



ARTSON ENGINEERING LIMITED

(A subsidiary of Tata Projects Limited)

34TH ANNUAL REPORT

2012-13





De-gassing Boot erected at a project site in Rajasthan



Pressure Filters manufactured at Nashik Factory

Artson Engineering Limited

(A subsidiary of Tata Projects Limited)

Board of Directors (As on 10th May 2013)

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

Registered Office

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

Manufacturing Unit

D-5, MIDC
Ambad, Nashik-422 010

Share Registrars and Transfer Agents

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

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

Bankers

Bank of India
Corporation Bank

Monitoring Agency

Bank of India

Statutory Auditors

Chokshi & Chokshi, Chartered Accountants

Concurrent Auditors

Patel & Deodhar, Chartered Accountants

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Artson Engineering Limited

(A subsidiary of Tata Projects Limited)

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

NOTICE

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

Ordinary Business

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

Special Business

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

Notes:

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

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

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

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

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

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

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

By Order of the Board,

VISHRAM PANCHPOR
Company Secretary

Registered Office:

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

Date: 10th May, 2013

EXPLANATORY STATEMENT

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

Item No. 5:

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

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

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

Item No. 6:

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

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

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

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

By Order of the Board,

VISHRAM PANCHPOR
Company Secretary

Registered Office:

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

Date: 10th May, 2013

INFORMATION PERTAINING TO DIRECTORS SEEKING RE-APPOINTMENT/APPOINTMENT

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

* Only Audit and Investor Grievances Committees considered.

DIRECTORS' REPORT

TO THE MEMBERS,

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

1. Performance of the Company

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

Financial Highlights

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

Operations

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

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

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

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

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

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

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

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

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

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

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

3. Term loan from Tata Projects Limited

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

4. Change of Registered Office of the Company

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

5. Directors' Responsibility Statement

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

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

6. Directors

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

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

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

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

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

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

7. Audit Committee

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

8. Auditors

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

9. Cost Accountants

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

10. Particulars of Employees

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

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

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