

29th Annual Report 2002-2003



E

Conart Engineers Limited



Conart Engineers Limited

BOARD OF DIRECTORS	REGISTRAR & TRANSFER AGENT	CONTENTS	PAGE NO.
RAMESH S. SURA CHAIRMAN	M/s. Sharex (India) Pvt. Ltd., 17/B Dena Bank Building, 2nd Floor, Horniman Circle, Fort, Mumbai - 400 001.	• Notice	2-3
JITENDRA S. SURA MANAGING DIRECTOR		• Directors' Report	4-5
TEJAS V. SURA JT. MANAGING DIRECTOR		• Anditors' Report	6-7
HARESH V. PATEL DIRECTOR		• Balance Sheet	8
HARSHAD B. JHAVERI DIRECTOR		• Profit & Loss Account	9
SEVANTILAL P. SHAH DIRECTOR (W.E.F. 29/10/2002)		• Schedules & Notes to Accounts	10-16
		• Cash flow Statement	16-17
		• Balance Sheet Abstract and General Profile	17
		• Management Discussion and Analysis	18
		• Corporate Goveranance Report	19-23
		• Auditor's Certificate on Corporate Governance	23
COMPANY SECRETARY	BANKERS		
DIPALI RAWAL	Bank of Baroda Dena Bank The Saraswat Co-operative Bank Ltd., HDFC Bank		
AUDITOR'S	REGISTERED OFFICE		
V. L. SHAH & CO. Chartered Accountant	35, Manoj Udyog, 40/A G.D. Ambekar Marg Wadala, Mumbai - 400 031. Tel. : 2414 8503 / 09		
	BRANCH OFFICE		
	Bombay Shopping Centre, 2nd Floor, R. C. Dutt Road, Vadodara - 390 005		



Conart Engineers Limited

NOTICE

Notice is hereby given that the Twenty-Ninth Annual General Meeting of the Members of **Conart Engineers Limited** will be held on Friday, the 12th September 2003, at 4.00 p.m. 'AOTS ALUMNI ASSOCIATION OF WESTERN INDIA', 3rd Floor, India Printing House, 42, G.D. Ambekar Marg, Wadala, Mumbai-400 031 to transact the following business:

ORDINARY BUSINESS

- 1) To receive, consider and adopt the audited Balance Sheet as at 31st March 2003, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
- 2) To appoint a Director in place of Mr. Jitendra S. Sura, who retires by rotation and being eligible for reappointment, offers himself for reappointment.
- 3) To appoint M/s. V. L. Shah & Co. Chartered Accountant as an auditor of the Company from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting.

SPECIAL BUSINESS

- 4) To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.:

"RESOLVED THAT pursuant to section 257 and other applicable provisions of the Companies Act, 1956, Mr. Sevanti Popatlal Shah who was appointed as an Additional Director of the Company and whose terms of office expires at this Annual General Meeting be and is hereby appointed as a Director of the Company and he will be liable to retire by rotation."

- 5) To consider and if thought fit to pass with or without modification(s) the following resolution as a Special Resolution.:

"RESOLVED THAT subject to the provisions of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof for the time being in force), Securities Contract (Regulation) Act, 1956 and the Rules framed thereunder and as per the Listing Agreement with Stock Exchange – Ahmedabad and Vadodara Stock Exchange Ltd. and all other applicable laws, rules, regulations and guidelines subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (herein after referred to as "the Board" which term shall be deemed to include any Committee thereof for the time being exercising the power confirmed by the Board by the Resolution), the consent of the Company be and is hereby accorded to the Board to delist the Equity shares of the Company from the Stock Exchange- Ahmedabad and Vadodara Stock Exchange Ltd."

By order of the Board of Directors
For Conart Engineers Limited

(Dipali Rawal)
Company Secretary

Place: Mumbai
Date: 24th June, 2003

Registered Office:
35, Manoj Udyog,
40/A, G. D. Ambekar Marg,
Wadala, Mumbai-400 031

NOTES

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
- 2) Instrument appointing a proxy should, however, be deposited at the Registered office of the Company not less than 48 hours before the commencement of the meeting.
- 3) Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, the 10th September 2003 to Friday, the 12th September 2003 (both days inclusive.)
- 4) Members are requested to notify immediately about any change of address with PIN CODE to their Depository Participants (DPs) in respect of their Demated Shares and to the Company in respect of their Physical Share Certificates.



Conart Engineers Limited

- 5) Shareholders are advised to convert their shares into the Demat form if they have not converted them so far
- 6) Members/ Proxies should bring the attendance slip, duly filled in for the attending the meeting.
- 7) The unclaimed Dividend 1995-96 is due for transfer to the Investor Education and Protection fund in November 2003. Once the unclaimed dividend is transferred to the said Fund no claim shall lie in respect thereof. Those shareholders who have not encashed their dividend warrants for the financial year ended 1995-96 and onwards are requested to make their claims to the company accordingly, without any delay.
- 8) The relative explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the business under item no. 4 & 5 set out above, are annexed hereto.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS.

Pursuant to Section 173(2) of the Companies Act, 1956.

ITEM NO. 4.

According to provision of section 260 of the Companies Act, 1956, Mr. Sevanti P. Shah was appointed as an Additional Director of the Company w.e.f. 29th October 2002 by the Board of Directors of the Company and he holds office as director only up to the date of the ensuing Annual General Meeting. As required by Section 257 of the Companies Act, 1956 a notice has been received from member signifying his intention to propose appointment of Mr. Sevantilal P. Shah as a Director along with a deposit of Rs. Five Hundred. Mr. Sevantilal P. Shah is B. S. Mach. Engg, from USA. He is Chairman & Managing Director of M/s. Neptune Equipment Pvt. Ltd. He has worked with TELCO for 25 years and retired as General Sales Manager. He is an active member and past Chairman of Indian Roads & Transport Development Association (IRTD) Manufacturers and also active member of Federation of Automobiles Dealers Association (FADA). He has good knowledge of accounts and finance.

The Board recommends the resolution for appointment of Mr. Sevantilal. P. Shah as the Director of the Company. None of the Directors except Mr. Sevantilal. P. Shah are concerned or interested in this resolution.

ITEM NO. 5.

Presently the Company's Equity Shares are listed on Stock Exchanges at Mumbai, Ahmedabad and Vadodara. With the extensive networking of the Stock Exchange, Mumbai (BSE) and the extension of BSE terminals to other cities as well, investor have access to on-line dealing in the Company's Equity shares across the country. The bulk of trading in the Company's shares take in any case takes place on the BSE. The depth and liquidity of trading in the Company's share on the Stock Exchange Ahmedabad and Vadodara is lower and therefore the Annual recurring listing fees paid to the Stock Exchanges Ahmedabad and Vadodara now do not offer corresponding benefits to the Company / its investors.

In the changed scenario of the said available net work of BSE, continued listing on the said exchanges are not considered justified. In view of the foregoing the Board of Directors, at their meeting held on 31st July, 2003 have decided to apply for the voluntary delisting of the Company's Equity Shares from The Stock Exchange – Ahmedabad and Vadodara Stock Exchange Ltd. The proposed delisting will not adversely affect the investors, as the Company's Equity Shares will continue to be listed on BSE. The delisting will take effect after all approvals, permissions and sanctions are received. The exact date on which delisting will take effect will be suitably notified at that time In line with SEBI regulations and approval, if any required, Members' approval is being sought by a Special Resolution for enabling voluntary delisting of the shares from The Stock Exchange – Ahmedabad and Vadodara Stock Exchange Ltd.

The Board recommends the acceptance of the resolution at item no..5 .of the Notice.

None of the Directors is concerned or interested in the said resolution.

By order of the Board of Directors
For Conart Engineers Limited

(Dipali Rawal)
Company Secretary

Place: Mumbai
Date: 24th June, 2003

Registered Office:

35, Manoj Udyog,
40/A, G. D. Ambekar Marg,
Wadala, Mumbai-400 031



Conart Engineers Limited

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Twenty Ninth Annual Report together with the audited Statements of Accounts for the financial year ended 31st March 2003.

FINANCIAL RESULTS

	(Rupees In Lacs)	
	2002-2003	2001-2002
Turnover	1199.55	763.76
Operating Profit	209.15	180.20
Other Income	9.47	11.29
Administrative and Other Expenses	178.85	136.28
Interest	4.20	5.41
Depreciation	19.87	19.17
Profit /(Loss) Before Extra Ordinary Item & Tax	15.71	30.63
Decrease in the value of Investments (Net)	2.77	9.35
Profit /(Loss) Before Tax	12.94	21.28
Add : Asses. Tax Paid	-	0.66
Add : Deferred Tax on Timing Differences	0.22	0.94
Profit /(Loss) after Tax	13.17	21.56
Surplus Brought Forward	77.90	
Add: Written Back Differed Tax Liability	6.52	63.80
Balance available for Appropriation	97.59	85.36
Appropriations		
Deferred Tax Liability	19.85	7.47
Surplus carried to Balance Sheet	77.74	77.90

PERFORMANCE REVIEW

Sales and services of the company has increased up to 57.05% than the last year. During the year under review the Company has made the Operating Profit of Rs. 209.15 Lacs as against Rs. 180.20 Lacs in the last year. i.e increase of 16.05% However, this year the Company has born the stress of increase in the prices of Construction expenses and materials. Also this year the company has to write off Bad Debts to the extent of Rs. 27.25 Lacs, which has resulted in the reduction in the Net Profit after Tax.

MANUFACTURING BRICKS FROM FLYASH

The Company has suspended the production of flyash bricks due to lack of demand. Your Directors are trying hard to dispose off the flyash bricks unit.

WIND POWER PROJECT

Since the Company is not receiving proper returns and the maintenance of the windmill is very costly affair, your Directors are of the opinion to dispose off the windmill.

BUSINESS PROSPECTS

The prospects of the Company appears to be encouraging considering the overall economic development in the various industries. Need of renovation, extension, up-gradation and environmental safety in the existing industries will add value to the projects. The thrust for continuous improvement in newer technologies, products, method of construction, material, equipment, time management and human resources management have added value to our services.

DIVIDEND

Considering the current fund flow and the liquidity aspects of the Company, the management has not recommended any divided this year.

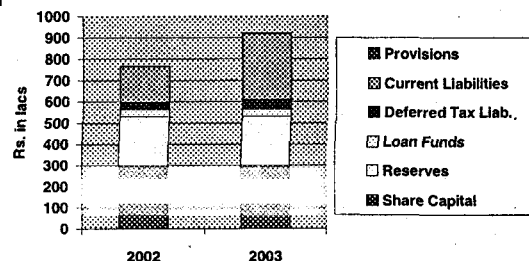
DEPOSITORY SYSTEM

38.52 % of shares are dematerialised with NSDL and CDSL as on 31st March, 2003.

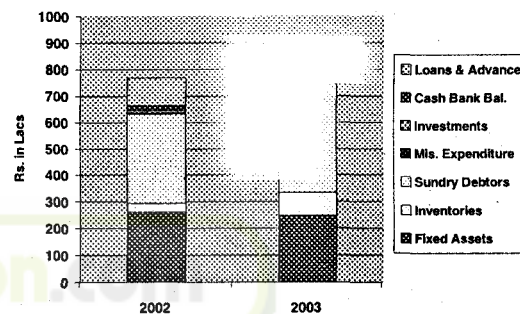
DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and in accordance with the Articles of Association of the Company, Mr. Jitendra S. Sura are retiring by rotation at the ensuing Annual General Meeting and being eligible offers himself for the reappointment.

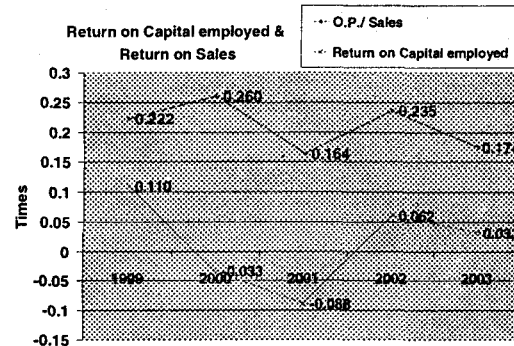
LIABILITIES



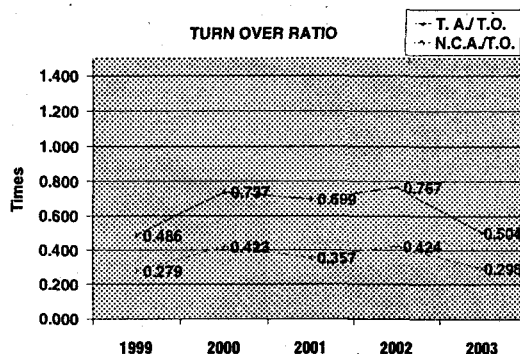
Assets



Return on Capital employed & Return on Sales



TURN OVER RATIO





Conart Engineers Limited

The Board of Directors have also appointed Mr. Sevantilal P. Shah as an additional Director during the year and he is eligible for the appointment as the Director of the Company. His brief resume is presented in the 'Corporate Governance Report. His appointment as the Director of the Company will be in the interest of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

The applicable accounting standards have been followed in the preparation of the annual accounts and proper explanation have been furnished, relating to material departures.

Accounting policies have been selected and applied consistently and reasonably, and prudent judgements and estimates have been made 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.

Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

The annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

A separate report on Corporate Governance is furnished alongwith this report and Auditor's Certificate regarding the compliance of the said code is annexed there to.

FIXED DEPOSIT

The Company has not accepted any deposit from the public.

PARTICULARS OF EMPLOYEES

The Company has no employee drawing remuneration equal to or more than the limits prescribed U/S 217 (2A) of the Companies Act, 1956.

CONSERVATION OF ENERGY

The Company has taken the required steps and has been consistently exercising necessary vigilance in the direction of Energy conservation, which is of paramount importance.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the financial year, total foreign exchange used and earned was Rs. 14,979 and Rs. Nil respectively.

TECHNOLOGY ABSORPTION

The Company is continuously upgrading its Machineries in consonance with the latest technology in the construction industry.

AUDITORS

M/S V.L. Shah & Co. Chartered Accountants, the Auditors of the Company hold office till the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The Company has received a letter from M/S V.L. Shah & Co. Chartered Accountant to the effect that their appointment as Auditors, if made would be within the limits under Section 224(1-B) of the Companies Act, 1956.

LISTING OF SHARES

The equity shares of the Company are listed on the Mumbai, Vadodara and Ahmedabad Stock Exchanges. However, the Board of Directors have decided to delist the company's, Equity shares from Ahmedabad and Vadodara Stock Exchanges and are recommending the resolution as set in the Item No. 5 of the Notice. Relevant Explanatory Statement is also furnished for your information.

APPRECIATION

The Board wishes to place on record its gratitude to the Company's bankers, consultants, auditors and various Government authorities for their valuable support and guidance. The Board also places on record its sincere gratitude to shareholders, valued , contractors, suppliers and well-wishers for their goodwill, patronage and whole hearted support. The Board also records the concerted efforts put in and the valuable contribution made by the staff at all levels of your Company and looks forward to their unwavering commitment and teamwork for the all-round progress of the Company.

Place: Mumbai

Date: 24th June, 2003

By order of the Board of Directors
For Conart Engineers Limited

(Ramesh S. Sura)
Chairman

Registered Office:

35, Manoj Udyog,
40/A, G. D. Ambekar Marg,
Wadala, Mumbai-400 031



Conart Engineers Limited

AUDITOR'S REPORT

TO THE MEMBERS OF CONART ENGINEERS LIMITED

- 1) We have audited the attached Balance Sheet of Conart Engineers Limited as at 31st March 2003 and Profit & Loss Account of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Manufacturing and Other Companies (Auditor's Report) Order 1988, issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
- 4) Further to our comments in the annexure referred to in paragraph (3) above, we report that :
 - a) We have obtained all the information and explanations which to the best of our knowledge and believes 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 appears from our examination of those books;
 - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3c) of the section 211 of the Companies Act, 1956.
 - e) On the basis of written representations received from the Directors, as on 31st March 2003 and take on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2003 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said account together with the notes thereon, give the information required by the Companies Act 1956, in the manner so required and also give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of Balance Sheet of the state of affairs of the Company as at 31st March 2003 And
 - (ii) In the case of Profit & Loss account of the profit for the year ended on that date.
 - (iii) In so far as it relates to the cash flow statement of the cash flows of the company for the year ended on that date.

For **V. L. SHAH & CO.**
CHARTERED ACCOUNTANTS

Place : Mumbai
Dated : 24th June, 2003

V. L. Shah
(Proprietor)

Annexure referred to in Paragraph 3 of the Auditor's Report to the members of Conart Engineers Limited on the Accounts for the year ended March 31, 2003.

- 1) The Company has maintained proper records showing full particulars including quantitative details and situations of its fixed assets. We are informed that the fixed assets have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies between book records and physical inventory have been noticed on such verification in respect of the Assets physically verified.
- 2) None of the Fixed Assets have been revalued during the year.
- 3) The stock of stores spares, scaffolding materials and construction materials, raw materials and finished goods were physically verified by the Management during the year. In our opinion, the frequency of the verification is reasonable.
- 4) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management were found reasonable and adequate in relation to the size of the Company and the nature of its business.