

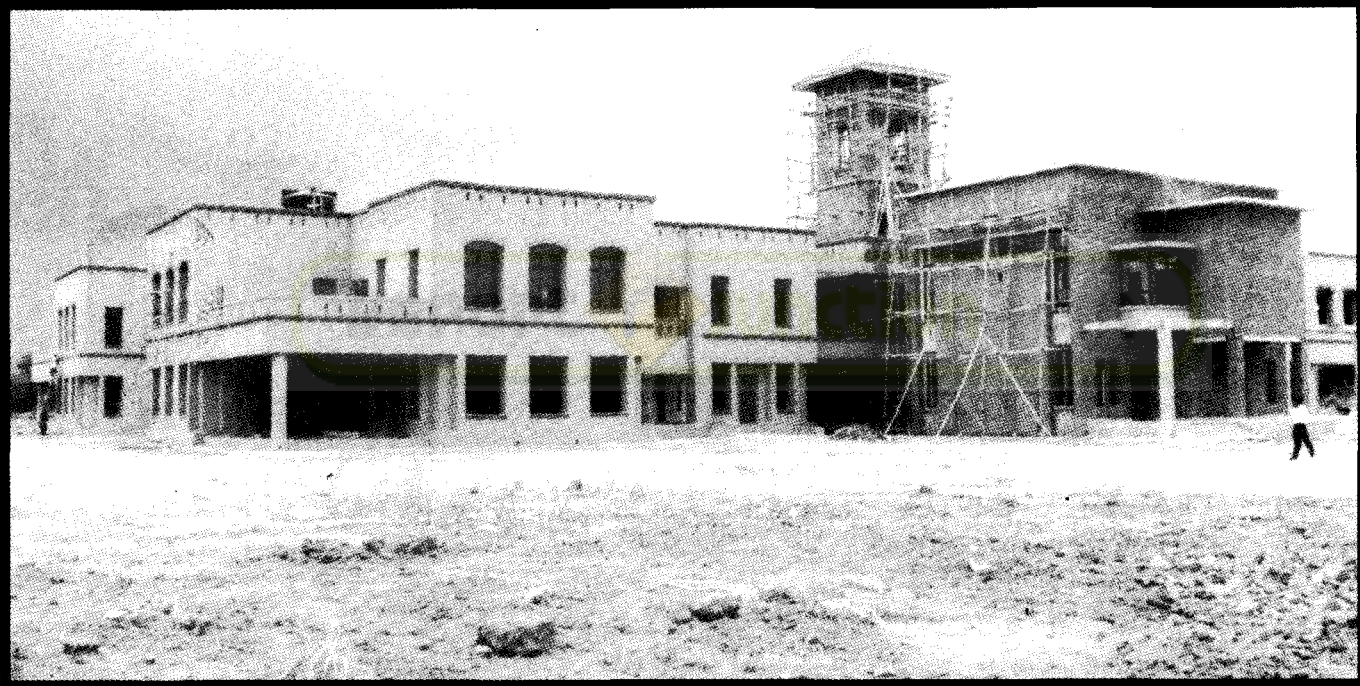


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32nd Annual Report 2005-2006



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Conart Engineers LimitedTM

where construction engineering becomes an art



SHRI RAMESH S. SURA
(1932-2006)

HIS SPIRIT WILL CONTINUE TO GUIDE US FOREVER



Conart Engineers LimitedTM

BOARD OF DIRECTORS

MR. JITENDRA S. SURA

CHAIRMAN & MANAGING DIRECTOR

MR. TEJAS S. SURA

JT. MANAGING DIRECTOR

MR. HARESH V. PATEL

INDEPENDENT DIRECTOR

MR. HARSHAD B. JHAVERI

INDEPENDENT DIRECTOR

MR. SEVANTILAL P. SHAH

INDEPENDENT DIRECTOR

MR. PRADIP R. SURA

INDEPENDENT DIRECTOR

REGISTRAR & TRANSFER AGENT

M/s. Sharex Dynamic (India) Pvt. Ltd.

Unit -1, Lutra Industrial Premises,
Andheri Kurla Road,
Safed Pool, Andheri (W),
Mumbai - 400 072

BANKERS

State Bank Of India
Bank of Baroda
Dena Bank
The Saraswat Co-Operative Bank
HDFC Bank

BRANCH OFFICE

Bombay Shopping Centre,
2nd Floor, R.C. Dutt Road,
Vadodara - 390 005.

Report  junction.com

AUDITORS

GOVIND PRASAD & CO.

Chartered Accountants

REGISTERED OFFICE

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

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NOTICE

Notice is hereby given that the Thirty Second Annual General Meeting of the Members of CONART ENGINEERS LIMITED will be held on Friday 29th September 2006 at 4.30 p.m. at AOTS ALUMINI 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 2006 and 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. Harshad B. Jhaveri who retires by rotation and being eligible offers himself for reappointment.
- 3) To appoint a Director in place of Mr. Sevantilal P. Shah who retires by rotation and being eligible offers himself for reappointment.
- 4) To appoint a Director in place of Mr. Pradip S. Sura who retires at the ensuing Annual General Meeting and being eligible offers himself for appointment.
- 5) To appoint M/s. Govind Prasad & Co, Chartered Accountants as the Auditors of the Company who is retiring at the ensuing Annual General Meeting and is eligible for reappointment has offer himself for reappointment and fix his remuneration.

By order of the Board of Directors
For CONART ENGINEERS LIMITED

(Tejas V. Sura)
Jt. Managing Director

Place: Mumbai
Date: 28th June 2006

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 TO BE A MEMBER. 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.
2. Register of Members and the Share Transfer Books of the Company will remain closed from 22/09/2006 to 29/09/2006 (Both Days Inclusive)
3. 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.
4. Shareholders are advised to convert their shares into the dematerialised form if they have not converted them so far.
5. Members / Proxies should bring the attendance slip, duly filled in for the attending the meeting.
6. Consequent upon the amendment of Section 205(A) of the Companies Act and the introduction of Section 205(C) by the Companies (Amendment) Act, 1999 the amount of dividend from year 1997-98 remaining unpaid or unclaimed for a period of Seven years from the date of transfer to the Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund (the fund) set up by the Government of India and no payments shall be made in respect of any such claims by the fund.
7. Members, who have not yet encashed their dividend warrant(s) for the financial year ended 31st March 1998 onwards, are requested to make their claims to the Company without any delay. It may be noted that the unclaimed dividend for the financial year ended 31st March 1999 is due for transfer to the Investors Education Fund in October 2006.

By order of the Board of Directors
For CONART ENGINEERS LIMITED

(Tejas V. Sura)
Jt. Managing Director

Place: Mumbai
Date: 28th June 2006

Registered Office:

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



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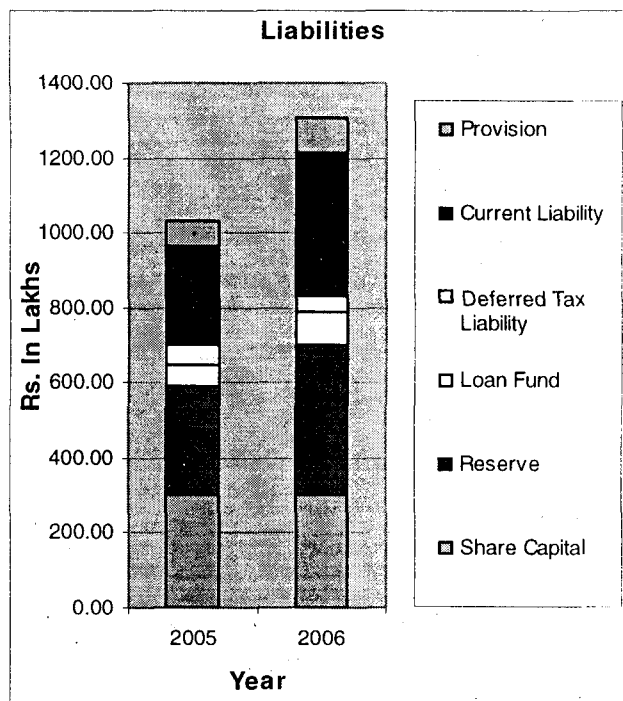
DIRECTORS' REPORT

TO THE MEMBERS OF CONART ENGINEERS LIMITED

The Directors have pleasure in presenting their Thirty-Second Annual Report and the Audited Statement of Accounts for the financial year ended March 31 2006.

2. FINANCIAL REVIEW

	(Rs. In lacs)	
	2005-06	2004-05
Gross revenue	1908.46	1694.99
Total expenditure	1759.56	1586.71
Operating Profit	148.90	108.28
Loss on sale of capital assets	NIL	47.51
Other Income	28.00	13.98
Profit Before Interest and Depreciation	176.90	74.75
Interest	7.72	5.18
Depreciation	19.60	18.69
Profit Before Tax	149.58	50.88
Provision for Taxation		
(a) Current	(49.50)	(37.18)
(b) Deferred Tax earlier year written Back		8.66
(c) Deferred Tax	6.72	-
(d) Fringe Benefit	(2.82)	-
(e) Prior Year Tax Adjustment	3.76	-
Profit after Tax	107.74	22.36
Balance Brought forward from earlier year	111.92	89.56
Amount available for appropriations	219.66	111.92
Balance carried to Balance sheet	219.66	111.92



PERFORMANCE REVIEW:

Sales turnover has increased to Rs. 1908 lakhs compared to Rs. 1695 lakhs in the earlier year. Your company earned good profits in the year under review inspite of step increase in material costs like cement and steel coupled with increase in Labour costs. Your company is concentrating on creating a culture of harnessing talent so that it would consolidate your company's position as one of the leaders in construction industry.

BUSINESS PROSPECTS:

Your directors are happy to inform you that your Company is receiving various enquires from world renowned Customers.

The Government has opened up Foreign Direct Investment (FDI) in Real Estate Sector. As a result your directors are of the opinion that various opportunities are thrown open for the construction industry. Manufacturing Sector has also been given a boost Special Economic zones have been notified by the Government. All these coupled with your company's reputation in the Construction Industry shows a very bright & promising future for your company.

Your Directors are evolving various strategies to escalate growth of your Company. Your Company is also in the process of executing Turn-Key projects for a prospective roster of clients, who would provide repeat orders to your Company.

Your Directors are confident that a good year lies ahead for your Company.

DIVIDEND:

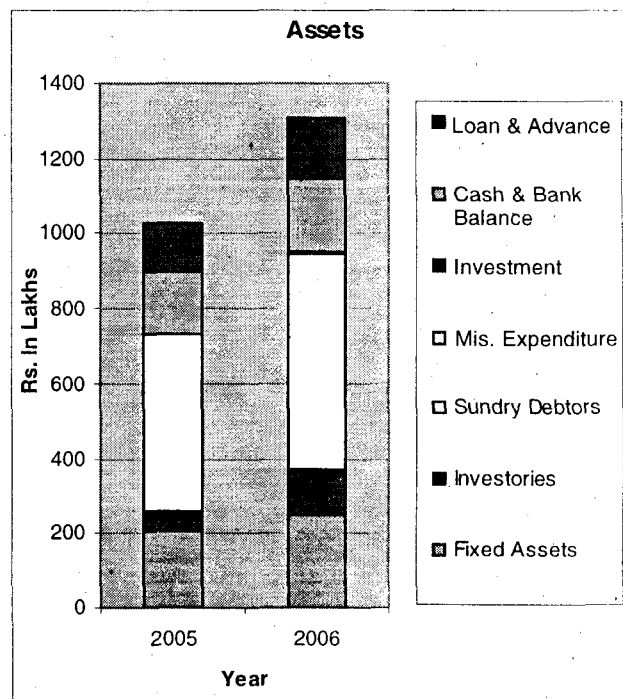
The Board of Directors are of the opinion that the profit is to be ploughed back and hence do not recommend dividend this year.

DEPOSITORY SYSTEM:

79.16% of the equity shares of the company are dematerialised as on 31st March 2006.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and in accordance with the Articles of Association of the Company, Mr. Harshad Jhaveri and Mr. Sevantilal Shah retire by rotation and being eligible for the reappointment have offered themselves for reappointment.





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DIRECTORS' RESPONSIBILITY STATEMENT

The applicable Accounting Standards have been followed in the preparation of the Annual Accounts and proper explanation has 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 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 along with this report and the Auditors Certificate regarding the compliance of the said code is annexed there to.

FIXED DEPOSIT:

The Company has accepted deposits from the directors to the extent of Rs. 25.15 Lakhs and no deposits are being accepted 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. NIL and Rs. NIL respectively.

TECHNOLOGY ABSORPTION:

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

AUDITORS:

M/s. Govind Prasad & Co. Chartered Accountants, the Auditors of the Company hold office till the conclusion of this ensuing Annual General Meeting and are eligible for reappointment. The Company has received a letter from M/s Govind Prasad & 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 companies Equity Shares are presently listed on Mumbai Stock Exchange.

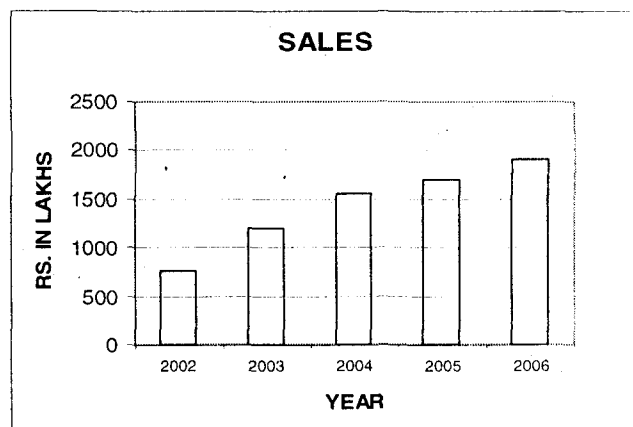
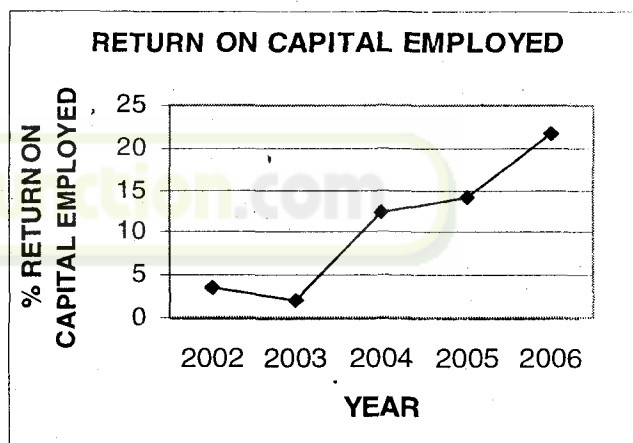
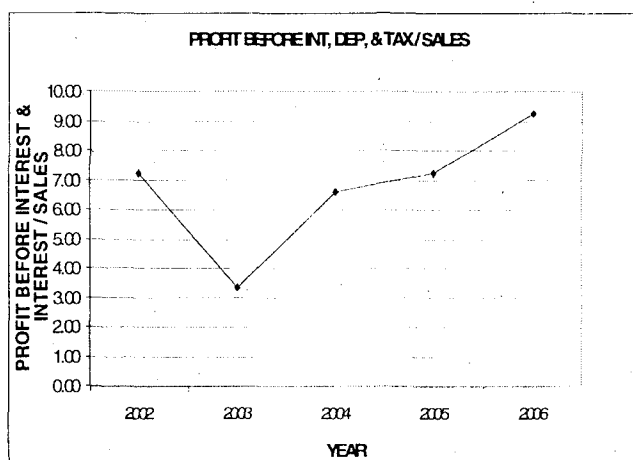
APPRECIATION:

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 all stakeholders including shareholders, valued clients, contractors, suppliers and well wishers for their goodwill, patronage and wholehearted support. The Board also records the concentrated 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.

On behalf of the Board of Directors
For CONART ENGINEERS LTD.

(JITENDRA S. SUR),
CHAIRMAN

Place: Mumbai
Date: 28th June 2006





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AUDITOR'S REPORT

To,
The Members
CONART ENGINEERS LIMITED

1. We have audited the attached Balance Sheet of **M/S CONART ENGINEERS LIMITED** as at 31st March 2006, and the Profit and Loss Account of the Company and Cash Flow Statement 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the 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 Companies (Auditor's Report) Order 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we give in the enclosure a statement on the matters specified in paragraphs 4 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 belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account, as required by law have been kept by the Company so far as appears from our examination of such books.
 - c) The Balance Sheet, Profit Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by the report comply with the Accounting Standards referred in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e) On the basis of written representation received from the Directors as on 31st March, 2006 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2006 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
5. In our opinion and to the best of our information and according to explanations given to us, the said accounts read with the Significant Accounting Policies and other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - I. In the case of the Balance Sheet of the state of affairs of the Company as at 31st March 2006.
 - II. In the case of Profit and Loss Account of the Profit of the Company for the year ended on that date.
 - III. In the case of the Cash Flow Statement of the Cash Flows for the year ended on that date.

For Govind Prasad & Co.
Chartered Accountants

(Govind Prasad)
(Proprietor)

Membership No.47948.

Place: Mumbai
Date: 28th June 2006

Annexure to Auditors Report

(Referred to in Paragraph 3 of our report of even date)

- (i) In respect of its Fixed Assets:
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.



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- b) The Company has physically verified certain assets during the year in accordance with a program of verification, which in our opinion provides for physical verification of the Fixed Assets at reasonable intervals. According to the information and explanation given to no material discrepancies were noticed on such verification.
- c) In our opinion and according to the information and explanations given to us the Company has not made any substantial disposals during the year.
- (ii) In respect of its Inventories:
 - a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals.
 - b) In our opinion and according to the information and the explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) In respect of loans, secured or unsecured, granted or taken by the Company to or from companies, firms or other parties covered in the register maintained U/S 301 of the Companies Act, 1956, according to the information and explanations given to us
 - a) The Company has taken loans from three parties covered in Register U/S 301 of the Companies Act, 1956 aggregating to Rs. 26,87,945/-
 - b) In our opinion and according to the information and explanations given to us, the rate of interest, wherever applicable and other terms and conditions are not prima facie prejudicial to the interests of the Company.
 - c) The payment is made of the principal amount to the parties from whom loans taken by the Company is regular as per the mutual understanding between the parties.
 - d) There is no overdue amount of such loan taken from the aforesaid parties
 - e) The Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the registered maintained u/s 301 of the Act
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods and services. Further on the basis of our examination of the books and records of the Company carried out in accordance with the Auditing Standards generally accepted in India and according to the information and explanation given to us we have neither come across nor have we being informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- (v) In respect of transaction entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.
 - a) To the best our knowledge and belief and according to the information and explanations given to us the transactions that needed to be entered into the register have been so entered.
 - b) According to the information and explanation given to us there is no transaction in excess of Rs. 5,00,000/- in respect of any party other than loan amount and hence the question of reasonable price in respect of such transaction regards to the prevailing market prices does not arises.
- (vi) In our opinion and according to the information and explanation given to us the Company has complied with the provisions of section 58A, 58AA or any other relevant provisions of the Act and the Company's (Acceptance of the Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank Of India or any Court or any other tribunal on the Company in respect of the aforesaid deposits.
- (vii) In our opinion, the Company has an adequate internal audit system of the Company is commensurate with its size and nature of its business.
- (viii) According to the information and explanations given to us the maintenance of cost records has not been prescribed by the central Government under clause (d) of sub section (1) of section 209.
- (ix) According to the information and explanation given to us in respect of statutory and other dues: