stock (including Scrap)	673.48	547.96
	673.48	547.96
(b) Purchases	6,410.63	8,773.73
(c) Less: Capitalised during the year (Refer Note 3.2)	(8.96)	(11.54)
(d) Less: Closing Stock (including Scrap)	(768.42)	(673.48)
	5,633.25	8,088.71
Total	6,306.73	8,636.67

23. Changes in inventories of stock-in-trade and work-in-progress

Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
(a) Opening Work-in-progress	926.30	332.01
Opening Contracts-in-progress (Refer Note 9(a))	236.93	285.80
(b) Less: Closing Work-in-progress	(736.61)	(926.30)
Less: Closing Contracts-in-progress	(215.81)	(236.93)
Total	210.81	(545.42)

24. Employee benefit expense

Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
Salaries and wages	1,257.02	1,095.04
Contribution to provident and other funds (Refer Note 32.1)	73.54	41.59
Staff welfare expenses	13.29	13.73
Total	1,343.85	1,150.36

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

25. Finance Costs

Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
Interest expense on :		
(i) Borrowings	523.99	335.58
(ii) Mobilisation advances received from customers	126.54	60.23
(iii) Loan received from the Holding Company	44.59	38.44
(iv) Delay in payment of statutory dues	0.05	0.02
(v) Others	92.44	73.81
(vi) Lease liabilities	10.82	-
Guarantee commission on Corporate guarantee received from the Holding Company	122.42	144.43
Other borrowing costs	81.22	33.02
Total	1,002.07	685.53

26. Depreciation and amortisation expense

Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
Depreciation of property, plant and equipment	149.98	108.24
Amortisation of intangible assets	7.92	4.68
Amortisation of right-of-use assets	23.33	-
Total	181.23	112.92

27. Project Execution Expenses

Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
Cost of erection services	6,019.27	4,768.81
Insurance charges	70.03	53.43
Bank guarantee and letter of credit charges	45.05	28.24
Other site expenses	171.76	168.27
Total	6,306.11	5,018.75

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

28. Other Expenses

Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
Rent (Refer Note 36)	30.90	98.33
Rates and taxes	88.84	96.63
Repairs	2.07	0.55
Travelling expenses	70.99	79.85
Legal and professional fees (Refer Note 41)	311.45	236.57
Postage and telephone	23.14	15.48
Printing and stationery	14.30	13.61
Business development expenses	3.64	10.40
Directors' fees	12.20	16.60
Loss on forex fluctuation	-	20.44
Provision for doubtful debts	39.00	27.49
Provision for expected claims	-	50.00
Corporate Social Responsibility expenses (Refer Note 42)	-	8.50
Loss on sale of Property, Plant and Equipment	-	17.89
Motor vehicle expenses	101.93	159.20
Electricity and water charges	226.15	171.39
Miscellaneous expenses	60.80	62.65
Total	985.41	1,085.58

29. Income Taxes

Tax expense in the Statement of Profit and Loss comprises:

Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
Current Taxes on profits for the year	-	-
Adjustments for current tax of prior periods	-	-
Deferred Taxes charge	696.37	180.86
Income Tax expense	696.37	180.86

Tax expense recognised in Other Comprehensive Income comprises:

Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
Income tax relating to items that will not be reclassified subsequently to Statement of Profit and Loss	(2.31)	(0.15)
Income Tax expense recognised in Other Comprehensive Income	(2.31)	(0.15)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

Tax expense recognised directly in Equity comprises:

Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
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	35.46	19.03
On equity portion of the Interest - free loan received from the Holding Company	67.82	-
Income Tax expense recognised directly in Equity	103.28	19.03

The following table provides the details of income tax assets and income tax liabilities as at 31st March, 2020 and 31st March, 2019:

Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
Non- current Income tax assets	352.98	331.36
Current Income tax liabilities	-	-
Net current income tax assets at the end of the year	352.98	331.36

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

Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
Profit before tax from continuing operations	622.66	12.22
Tax rate at 27.82% for FY 2019-20 (FY 2018-19 : 27.82%) (A)	173.22	3.40
Tax effect of amounts which are not deductible (taxable) in calculating taxable income (B)	6.14	5.07
Effect of change in Tax rate on the Deferred Tax Charge for the year (C)	-	125.59
Effect of changes in the deferred tax assets recognised in the previous year (D)	517.01	46.80
Income tax expense (A+B+C+D)	696.37	180.86
Tax expense recognised in profit or loss (relating to continuing operations)	696.37	180.86

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

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 (Upto 5 th August 2019) Mr. Pralhad Pawar, Director Ms. Leja Hattiangadi, Independent Director Mr. Saket Mathur, Manager Mr. S. Balaji, Chief Financial Officer Mr. Deepak Tibrewal, Company Secretary & Compliance Officer

30.2 Details of related party transactions with the Holding Company during the year ended 31st March, 2020 and balance outstanding as at 31st March, 2020.

Particulars		Transactions during the year ended		Balances Outstanding at the end of the year	
		31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
1	Income from sale of goods	(2,274.32)	(1,406.92)	-	-
2	Income from contracts	(4,135.69)	(3,503.94)	-	-
3	Reimbursement of expenses to Holding Company (including employee deputation cost)	162.40	171.90	-	-
4	Reimbursement of expenses by Holding Company	-	(67.53)	-	-
5	Interest on loan received from the Holding Company	44.59	38.44	-	-
6	Guarantee commission on Corporate guarantee received from the Holding Company	150.08	149.26	-	-
7	Trade receivables	-	-	2,446.65	2,041.77
8	Trade payables	-	-	(1,516.54)	(1,319.06)
9	Long term borrowings	-	-	(323.27)	(278.68)
10	Financial benefit on the Corporate Guarantee received from the Holding Company	-	-	85.84	80.79
11	Advances from customers including mobilisation advances	-	-	(631.27)	(1,590.37)
12	Bank Guarantee limits utilised	-	-	1,530.00	1,664.84
13	Letter of Credit Limits utilised	-	-	-	46.20
14	Corporate Guarantees given	-	-	1,141.60	1,319.76
15	Corporate Guarantees received (including corporate guarantees given to bankers)	-	-	7,965.63	6,505.52

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

30.3 Compensation of Key Managerial Personnel

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Short-term benefits	134.62	122.36
Directors' Sitting Fees (Refer Note 28)	12.20	16.60
Total	146.82	138.96

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. Earnings per share of ₹ 1 Face value

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Basic & Diluted earnings per share		
From continuing operations	(0.20)	(0.46)

Reconciliation of earnings used in calculating earnings per share

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Basic & Diluted earnings per share		
Profit/(loss) attributable to the equity holders of the Company used in calculating basic earnings per share	(73.71)	(168.64)

Weighted average number of shares used as the denominator

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
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

32. Employee benefits plans

32.1 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 ₹ 55.72 Lakhs (31st March, 2019 – ₹ 33.69 Lakhs).

32.2 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

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

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Discount rate	6.51%	7.32%
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 st March, 2020	Year ended 31 st March, 2019
Service Cost		
Current Service Cost	14.80	11.73
Past Service Cost and (gain)/loss from settlements	-	-
Net Interest expense	0.23	0.19
Components of defined benefit costs recognised in the statement of profit or loss (included under Contribution to Provident and Other Funds - Note 24)	15.03	11.92

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Remeasurement on the net defined benefit liability :		
Actuarial (Gains)/losses arising from changes in financial assumptions	3.30	0.64
Actuarial (Gains)/losses arising from experience assumptions	(8.45)	(2.08)
Return on plan assets excluding amounts included in Net Interest expense/(income) on above	(3.15)	0.91
Components of defined benefit costs recognised in other comprehensive income	(8.30)	(0.53)

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.

- (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 st March, 2020	Year ended 31 st March, 2019
Present value of funded defined benefit obligation	59.23	44.85
Fair value of plan assets	49.21	36.25
Net liability arising from defined benefit obligation	10.02	8.60

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

(d) Change in Defined benefit obligation during the year

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Opening defined benefit obligations	44.85	37.32
Current service cost	14.80	11.73
Interest Cost	3.26	2.61
Transfer in Liability	3.92	-
Actuarial (Gains)/losses arising from changes in financial assumptions	3.30	0.64
Actuarial (Gains)/losses arising from experience assumptions	(8.45)	(2.08)
Benefits paid (including benefits paid directly by employer)	(2.45)	(5.37)
Closing defined benefit obligation	59.23	44.85

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

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Opening fair value of plan assets	36.25	23.10
Adjustment to opening fair value of plan assets	-	6.50
Interest income	3.03	2.42
Return on plan assets (excluding amounts included in net interest expense)	3.15	(0.91)
Contribution from the employer	9.24	8.54
Benefits paid	(2.45)	(3.40)
Closing fair value of plan assets	49.22	36.25

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

Particulars	2020	2019	2018	2017	2016
Defined Benefit Obligation	59.23	44.85	37.32	37.16	32.70
Fair Value of Plan Assets	49.21	36.25	23.10	24.91	21.89
(Surplus)/Deficit	10.02	8.60	14.22	12.25	10.81

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

Particulars	2020	2019	2018	2017	2016
Experience Adjustment on Plan Liabilities [(Gain)/Loss]	(5.15)	(1.44)	(5.48)	1.37	(10.91)
Experience Adjustment on Plan Asset [(Gain)/Loss]	(3.15)	0.91	1.14	(0.11)	1.58

(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)	(4.02)	4.57	4.25	(3.82)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

(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 5	Expected Payout - Year 6 and above
Expected benefits pay out	4.17	5.42	5.50	8.26	5.12	27.53

The weighted average duration of the payment of these cash flows for the year ended 31st March, 2020 is 6.37 years.

Expected contribution to be made to plan assets in the Financial Year 2020-21 is ₹ 12.24 Lakhs (31st March, 2020: ₹ 1.91 lakhs)

32.3 Other long-term employee benefits - Compensated Absences

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

Particulars	For the year ended 31 st March, 2020	For the year ended 31 st March, 2019
Funded Status		
Present value of obligation	76.66	54.65
Fair Value of Plan Assets	-	-
(Surplus) / Deficit	76.66	54.65
Charge in the Statement of Profit and Loss	32.16	26.40

33. 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 st March, 2020	As at 31 st March, 2019
Financial assets		
At amortised cost		
Trade receivables	3,471.75	3,592.87
Cash and cash equivalents	66.77	219.83
Other bank balances	108.99	118.02
Other financial assets	7,109.44	5,094.55
Total financial assets	10,756.95	9,025.27

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

Particulars	Carrying value	
	As at 31 st March, 2020	As at 31 st March, 2019
Financial liabilities		
At amortised cost		
Borrowings	5,731.62	1,750.10
Trade payables	6,782.93	7,981.87
Other financial liabilities	333.54	1,692.33
Total financial liabilities	12,848.09	11,424.31

(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 March, 2020	Level 1	Level 2	Level 3	Total
Financial assets				
Trade receivables	-	-	3,471.75	3,471.75
Cash and cash equivalents	-	-	66.77	66.77
Other bank balances	-	-	108.99	108.99
Other financial assets	-	-	7,109.44	7,109.44
Total financial assets	-	-	10,756.95	10,756.95
Financial liabilities				
Borrowings	-	-	5,731.62	5,731.62
Trade payables	-	-	6,782.93	6,782.93
Other financial liabilities	-	-	333.54	363.53
Total financial liabilities	-	-	12,848.09	12,848.09

As at 31 March, 2019	Level 1	Level 2	Level 3	Total
Financial assets				
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
Total financial assets	-	-	9,025.27	9,025.27
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
Total financial liabilities	-	-	11,424.30	11,424.30

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

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

34. 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 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

(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 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 st March, 2020	Year ended 31 st March, 2019
Secured Borrowings:		
Floating rate		
Expiring within one year (bank overdraft)	3.91	2428.58

(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	6,782.93			6,782.93
Other financial liabilities	333.54			333.54

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), USD (United States Dollar) and KWD (Kuwaiti Dinar).

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

(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 st March, 2020			Year ended 31 st March, 2019	
	USD	AED	KWD	AED	KWD
Cash and Cash equivalents	-	-	0.26	0.77	0.30
Trade Receivables	-	615.19	-	691.21	-
Other Non-Current Assets	-	-	-	0.12	-
Other Current Assets	-	-	-	1.94	-
Other Financial Assets	-	5.69	-	60.07	-
Trade Payables	266.38	(39.02)	-	(86.33)	-
Other Current Liabilities	-	-	-	-	-
Other Financial Liabilities	-	-	-	-	-
Net Assets /(Liabilities)	266.38	581.86	0.26	667.78	0.30

(b) Forward Foreign Exchange contracts

The following table details the Company's liquidity analysis for its derivative financial instruments.

Particulars	Less than 1 year	1-2 years	2-4 years	Total
March 31, 2020				
Foreign exchange forward contracts (Payable)	266.38	-	-	-
Foreign exchange forward contracts (Receivable)	-	-	-	-

(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 st March, 2020	31 st March, 2019
Variable rate borrowings	5,408.35	2,971.42
Total Borrowings	5,408.35	2,971.42

(b) Sensitivity

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

Particulars	Carrying value	
	As at 31 st March, 2020	As at 31 st March, 2019
Interest rates-increase by 50 basis points	17.75	13.09
Interest rates-decrease by 50 basis points	(17.75)	(13.09)

Refer Note 45

35. 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

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 st March, 2020	31 st March, 2019
Total liabilities	5,731.62	3,250.10
Less : Cash and Cash equivalents	66.77	219.83
Adjusted net debt	5,664.85	3,030.27
Total equity	515.91	559.45
Adjusted net debt to adjusted equity ratio	10.98	5.42

36. Operating Lease Arrangements

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
(i) Rental expense relating to operating leases	30.90	98.33

(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 st March, 2020	Year ended 31 st March, 2019
Within one year	-	52.95
Later than one year but not later than five years	-	86.64
Later than five years	-	11.23
	-	150.82

Refer Note 45

37. 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.

Breakup of Revenue from Operations	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Income from sale of goods	5,094.86	3,710.48
Income from contracts	11,148.39	11,995.85
Other operating revenues	56.96	94.97
Total	16,300.21	15,801.30

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

Information about geographical areas	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Revenues		
India	16,045.86	15,432.73
Outside India	254.35	368.57
Total	16,300.21	15,801.30
Non-current assets		
India	2,421.50	2,491.80
Total		

Significant clients

Four customers individually accounted for more than 10% of the revenues in the year ended 31st March, 2020 (31st March, 2019: Three clients individually accounted for more than 10% of the revenues).

38. 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.
39. **Disclosure in accordance with Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:**

1According 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 st March, 2020 (₹ Lakh)	Year ended 31 st March, 2019 (₹ Lakh)
i Principal amount remaining unpaid	568.20	413.87
ii Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	26.90	52.85
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	26.90	52.85

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.

40. 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 1st 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

41. Legal and professional fees include Auditors' remuneration as below

Nature of Services	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Audit fees	12.30	10.30
Tax Audit fees	1.00	1.00
Taxation /certification matters	-	-
Reimbursement of expenses	0.80	0.19
Total	14.10	11.49

42. Corporate social responsibility expenditure

Particulars	Year ended 31 st March, 2020	Year ended 31 st March, 2019
Contribution to Tata Projects Community Development Trust	-	8.50
Amount required to be spent as per Section 135 of the Act	7.41	8.46
Amount spent during the year on		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	-	8.46

43. Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is - ₹ 37.65 Lakhs (31st March, 2019 - ₹ 8.60 Lakhs).

44. Contingent liabilities

Particulars	As at 31 st March, 2020	As at 31 st March, 2019
Contingent liabilities		
Claim against the Company not acknowledged as debts		
Matters under dispute:		
(i) Sales Tax Matters/ Value Added Tax Matters	44.32	48.55
(ii) Third party claims from disputes relating to contracts	66.32	509.67
(iii) Other matters	-	6.53
	110.64	564.75

45. Leases

Effective 01 April 2019, the Company adopted Ind AS 116 "Leases" and applied to all lease contracts existing on April 1, 2019 using the modified retrospective method. The Company has recorded the lease liability and right of use at the present value of the remaining lease payments discounted at the incremental borrowing rate at the date of initial application.

The adoption of the new standard resulted in recognition of 'Right of Use' asset and a lease liability as detailed below. The effect of this adoption resulted in decrease of Rs 5.37 Lakhs in the profit before tax and decrease of Rs 0.01 in earnings per share. Ind AS 116 has resulted in an increase in cash inflows of Rs 23.41 Lakhs from operating activities and an increase in cash outflows of Rs 28.78 Lakhs from financing activities on account of lease payments.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

The following is the summary of practical expedients elected on initial application:

1. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
2. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
3. Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The weighted average incremental borrowing rate applied to lease liabilities as at 01 April 2019 and additions during the year is 10.00%.respectively.

ROU Asset	As at 31st March, 2020
ROU Capitalised	116.13
Less: Depreciation	23.33
Closing ROU	92.80

Lease Liability	As at 31st March, 2020
Initial Lease Liability	116.13
Add:Interest	10.82
Less: Payments	28.78
Closing Liability	98.17

Current and Non Current Classification	As at 31st March, 2020
Current	29.99
Non current Lease Liability	68.18

Contractual maturities of lease liabilities at undiscounted values	As at 31st March, 2020
Within one year	29.99
Later than one year but not later than five years	90.26
Later than five years	-

- 46** Covid 19 which continues to spread across the globe including India has contributed to a significant decline in economic activities and volatility in the businesses. Post announcement by WHO as a global pandemic, numerous steps have been taken by the Government and the companies to contain the spread of virus. The extent to which the business/operations of the Company shall be impacted will depend on future developments that are highly uncertain.

While the Company has a committed order book of Rs.15,135 Lakhs from the customers as at March 31, 2020, there is an uncertainty to the extent that Covid-19 shall affect the business and operations of the Company due to:

- a) prolonged lock-down situation and subsequent challenges, measures that can be taken by the Government to restore to normalcy affecting the Company's ability to mobilize/deploy resources.
- b) change in demand pattern with respect to new orders as the customers may reprioritise their spending and investment patterns in immediate future to manage fiscal constraints and cash flow issues, focus of Government towards funding public measures and delays in new orders and tardy implementation.
- c) heightened stress with vendors and their ability to honor the contractual commitments

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (Contd.)

In the current uncertain situation, the Company initiated certain actions such as:

- a) assessment of contractual rights and obligations and engaging with customers to get extensions
- b) focus on reducing fixed costs
- c) managing customer exposure and continuous monitoring of their financial health
- d) focus on maintaining liquidity by negotiating higher advances from customers, prioritizing work where cash generation is high, specific focus on last mile completion of projects to mobilize retention monies and managing vendor payments
- e) reengineering the operations to achieve efficiencies

Further, the Company has carried out an assessment of the following based on certain assumptions, cumulative knowledge and understanding of the business, current indicators of future economic conditions:

- a) Going concern based on cash flows as per approved Annual operating plan
- b) the recoverability of receivables including unbilled receivables
- c) contract assets
- d) carrying value of property, plant and equipment and right of use and made adjustments wherever necessary and it expects to recover the carrying amount of these assets as at the balance sheet date.

However, the actual impact may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to the assumptions made or future economic conditions.

Additionally as per the Management's plan for physical verification of stocks at locations that had to be covered as at the year end, the inventory verification at each of these locations has been carried out at a date subsequent to the year end in the presence of its stock Auditors to obtain comfort over the existence and condition of inventories as at March 31, 2020 including roll back procedures etc.

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

For Price Waterhouse & Co Chartered Accountants LLP

Chartered Accountants
FRN: 304026E/ E-300009

Sunit Kumar Basu

Partner
Membership No. 55000
Place: Hyderabad

Vinayak K. Deshpande

Chairman
DIN:00036827
Place: Pune

Saket Mathur

Manager
Place: Hyderabad

Date: 11 May 2020

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

Director
DIN:00882723
Place: Mumbai

S. Balaji

Chief Financial Officer
Place: Hyderabad

Deepak Tibrewal

Company Secretary
Place: Hyderabad

Date: 11 May 2020



ARTSON ENGINEERING LIMITED

CIN: L27290MH1978PLC020644

(A Subsidiary of Tata Projects Limited)

Regd. Office: 2nd Floor, One Boulevard, Lake Boulevard Road, Hiranandani Business Park, Powai, Mumbai - 76, MH

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

SHAREHOLDERS DETAILS UPDATION FORM

To

Link Intime (India) Private Limited,
(Unit: Artson Engineering Limited)
C101,247Park,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.:

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

*self-attested copy of the document enclosed

Bank Details:

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

@ 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

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NOTES

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ARTSON ENGINEERING LIMITED

CIN: L27290MH1978PLC020644

(Subsidiary of Tata Projects Limited)

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