



# Conart Engineers Limited<sup>®</sup>

where construction engineering becomes an art



work as "GIPCL Township Expansion Work at Nani Naroli, Gujarat"

*38th Annual Report 2011-2012*



# Conart Engineers Limited<sup>®</sup>

## NOTICE

Notice is hereby given that the Thirty Eighth Annual General Meeting of the Share holders of **CONART ENGINEERS LIMITED** will be held at L. J. Education & Training centre, behind Punjab National Bank, N. C. Kelkar Road, Dadar (W), Mumbai 400 028 on Friday 21<sup>st</sup> September 2012 at 12.00 Noon to transact with or without modification(s) as may be permissible, the following business:

### **ORDINARY BUSINESS:**

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2012 and Profit and Loss Account for the year ended on that date, the Reports of Directors and Auditors thereon.
- 2) To appoint a Director in place of Mr. Sevantilal P. Shah who retires by rotation and being eligible offers himself for re-appointment.
- 3) To appoint a Director in place of Mr. Pradip Sura who retires by rotation and being eligible offers himself for re-appointment.
- 4) To appoint the Auditors of the Company to Hold office from the conclusion of this Meeting till the conclusion of the next Annual general Meeting of the Company and to fix their remuneration, and for the purpose, to pass the following resolution, which will be proposed as an **Ordinary Resolution** :

**"RESOLVED THAT** pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Govind Prasad & Co., Chartered Accountants, Mumbai, having registration No. 114360W be and are hereby re-appointed as the auditors of the Company and to hold office from the conclusion of this Meeting till conclusion of the next Annual General Meeting of the Company and that the Chairman Managing Director of the Company be and are hereby authorised to fix their remuneration of the said period and reimbursement of actual out of pocket expenses, as may be incurred in the performance of their duties."

### **SPECIAL BUSINESS:**

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

**"RESOLVED THAT** pursuant to section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered by deleting the existing Article 141 and substituting in place thereof the following as Article 141-

**Article 141:** The fees payable to a Director for attending each Board meeting shall be such sum as may be fixed by the Board of Directors not exceeding such sum as may be prescribed by the Central Government for each of the meetings of the Board or a Committee thereof and adjournments thereto attended by him. The Directors, subject to the sanction of the Central Government (if any required) may be paid such higher fees as the Company in General Meeting shall from time to time determine."

By order of the Board of Directors  
For **CONART ENGINEERS LIMITED**

(Mr. Jitendra S. Sura)  
Chairman / Managing Director

Place: Vadodara  
Date: 4<sup>th</sup> August, 2012

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

## NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need to be a member.
2. The 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. The Register of Members and the Share Transfer Books of the Company will remain closed from 14<sup>th</sup> September, 2012 to 21<sup>th</sup> September, 2012 (Both Days Inclusive)
4. Relevant details of Directors seeking appointment/re-appointment, as required by Clause 49 of the Listing Agreement are annexed.
5. 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.
6. Shareholders are advised to convert their shares into the dematerialised form if they have not converted them so far.
7. Members / Proxies should bring the attendance slip, duly filled in for the attending the meeting.
8. 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 has been 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.
9. The relative explanatory statement, pursuant to Section 173 (2) of the Companies Act, 1956 is attached hereto.
10. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively), has undertaken a "Green Initiative in Corporate Governance" and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering/updating their e-mail addresses, in respect of shares held in dematerialised form with their respective Depository Participants and in respect of shares held in physical form with CEL.

By order of the Board of Directors  
For **CONART ENGINEERS LIMITED**

(Mr. Jitendra S. Sura)  
Chairman / Managing Director

Place: Vadodara  
Date: 4<sup>th</sup> August, 2012

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



## **EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956**

### **Item # 5**

Your Directors recommend to alter the Articles of Association by changing the Article 141 (Sitting Fees) in order to make compliance with the provisions of the Companies Act, 1956 read with rule 10B of Companies (Central Government's) General Rules and Forms, 1956 from time to time. Your Directors, therefore, recommend the resolution for your approval.

None of the Directors is in any way concerned or interested in passing the proposed resolution.

### **BRIEF BIOGRAPHY OF DIRECTORS PROPOSED TO BE APPOINTED/**

### **REAPPOINTED, AS REQUIRED IN TERMS OF LISTING AGREEMENT :**

#### **(a) Mr. Sevantilal P. Shah**

Name Of Director	<b>Mr. Sevantilal P. Shah</b>
Date of Birth	01/12/1935
Date of Appointment	29/10/2002
Qualification	B.S. Mechanical Engineering
Expertise in specific functional areas	Automobiles Engineering
List of Public Companies in which Directorships held	Conart Engineers Limited
Chairman / Member of the Committee of the Board of Directors of the company	Commercial Automobiles Ltd. Jabalpur / Kanpur
Chairman / Member of the Committees of Directors of other companies Audit Committee Shareholder's / Investors' Grievance Committee Remuneration Committee	Conart Engineers Limited
No. of Equity Shares held in company	NIL

#### **(b) Mr. Pradip Sura**

Name Of Director	<b>Mr. Pradip Sura</b>
Date of Birth	10/05/1957
Date of Appointment	13/07/2006
Qualification	B.Pharm
Expertise in specific functional areas	Interior Contractor
List of Public Companies in which Directorships held	NIL
Chairman/Member of the Committees of The Board of Directors of the Company	Conart Engineers Limited. Member of Audit Committee
Chairman / Member of the Committees of Directors of other companies Audit Committee Shareholder's / Investors' Grievance Committee Remuneration Committee	None
No. of Equity Shares held in company	215449 Nos.



## DIRECTORS' REPORT

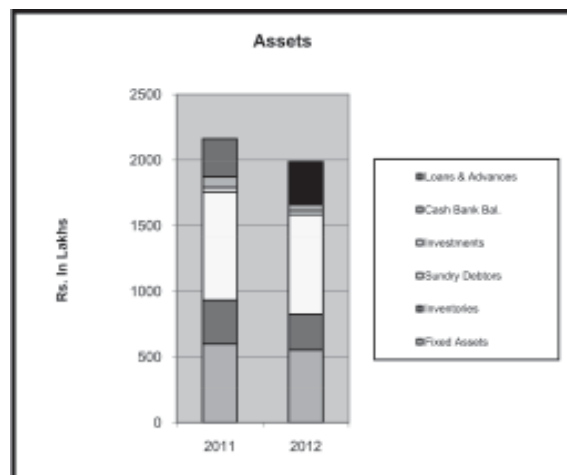
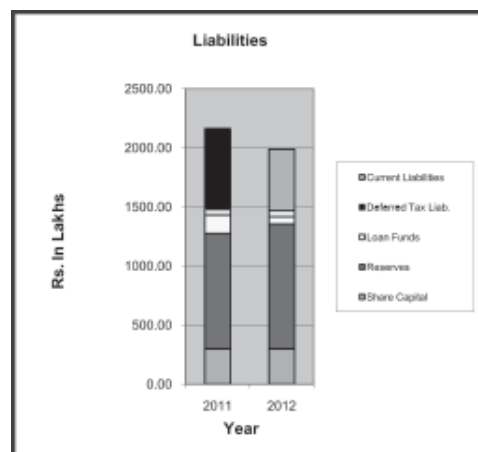
### TO THE MEMBERS OF CONART ENGINEERS LIMITED

The Directors have pleasure in presenting their Thirty-Eighth Annual Report and the Audited Statement of Accounts for the Financial year ended March 31, 2012.

### FINANCIAL REVIEW

(Rupees In Lakhs)

	<u>2011-12</u>	<u>2010-11</u>
Gross revenue	2652.15	3902.07
Total expenditure	2520.59	3818.76
Operating Profit	131.56	83.31
Other Income	45.84	85.82
Profit Before Interest and Depreciation	177.40	169.13
Interest	19.87	20.89
Depreciation	47.83	47.87
Profit Before Tax	109.70	100.37
Provision for Taxation		
(a) Current	(28.41)	(16.05)
(b) Deferred Tax earlier year written Back	0.00	0.00
(c) Deferred Tax	2.57	6.89
(d) Fringe Benefit	0.00	0.00
(e) Prior Year Tax Adjustment	0.00	0.00
Profit after Tax	78.72	77.43
Balance Brought forward from earlier year	779.80	702.37
Amount available for appropriations	858.53	779.80
Appropriation		
Transfer to General Reserve	0.00	0.00
Proposed Dividend	0.00	0.00
Tax on Proposed Dividend	0.00	0.00
Balance carried to Balance sheet	858.53	779.80



### PERFORMANCE REVIEW

Your company has maintained profitability levels in spite of reduced turnover. The increase in price of Materials and Labour continues to marginally affect the profits of your company. Your company is aggressively marketing to increase orders and increase turnover. Your directors are pursuing various strategies to ensure a promising future. This includes recent diversification in the field of Project Management services.

### BUSINESS PROSPECTS:

In the current Budget the Government has earmarked huge funds for development of infrastructure. The Government is also committed to boost the Indian economy for overall growth. The company continues to receive inquiries for new projects from existing customers as well as through customer references. All these factors are positive indicators for your company.

### NEW STANDARD ADOPTED:

Your company has successfully renewed its accreditation as an ISO 9001:2008 company from Joint Accreditation System of Australia and New Zealand (JAS-ANZ). Your Directors are confident that a bright future 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:**

87.37% of the equity shares of the company are dematerialised as on 31<sup>st</sup> March 2012.

**DIRECTORS:**

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

**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 not accepted any deposits from the public / directors.

**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(1B) of the Companies Act, 1956.

**LISTING OF SHARES**

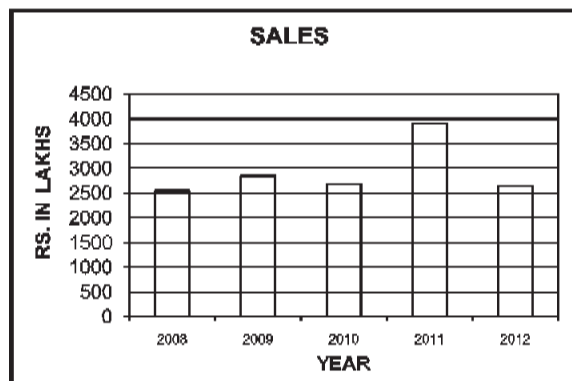
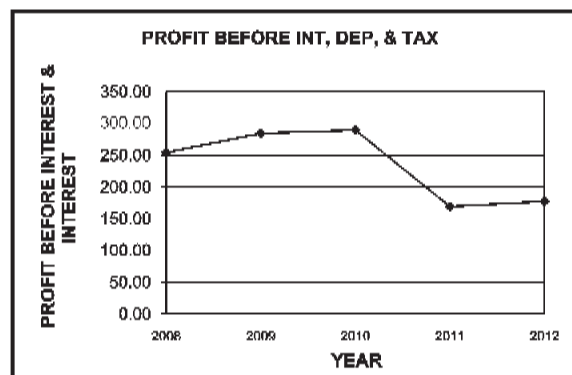
The companies Equity Shares are presently listed on Mumbai Stock Exchange.

**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, architect, consultant, 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 LIMITED**

(Mr. Jitendra S. Sura)  
Chairman / Managing Director







## AUDITOR'S REPORT

To the Members of **Conart Engineers Ltd.**

1. We have audited the attached Balance Sheet of M/s **Conart Engineers Ltd.** as on 31<sup>st</sup> March 2012 and also the Profit & Loss Account of the Company and the 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 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 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 paragraph 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 explanation, 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 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 & Loss Account and cash flow statement dealt with by the report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - (e) On the basis of the written representation received from the directors as on 31<sup>st</sup> March 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2012 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 the explanations given to us, the said accounts read with 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 31<sup>st</sup> March, 2012.
  - (ii) in the case of Profit & Loss Account of the **Profit** 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: Vadodara

Date : 4<sup>th</sup> August, 2012



**Re: CONART ENGINEERS LTD.**

(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 fixed assets.
  - (b) The Company has physically verified certain assets during the year in accordance with a programme of verification, which in our opinion provides for physical verification of the fixed assets at reasonable intervals. According to the information and explanations 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 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 not taken any loan from party covered in Register U/S 301 of the Companies Act, 1956.
  - (b) 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 and fixed assets and 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 been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- (v) In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act 1956;
  - (a) To the best of our knowledge and belief and according the information and explanations given to us, transactions that needed to be entered into the register have been so entered.
  - (b) According to the information and explanations given to us, the transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanation given to us, the company has not accepted deposits from the public as per section 58A and 58AA of the Act.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (viii) According to information and explanation 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 explanations given to us in respect of statutory and other dues:
  - (e) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities during the year outstanding for more than six months as at the last day of the financial year.
  - (f) The company does not have any disputed amount in respect of Income Tax, Sales Tax, Wealth Tax, Custom Duty etc.
- (x) According to the information and explanations given to us, the company does not have accumulated losses at the end of the financial year. Further, the company has not incurred cash losses in the current year as well as in the immediate preceding financial year.
- (xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions and banks.
- (xii) According to information and explanations given to us, the company has not granted any loan and advances on the basis of security by way of pledge of shares, debentures and other securities.



- (xiii) The nature of the Company's business/activities during the year is such that clauses (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company for the year ended.
- (xiv) Since the company is also dealing in investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. Also the shares and other securities have been held by the company in its own name.
- (xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee to any banks for loans taken by others.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained, other than temporary deployment pending application.
- (xvii) According to the cash flow statement and other records examined by us and the information and explanations given to us, on an overall basis, funds raised on short term basis have, prima facie, not been used during the year for long term investment and vice versa, other than temporary deployment pending application.
- (xviii) The Company has not made any preferential allotment of shares during the year.
- (xiv) According to the information and explanations given to us, the company has not issued any debentures and hence clause xix is not applicable.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For **GOVIND PRASAD & CO.**  
CHARTERED ACCOUNTANTS

**GOVIND PRASAD**  
Proprietor  
Membership No. 47948

Place: Vadodara  
Date : 4<sup>th</sup> August, 2012