

**22nd
Annual Report
2009-10**

GROWTH, PROSPERITY, PROGRESS



**ARTEFACT
PROJECTS LTD.**

Excellence in Infrastructure services



The Key Management Team Comprises of

BOARD OF DIRECTORS



Manoj B. Shah
Managing Director



Pankaj B. Shah
Whole-time Director



Mohandas S. Adiga
Independent Director



Girish R. Dhabalia
Independent Director



Deepak B. Mehta
Independent Director



Ashok P. Mehta
Independent Director

**ARTEFACT PROJECTS LIMITED****BOARD OF DIRECTORS**

Mr. Manoj B. Shah
Mr. Pankaj B. Shah
Mr. Mohandas S Adige
Mr. Deepak B. Mehta
Mr. Ashok P. Mehta
Mr. Girish R. Dhabalia

DESIGNATION

Managing Director
Whole-time Director
Independent Director
Independent Director
Independent Director
Independent Director

REGISTERED OFFICE

1ST Floor, Bhiwapurkar Chambers,
Opp. Yeshwant Stadium,
Dhantoli, Nagpur- 440 012
(Maharashtra, India)
Tel: +91712-3018197/ 198/ 260
Fax: +91712-2427830
Email:
artefactnagpur@yahoo.com
shareholders@artefactprojects.com

REGISTRAR & SHARE TRANSFER AGENTS

Link Intime (India) Private Limited
(formerly known as 'Intime Spectrum Registry Limited)
C-13, Pannalal Silk Mills Compound
LBS Road, Bhandup West,
Mumbai-400 078
Ph: +9122 25963838,
Fax: +9122 25946969

JOINT STATUTORY AUDITORS

M/s Chaturvedi & Shah
M/s Naresh Patadia & Co.

BANKERS

Canara Bank
Gandhi Nagar Branch, Nagpur

CORPORATE WEBSITE
www.artefactprojects.com



CONTENTS	Page No.
Performance at Glance	3
Notice of Annual General Meeting	7
Letter from Managing Director	8
Director's Report	10
Management Discussion and Analysis	16
Corporate Governance Report	21
Company Auditor's Report	42
Shareholders Reference	46
Financial Statements	
a) Balance Sheet	48
b) Profit & Loss Account	49
c) Schedules	50
d) Cash Flow Statement	63
Proxy Form and Attendance Slip	

PERFORMANCE AT A GLANCE

5 Years at a Glance

(₹ Lacs)

FINANCIAL YEAR	2005-06	2006-07	2007-08	2008 - 09	2009-10
PROFIT & LOSS ACCOUNT					
REVENUES :					
Gross Receipt from operations*	1,408.66	2077.37	2542.9	2960.55	2374.41
Other Income	33.07	20.81	26.05	23.77	33.10
Total Income	1,441.73	2,098.18	2,568.95	2,984.32	2,407.51
EXPENDITURE:					
Operating & Administration Expenses	1,097.21	1592.16	1967.26	2459.85	1895.12
OPERATING PROFIT (PBIDT)	344.52	506.02	601.69	524.47	512.39
Interest & Finance Charges	54.81	99.39	102.57	119.51	102.61
PBDT	289.71	406.63	499.12	404.96	409.78
Non Cash Charges	135.53	19.90	29.32	38.59	35.26
PBT	154.18	386.73	469.80	366.37	374.52
Tax	46.54	138.12	201.48	151.42	129.05
PAT for the year	107.64	248.60	268.32	214.95	245.47
Dividend per share proposed (Rs.)	0.50	0.75	0.75	0.75	0.75

* Before adjusting Service Tax

** Previous year's figures have been regrouped/ rearranged/ reclassified wherever required.

BALANCE SHEET

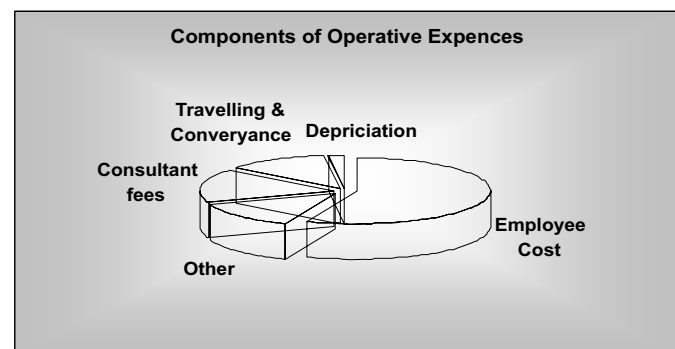
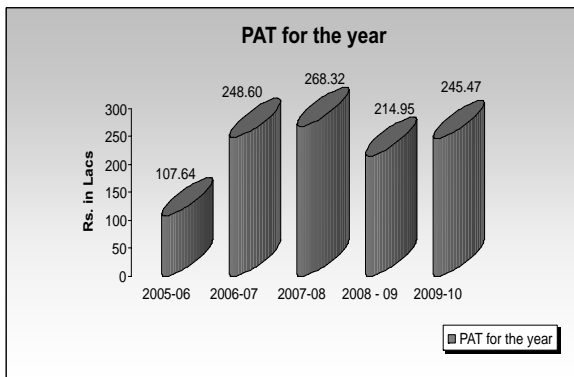
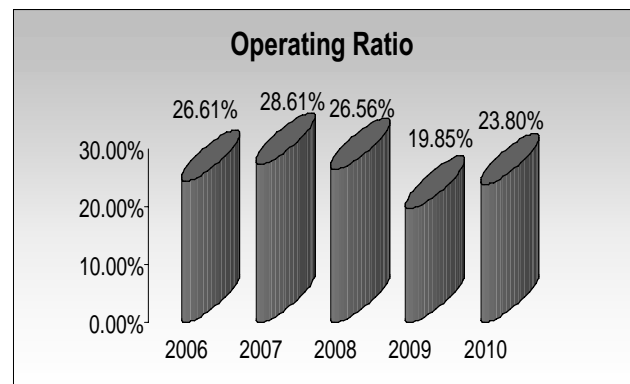
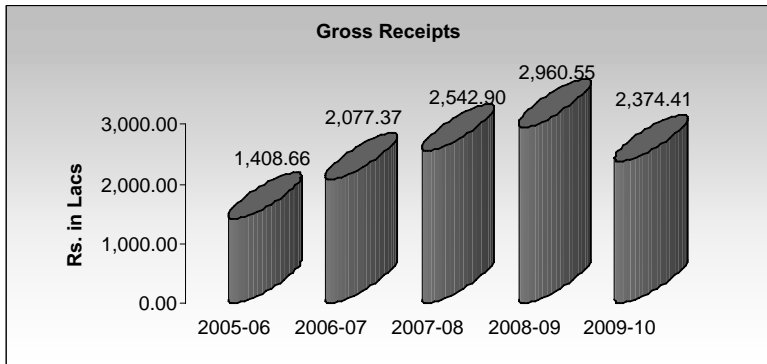
(₹. Lacs)

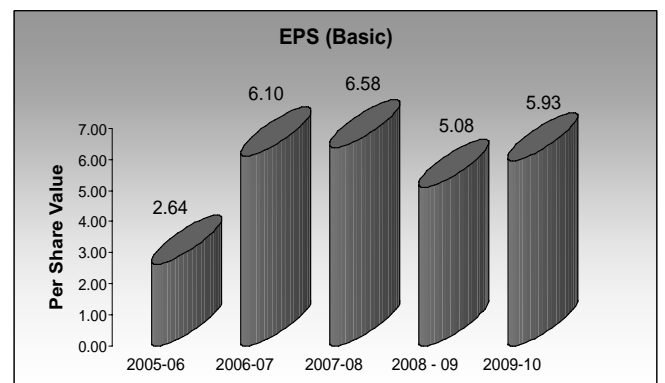
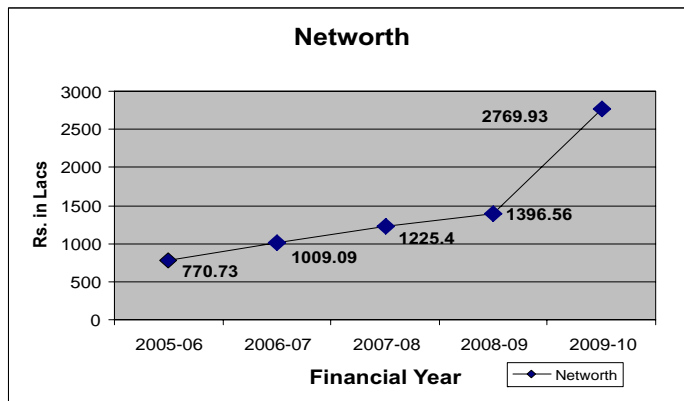
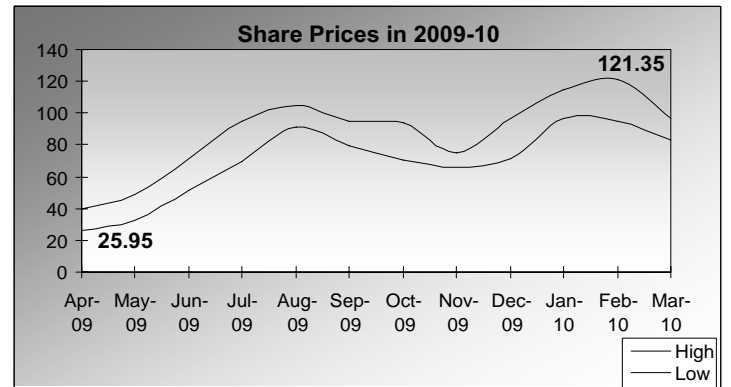
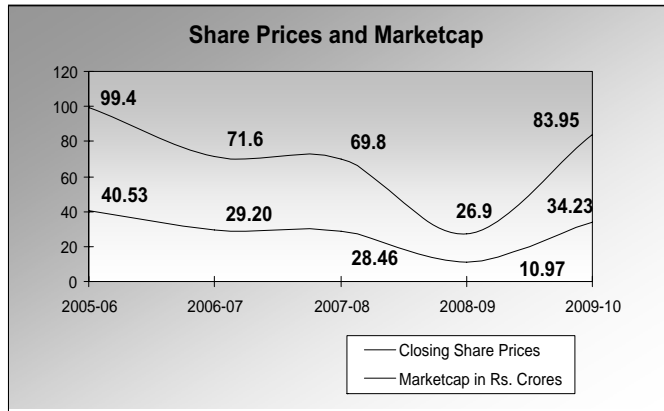
FINANCIAL YEAR	2005-06	2006-07	2007-08	2008 - 09	2009-10
<u>COMPANY'S ASSETS</u>					
Net Block- Fixed Asset-Own	132.22	953.98	1401.8	2156.95	2796.64
Net Block- Fixed Assets-Leased	-----	-----	-----	-----	-----
Investments (Incl. JVs)	16.84	2.01	2.01	2.01	2.01
Net Current Assets	949.54	865.70	968.24	868.47	1096.08
Total Assets	1098.6	1821.69	2372.05	3027.43	3894.73
<u>COMPANY'S DUES</u>					
Secured Loans	327.87	812.60	1128.55	1615.71	1111.55
Deferred tax liability	----	----	18.10	15.16	13.25
<u>COMPANY'S NET WORTH</u>					
Equity Share Capital	407.76	407.76	407.76	407.76	407.76
Application Money Pending Allotment	----	----	----	----	1167.16
Reserves & Surplus	362.97	601.33	817.64	988.8	1195.01
Miscellaneous Expenditure (to the extent not w/off)	----	----	----	----	----
TOTAL NET WORTH	770.73	1009.09	1225.4	1396.56	2769.93
TOTAL LIABILITY	1098.6	1821.69	2372.05	3027.43	3894.73

FINANCIAL RATIOS

	2006	2007	2008	2009	2010
Operating Ratio	26.61%	28.61%	26.56%	19.85%	23.80%
PBDT Ratio	22.38%	23.27%	22.03%	15.33%	19.04%
PBT Ratio	11.91%	20.76%	20.74%	13.87%	17.40%
PAT Ratio	8.31%	13.35%	11.84%	8.14%	11.40%
Net Worth	770.73	1009.09	1225.4	1396.56	2769.93
Return on Equity	20.00%	38.32%	38.34%	26.23%	13.52%
Interest Coverage Ratio	6.29	5.36	5.87	4.39	4.99
Debt Equity Ratio	0.80	1.99	2.77	3.96	2.73
EPS (Basic)	2.64	6.10	6.58	5.08	5.93
EPS (Diluted)	2.64	6.10	6.58	5.08	5.78

* Previous year's figures have been regrouped/ rearranged/ reclassified wherever required.





NOTICE TO SHAREHOLDERS

Notice is hereby given that the Twenty Second Annual General Meeting of the members of the Company will be held on Wednesday, 29th September, 2010 at 11.00 A.M. at Artefact Towers, 54/3, Chhatrapati Square, Wardha Road, Nagpur – 440 025, to transact the following business:

As Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2010, and the Profit and Loss Account for the Financial Year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a Dividend as proposed, on Equity Shares of face Value ₹. 10/- each of the company.
3. To appoint a Director in place of Mr. Ashok Mehta, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint M/s Chaturvedi & Shah, Chartered Accountants and M/s Naresh Patadia & Co., Chartered Accountants, as Joint Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and to pass the following resolutions thereof:

“RESOLVED THAT M/s. Chaturvedi & Shah, Chartered Accountants, (Registration No. 101720W) and M/s. Naresh Patadia & Co., Chartered Accountants (Registration No. 106936W), be and are hereby re-appointed as the Joint Statutory Auditors of the company to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting, on such remuneration as may be determined by the Board of Directors.”

Date: 14th August, 2010

By Order of the Board of Directors

Sd/-

Manoj B. Shah
Managing Director

REGISTERED OFFICE:

1st Floor, Bhiwapurkar Chambers
Opp. Yeshwant Stadium, Dhantoli, Nagpur- 440 012

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE PROXY INSTRUMENT IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Members/Proxies should bring the Attendance slip duly filled in for attending the meeting.
3. The members are requested to notify any change of address with Pin code number to the R & T Agent. In respect of members holding shares in electronic mode, the details as would be furnished by the Depositories as at the close of 14th of September, 2010 will be considered by the Company.
4. Register of Members/ Transfer Books of the Company will remain closed from 15th September, 2010 to 29th September, 2010 (both days inclusive) for the purpose of payment of Dividend
5. All the documents referred to in the Notice are open for inspection by the members of the Company at its Registered Office between 10.00 A.M. to 1.00 P.M. on any working day of the Company, until the date of ensuing Annual General Meeting or any adjournment or adjournments thereof.
6. Shareholders desiring any information relating to accounts are requested to write to the company at the earliest date so that as to enable the management to keep the information ready.



Letter from Managing Director



Dear Shareholders,

Last year was full of challenges and risks in the backdrop of huge global slowdown and tight monetary conditions. However, by the end of Year 2009, we witnessed recovery of global recession coupled with stability in world economic scenario.

However, in the Road Sector, we witnessed a large slump in new projects tendered or awarded. But even in the adverse conditions, your Company continues to retain its financial health and looks ahead with optimism. The Financial Results witnessed a small decrease in Company's Gross Receipts due to non-award of bids by NHAI and other Road Development Authorities due to the economic conditions in past two years.

Four Projects assignments achieved completion during the Year. This also resulted in a decline in the top-line.

The Company is fiercely bidding for new projects to strengthen its order book position. The revenues from new projects are expected to commence after the project awards. Therefore, a dip in the topline for the next year is expected but thereafter, based on orders booked, growth is expected to be satisfactory in line with Industry Prospects.

Your Company has been fortunate to steadfastly maintain and enhance its association with its JV Partners and to realise the fullest potential of global technology. Artefact's prestigious project for planning and designing of Trivandrum Airport also achieved completion and the International Airport is ready to be inaugurated and be fully operational.

Currently, the Company is undertaking eighteen ongoing projects including eleven National Highway Projects. The past healthy order book position of the Company ensured steady revenues and stability of operations even in absence of new bids and orders.

INDUSTRY OUTLOOK

Recognising the critical importance and priority of the Infrastructure Sector, the Government of India has set up the "Committee on Infrastructure (COI)". The Committee estimates investment requirements for key infrastructure sectors, to be achieved by 2012, include ₹. 2,20,000 Crores for modernisations and upgradation of Highways, ₹. 40,000 Crores for Civil Aviation, ₹. 50,000 Crores for Ports.

It is my great pleasure to highlight the operational and financial performance of your Company during the difficult year of FY 2009-10:-

- Net Profit after tax of the Company is ₹. 245.47 Lacs, up by 14.20% in spite of
- Gross Total Income in FY 2009 – 10: ₹. 2407.51 Lacs, down by 19.33%
- Earnings per share (EPS) Basic ₹. 5.93, Diluted ₹ 5.78
- Dividend of 7.5% proposed i.e. ₹. 0.75/- per equity share of face value of ₹. 10/- each resulting in payout of ₹. 43.53 Lacs.

