



## ARTSON ENGINEERING LIMITED

4<sup>th</sup> June 2022

Listing Department

**BSE Limited,**

Phiroze Jeejeebhoy Towers,

Dalal Street, Fort, Mumbai - 400001,

Maharashtra

**Scrip Code: 522134**

Dear Sir/ Madam,

**Sub: Notice of 43<sup>rd</sup> Annual General Meeting (AGM) along with Annual Report for the FY 2021-22**

Pursuant to the Regulation 30 and 34 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the corresponding schedules thereof, the Notice convening 43<sup>rd</sup> AGM of the Company to be held on Tuesday, 28<sup>th</sup> June 2022 at 16:00 Hrs. (IST) through Video Conference (VC) / Other Audio-Visual Means (OAVM) along with the Annual Report of the Company for FY 2021-22 is enclosed.

The same is being sent through electronic mode to the shareholders of the Company.

Also available on the following link: <https://artson.net/wp-content/uploads/2019/11/Financial-Year-ended-31st-March-2022.pdf>

The schedule of activities relating to the AGM is set out below:

Event		Day & Date	Time
<b>Cut-off Date</b>		Tuesday, 21 <sup>st</sup> June 2022	NA
<b>Book Closure</b>	From	Wednesday, 22 <sup>nd</sup> June 2022	NA
	To	Tuesday, 28 <sup>th</sup> June 2022	NA
<b>e-Voting</b>	Start	Friday, 24 <sup>th</sup> June 2022	9:00 Hrs. (IST)
	End	Monday, 27 <sup>th</sup> June 2022	17:00 Hrs. (IST)
<b>AGM</b>		Tuesday, 28 <sup>th</sup> June 2022	16:00 Hrs. (IST)
<b>Service provider for e-voting platform &amp; e-AGM</b>		National Securities Depository Limited (NSDL)	NA

This is for your information and record.

Thanking You

Yours Truly,

For **Artson Engineering Limited**

**Sd/-**

**Deepak Tibrewal**

Company Secretary

FCS 8925

Encl: a/a



# ARTSON ENGINEERING LIMITED

(Subsidiary of Tata Projects Limited)



**43<sup>rd</sup>** **ANNUAL REPORT**  
**2021-22**

# BOARD OF DIRECTORS



**Vinayak K. Deshpande**  
Chairman  
(Non-Executive)



**Leja Hattiangadi**  
Independent Director



**Sunil Potdar**  
Independent Director



**Vinayak Pai**  
Non-Executive Director  
w.e.f. 23<sup>rd</sup> May 2022



**Pralhad Pawar**  
Non-Executive Director



**Sanjay Sharma**  
Non-Executive Director  
w.e.f. 24<sup>th</sup> March 2022

## KEY MANAGERIAL PERSONNEL

<b>Chief Operating Officer</b>	:	<b>Saket Mathur</b> (Up to 31 <sup>st</sup> March 2022) <b>BV Ramesh Krishna</b> (w.e.f. 1 <sup>st</sup> April 2022)
<b>Chief Financial Officer</b>	:	<b>S. Balaji</b> (Up to 16 <sup>th</sup> September 2021) <b>K Siva Rama Krishna</b> (w.e.f. 27 <sup>th</sup> January 2022)
<b>Company Secretary</b>	:	<b>Deepak Tibrewal</b>



# ARTSON ENGINEERING LIMITED

CIN: L27290MH1978PLC020644

(A Subsidiary of Tata Projects Limited)

Registered Office: 2<sup>nd</sup> Floor, One Boulevard, Lake Boulevard Road, Hiranandani Business Park, Powai, Mumbai - 400076, Maharashtra

Phone: +91 40 6601 8194; Email: investors@artson.net; Website: www.artson.net

<b>Corporate Office</b>	:	Ground Floor, Mithona Towers 1-7-80 to 87, Prenderghast Road, Secunderabad, Hyderabad - 500003, Telangana Tel No. 040 6601 8194
<b>Manufacturing units</b>	:	<b>Nashik Unit:</b> D-5, MIDC Ambad, Nashik, Nashik - 422010; Tel No. 9860252880 <b>Nagpur Unit:</b> Plot No D.1, Umred, Industrial Area, MIDC, Umred, Dist. - Nagpur - 441203; Tel No. 7774074198
<b>Registrar and Share Transfer Agent</b>	:	Link Intime India Private Limited # C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai - 400083 Tel No: +91 22 4918 6000 Fax: +91 22 4918 6060
<b>Bankers</b>	:	Axis Bank DCB Bank Federal Bank IndusInd Bank South Indian Bank Union bank of India
<b>Statutory Auditors</b>	:	Price Waterhouse & Co Chartered Accountants LLP (FRN-304026E/E300009)
<b>Internal Auditors</b>	:	Ernst & Young, LLP (AAB-4343)
<b>Secretarial Auditors</b>	:	MKS & Associates, Company Secretaries (FRN-S2017TL460500)
<b>Cost Auditors</b>	:	Sagar & Associates, Cost Accountants (FRN-000118)

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## 43<sup>rd</sup> ANNUAL GENERAL MEETING

Date	:	Tuesday, 28 <sup>th</sup> June 2022
Time	:	16:00 Hrs. (IST)
Venue	:	Video Conference (VC) / Other Audio-Visual Means (OAVM) facility provided by the National Securities Depositories Limited (NSDL)

## **NOTICE CONVENING 43<sup>RD</sup> ANNUAL GENERAL MEETING**

**NOTICE** is hereby given that the 43<sup>rd</sup> Annual General Meeting (AGM) of the members of Artson Engineering Limited ('the Company') will be held on Tuesday, 28<sup>th</sup> June 2022 at 16:00 Hrs. (IST) through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") to transact the following business:

### **Ordinary Business:**

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March 2022, together with the reports of the Board of Directors and the Auditors thereon.
2. To re-appoint Price Waterhouse & Co Chartered Accountants LLP (Firm Registration Number - 304026E/E-300009) (PwC), as the Statutory Auditors of the Company

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof) and pursuant to the recommendations of the Audit Committee and the Board of Directors of the Company, Price Waterhouse & Co Chartered Accountants LLP (Firm Registration Number - 304026E/E-300009) (PwC), be and are hereby re-appointed as the Statutory Auditors of the Company for a second term of five (5) consecutive years, to hold the office from the conclusion of 43<sup>rd</sup> AGM till the conclusion of 48<sup>th</sup> AGM of the Company, to be held in the year 2027, on such remuneration, as may be decided by the Board of Directors in consultation with the Statutory Auditors."

3. To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** Mr Vinayak K. Deshpande (DIN: 00036827), a Director, liable to retire by rotation, who does not seek re-appointment in view of his retirement from the Holding Company effective 21<sup>st</sup> July 2022, in accordance with the retirement age policy adopted by the Board of the Holding Company, be not re-appointed as Director and the vacancy so caused, on the Board of the Company, be not filled."

### **Special Business:**

4. **Appointment of Mr. Sanjay Sharma (DIN: 00332488) as Non-Executive Director:**

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** Mr. Sanjay Sharma (DIN: 00332488), who was appointed as an Additional Director of the Company with effect from 24<sup>th</sup> March 2022 by the Board of Directors and holds office up to the date of this Annual General Meeting in terms of Section 161(1) of the Companies Act, 2013 (the Act), and is eligible for appointment and in respect of whom the Company has received a notice in writing from a member under the provisions of section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as a non-executive Director."

5. **Appointment of Mr. Vinayak Pai (DIN: 03637894) as Non-Executive Director:**

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** Mr. Vinayak Pai (DIN: 03637894), who was appointed as an Additional Director of the Company with effect from 23<sup>rd</sup> May 2022 by the Board of Directors and holds office up to the date of this Annual General Meeting in terms of Section 161(1) of the Companies Act, 2013 (the Act), and is eligible for appointment and in respect of whom the Company has received a notice in writing from a member under the provisions of section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as a non-executive Director."

6. **To ratify the remuneration payable to Cost Auditors for the financial year 2022-23**

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:



**“RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act 2013 (including any statutory modification or re-enactment thereof for the time being in force) and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Company hereby ratifies the remuneration of ₹1,00,000/- (Rupees One lakh only), plus applicable taxes and actual out-of-pocket expenses incurred in connection with the audit, payable to M/s. Sagar & Associates, Cost Accountants (Firm Registration No. 000118), who were appointed as the Cost Auditors to conduct the audit of cost records maintained by the Company for the financial year 2022-23.

**RESOLVED FURTHER THAT** the Board of Directors of the Company, the Chief Operating Officer, the Chief Financial Officer and the Company Secretary be and are hereby severally authorised to do all such acts, deeds and things and take all such steps, as may be necessary to give effect to this Resolution.”

#### 7. To enter into Related Party Transactions (RPTs) with Tata Projects Limited (TPL)

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** in supersession of the earlier resolution passed at the 42<sup>nd</sup> Annual General Meeting of the Company held on 15<sup>th</sup> September 2021, and pursuant to the provisions of Section 188 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, consent of the Company be and is hereby accorded to the Board of Directors (or any Committee/s thereof), to enter into contracts / arrangements / transactions with Tata Projects Limited (TPL), the Company's Holding Company and a 'Related Party' as defined under Section 2 (76) of the Companies Act, 2013, in manner and for the maximum amounts, as mentioned below to be valid from period commencing FY 2022-23 up to the date of AGM to be held in the year 2023, not exceeding 15 Months:

S. No.	Category	Amount/s
1	Sale, purchase or supply of any goods or materials, directly or through appointment of agents and/ or availing or rendering of any services, directly or through appointment of agents	₹ 300 Crore
2	Selling or otherwise disposing of or buying property of any kind and rent/ leasing of property of any kind.	₹ 20 Crore
<b>Total</b>		<b>₹ 320 Crore</b>

**RESOLVED FURTHER THAT** any of the Directors of the Company, the Chief Operating Officer, the Chief Financial Officer and the Company Secretary be and are hereby severally authorized to do or cause to be done all such acts, deeds and things, settle any queries, difficulties, doubts that may arise with regard to any transaction/s with the related party, finalise the terms and conditions as may be considered necessary, expedient or desirable and execute such agreements, documents and writings and to make such filings as may be necessary or desirable, in order to give effect to this resolution.”

#### 8. Appointment of Mr. BV Ramesh Krishna as the Manager of the Company

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant the provisions of Sections 2(53), 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 ('the Act'), the corresponding rules made thereunder as amended from time to time and read with Schedule-V of the Act and the Articles of Association of the Company and subject to approvals, if any, approval of the members be and is hereby accorded for appointment of Mr. BV Ramesh Krishna, as Manager of the Company with effect from 5<sup>th</sup> January 2022, for a period of Three (3) years, at the terms and conditions and at such remuneration as detailed in the explanatory statement attached hereto, being the minimum remuneration to be paid even in the event of loss or inadequacy of profits.

**RESOLVED FURTHER THAT** Mr. BV Ramesh Krishna, shall also hold the office of Chief Operating Officer of the Company w.e.f. 1<sup>st</sup> April 2022 and be designated as the Manager & Chief Operating Officer.

**RESOLVED FURTHER THAT** the Board of Directors of the Company and the Company Secretary be and are hereby severally authorised to do all such acts, deeds and things and take all such steps, including but not limited to execution of all such documents, instruments and writings as may be necessary to give effect to this resolution.”

**NOTES:**

1. In view of the outbreak of COVID-19, the Ministry of Corporate Affairs (MCA), Government of India, has vide its General Circular No. 17/ 2020 dated 13<sup>th</sup> April 2020 and General Circular No. 14/ 2020 dated 8<sup>th</sup> April 2020, in relation to “Clarification on passing of ordinary and special resolutions by Companies under the Companies Act, 2013 and the rules made thereunder and General Circular No. 02/2022 dated 5<sup>th</sup> May 2022, General Circular No. 21/2021 dated 14<sup>th</sup> December 2021, General Circular No. 02/2021 dated 13<sup>th</sup> January 2021 and General Circular No. 20/2020 dated 5<sup>th</sup> May 2020, in relation to “Clarification on holding of Annual General Meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM)” (collectively referred to as “MCA Circulars”) and Securities and Exchange Board of India vide Circular No. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13<sup>th</sup> May 2022, vide Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15<sup>th</sup> January 2021 and vide Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12<sup>th</sup> May 2020, in relation to “relaxation in relation to compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (“SEBI Circular”) have permitted the holding of the Annual General Meeting (“AGM”) through Video Conferencing (“VC”)/Other Audio Visual Means (“OAVM”), without the physical presence of the Members at a common venue. In compliance with the applicable provisions of the Companies Act, 2013 (the “Act”) (including any statutory modification or re-enactment thereof for the time being in force) read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (the “Rules”), as amended from time to time, read with the MCA Circulars, SEBI Circular and pursuant to Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) the Annual General Meeting (“AGM”) of the Company is scheduled to be held on **Tuesday, 28<sup>th</sup> June 2022, at 16.00 Hrs. (IST) through VC/OAVM** and the voting for items to be transacted in the Notice to this AGM only through remote electronic voting process (“e-Voting”).
2. As per the provisions of Clause 3.A. II. of the General Circular No. 02/2022 dated 5<sup>th</sup> May 2022, General Circular No. 21/ 2021 dated 14<sup>th</sup> December 2021, General Circular No. 02/2021 dated 13<sup>th</sup> January 2021 read with General Circular No. 20/ 2020 dated 5<sup>th</sup> May 2020, the matters of Special Business as appearing at Item Nos. 4 to 8 of the accompanying notice, are considered unavoidable by the Board and hence, form part of this Notice.
3. The relative explanatory statement pursuant to Section 102 of the Act, in regard to the business as set out in item nos. 4 to 8 above and other details as required to be given is annexed.
4. PURSUANT TO THE PROVISIONS OF THE ACT, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/ HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. SINCE THIS AGM IS BEING HELD PURSUANT TO THE MCA CIRCULARS THROUGH VC/ OAVM, THE REQUIREMENT OF PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, IN TERMS OF THE MCA CIRCULARS AND THE SEBI CIRCULAR, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE MEMBERS WILL NOT BE AVAILABLE FOR THIS AGM AND HENCE, THE PROXY FORM, ATTENDANCE SLIP AND ROUTE MAP OF AGM ARE NOT ANNEXED TO THIS NOTICE. HOWEVER, THE BODY CORPORATES ARE ENTITLED TO APPOINT AUTHORISED REPRESENTATIVES TO ATTEND THE AGM THROUGH VC/OAVM AND PARTICIPATE THEREAT AND CAST THEIR VOTES THROUGH E-VOTING.
5. Institutional Investors, who are Members of the Company, are encouraged to attend and vote at the AGM through VC/ OAVM facility. Corporate Members intending to appoint their authorized representatives to attend the AGM through VC or OAVM and to vote thereat through remote e-Voting are requested to send a certified copy of the Board Resolution to the Scrutinizer by e-mail at [vnp.scrutinizer@gmail.com](mailto:vnp.scrutinizer@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) and [investors@artson.net](mailto:investors@artson.net)
6. In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.
7. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

8. The Members can join the AGM in the VC/OAVM mode 30 minutes before and 15 minutes after the scheduled time of the commencement of the AGM by following the procedure mentioned in the Notice. The Members will be able to view the proceedings on National Securities Depository Limited's ("NSDL") e-Voting website at [www.evoting.nsdl.com](http://www.evoting.nsdl.com). The facility of participation at the AGM through VC/OAVM will be made available to at least 1,000 Members on a first come first serve basis. However, attendance of Members holding more than 2% of the shares of the Company, Institutional Investors as on Tuesday, 21<sup>st</sup> June 2022 and Directors and Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee, the Stakeholders Relationship Committee and Auditors will not be restricted on first come first serve basis.
9. MCA and SEBI have allowed sending soft copies of the Annual Report. Therefore the Annual Report has been sent via email to all those Members who have registered their email IDs with the Company or the Registrar and Transfer Agent or the Depositories or the Depository Participants as at Friday, 27<sup>th</sup> May 2022.
10. The Notice convening the AGM and the Annual Report for FY 2021-22 has been uploaded on the website of the Company at [www.artson.net](http://www.artson.net) and can also be accessed from the relevant section of the websites of the Stock Exchange i.e., BSE Limited ("BSE") at [www.bseindia.com](http://www.bseindia.com). The AGM Notice is also available on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
11. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 22<sup>nd</sup> June 2022 to Tuesday, 28<sup>th</sup> June 2022, both days inclusive.
12. As per Regulation 40 of the Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from 1<sup>st</sup> April 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holdings to dematerialised form.
13. Members are requested to intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone/mobile numbers, PAN, registering of nomination and power of attorney, Bank Mandate details such as name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DP in case the shares are held in electronic form and to the RTA in case the shares are held in physical form.
14. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised to not leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned DP and holdings should be verified from time to time.
15. Shareholders are requested to address all communications relating to the shares and related matters to the Company's RTA at the address provided below:

**M/s. Link Intime (India) Private Limited**

(Unit: Artson Engineering Limited)

C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai-400083, Maharashtra

Tel No: +91 22 4918 6000; Fax: +91 22 4918 6060

Email ID: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

Website: [www.linkintime.co.in](http://www.linkintime.co.in)

16. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members, who have not yet registered their nomination, are requested to register the same by submitting Form No. SH-13. The said form can be downloaded from the Company's website [www.artson.net](http://www.artson.net) (under 'Investor Relations' section). Members are requested to submit the said form to their DP in case the shares are held in electronic form and to the RTA in case the shares are held in physical form.



17. The format of the Register of Members prescribed by the MCA under the Act, requires the Company/ RTA to record additional details of Members, including their PAN details, e-mail address, bank details for payment of dividend etc. A form for capturing additional details is available on the Company's website [www.artson.net](http://www.artson.net) (under 'Investor Relations' section). Members holding shares in physical form are requested to submit the filled in form to the Company or RTA in physical mode, after restoration of normalcy, as per instructions mentioned in the form. Members holding shares in electronic form are requested to submit the details to their respective DP only and not to the Company or RTA.
18. Members holding shares in physical form, in identical order of names, in more than one folio, are requested to send to the Company or RTA, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
19. Members desiring inspection of statutory registers during the AGM may send their request in writing to the Company at [investors@artson.net](mailto:investors@artson.net)
20. Members who wish to inspect the relevant documents referred to in the Notice can send an e-mail to [investors@artson.net](mailto:investors@artson.net) up to the date of the AGM.
21. To facilitate Members to receive this notice electronically and cast their vote electronically, the Company has made arrangement with NSDL for registration of e-mail addresses in terms of the MCA Circulars. Eligible Members who have not submitted their e-mail address were requested to provide their e-mail address to the RTA/ NSDL, on or before 17:00 Hrs. (IST) on Friday, 27<sup>th</sup> May 2022. In addition, the Company has intimated its shareholders about updating the email IDs through a newspaper publication, its website [www.artson.net](http://www.artson.net) and through the website of BSE Limited [www.bseindia.com](http://www.bseindia.com)
22. After successful submission of the e-mail address, NSDL will e-mail a copy of the Annual Report for FY 2021-22 along with the remote e-Voting user ID and password, within 48 hours of successful registration of the e-mail address by the Member. In case of any queries, Members may write to [investors@artson.net](mailto:investors@artson.net) or [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
23. For permanent registration of e-mail address, Members are requested to register their e-mail address, in respect of electronic holdings, with their concerned DP and in respect of physical holdings, with the RTA.
25. Those Members who have already registered their e-mail addresses are requested to keep their e-mail addresses validated with their DP/ RTA to enable servicing of notices/ documents/ Annual Reports and other communications electronically to their e-mail address in future.
24. This AGM Notice is sent by e-mail to the Members who have registered their e-mail address with the Depositories/ the DP/the Company's RTA/the Company, on or before 17:00 Hrs. (IST) on Friday, 27<sup>th</sup> May 2022.
26. Process and manner for Members opting for e-Voting is, as under:
  - I. In compliance with the provisions of Sections 108 and other applicable provisions of the Act, read with Rule 20 of the Rules and Regulation 44 of the Listing Regulations, the Company is offering only e-Voting facility to all the Members of the Company and the business will be transacted only through the electronic voting system. The Company has engaged the services of NSDL for facilitating e-Voting to enable the Members to cast their votes electronically as well as for e-Voting during the AGM. Resolution(s) passed by Members through e-Voting is/are deemed to have been passed as if it/they have been passed at the AGM.
  - II. Members are provided with the facility for voting through Voting system during the VC/OAVM proceedings at the AGM and Members participating at the AGM, who have not already cast their vote by remote e-Voting, are eligible to exercise their right to vote at the AGM.
  - III. Members who have already cast their vote by remote e-Voting prior to the AGM will also be eligible to participate at the AGM but shall not be entitled to cast their vote again on such resolution(s) for which the Member has already cast the vote through remote e-Voting.

- IV. **Members of the Company holding shares either in physical form or electronic form as on the cut-off date i.e., Tuesday, 21<sup>st</sup> June 2022, may cast their vote by remote e-Voting. The remote e-Voting period commences on Friday, 24<sup>th</sup> June 2022 at 9:00 Hrs. (IST) and ends on Monday, 27<sup>th</sup> June 2022 at 17:00 Hrs. (IST). The remote e-Voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.**

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

- I. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under **"Join General Meeting"** menu against Company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company (119977) will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
- II. Members may join the AGM through laptops, smartphones, tablets and iPads for better experience. Further, Members will be required to use Internet with a good speed to avoid any disturbance during the Meeting. Members will need the latest version of Chrome, Safari, Internet Explorer 11, MS Edge or Firefox. Please note that participants connecting from mobile devices or tablets or through laptops connecting via mobile hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is, therefore, recommended to use stable Wi-Fi or LAN connection to mitigate any glitches.
- III. Members are encouraged to submit their questions in advance with regard to the financial statements or any other matter to be placed at the AGM, from their registered e-mail address, mentioning their name, DP ID and Client ID number/folio number and mobile number, to reach the Company's e-mail address at investors@artson.net before 17:00 Hrs. (IST) on Tuesday, 21<sup>st</sup> June 2022. Queries that remain unanswered at the AGM will be appropriately responded by the Company at the earliest post the conclusion of the AGM.
- IV. **Members who would like to express their views/ask questions as a Speaker at the AGM may pre-register themselves by sending a request from their registered e-mail address mentioning their names, DP ID and Client ID/ folio number, PAN and mobile number to investors@artson.net between Friday, 17<sup>th</sup> June 2022 (09:00 Hrs. IST) and Tuesday, 21<sup>st</sup> June 2022 (17:00 Hrs. IST). Only those Members who have pre-registered themselves as speakers will be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.**
- V. Members who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.co.in or contact Ms. Sarita Mote, Assistant Manager - NSDL at saritam@nsdl.co.in or call on 1800 1020 990/ 1800 22 44 30.

**The instructions for Members for e-Voting are as under:**

**The remote e-voting period begins on Friday, 24<sup>th</sup> June 2022 at 09:00 Hrs. (IST) and ends on Monday, 27<sup>th</sup> June 2022 at 17:00 Hrs. (IST) The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e., Tuesday, 21<sup>st</sup> June 2022, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Tuesday, 21<sup>st</sup> June 2022.**

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

### Step 1: Access to NSDL e-Voting system

In terms of SEBI circular dated 9<sup>th</sup> December 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

#### A. Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>Existing <b>IDeAS</b> user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the “<b>Beneficial Owner</b>” icon under “<b>Login</b>” which is available under ‘<b>IDeAS</b>’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “<b>Access to e-Voting</b>” under e-Voting services and you will be able to see e-Voting page. Click on Company name or <b>e-Voting service provider i.e., NSDL</b> and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “<b>Register Online for IDeAS Portal</b>” or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e., your Sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on Company name or <b>e-Voting service provider i.e., NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> </ol>
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>After successful login of Easi / Easiest the user will be also able to see the E Voting Menu. The Menu will have links of <b>e-Voting service provider i.e., NSDL</b>. Click on <b>NSDL</b> to cast your vote.</li> <li>If the user is not registered for Easi / Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> </ol>

Type of shareholders	Login Method
	4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e., <b>NSDL</b> where the e-Voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on Company name or e-Voting service provider i.e., NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e., NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022-23058542-43

**B. Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a personal computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e., IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e., Cast your vote electronically.

**4. Your User ID details are given below:**

Manner of holding shares i.e., Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example if folio number is 001*** and EVEN is 119977 then user ID is 119977001*****.

**5. Your password details (shareholders other than Individual shareholders) are given below:**

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
  - (i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e., a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
  - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**

**6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:**

- a) Click on **"Forgot User Details/Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- b) **Physical User Reset Password?"** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.



**Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.**

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of Company (119977) for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
3. Now you are ready for e-Voting as the voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to vnp.scrutinizer@gmail.com with a copy marked to evoting@nsdl.co.in and investors@artson.net. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Ms. Sarita Mote, Assistant Manager - NSDL at saritam@nsdl.co.in or call on 1800 1020 990/ 1800 22 44 30.

**Process for those shareholders whose email IDs are not registered with the depositories for procuring user ID and password and registration of e-mail IDs for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), Aadhar (self-attested scanned copy of Aadhar Card) by email to investors@artson.net
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to investors@artson.net. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A).
3. Alternatively shareholder/Members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated 9<sup>th</sup> December 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

**THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.
27. The voting rights of Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date i.e., Tuesday, 21<sup>st</sup> June 2022.
28. Any person who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice and holding shares as of the cut-off date i.e., Tuesday, 21<sup>st</sup> June 2022, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or the Company/RTA.
29. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date i.e., Tuesday, 21<sup>st</sup> June 2022 only shall be entitled to avail the facility of remote e-Voting, as well as voting at the meeting.
30. The Board of Directors has appointed Mr. Vishram Panchpor (ICSI Membership No. A20057; CP No. 13027). Company Secretary in whole-time practice as Scrutinizer to scrutinize the voting at the AGM and remote e-Voting process, in a fair and transparent manner.
31. The Chairman shall, at the AGM, allow voting, by use of remote e-Voting system for all those Members who are present during the AGM through VC/OAVM but have not cast their votes by availing the remote e-Voting facility. The remote e-Voting module during the AGM shall be disabled by NSDL for voting 15 minutes after the conclusion of the Meeting.
32. The Scrutinizer shall, after the conclusion of voting at the AGM, first count the votes cast during the AGM and, thereafter, unblock the votes cast through remote e-Voting and shall make, not later than 48 hours from the conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same and declare the result of the voting forthwith.
33. The Results declared, along with the Scrutinizer's Report, shall be placed on the Company's website [www.artson.net](http://www.artson.net) and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com), immediately after the declaration of the result by the Chairman or a person authorised by him in writing. The results shall also be immediately forwarded to the Stock Exchanges where the Company's Equity Shares are listed viz. BSE and be made available on the website viz. [www.bseindia.com](http://www.bseindia.com)

**Registered Office**

2<sup>nd</sup> Floor, One Boulevard, Lake Boulevard Road,  
Hiranandani Business Park, Powai, Mumbai - 400076, Maharashtra  
Phone No: +91 40 6601 8194; Email: [investors@artson.net](mailto:investors@artson.net)  
CIN: L27290MH1978PLC020644; Website: [www.artson.net](http://www.artson.net)

By Order of the Board  
For **Artson Engineering Limited**

**Vinayak K. Deshpande**  
Chairman  
DIN: 00036827

Date: 23<sup>rd</sup> May 2022  
Place: Mumbai

## EXPLANATORY STATEMENT

As required by Section 102 of the Act, the following explanatory statement sets out all material facts relating to the businesses as mentioned in the item No. 2 to 8 of the accompanying notice dated 23<sup>rd</sup> May 2022.

The explanatory statement for item No. 2 & 3 is provided voluntarily, though statutorily not required as per Section 102 of the Act.

### **Item No. 2: To re-appoint Price Waterhouse & Co Chartered Accountants LLP (Firm Registration Number - 304026E/E-300009) (PwC), as the Statutory Auditors of the Company**

M/s. Price Waterhouse & Co Chartered Accountants LLP (Firm Registration No. 304026E/E-300009) (PwC) were appointed as Statutory Auditors of the Company at the 38<sup>th</sup> Annual General Meeting (AGM) held on 21<sup>st</sup> September 2017 for a period of 5 years i.e., up to the conclusion of 43<sup>rd</sup> AGM. PwC is eligible for re-appointment for a further period of 5 years and have given their consent for re-appointment and issued a certificate confirming that their re-appointment, if made, will be within the limits prescribed under the provisions of Section 139 & 141 of the Companies Act, 2013 (the Act) and the rules made thereunder.

Considering the above and based on the recommendations of the Audit Committee, the Board of Directors at their meeting held on 25<sup>th</sup> April 2022, approved the proposal to re-appoint PwC, as the Statutory Auditors of the Company, subject to the approval of shareholders at the ensuing AGM, for the second term of five (5) consecutive years, effective from the conclusion of 43<sup>rd</sup> AGM till the conclusion of the 48<sup>th</sup> AGM of the Company.

Accordingly, the Board of Directors of the Company recommends the Resolution No. 2 of the Notice for the approval of the members by way of Ordinary Resolution. None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise in this resolution.

### **Item No. 3: To re-appoint / not to re-appoint the Director liable to retire by rotation**

Pursuant to provisions of section 152 of the Act, and in accordance with the Articles of Association of the Company, Mr. Vinayak K. Deshpande, Non-Executive Director, retires by rotation at the ensuing AGM and has not sought re-appointment, in view of his retirement from the Holding Company effective 21<sup>st</sup> July 2022, in accordance of the retirement age policy adopted by the Board of the Holding Company. The Board proposes that, the vacancy caused by his retirement be not filled up.

Accordingly, the Board of Directors of the Company recommends the Resolution No. 3 of the Notice for the approval of the members by way of Ordinary Resolution. Except Mr. Vinayak K. Deshpande, none of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise in this resolution.

### **Item No. 4: To appoint Mr. Sanjay Sharma (DIN: 00332488) as Non-Executive Director**

Pursuant to the provisions of Section 161 of the Companies Act 2013, read with the Articles of Association of the Company, and based on the recommendations of the Nomination and Remuneration Committee (NRC), the Board of Directors of the Company at their meeting held on 24<sup>th</sup> March 2022 appointed Mr. Sanjay Sharma (DIN: 00332488) as a Non-Executive Director with effect from 24<sup>th</sup> March 2022, who holds the office till the ensuing AGM.

Mr. Sanjay Sharma is an alumnus of Indian Institute of Management, Ahmedabad (IIM-A) and a Mechanical engineer from National Institute of Technology Karnataka Surathkal. He has over 3 decades of experience in Corporate Finance, Investment Banking and Real Estate sector. He started his career as an engineer in the design department with Larsen and Toubro Limited. His prior stints included being Managing Director, Head of Equity Capital Markets at Deutsche Bank Group and in various capacities at DSP Merrill Lynch Limited in Mumbai and Merrill Lynch Asia Pacific in Hong Kong.

He has been associated with various industry bodies in the past including being a member of the Primary Market Advisory Committee of SEBI, member of Capital Markets Committee of FICCI and CII and Chairman, Vice Chairman and Director of Association of Investment Bankers of India (AIBI).

Mr. Sanjay Sharma is not disqualified from being appointed as Director in terms of Section 164 of Companies Act, 2013 and has given his consent to act as Director. Further, the Company has received a notice in writing under Section 160 of the Act from a member of the Company proposing the candidature of Mr. Sanjay Sharma for the office of Director of the Company.

Therefore, it is proposed to appoint Mr. Sanjay Sharma as a Non-executive Director w.e.f. 24<sup>th</sup> March 2022 liable to retire by rotation.

The Board considers that his association would be of immense benefit to the Company, and it is desirable to avail his services as a Non-executive Director and therefore recommends the Ordinary Resolution as set out at Item No. 4 of the notice of the AGM for approval of the members.

Except Mr. Sanjay Sharma, being the appointee, none of the Directors and Key Managerial Personnel of the Company and / or his relatives are concerned or interested, financially or otherwise, in the resolution. Mr. Sanjay Sharma is not related to any Director of the Company.

**Item No. 5: To appoint Mr. Vinayak Pai (DIN: 03637894) as Non-Executive Director**

Pursuant to the provisions of Section 161 of the Companies Act 2013, read with the Articles of Association of the Company, and based on the recommendations of the Nomination and Remuneration Committee (NRC), the Board of Directors of the Company appointed Mr. Vinayak Pai (DIN: 03637894) as a Non-Executive Director with effect from 23<sup>rd</sup> May 2022, who holds the office till the ensuing AGM.

Mr. Vinayak Pai holds a Bachelor of Engineering degree from the College of Engineering, Pune and Post-Graduation in Management from Symbiosis, Pune and IIT Mumbai. Prior to joining Tata Projects, Mr. Pai was the Group President at Worley, based out of Hague, Netherlands. Mr. Pai was responsible for Worley businesses in the EMEA and APAC regions. He was President of the Energy, Chemicals and Resources business at Jacobs before its acquisition by Worley.

He has been part of the Oil and Gas industry for over three decades and has extensive experience in executing upstream and downstream projects and successfully growing the business in a highly competitive environment. He has held key positions in Engineering Design, Technology Licensing, Project Management, Business Development and operations.

Mr. Vinayak Pai is not disqualified from being appointed as Director in terms of Section 164 of Companies Act, 2013 and has given his consent to act as Director. Further, the Company has received a notice in writing under Section 160 of the Act from a member of the Company proposing the candidature of Mr. Vinayak Pai for the office of Director of the Company.

Therefore, it is proposed to appoint Mr. Vinayak Pai as a Non-executive Director w.e.f. 23<sup>rd</sup> May 2022 liable to retire by rotation.

The Board considers that his association would be of immense benefit to the Company, and it is desirable to avail his services as a Non-executive Director and therefore recommends the Ordinary Resolution as set out at Item No. 5 of the notice of the AGM for approval of the members.

Except Mr. Vinayak Pai, being the appointee, none of the Directors and Key Managerial Personnel of the Company and / or his relatives are concerned or interested, financially or otherwise, in the resolution. Mr. Vinayak Pai is not related to any Director of the Company.

**Item No. 6: To ratify the remuneration payable to the Cost Auditors for the financial year 2022-23**

The Board of Directors of the Company, upon the recommendation of the Audit Committee, approved the appointment of M/s. Sagar & Associates, Cost Accountants, (FRN: 000118) Hyderabad, to conduct the audit of the cost records of the Company for the financial year 2022-23 at a remuneration of ₹ 1,00,000/- (Rupees One lakh only) plus applicable taxes and reimbursement of out-of-pocket expenses at actuals, incurred in connection with the audit.

In terms of the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is to be ratified by the members of the Company.

Accordingly, the Board of Directors recommends the resolution at item no. 6 of the notice for approval of the members by way of Ordinary Resolution. None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise in the aforesaid resolution.

#### Item No. 7: To enter in to Related Party Transactions (RPTs) with Tata Projects Limited (TPL)

The Company, in the ordinary course of business, enters into transactions with Tata Projects Limited (TPL) for sale, purchase or supply of any goods or materials; sell, dispose, buy, rent, lease property of any kind; and availing or rendering of services.

TPL, the Company's Holding Company, is a related party within the meaning of Section 2 (76) of the Act. The aforementioned transactions with TPL are likely to exceed the threshold limits provided in Rule 15 (3) of the Companies (Meetings of Board and its Powers) Rules, 2014 ['Rules'] under the respective category of related party transactions.

Pursuant to the provisions of the said Rules, the Company can enter into transactions with related parties, exceeding the threshold limits with the consent of shareholders by way of an Ordinary Resolution.

In terms of Explanation (3) appended to Rule 15 (3) of the said Rules, the under-noted information is of relevance:

Particulars	Information
Name of the Related Party	Tata Projects Limited (TPL)
Name of Director(s) or Key Managerial Personnel who is related if any	Mr. Vinayak K. Deshpande, Mr. Pralhad Pawar, Mr. Sanjay Sharma and Mr. Vinayak Pai, Directors are related to TPL and are its representatives on the Company's Board. However, for this transaction, they are not related parties.
Nature of Relationship	TPL is the Holding Company and the Promoter of the Company.
Nature, Material terms the Contracts / arrangements / transactions	Sale, purchase or supply of any goods, materials or services; sell, dispose, buy, rent, lease property of any kind; and availing or rendering of services.
Monetary Value (maximum amount each Financial Year)	Sale, purchase or supply of any goods or materials, directly or through appointment of agents and/ or availing or rendering of any services, directly or through appointment of agents. ₹ 300 Crore
	Selling or otherwise disposing of or buying property of any kind and rent/ leasing of property of any kind. ₹ 20 Crore
	<b>Total ₹ 320 Crore</b>
Whether the transactions have been approved by the Board of Directors	Yes, at the Board Meeting held on 25 <sup>th</sup> April 2022.
Any other information relevant or important for the members to decide on the proposed transactions	To be to be valid from period commencing FY 2022-23 up to the date of AGM to be held in the year 2023, not exceeding 15 Months.

The value of the transactions proposed is estimated based on the Company's current transactions and future business projections.

The Board believes that the transactions of sale, purchase or supply of any goods or materials; sell, dispose, buy, rent, lease property of any kind; and availing or rendering of services with TPL are in the best interest of the Company.

The Board recommends passing of the Ordinary Resolution at item no. 7 for approval.

Mr. Vinayak K. Deshpande, Mr. Pralhad Pawar, Mr. Sanjay Sharma and Mr. Vinayak Pai being the representatives of Holding Company, may be considered as related to Promoters and therefore may be deemed to be considered as interested or concerned. However, they do not hold any share/s in the Company.

No other Director / Key Managerial Personnel of the Company or their relatives other than the Directors mentioned herein above are in any way concerned or interested, financially or otherwise in the aforesaid resolution.



**Item No. 8: Appointment of Mr. BV Ramesh Krishna as the Manager of the Company**

As per the provisions of Section 203 of the Act, read with Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 every Listed Company shall have whole-time Key Managerial Personnel (KMP).

Further to the retirement of Mr. Saket Mathur, Manager and Chief Operating Officer (COO) of the Company, based on the recommendations of the Nomination and Remuneration Committee (NRC), the Board of Directors at their meeting held on 28<sup>th</sup> December 2021 appointed Mr. BV Ramesh Krishna, as the Manager w.e.f. 5<sup>th</sup> January 2022 and as COO w.e.f. 1<sup>st</sup> April 2022, for a period of 3 years at the terms and remuneration as provided below, subject to approval of shareholders at the ensuing AGM.

Statement pursuant to Section 198 read with Part II of Schedule V of the Act is as follows:

<b>I General Information</b>		
1.	Nature of industry	Manufacturing of structural metal products, fabrication of equipment, industrial & infrastructure construction projects, mainly in mechanical works.
2.	Date of commencement of commercial production	Company was incorporated on 18th September 1978 and started its commercial operations in the same financial year.
3.	Financial Performance	The Company is in growth phase and the overall sales of ₹ 13200 lakhs in FY 2017-18 have grown to ₹ 17300 lakhs in FY 2021-22. Company continues to be net worth positive since FY ended 31st March 2017. For detailed financials please refer the 43rd Annual Report of the Company.
4.	Foreign Investment and collaborations	Nil
<b>II Information about the appointee</b>		
1.	Background details	Education Qualification – B.E. (Mechanical) from Sri. M. Visveswarya Institute of Technology, Bangalore, 1992  Currently holding the position of Manager w.e.f. 5th January 2022 and COO w.e.f. 1st April 2022.
2.	Past / Existing remuneration	₹ 130.12 lakhs
3.	Recognitions and Awards	Successfully closed: <ul style="list-style-type: none"> <li>• The 2 x 800 MW BOP project with positive margin.</li> <li>• Pioneer gas-based power plant with positive margin.</li> </ul>
4.	Job profile and his sustainability	Appointee was last heading the Strategic Business Unit - Construction & Environment of Tata Projects Limited and has approx. 3 decades of collective experience in leading the EPC business with a strategy from concept to complete and steer the Company to have a sustained order booking, revenue generation, profitable growth, while ensuring processes, systems, compliance, and internal control.
5.	Remuneration proposed	Same as existing, with increments as per eligibility and the Company's policy.
6.	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and Person	Proposed remuneration is competitive and based on the industry standards. The brief profile of the appointee is provided below under the heading 'additional information'.
7.	Pecuniary relationship with the Company, relationship with the managerial personnel.	Not Related to any of the Directors and other Key Managerial Personnel of the Company.

III Other Information		
1.	Reason for loss or inadequate profits	The Company could not post positive PAT till 2015-16 due to the challenging economic conditions and financial pre-qualification issue in PSU sector. Since FY 2016-17 Company has improved the financial position substantially and is net worth positive having technical as well as financial ability to service the PSU sector of interest.
2.	Steps taken or proposed to be taken for Improvement	The Company improved the Order Book position substantially over past 3 years. The y-o-y revenue is also increasing gradually. The Company has turned net-worth positive since FY 2016-17 and is now in position to address the PSU & associated market. Further, the Company is servicing the orders from its parent Company (Tata Projects Limited) who have grown rapidly in past couple of years thereby improving opportunity for growth for the Company. The Management is now looking forward for enhancing the EPC and fabrication work portfolios. We continue to focus on improving operational excellence and productivity and enhancing compliance framework.
3.	Expected increase in productivity and profits in measurable terms	The Company plans to wipe out the accumulated losses within next 3 years.

IV Disclosures		
1.	All elements of salary/ remuneration	Provided below
2.	Details of fixed components, performance linked incentives	
3.	Service contracts	Nil
4.	Stock Option details	Nil

The elements of salary / remuneration including details of fixed component, performance linked incentives proposed to be paid

S. No.	Particulars	Amount (in ₹)
1	Basic Salary	37,17,732
2	House Rent Allowance (HRA)	14,87,088
3	Leave Fare Concession	3,09,811
4	Other Allowances	25,97,081
5	Retirals	11,82,612
6	Other Benefits (PLR)	37,17,732
7	Annual CTC	1,30,12,056

Accordingly, the Board of Directors recommends the Resolution at item no. 8 of the notice for approval of the members by way of Special Resolution. None of the Directors, Key Managerial Personnel, or their relatives, except Mr. BV Ramesh Krishna, are in any way concerned or interested, financially or otherwise in the aforesaid resolution.

#### Brief Profile of Mr. BV Ramesh Krishna, Manager & COO

Mr. BV Ramesh Krishna was heading the Strategic Business Unit - Construction & Environment of Tata Projects Limited and has approx. 3 decades of collective experience in leading the EPC business with a strategy from concept to complete and steer the Company to have a sustained order booking, revenue generation, profitable growth, while ensuring processes, systems, compliance, and internal control.

Mr. BV Ramesh Krishna's professional summary includes:

- Market analysis, sales forecast, Sourcing Projects.
- Building capabilities in bidding and tendering establishing a strong techno commercial function to ensure success in order booking and win bids.
- Dealing with several contract models like Item rate, EPC, BOT and cost plus.
- Manage funding and cash flows for smooth execution of the projects.
- Instrumental in identifying and bringing partners on Board and entering enabling agreements like confidentiality, consortium agreements, partnerships, MOUs with vendors, technology transfer Agreements, master service agreements, license agreements etc.

#### Additional Information:

Information pursuant to Para 1.2.5 of Secretarial Standard 2, pertaining to Director/ Manager seeking appointment/ re-appointment:

Name	Mr. Vinayak K. Deshpande	Mr. Sanjay Sharma	Mr. Vinayak Pai	Mr. BV Ramesh Krishna
Designation	Chairman (Non-Executive)	Non-Executive Director	Non-Executive Director	Manager & COO
Director Identification Number (DIN)	00036827	00332488	03637894	---
Date of Birth	21 <sup>st</sup> July 1957 (Age: 64 Years)	29 <sup>th</sup> July 1966 (Age: 55 Years)	19 <sup>th</sup> September 1966 (Age: 55 Years)	1 <sup>st</sup> June 1970 (Age: 51 Years)
Qualifications	B. Tech (Chemical)	Mechanical Engineer	Electrical Engineer	Mechanical Engineer
Specialised Expertise	Design and Sales of Boilers and Captive Power Plants, EPC and Construction/ Infrastructure Business	Corporate Finance, Investment Banking and Real Estate sector.	Extensive experience in executive upstream and downstream projects and successfully growing the business in highly competitive market.	EPC business with a strategy from concept to complete and steer the Company to have a sustained order booking, revenue generation, profitable growth.
Experience	Over 4 decades of overall experience.	Over 3 decades of overall experience.	Over 3 decades of overall experience.	Over 3 decades of overall experience.
Terms and Conditions of Appointment	Representative of Tata Projects Limited (Holding Company); Non-Executive Director	Representative of Tata Projects Limited (Holding Company); Non-Executive Director	Representative of Tata Projects Limited (Holding Company); Non-Executive Director	Being appointed as Manager for a period of Three (3) years and to be designated as Manager & COO.
Remuneration	Nil	Nil	Nil	₹ 130.12 lakhs
Date of First Appointment on the Board	1 <sup>st</sup> February 2012	24 <sup>th</sup> March 2022	23 <sup>rd</sup> May 2022	28 <sup>th</sup> December 2021
Directorship in other Indian companies	1. Voltas Limited (VL) 2. Kennametal India Limited (KIL) 3. Tata Projects Limited (TPL) 4. Signify Innovations India Limited (SIIL) 5. Universal MEP Projects & Engineering Services Limited (UPESL) 6. Pune IT City Metro Limited (PICML)	1. TCC Construction Private Limited 2. TP Luminaire Private Limited 3. Promont Hilltop Private Limited 4. Tril Roads Private Limited 5. Tril Urban Transport Private Limited 6. Smart Value Homes (Peenya Project) Private Limited 7. Pune Solapur Expressways Private Limited	Tata Projects Limited (TPL)	Nil

Name	Mr. Vinayak K. Deshpande	Mr. Sanjay Sharma	Mr. Vinayak Pai	Mr. BV Ramesh Krishna
Positions in Committees of other Indian companies	1. KIL - Chairman of NRC; Member of AC & RMC. 2. VL - Chairman of PC & SHEC. 3. TPL - Member of CSRC, OPEXC, PRC, FC & SAC 4. PICML – Chairman of NRC 5. SIIL - Chairman of SRC; Member of AC & NRC	TPL – Member of RMC	Nil	Nil
Number of shares held in the Company	Nil	Nil	Nil	Nil
Relationship, if any, with other Directors, Manager and other KMP	Not related to any of the Directors and KMPs of the Company.	Not related to any of the Directors and KMPs of the Company.	Not related to any of the Directors and KMPs of the Company.	Not related to any of the Directors and KMPs of the Company.
Position/s in Committees constituted by the Board of the Company	Chairman of the Board, Member of NRC and CSRC.	Chairman of AC	Nil	Nil
Number of Board Meetings attended	Attended all (8) Board Meetings held during the FY 2021-22.	Attended (1) Board Meeting held during the FY 2021-22.	NA	Attended (4) Board Meetings held during the FY 2021-22.

\* AC: Audit Committee; NRC: Nomination & Remuneration Committee; SRC: Stakeholders Relationship Committee; CSRC: Corporate Social Responsibility Committee; PRC: Project Review Committee; RMC: Risk Management Committee; FC: Finance Committee; PC: Projects Committee; OPEXC: Operations Excellence Committee; SAC: Securities Allotment Committee; and SHEC: Safety, Health & Environment Committee.

### Registered Office

2<sup>nd</sup> Floor, One Boulevard, Lake Boulevard Road,  
Hiranandani Business Park, Powai, Mumbai - 400076, Maharashtra  
Phone No: +91 40 6601 8194; Email: investors@artson.net  
CIN: L27290MH1978PLC020644; Website: www.artson.net

By Order of the Board  
For **Artson Engineering Limited**

Date: 23<sup>rd</sup> May 2022  
Place: Mumbai

**Vinayak K. Deshpande**  
Chairman  
DIN: 00036827

## BOARD'S REPORT

To the Members,

The Board presents the 43<sup>rd</sup> Annual Report of Artson Engineering Limited (the Company or AEL) along with the Audited Financial Statements for the year ended 31<sup>st</sup> March 2022.

### 1. FINANCIAL RESULTS

Particulars	Amount (₹ in Lakhs)	
	2021-22	2020-21
Gross Turnover (including Other Income)	17351.39	15232.17
Profit before Interest and Depreciation (EBIDTA)	757.22	613.15
Finance Charges	1076.91	1018.17
Depreciation and Amortization	117.37	106.16
Total Expenditure	17788.45	15743.35
Net Profit / (Loss) Before Tax (PBT)	(437.06)	(511.18)
Less: Tax expense	(65.83)	(56.70)
Net Profit After Tax (PAT)	(502.89)	(567.88)
Other Comprehensive Income	1.60	7.07
Total Comprehensive income	(501.29)	(560.81)
Balance of Profit / (Loss) brought forward	(414.10)	146.71
Balance available for appropriation (after adjusting other equity)	(319.66)	(414.10)
Surplus / (Deficit) carried to Balance Sheet	<b>(319.66)</b>	<b>(414.10)</b>

### 2. COMPANY'S PERFORMANCE

The Company's revenue from operations for the year under review aggregated to ₹ 17,264 lakhs (Previous Year: ₹ 15,028 lakhs), 14.8 % growth over previous year. The operations of the Company for the year under review resulted in profit/ (loss) before tax of ₹ (437) lakhs (Previous Year: (511) lakhs) and profit/ (loss) after tax of ₹ (503) lakhs (Previous Year: (568) lakhs).

The Company's operations were affected to some extent due to the restrictions imposed by Government of India in view of second wave of COVID-19.

The Company has completed the construction of tanks at IOCL Dumad tankage project, Gujarat, achieved over 64% completion in IOCL Paradip-2 project, Odisha, achieved over 95% completion in NFC Kota piping project, Rajasthan and achieved over 35% completion in ONGC Kakinada tankage project, Andhra Pradesh.

The Nagpur unit of the Company has executed orders for supply of over 5970 MT of steel structures to various clients, including ThyssenKrupp, BHEL, John Zink and Tata Projects Limited (TPL), ISRO. The production was impacted during May-June 2021, due to acute shortage of Oxygen cylinders.

The Nashik unit of Company delivered over 1600 tonnes (Including carbon steel; stainless steel; exotic steel hastelloy and inconel) of process equipment and achieved highest turnover of ₹4775 lakhs. The unit also booked orders worth ₹ 1040 lakhs during the financial year.

The unit successfully completed prestigious order of fluorination reactor for Convergence Chemical Private Limited (A Piramal Group Company) having Exotic material of construction; Completed supply of inner Oxygen Cryogenic vessels to IOCL Nashik during Second Covid wave; and Completed 7400 Sq. Mtr. of explosion cladding in the financial year.



During the year under review, the Company received new orders with estimated value of approximately INR 12000 lakhs. The closing order backlog of the Company for the year ended 31<sup>st</sup> March 2022 stood at approx. INR 20010 lakhs.

Some of the major orders received during the year are as follows:

- From TPL, for
  - Construction of absorbers for FGD Projects for NTPC at Talcher and Vallur.
  - Construction of Tanks and Piping works for ONGC Kakinada Projects.
  - Fabrication of structures for NTPC Ramagundam, NTPC Talcher and ONGC Kakinada.
  - Shop fabricated Tanks for Mundra and NFC Kota.
  - Mechanical works including erection of equipment's in yard at GRSE Kolkata.
- From BHEL for fabrication and supply of fabricated structures for NTPC, Mauda.
- From IOCL Nashik, Navin Flourine, Schenck, Howden Solvent, Aqua Pharma for various process plant equipment including pressure vessels with higher grade material.

### BUSINESS OUTLOOK

Pursuant to the Aatmanirbhar Bharat Abhiyan, make in India and the Production-Linked Incentive (PLI) became fundamental stepping-stones to shaping India as an efficient, equitable and resilient manufacturing hub. Make in India aims to promote investment, encourage innovation, enhance skill development, protect intellectual property, and create best-in-class manufacturing infrastructure in the country. This has given manufacturing an impetus and the investments made in infrastructure, healthcare, electronics, amongst others, are already bearing fruit.

In line with the GOI policy, the Company also revisited its business strategies and would reposition itself in the Indian market as world class manufacturing organisation. Key area of focus will be factory based supplies and products. Accordingly, necessary business strategies for Horizontal and Vertical growth for both the manufacturing units (Nashik and Nagpur) have been duly laid.

The Company is also exploring opportunities to widen its footprint in shipbuilding business not only in Garden Reach Shipbuilders and Engineers Limited but also beyond it.

The world has been plagued by various uncertainties like Covid-19 Pandemics, Worldwide recession, Russia-Ukraine conflict etc., Its subsequent global fall out has impacted economies hugely. Our neighbouring countries like Pakistan and Sri Lanka have been reeling under severe economic crisis. Even India's GDP projection by IMF in January 2022 has been reduced by 0.8%. Under the circumstances, consolidation will be key focus area for the Company. The Company will cautiously follow the path of sustainable but profitable business which will lead to strengthening of balance sheet in the coming year.

The Company continues to maintain excellent record on Employee's Health and Safety at all factory locations and project sites and has received token of appreciation from its clients.

The Company has taken several measures to ensure the well-being of its employees including leveraging the power of technology to enable them to work from home. Further, standing by its core commitment the Company is navigating through these unprecedented times by building stronger and deeper relationships with consumers and its partners.

The Company's Management, with the support of TPL, is making sincere efforts to further improve the operations of the Company and record better performance over the impending years.

### 3. CHANGE IN THE NATURE OF BUSINESS

The basic nature of the business of the Company i.e., manufacturing of process plant equipment, fabrication of structures & associated works and construction of storage tanks etc. remains the same and there was no change in the nature of business of the Company during the year under review.

#### **4. CREDIT RATING**

M/s. India Rating and Research Private Limited (Ind-Ra) has assigned a long-term issuer rating of 'IND AA-'. The Outlook is stable. The instrument-wise rating is as follows:

- "IND AA-/Stable" for the Term Loan.
- "IND AA-/Stable/IND A1+" for the fund based working capital facilities.
- "IND AA-/Stable/IND A1+" for the non-fund based working capital facilities.

#### **5. DIVIDEND**

Considering the financial position of the Company, the Board of Directors have not recommended dividend for the year 2021-22. Further, as the members are aware, pursuant to the revised terms of loan (interest free for 20 years), conversion of certain payables into loans (interest free for ten years) given by the Holding Company, Tata Projects Limited (TPL), your Company is not permitted to declare dividend to the equity Shareholders (including the Holding Company/ Promoter) until the re-payment of loan to TPL.

#### **6. TRANSFER OF AMOUNT TO RESERVES**

The Company does not propose to transfer any amount to General Reserve for the year ended 31<sup>st</sup> March 2022.

#### **7. BORROWINGS**

The total borrowings of the Company including long-term loans and working capital facilities stood at ₹ 5224.51 lakhs as on 31<sup>st</sup> March 2022.

#### **8. ANNUAL RETURN**

The Annual Return of the Company for the FY 2021-22 in the prescribed form MGT-7 as required under section 92(3) of the Act is available on the website of the Company i.e., [www.artson.net](http://www.artson.net)

#### **9. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT**

No material changes and/ or commitments affecting the financial position of the Company, occurred between the end of the financial year of the Company to which the financial statements relate i.e., 31<sup>st</sup> March 2022 and the date of the report i.e., 25<sup>th</sup> April 2022.

#### **10. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

##### **a) Cessation of Directors**

During the year under review, Mr. K. Satyanarayana, resigned (subsequent to him stepping down from Tata Projects Limited) from the position of Non-Executive Director of the Company w.e.f. 30<sup>th</sup> September 2021; and Mr. Nalin M. Shah, Independent Director retired from the position of Director of the Company w.e.f. 12<sup>th</sup> February 2022.

##### **b) Directors retiring by rotation**

In accordance with the provisions of the Act and the Company's Articles of Association, Mr. Vinayak K. Deshpande, retires by rotation and does not seek re-appointment in view of his retirement on 21<sup>st</sup> July 2022 from the Holding Company, as per the retirement age policy for Directors adopted by the Holding Company's Board.

##### **c) Changes in Directorship**

Based on the recommendations of the NRC, Mr. Sanjay Sharma was appointed as Additional Director by the Board, effective 24<sup>th</sup> March 2022 In terms of the provisions of the Companies Act 2013 and the rules made thereunder, the ratification of the aforesaid appointments is placed at the ensuing AGM for approval of the members.

**d) Changes in the Key Managerial Personnel**

During the period under review, Mr. S. Balaji, Chief Financial Officer resigned from the position w.e.f. 16<sup>th</sup> September 2021. Further Mr. Saket Mathur, Manager superannuated from the position w.e.f. 31<sup>st</sup> December 2021.

Consequent to the above, the Board of Directors at their meeting held on 16<sup>th</sup> October 2021, appointed Mr. K Siva Rama Krishna, as the Chief Financial Officer (CFO) w.e.f. 27<sup>th</sup> January 2022. Further, at the Board meeting held on 28<sup>th</sup> December 2021, Mr. BV Ramesh Krishna was appointed as the Manager w.e.f. 5<sup>th</sup> January 2022 and as COO w.e.f. 1<sup>st</sup> April 2022.

In terms of the provisions of the Companies Act 2013 and the rules made thereunder, ratification of the appointment of Mr. BV Ramesh Krishna is placed at the ensuing AGM for approval of the members.

**e) Declaration by Independent Directors**

As per the requirement of Section 149 (7) of the Act, Ms. Leja Hattiangadi and Mr. Sunil Potdar, the Independent Directors of the Company, have submitted their respective declarations that they fulfil the criteria of independence under Section 149 of the Act, read with Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**11. NUMBER OF BOARD MEETINGS**

During the financial year, the Board met Eight (8) times i.e., on 21<sup>st</sup> April 2021, 29<sup>th</sup> June 2021, 23<sup>rd</sup> July 2021, 16<sup>th</sup> October 2021, 28<sup>th</sup> December 2021, 17<sup>th</sup> January 2022, 9<sup>th</sup> February 2022 and 24<sup>th</sup> March 2022. The gap between any two consecutive Board Meetings did not exceed One Hundred and Twenty days.

**12. ANNUAL EVALUATION**

Pursuant to the provisions of the Act and Regulation 25 of the Listing Regulations, the Board has carried out an annual evaluation of its own performance, performance of the Directors individually as well as the evaluation of the working of the Committees.

The following process was adopted for Board evaluation:

- i. Feedback was sought from each Director about their views on the performance of the Board covering various criteria such as degree of fulfilment of key responsibilities, Board structure and composition, establishment, and delineation of responsibilities to various Committees, effectiveness of Board processes, information and functioning, Board culture and dynamics, quality of relationship between the Board and the Management and efficacy of communication with external stakeholders.
- ii. The feedback received from all the Directors was discussed at the Meeting of Independent Directors and the NRC. The performance of the Non-Independent Non-Executive Directors and Board Chairman was also reviewed by them.
- iii. The collective feedback on the performance of the Board (as a whole) was discussed by the Chairperson of the NRC with the Chairman of the Board. It was also presented to the Board.
- iv. Assessment of performance of every statutorily mandated Committee of the Board was conducted and these assessments were presented to the Board for consideration. Areas on which the Committees of the Board were assessed included degree of fulfilment of key responsibilities, adequacy of Committee composition and effectiveness of Meetings.
- v. During the year under review, the recommendations made in the previous year were satisfactorily implemented.

Based on the annual evaluation process and the overall engagement of the Independent Directors in the affairs of the Company during the year, the Board of Directors are of the opinion that the Independent Directors of the Company possess, practice, and preach highest standards of integrity and have the required experience and expertise in their respective areas which enable them to provide guidance to the Management and adds value in the Company's decision process.

### 13. DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, the work performed by the Internal, Statutory and Secretarial Auditors and the reviews performed by the Management and the relevant Board Committees, including the Audit Committee, the Board believes that the Company's internal financial controls were adequate and effective during the year ended 31<sup>st</sup> March 2022. Accordingly, pursuant to Section 134(5) of the Act, based on the above and the representations received from the Operating Management, the Board of Directors, to the best of their knowledge and ability confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed and that there was no material departure therefrom.
- They have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied their recommendations consistently and made judgments and estimates that are reasonable and prudent to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2022 and of the profit/loss of the Company for the year ended on that date.
- They have 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 frauds and other irregularities.
- They have prepared the annual accounts on a going concern basis.
- They have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively during the year ended 31<sup>st</sup> March 2022; and
- Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively during the year ended 31<sup>st</sup> March 2022.

### 14. AUDIT COMMITTEE

The Audit Committee (AC) of the Company comprises of 2 Independent Director(s) and 1 Non-Executive Director.

S. No.	Name	Role	Designation
1	Mr. Sanjay Sharma	Chairman	Non-Executive Director
2	Ms. Leja Hattiangadi	Member	Independent Director
3	Mr. Sunil Potdar	Member	Independent Director

The composition of the Committee is as per the requirements of the provisions of Section 177 of the Act. During year under review, Mr. Nalin M. Shah ceased to be the member and Chairman and Mr. Sanjay Sharma, Non-Executive Director was inducted as the member and Chairman of Audit Committee.

The Audit Committee continues to provide valuable advice and guidance in the areas of costing, finance, and internal financial controls. The Committee is governed by terms of reference, which are in line with the regulatory requirements mandated by the Companies Act, 2013 and Listing Regulations.

During the financial year, the Audit Committee met Five (5) times i.e., on 21<sup>st</sup> April 2021, 29<sup>th</sup> June 2021, 23<sup>rd</sup> July 2021, 16<sup>th</sup> October 2021; and 17<sup>th</sup> January 2022.

## 15. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee (NRC) of the Company comprises of 2 Independent Director(s) and 1 Non-Executive Director.

S. No.	Name	Role	Designation
1	Ms. Leja Hattiangadi	Chairperson	Independent Director
2	Mr. Vinayak K. Deshpande	Member	Non-Executive Director
3	Mr. Sunil Potdar	Member	Independent Director

The composition of the Committee is as per the requirements of the provisions of Section 178 of the Act. During the year under review, Mr. Nalin M. Shah ceased to be the member and Mr. Sunil Potdar, Independent Director was inducted as the member of Nomination and Remuneration Committee.

The Committee is governed by terms of reference, which are in line with the regulatory requirements mandated by the Companies Act, 2013 and Listing Regulations.

During the financial year, the NRC met Five (5) times i.e., on 29<sup>th</sup> June 2021, 16<sup>th</sup> October 2021, 28<sup>th</sup> December 2021, 17<sup>th</sup> January 2022; and 24<sup>th</sup> March 2022.

## 16. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee (SRC) of the Company comprises of 2 Independent Director(s) and 1 Non-Executive Director.

S. No.	Name	Role	Designation
1	Ms. Leja Hattiangadi	Chairperson	Independent Director
2	Mr. Pralhad Pawar	Member	Non-Executive Director
3	Mr. Sunil Potdar	Member	Independent Director

The composition of the Committee is as per the requirements of the provisions of Section 178 of the Act. During the year under review, Mr. Nalin M. Shah ceased to be the member and Mr. Sunil Potdar, Independent Director was inducted as the member of Stakeholders' Relationship Committee.

The Committee is governed by terms of reference, which are in line with the regulatory requirements mandated by the Companies Act, 2013 and Listing Regulations

During the financial year, the SRC met Four (4) times i.e., on 21<sup>st</sup> April 2021, 23<sup>rd</sup> July 2021, 16<sup>th</sup> October 2021; and 17<sup>th</sup> January 2022.

## 17. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee (CSRC) of the Company comprises of 1 Independent Director and 2 Non-Executive Director(s).

S. No.	Name	Role	Designation
1	Ms. Leja Hattiangadi	Chairperson	Independent Director
2	Mr. Vinayak K. Deshpande	Member	Non-Executive Director
3	Mr. Pralhad Pawar	Member	Non-Executive Director

The composition of the Committee is as per the requirements of the provisions of Section 135 of the Act. During the year under review, there were no changes in the composition of the CSRC.



Pursuant to the provision of section 135 of the Companies Act 2013 read with the corresponding Rules made thereunder and the CSR Policy adopted by the Board of Directors, the provisions of CSR spending in the year 2021-22 were not applicable to the Company. However, to maintain continuity of donations/ scholarships, the Company had voluntarily spent ₹ 4.20 lakhs (50% of previous spent). During the year under review, no CSR Committee meeting was held.

The CSR policy and details of voluntary spend in the format as per the provision of the Act is enclosed as **Annexure 1**.

#### **18. REMUNERATION POLICY**

Based on the recommendations of the NRC, the Board of Directors approved and adopted a remuneration policy for Directors, Key Managerial Personnel and other employees of the Company as required under Section 178(3) of the Act. The Company has adopted Governance Guidelines which inter alia covers the composition and role of the Board, Board Appointment, Induction and Development, Director's Remuneration, Code of Conduct, Board Effectiveness Review, and mandates of the Board Committees. The remuneration policy is placed on the website of the Company [www.artson.net](http://www.artson.net) for reference and enclosed as **Annexure 2**.

#### **19. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

The Company has neither given any loans or guarantee, nor provided any security in connection with any loan to any Body Corporate or person, nor has it acquired by subscription, purchase or otherwise, the securities of any Body Corporate as provided under Section 186 of the Act.

#### **20. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

All the contracts/ arrangements/ transactions entered by the Company during the year under review with related parties were in the ordinary course of business and at arm's length basis. The particulars of such contracts or arrangements with related parties, pursuant to the provisions of Section 134(3)(h) and Rule 8 of the Companies (Accounts) Rules, 2014, in the prescribed form AOC-2 is enclosed as **Annexure 3**.

#### **21. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Particulars as prescribed under Section 134(3)(m) of the Act pertaining to the conservation of energy, technology absorption and foreign exchange earnings and outgo is enclosed as **Annexure 4**.

#### **22. RISK MANAGEMENT POLICY**

The Company has adopted measures for risk management and mitigation thereof. A formal risk reporting system has been devised by the Company. Project Review Committee has been constituted comprising of Directors and senior officials of the Company to review, assess and mitigate the risks, conversion of risk into opportunities, problems/ irregularities related to implementation and execution of projects (including project delay, change in scope and estimation errors) and implementation of checks and balances for proper execution of future work. The key risk management and mitigation practices include those relating to identification of key risks associated with the business objectives, impact assessment, risk evaluation and reporting.

#### **23. PARTICULARS OF SUBSIDIARY COMPANIES OR JOINT VENTURES OR ASSOCIATE COMPANY**

The Company neither has any joint venture with nor does it have any associate or subsidiary Company as defined under various provisions of the Act.

#### **24. PARTICULARS OF DEPOSITS**

During the year under review, the Company has neither accepted any deposit covered under Chapter V of the Act nor has it contravened the compliance requirements of Chapter V of the Act.

**25. PARTICULARS OF SIGNIFICANT/ MATERIAL ORDERS PASSED, IF ANY**

During the year under review, there were no significant and/ or material orders passed by any Regulator/ Court/ Tribunal which could impact the going concern status of the Company and its operations in future.

**26. AUDITORS****a) Statutory Auditors**

M/s. Price Waterhouse & Co Chartered Accountants LLP, (Firm Registration Number- 304026E/E-300009) (PwC) were appointed as the Statutory Auditors of the Company to hold office from the conclusion of the 38<sup>th</sup> AGM held on 21<sup>st</sup> September 2017 until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

The Company has received confirmation from the Auditors to the effect that their appointment, if made, will be in accordance with the limits specified under the Companies Act, 2013 and the firm satisfies the criteria specified in Section 141 of the Companies Act, 2013 read with Rule 4 of Companies (Audit & Auditors) Rules 2014.

The Board is of the opinion that continuation of M/s. Price Waterhouse & Co Chartered Accountants LLP, as Statutory Auditors will be in the best interests of the Company and therefore, the members are requested to consider their re-appointment as Statutory Auditors of the Company, for a second term of Five(5) years, from the conclusion of the ensuing Annual General Meeting, till the conclusion of 48<sup>th</sup> Annual General Meeting to be held in the calendar year 2027, at mutually agreed remuneration.

The Auditors' Report issued by PwC for the financial year 2021-22 does not contain any qualification, reservations, adverse remark, or disclaimer.

**b) Cost Auditors**

In terms of the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules 2014, and based on the recommendation of the Audit Committee, the Board of Directors at their Meeting held 25<sup>th</sup> April 2022 re-appointed M/s. Sagar and Associates, Cost Accountants (Firm Registration No. 000118), as the Cost Auditors for the financial year 2022-23 to conduct the audit of Steel Products of the Company. The necessary consent letter and certificate of eligibility was received from M/s. Sagar & Associates, confirming their eligibility to be re-appointed as the Cost Auditors of the Company.

A resolution seeking ratification of remuneration payable to M/s. Sagar and Associates, Cost Accountants (Firm Registration No. 000118) to conduct the audit of Steel Products of the Company for the financial year 2022-23 has been included in the notice convening 43<sup>rd</sup> AGM of the Company.

**c) Secretarial Auditors**

In terms of Section 204 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and based on the recommendation of the Audit Committee, the Board of Directors at their Meeting held on 21<sup>st</sup> April 2021 had appointed M/s. MKS & Associates, Company Secretaries (Firm Registration No. S2017TL460500) as the Secretarial Auditors for the financial year 2021-22. The Secretarial Audit Report for the financial year 2021-22 in the prescribed form MR-3 on the audit carried out by the said Auditor is enclosed to this Report as **Annexure 5**.

Further, based on the recommendation of the Audit Committee, the Board of Directors at their meeting held on 25<sup>th</sup> April 2022 re-appointed M/s. MKS & Associates, Company Secretaries (Firm Registration No. S2017TL460500) as the Secretarial Auditors of the Company for the financial year 2022-23. The necessary consent letter and certificate of eligibility was received from M/s. MKS & Associates, Company Secretaries, confirming their eligibility to be re- appointed as the Secretarial Auditors of the Company.

**27. INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has adopted adequate internal financial controls, commensurate with the size and complexity of its operations. During the year, such controls were tested and no reportable material weakness in the design or operations was observed. The Company has policies and procedures in place for ensuring proper and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of accounting records and the timely preparation of reliable financial information.

The Company has adopted accounting policies which are in line with the Indian Accounting Standards (Ind-AS) and the Act. These are in accordance with the generally accepted accounting principles in India. Changes in policies, if required, are made in consultation with the Auditors and are approved by the Audit Committee.

The Company's internal audit system is geared towards ensuring adequate internal controls commensurate with the size and needs of the business, with the objective of efficient conduct of operations through adherence to the Company's policies, identifying areas of improvement, evaluating the reliability of financial statements, ensuring compliances with applicable laws and Regulations, and safeguarding of assets from unauthorized use.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the Internal, Statutory, Cost and Secretarial Auditors, including audit of the internal financial controls over financial reporting by the Statutory Auditors, and the reviews performed by the Management and the relevant Board and Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the year 2021-22.

**28. DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has adopted a policy on prevention, prohibition, and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. The Company has also constituted a Committee for Prevention of Sexual Harassment at workplace. No complaints were received under the said policy during the year under review.

**29. PARTICULARS OF EMPLOYEES**

During the year under review, no employee in the Company drew remuneration in excess of the amounts prescribed under Section 197(12) of the Act, read with Rule 5 (2) and 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Further the information pursuant to Section 197 of the Act read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time is enclosed as **Annexure 6**.

**30. SHARE CAPITAL**

The authorised share capital of the Company is ₹ 17,00,00,000/- comprising of 15,00,00,000 equity shares of ₹ 1/- and 2,00,000 preference shares of ₹ 100/- each. Further, the paid-up equity share capital of the Company is ₹ 3,69,20,000/- divided into 3,69,20,000 equity shares of ₹ 1/- each. During the year under review, there was no change in the capital structure of the Company. Disclosure under Section 67(3)(c) of the Act in respect of voting rights not exercised directly by the employees of the Company is not applicable.

**31. ISSUE OF SHARES**

During the year under review, the Company **has not**:

- i. Issued any shares with differential voting rights pursuant to the provisions of Rule 4 of the Companies (Share Capital and Debenture) Rules, 2014.
- ii. Issued any sweat equity shares to any of its employees, pursuant to the provisions of Rule 8 of the Companies (Share Capital and Debenture) Rules, 2014.
- iii. Implemented any Employee Stock Option Scheme for its employees.

### 32. PURCHASE OF SHARES OF THE COMPANY

During the period under review, the Company has not given any loan, guarantee or security, or any financial assistance to the employees of the Company for the purpose of purchase or subscription for any shares of the Company or its Holding Company pursuant to Section 67(2) of the Act.

### 33. VIGIL MECHANISM

The Company has adopted a Whistle Blower Policy to report to the Management, the instances of unethical behaviour, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy. Under the policy, the employees can approach the Company's Ethics Counsellor/ Chairman of the Audit Committee for reporting.

### 34. REPORT ON CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT (MDAR)

Pursuant to the Regulation 15(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, compliance with the Corporate Governance provisions as specified in Regulations 17 to 27 and 46 (2)(b) to (i) and (t) and para C, D and E of Schedule V are not applicable to the Company because, neither the paid-up share capital exceeds ₹ 10 Crore nor the net-worth exceeds ₹ 25 Crore as on the last day of previous financial year i.e., 31<sup>st</sup> March 2022. Accordingly, the report pertaining to the Code of Corporate Governance have not been annexed.

Further, pursuant to the provision of Regulation 34 read with para B of schedule V, the Management Discussion Analysis Report is enclosed as **Annexure 7**.

### 35. ACKNOWLEDGEMENTS

The Directors wish to place on record their sincere appreciation for the unrelenting support received during the year from the Shareholders, Tata Projects Limited (Holding Company), Auditors, Customers - both in India and abroad, suppliers and vendors, Banks, and other Government and Regulatory authorities, Financing, and lending institutions. The Board wishes to record its deep appreciation to all the employees and workers of the Company for their dedication and commitment.

#### Registered Office

2<sup>nd</sup> Floor, One Boulevard, Lake Boulevard Road,  
Hiranandani Business Park, Powai, Mumbai- 400076, Maharashtra  
Phone No: +91 40 6601 8194; Email: investors@artson.net  
CIN: L27290MH1978PLC020644; Website: www.artson.net

By Order of the Board  
For **Artson Engineering Limited**

Date: 25<sup>th</sup> April 2022  
Place: Mumbai

**Vinayak K. Deshpande**  
Chairman  
DIN: 00036827

## REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

[Pursuant to Section 134(3)(o) of the Companies Act, 2013 and Rule 9 of the Companies (CSR) Rules, 2014]

### 1. Brief outline of the Company's policy, including overview of projects/programs proposed to be undertaken:

Artson Engineering Limited (AEL), believes in responsibility towards society and positively impacting and supporting both the environment and the communities. Company shall give preference to the local area and areas around it where it operates, focusing on sustainability of programs and empowerment of these communities.

AEL shall strive to align with the Tata Group CSR and other national and international frameworks like the UN Sustainable Development Goals (SDG), in line with the schedule VII of the Companies Act 2013, as recommended by the CSR Committee of the Board and approved by the Board from time to time.

AEL will participate in Tata Group CSR Initiatives in the area of Skill Development, Water, Education and Disaster Response.

AEL is committed to improving the quality of life of members of the community, especially the underprivileged, and wherever possible, interact with identified NGOs and augment their efforts in this direction.

AEL shall play an active role in promotion of inclusive growth through deployment of Affirmative Action initiatives to drive significant impact.

AEL's focus areas of development shall include programs on:

**Water:** Provide Safe drinking water and develop social entrepreneurs in water space.

**Skill Development:** To support the National Skill Development and help Industries to move to a virtuous circle of higher productivity, employment, income growth, enhance employability and development.

**Education:** To improve literacy/education efforts by participating in various Government schemes and initiatives of other Corporates and NGOs.

#### Implementation of the CSR Policy:

- The corpus to be spent on CSR shall include at least 2% of the average net profit of India operations for the preceding three financial years (or as may be amended by law/ rules from time to time). Any surplus arising out of the CSR programs and projects shall not form part of business profits of the Company.
- We will implement all CSR activities directly or through Tata Projects Community Development Trust or other partners like NGOs, academic institutions, Government, other Trusts etc.
- Implementation of this policy will be monitored and reviewed periodically through a two-tier structure comprising: CSR Committee of the Board and CSR Department/ team of AEL.

We shall build partnerships and promote innovation through incubation of ideas and technology to address societal needs (Centers of Excellence). We shall continue to actively promote volunteerism to enable our employees, our partners to contribute their skills, talents and expertise for development.



## 2. Composition of CSR Committee:

S.No.	Name of Director	Designation / Nature of Directorship	Number of meeting of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Ms. Leja Hattiangadi	Chairperson		
2	Mr. Vinayak K. Deshpande	Member		NA
3	Mr. Pralhad Pawar	Member		

3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company: <http://artson.net/about-us/policies/corporate-social-responsibility-csr-policy/>
4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report): **Not Applicable.**
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: **Not Applicable.**
6. Average net profit of the Company as per section 135(5): **Not Applicable**
7. (a) Two percent of average net profit of the Company as per section 135(5): **Not Applicable**  
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: **Not Applicable**  
 (c) Amount required to be set off for the financial year, if any: **Not Applicable**  
 (d) Total CSR obligation for the financial year (7a+7b-7c): **Mandatory spending is not applicable**
8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)	
	Total Amount transferred to Unspent CSR Account as per section 135(6).	Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).
4.20 lakhs (Voluntary)	Not Applicable	

- (b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
S. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
Not Applicable												

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
S. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No)	Location of the project.		Amount spent for the project (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
1	Tata - FAEA Scholars Education Program			PAN India		4.20 lakhs	No	Foundation for Academic Excellence and Access (FAEA)	CSR00002144

(d) Amount spent in Administrative Overheads: **Nil**

(e) Amount spent on Impact Assessment, if applicable: **Not Applicable**

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ **4.20 lakhs (Voluntary)**

(g) Excess amount for set off, if any:

S. No.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the Company as per section 135(5)	
(ii)	Total amount spent for the Financial Year	
(iii)	Excess amount spent for the financial year [(ii)-(i)]	
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	

**Not Applicable**

9. (a) Details of Unspent CSR amount for the preceding three financial years:

S. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	

**Not Applicable**

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
S.No	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project - Completed /Ongoing

**Not Applicable**

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: **Not Applicable**
- (a) Date of creation or acquisition of the capital asset(s): **Not Applicable**
  - (b) Amount of CSR spent for creation or acquisition of capital asset: **Not Applicable**
  - (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc: **Not Applicable**
  - (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): **Not Applicable.**
11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5): **Not Applicable.**

**Registered Office**

2<sup>nd</sup> Floor, One Boulevard, Lake Boulevard Road,  
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Phone No: +91 40 6601 8194; Email: investors@artson.net  
CIN: L27290MH1978PLC020644; Website: www.artson.net

By Order of the Board  
For **Artson Engineering Limited**

Date: 25<sup>th</sup> April 2022  
Place: Mumbai

**Vinayak K. Deshpande**  
Chairman  
DIN: 00036827

**Leja Hattiangadi**  
Independent Director  
DIN: 00198720

## **REMUNERATION POLICY**

### **Policy for Directors, Key Managerial Personnel and other employees**

The philosophy for remuneration of Directors, Key Managerial Personnel (“KMP”) and all other employees of Artson Engineering Limited (“Company”) is based on the commitment of fostering a culture of leadership with trust. The remuneration policy is aligned to this philosophy.

This remuneration policy has been prepared pursuant to the provisions of Section 178(3) of the Companies Act, 2013 (“Act”) and Regulation 19 read with Part - D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. In case of any inconsistency between the provisions of law and this remuneration policy, the provisions of the law shall prevail, and the Company shall abide by the applicable law. While formulating this policy, the Nomination and Remuneration Committee (“NRC”) has considered the factors laid down under Section 178(4) of the Act, which are as under:

- a. “the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.
- b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c. remuneration to Directors, Key Managerial Personnel and senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals”

### **Key principles governing this remuneration policy are as follows:**

#### **1. Remuneration for Independent Directors and Non-Independent Non-Executive Directors**

- Independent Directors (“ID”) and Non-Independent Non-Executive Directors (“NED”) may be paid sitting fees (for attending the Meetings of the Board and of Committees of which they may be members) and commission within regulatory limits.
- Within the parameters prescribed by law, the payment of sitting fees and commission will be recommended by the NRC and approved by the Board.
- Overall remuneration (sitting fees and commission) should be reasonable and enough to attract, retain and motivate Directors aligned to the requirements of the Company (taking into consideration the challenges faced by the Company and its future growth imperatives).
- Overall remuneration should be reflective of size of the Company, complexity of the sector/ industry/ Company’s operations and the Company’s capacity to pay the remuneration.
- Overall remuneration practices should be consistent with recognized best practices.
- Quantum of sitting fees may be subject to review on a periodic basis, as required.
- The aggregate commission payable to all the NEDs and IDs will be recommended by the NRC to the Board based on Company performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters as may be decided by the Board.
- The NRC will recommend to the Board the quantum of commission for each Director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent in the Board and Committee Meetings, individual contributions at the Meetings and contributions made by Directors other than in Meetings.
- In addition to the sitting fees and commission, the Company may pay to any Director such fair and reasonable expenditure, as may have been incurred by the Director while performing his/ her role as a Director of the Company. This could include reasonable expenditure incurred by the Director for

attending Board/ Board Committee Meetings, General Meetings, Court convened Meetings, Meetings with Shareholders/ Creditors/ Management, site visits, induction and training (organized by the Company for Directors) and in obtaining professional advice from independent advisors in the furtherance of his/ her duties as a Director.

## 2. Remuneration for Managing Director ("MD") / Executive Directors ("ED")/ KMP/ rest of the employees

- The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence remuneration should be:
- Market competitive (market for every role is defined as companies from which the Company attracts talent or companies to which the Company loses talent),
- Driven by the role played by the individual,
- Reflective of size of the Company, complexity of the sector/ industry/ Company's operations and the Company's capacity to pay,
- Consistent with recognized best practices and
- Aligned to any regulatory requirements.

### In terms of remuneration mix or composition,

- The remuneration mix for the MD/ EDs is as per the contract approved by the shareholders.
- In case of any change, the same would require the approval of the shareholders.
- Basic/ fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience.
- In addition to the basic/ fixed salary, the Company provides employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings and tax optimization, where possible. The Company also provides all employees with a social security net (subject to limits) by covering medical expenses and hospitalization through re-imbursements or insurance cover and accidental death and dismemberment through personal accident insurance.
- The Company provides retirement benefits as applicable.
- In addition to the basic/ fixed salary, benefits, perquisites and allowances as provided above, the Company provides MD/ EDs such remuneration by way of commission, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board, subject to the overall ceilings stipulated in the Act.
- The specific amount payable to the MD/ EDs would be based on performance as evaluated by the Board or the NRC and approved by the Board.
- In addition to the basic/ fixed salary, benefits, perquisites and allowances as provided above, the Company provides MD/ EDs such remuneration by way of an annual incentive remuneration/ performance linked bonus subject to the achievement of certain performance criteria and such other parameters as may be considered appropriate from time to time by the Board. An indicative list of factors that may be considered for determination of the extent of this component are:
  - a. Company performance on certain defined qualitative and quantitative parameters as may be decided by the Board from time to time,
  - b. Industry benchmarks of remuneration,
  - c. Performance of the individual.



- The Company provides the rest of the employees a performance linked bonus. The performance linked bonus would be driven by the outcome of the performance appraisal process and the performance of the Company.

**Remuneration payable to Director for services rendered in other capacity**

- The remuneration payable to the Directors shall be inclusive of any remuneration payable for services rendered by such Director in any other capacity unless:
  - a. The services rendered are of a professional nature; and
  - b. The NRC believes the Director possesses requisite qualification for the practice of the profession.

**Policy implementation**

- The NRC is responsible for recommending the remuneration policy to the Board. The Board is responsible for approving and overseeing implementation of the remuneration policy.

**Registered Office**

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By Order of the Board  
For **Artson Engineering Limited**

Date: 25<sup>th</sup> April 2022  
Place: Mumbai

**Vinayak K. Deshpande**  
Chairman  
DIN: 00036827

## ANNEXURE - 3

**FORM AOC-2****For the financial year ended 31<sup>st</sup> March 2022**

[Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

**I. Details of contracts or arrangements or transactions not at arm's length basis**

S. No.	Name(s) of the Related party and nature of relationship	Nature of Contract/ arrangement/ transaction	Duration of Contract/ arrangement/ transaction	Salient terms of Contract/ arrangement/ transaction, including value, if any	Date of Approval by the Board	Amount paid as advances, if any
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NIL

**II. Details of contracts or arrangements or transactions at arm's length basis**

S. No.	Nature of Contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts/ arrangements/ transactions including the value, if any (INR in Lakhs)	Dates of approval by the Board	Amount paid as advances, if any (INR in Lakhs)
<b>Name of the related party: Tata Projects Limited (Holding Company)</b>					
1	SBU-ISC (Industrial Services & Construction)/GRSE Engg PKG-1/810033/1033	July 2026	1708.42	NA	Nil
2	SBU-ISC (Industrial Services & Construction)/GRSE EP-1 (Y-3023)/810037/1042	December 2026	1708.42	NA	Nil
3	SBU-O&G (Oil, Gas & Hydrocarbons)/KG DWN 98 2 Project/500049/14425	April 2022	302.82	NA	Nil
4	SBU-O&G (Oil, Gas & Hydrocarbons)/KG DWN 98 2 Project/500049/14901	April 2022	237.91	NA	Nil
5	SBU-O&G (Oil, Gas & Hydrocarbons) /KG DWN 98 2 Project/500049/14814	May 2022	64.58	NA	Nil
6	SBU-O&G (Oil, Gas & Hydrocarbons)/KG DWN 98 2 Project/500049/14813	May 2022	276.29	NA	Nil
7	SBU-O&G (Oil, Gas & Hydrocarbons)/KG DWN 98 2 Project/500049/14812	May 2022	120.00	NA	Nil
8	SBU-O&G (Oil, Gas & Hydrocarbons)/KG DWN 98 2 Project/500049/14887	March 2022	390.00	NA	Nil
9	SBU-O&G (Oil, Gas & Hydrocarbons)/KG DWN 98 2 Project/500049/14890	March 2022	290.00	NA	Nil
10	SBU-O&G (Oil, Gas & Hydrocarbons)/KG DWN 98 2 Project/500049/14900	March 2022	102.00	NA	Nil
11	SBU-PG (Power Generation)/NTPC Talcher FGD Project/100048/23483	July 2022	924.00	NA	Nil
12	SBU-PG (Power Generation)/NTPC Tamil Nadu Energy Co. Ltd./100047/23965	August 2022	924.00	NA	Nil
13	SBU-PG (Power Generation)/NTPC Tamil Nadu Energy Co. Ltd./100047/23324	March 2022	177.32	NA	Nil
14	SBU - O & G (Oil, Gas & Hydrocarbons)/KG DWN 98 2 Project/500049/16282	July 2022	138.00	NA	Nil
15	SBU-PG (Power Generation)/NTPC Talcher FGD Project/100048/23746	May 2022	849.00	NA	Nil
16	SBU-PG (Power Generation)/NTPC Talcher FGD Project/100048/24364	April 2022	161.60	NA	Nil

S. No.	Nature of Contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts/ arrangements/ transactions including the value, if any (INR in Lakhs)	Dates of approval by the Board	Amount paid as advances, if any (INR in Lakhs)
17	SBU - PG (Power Generation)/TSTPP Ramagundam/100045/24293	June 2022	141.68	NA	Nil
18	SBU-M & M (Metals & Minerals)/AL Dross Processing Facility / 700027 / 16974	Completed	410.65	NA	Nil
19	SBU-O&G (Oil, Gas & Hydrocarbons)/KG DWN 98 2 Project/500049/12427	March 2022	11.00	NA	Nil
20	SBU-CS (Construction Services)/NFC Piping Project/340092/71231	July 2022	40.00	NA	Nil
21	SBU-PG (Power Generation)/5X830MW CGPL FGD Works/100052/22948	July 2022	188.00	NA	Nil
22	SBU-PG (Power Generation)/NTPC Talcher FGD Project/100048/24014	June 2022	99.00	NA	Nil
23	SBU-PG (Power Generation)/NTPC Tamil Nadu Energy Co. Ltd./100047/24020	June 2022	31.00	NA	Nil
24	SBU-ISC (Industrial Services and Construction) / Project Management Agreement/ 810019 / 873	Completed	69.85	NA	Nil
25	SBU - O & G (Oil, Gas & Hydrocarbons)/MAFFFL-Pipeline/500039/9939	Completed	580.02	NA	Nil
26	SBU-CS (Construction Services)/ NFC Piping Project 340092 / 68086	July 2022	594.00	NA	Nil
27	SBU - PG (Power Generation)/ TSTPP Ramagundam/100045/22173	Completed	414.00	NA	Nil
28	SBU-PG (Power Generation)/ NTPC Talcher FGD Project / 100048 / 23001	June 2022	1100.00	NA	Nil
29	Shared services/ re-imbursement of expenses	Ongoing	61.53	NA	Nil
30	Rent, maintenance and allied services	Ongoing	28.18	NA	Nil
31	Deputation of employees	Ongoing	93.09	NA	Nil
<b>Name of the related party: Key Managerial Personnel – CS, CFO &amp; Manager</b>					
32	Remuneration	Ongoing	142.48	NA	Nil

**Registered Office**

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Phone No: +91 40 6601 8194; Email: investors@artson.net  
CIN: L27290MH1978PLC020644; Website: www.artson.net

By Order of the Board  
**For Artson Engineering Limited**

**Vinayak K. Deshpande**  
Chairman  
DIN: 00036827

Date: 25<sup>th</sup> April 2022  
Place: Mumbai

## ANNEXURE - 4

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

[Information as per Section 134(3)(m) read with Companies (Accounts) Rules, 2014 and forming part of the Board's Report for the Financial Year ended 31<sup>st</sup> March 2022]

### A. Conservation of Energy

The Company is conscious of the need for energy conservation and striving to explore possibilities of reducing energy consumption in all the areas of operations including office premises as well as its manufacturing facilities at Nashik and Nagpur. Environment and energy conservation days were observed to create awareness among employees and business associates on conservation of energy.

### B. Technology Absorption: Not Applicable

### C. Foreign Exchange Earnings and Outgoings

(₹ In Crores)		
Foreign Exchange	Financial Year ended 31 <sup>st</sup> March 2022	Financial Year ended 31 <sup>st</sup> March 2021
Earnings	0.23	4.07
Outgo	2.42	2.98

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By Order of the Board  
For **Artson Engineering Limited**

Date: 25<sup>th</sup> April 2022  
Place: Mumbai

**Vinayak K. Deshpande**  
Chairman  
DIN: 00036827

**FORM MR-3**  
**SECRETARIAL AUDIT REPORT**  
**For the financial year ended 31<sup>st</sup> March 2022**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule no.9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014]

To  
The Members  
**Artson Engineering Limited**  
Mumbai.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Artson Engineering Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided and declarations made by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by "the Company" for the financial year ended on 31<sup>st</sup> March 2022 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;



I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India i.e., Secretarial Standard – for Board Meeting and Secretarial Standards - 2 for General Meetings.
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015[Except those as prescribed under Regulation 15(2) read with Regulations 15(3)]

Further as per the explanation given by the Company there are no specific acts applicable to be Company to be reported in my Report.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc.

**\*As per Regulation 15 (2) to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the provisions of regulations 17, 17A, 18, 19, 20, 21, 22, 23, 24, 24A, 25, 26, 27 and clauses (b) to (i) and (t) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V shall not apply in respect of a listed entity whose paid up equity share capital does not exceed ₹ 10 crores and net worth does not exceed ₹ 25 crores as on March 31, 2022 to the extent that they are addition to the requirements specified under the Companies Act, 2013.**

**I further report that:**

I further report that The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**For MKS and Associates**  
(Reg. No. S2017TL460500)

**Manish Kumar Singhania**  
Practicing Company Secretary:  
ACS No. 22056  
C P No: 8068  
UDIN: A022056D000177915

Place: Hyderabad  
Date: 21<sup>st</sup> April 2022



To  
The Members  
**Artson Engineering Limited**  
Mumbai.

**My Secretarial Audit Report of even date is to be read along with this letter.**

- 1 The maintenance of Secretarial records is the responsibility of the Management of the Company. Further, the Company is also responsible for devising proper systems and process to ensure the compliance of the various statutory requirements and Governance systems.
- 2 It is the responsibility of the Management of the Company to ensure that the systems and process devised for operating effectively and efficiently.
- 3 My responsibility is to express an opinion on these secretarial records based on my audit.
- 4 I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the process and practices followed provide a reasonable basis for my opinion.
- 5 Wherever required, I have obtained the Management representations about the compliance of laws, rules and regulations and happening of events etc.
- 6 The Compliance of the provisions of other applicable laws, rules and regulations is the responsibility of the Management. My examination was limited to the verification of procedure on test basis.
- 7 The secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

**For MKS and Associates**  
(Reg. No. S2017TL460500)

**Manish Kumar Singhania**  
Practicing Company Secretary:  
ACS No. 22056  
C P No: 8068  
UDIN: A022056D000177915

Place: Hyderabad  
Date: 21<sup>st</sup> April 2022

**Registered Office**

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Date: 25<sup>th</sup> April 2022  
Place: Mumbai

By Order of the Board  
**For Artson Engineering Limited**

**Vinayak K. Deshpande**  
Chairman  
DIN: 00036827

## ANNEXURE - 6

## STATEMENT OF DISCLOSURE OF REMUNERATION

[Information pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

### I. Ratio of remuneration of each Director to the median remuneration of employees for the financial year ended 31<sup>st</sup> March 2022

(₹ in Lakhs)

Name of the Director	Designation	Ratio	Remuneration
Mr. Vinayak K. Deshpande	Chairman	---	---
Mr. Nalin M. Shah*	Independent Director	1 : 1.00	5.20
Mr. Sunil Potdar	Independent Director	1 : 1.50	5.80
Mr. Pralhad Pawar	Non-Executive Director	---	---
Ms. Leja Hattiangadi	Independent Director	1 : 1.10	7.40
Mr. K. Satyanarayana*	Non-Executive Director	---	---
Mr. Sanjay Sharma*	Non-Executive Director	---	---

\* For part of the year

**Note:** The sitting fees is paid only to the Independent Directors of the Company for attending the Meetings of the Board and Committees thereof.

### II. % Increase of remuneration of each Director & KMPs in the financial year ended 31<sup>st</sup> March 2022

(₹ in Lakhs)

Directors	Designation	% Increase in Remuneration
Mr. Vinayak K. Deshpande	Chairman	NA
Mr. Nalin M. Shah*	Director	Nil
Mr. Sunil Potdar	Director	50.00
Mr. Pralhad Pawar	Director	NA
Ms. Leja Hattiangadi	Director	10.00
Mr. K. Satyanarayana*	Director	NA
Mr. Sanjay Sharma*	Director	NA
<b>Key Managerial Personnel (KMP)</b>		
Mr. Saket Mathur*	Manager & Chief Operating Officer	Nil
Mr. BV Ramesh Krishna*	Manager & Chief Operating Officer	NA
Mr. S. Balaji*	Chief Financial Officer	5.2
Mr. K Siva Rama Krishna*	Chief Financial Officer	NA
Mr. Deepak Tibrewal	Company Secretary	14.2

\* For part of the year

### III. % Increase in median remuneration of employees in the Financial Year: **6%**

### IV. Number of permanent employees on the roll of the Company: **184**

- V. The explanation on the relationship between average increase in remuneration against the performance of the Company.

(₹ in Lakhs)		
Particulars	2021-22	2020-21
Total Income	17,351.39	15232.17
EBITDA	757.22	613.15
EBITDA as % of total Income	4.36%	4.03%
PAT (₹ Lakhs)	(502.89)	(567.88)
PAT as % of total Income	<b>(2.90%)</b>	<b>(3.73%)</b>

Average increase in the remuneration of employees is in line with market scenario and as a measure to motivate employees for better future performance.

- VI. Average percentile increases already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

- average percentile increases already made in the salaries of employees other than the managerial personnel in the last financial year: **7.5%**
- percentile increase in the managerial remuneration: **6.5%**

Average increase in the remuneration of employees is in the line with market scenario and as a measure to motivate employees for better future performance.

- VII. It is affirmed that the remuneration paid to Directors, Key Managerial Persons and employees during the year is as per the remuneration policy of the Company.

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By Order of the Board  
For **Artson Engineering Limited**

Date: 25<sup>th</sup> April 2022  
Place: Mumbai

**Vinayak K. Deshpande**  
Chairman  
DIN: 00036827

## ANNEXURE - 7

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Forward-looking Statements

This document contains certain forward-looking statements based on the currently held beliefs and assumptions of the Management of the Company, which are expressed in good faith, and in its opinion and judgment, are reasonable. For this purpose, forward looking statements mean statements, remarks, or forecasts that address activities, events, conditions, or developments that the Company expects or anticipates which may occur in the future. Because of the inherent risks and uncertainties in the social and economic scenarios, the actual events, results, or performances may differ materially and substantially from those indicated by these statements. Artson Engineering Limited disclaims any obligation to update these forward-looking statements to reflect future events or developments.

### FY 23 outlook – a new beginning

According to a latest UN report released, India's projected economic growth for 2022 has been downgraded by more than 2% due to ongoing conflict between Russia and Ukraine. India will be constrained on multiple fronts, including energy access and steep rise in steel prices, primary commodity constraints, trade sanctions' repercussions, tighter policies, and financial instability. According to analysts, major economic slowdowns & recessions are expected in regions of Western Europe and Central Asia, including Russia.

The war has increased the upward pressure on worldwide energy and primary commodity prices, and increasing production costs, while trade disruptions and sanctions are expected to chill long-term investment.

UNCTAD (United Nations Conference on Trade and Development) is concerned that a combination of weakening global demand, insufficient international policy coordination, and high debt levels because of the pandemic will cause financial shockwaves, pushing some developing countries.

However, GOI has taken some corrective measures. Following deteriorating pandemic-related developments, the Reserve Bank of India announced further measures to support liquidity provision to micro, small, and medium enterprises and loosened regulatory requirements on the provisioning for non-performing loans for banks and NBFCs.

Economic activity in FY22 will benefit from policy support, including higher spending on infrastructure, rural development, health, and a stronger-than-expected recovery in services and manufacturing. According to the Q4 2022 Global Construction Survey the construction industry in India is expected to grow steadily over the next four quarters. The growth momentum is expected to continue over the forecast period, recording a CAGR of 7% during 2024-2025. The construction output in the country is expected to reach INR 653,701 million by 2025.

The government's thrust on infrastructure, coupled with an increase in demand from construction, engineering, and other sectors, is expected to push up domestic steel consumption in 2023. The country's consumption is expected to be 111 million tonnes (mt) in calendar year 2022 (CY22) after an improved consumption of 104 million tonnes in CY 21. Apart from the production and consumption equation of steel, supply chain performance and logistical arrangements are expected to play a crucial role in 2022 amid the pandemic and the conflict in Ukraine. Steel is a major raw material in operations of the Company and the dynamics of steel market will always have an impact.

Although, Industrial Infrastructure sector is likely to recover post registering two consecutive years of revenue decline, Ukraine war will prove to be a dampener. The sector's execution profile was hindered in FY21 & 22, majorly on account of the elections coupled with government changes in few states resulting in changes in the priorities. This, coupled with unseasonal rainfall and impact of pandemic, led to sector revenue falling 7.1% y-o-y during the year.

However, the Companies in the contracting segment have been able to address the supply issues such as manpower mobilization and logistics for raw material procurement quickly, resulting in faster recovery and execution. This is expected to continue in FY23, based on the union budget's proposal of higher allocations for infrastructure than in the past few years and that sector revenue is expected to grow by 12%- 15% YoY in FY23. However, recent spike in the steel, cement prices will have considerable impact on infrastructural cost.

The Oil Storage Tank market is anticipated to showcase moderate growth during 2022-2024, owing to increased demand for crude oil and gas and growing expenditure in onshore and offshore oil operations across India.

The Company's unit at Nashik is involved in manufacturing of complex process equipment such as cryogenic vessels, columns and large and high-pressure heat exchangers and other pressure vessels for process plants Space, Hydrocarbon and Oil and Gas industry. Precision fabrication in different materials such as Carbon Steel, Stainless Steel, Titanium and other specially clad plates is handled from this manufacturing facility.

Heavy structural fabrication is undertaken at the work center located at Nagpur, which caters to fabricated structure requirements for the metallurgical, power, and nuclear sectors.

Several new prospects in manufacturing process vessels, heat exchangers, columns and industrial structures are visible in the near future. Your Company, being one of the key players in these sectors, expects to be largely benefitted from these opportunities. The Company is also embarking on a drive to upgrade its manufacturing facilities at Nashik and Nagpur, to retain its competitive advantage and increase market share.

### **Risk Management**

The major identified risk areas for Artson are input cost pressure, rising wages, contract execution delays due to pandemic stretched cash flows. The Company also seeks to protect its stakeholders' interests through a robust Project Risk Management (PRM) framework enabling it to match risk profiles with the expected returns before making any financial commitment.

The contracts cell of the Company oversees the risks that may have adverse effect on the project cost and time schedule. The Operations and the Business Development teams of the Company, take necessary steps to mitigate the risks by prudently bidding for tenders, considering, the various risks which are likely to be involved in project execution and making the business terms clear with the client before taking up the project. The Project Review Committee of Board periodically monitors, evaluates, and reviews strategy to eliminate and minimize risks in coordination with the respective departments.

### **Environmental Protection and Sustainability**

As the Company operates in an increasingly resource-constrained world, being environmentally conscious and efficient are keys to its operations. The Company has a Corporate Environment, Health, Safety and Quality (EHSQ) Policy to articulate, guide, and adopt an integrated approach towards implementing EHSQ objectives and the Company remains committed towards the said policy. These established systems certified by reputed certifying agencies have helped to monitor and manage our operations systematically, safely and in an environment- friendly manner. The Company continues to abide by regulations concerning the environment by allocating adequate investment and resources on a continuous basis to adopt and implement pollution control measures. Our continuous endeavour to go beyond compliance and conserve natural resources helps to march towards attaining excellence in environmental management and efficient and sustainable operations as well.

Ever since Covid pandemic has erupted, the entire world has moved towards virtual office. Artson is no exception. Employees are used to virtual office through "Work from Home" system. It has reduced Company overhead without affecting productivity. Paperwork has reduced significantly, leading towards greener world.

The Company has received a certificate of appreciation from IOCL, for its project at Dhumad, Gujarat for the significant achievement of 1.87 million safe man hours & in recognition & appreciation of continual improvement and excellent performance in Occupational Health, Safety & Environment during the project.



## Discussion and Analysis of Financial Condition and Operational Performance

The financial position as on March 31, 2022, and performance of the Company during the FY ended on that date is tabulated hereunder:

### Overview of our results of operations:

Particulars	Amount (₹ in Lakhs)	
	2021-22	2020-21
Gross Turnover (including Other Income)	17,351.39	15,232.17
Profit before Interest and Depreciation (EBIDTA)	757.22	613.15
Finance Charges	1,076.91	1,018.17
Depreciation and Amortization	117.37	106.16
Total Expenditure	17,788.45	15,743.35
<b>Net Profit/(Loss) Before Tax (PBT)</b>	<b>-437.06</b>	<b>-511.18</b>
Less: Tax expense	-65.83	-56.70
<b>Net Profit/(Loss) After Tax (PAT)</b>	<b>-502.89</b>	<b>-567.88</b>
Other Comprehensive Income	1.60	7.07
Total Comprehensive income	-501.29	-560.81
Balance of Profit brought forward	-414.10	146.71
Balance available for appropriation (after adjusting other equity)	-319.66	-414.10
<b>Surplus/(deficit) carried to Balance Sheet</b>	<b>-319.66</b>	<b>-414.10</b>

Particulars	2021-22	2020-21
Total Income	17,351.39	15,232.17
EBITDA	757.22	613.15
EBITDA as % of total Income	4.36%	4.03%
PAT	-502.89	-567.88
PAT as % of total Income	<b>-2.90%</b>	<b>-3.73%</b>

In FY 2022, Company registered a total revenue from operation of 17,264 lakhs (FY 2021: 15,028 lakhs), a 14.8% increase over previous year. The increase in total revenue was largely due to improved operations in current year. However, the loss incurred was mainly due to extended stay in certain high value projects and cost increase in certain fixed price contracts.

### Internal Control System and Their Adequacy

The Company's internal control system is commensurate with the nature of its business and the size and complexity of its operations, which provide among other things, reasonable assurance of authorization, recording and reporting of the transactions of its operations in all material aspects. The internal control system is managed through continuous internal audit by outside professionals, duly supported by respective teams. The audit is carried out through an internal audit plan, which is reviewed in consultation with the Audit Committee, which reviews the adequacy of internal control checks in the system across all significant areas of the Company's operations. The Audit Committee also meets the Company's Statutory Auditors to ascertain their views on the financial statements, financial reporting system, internal control system and compliance to accounting policies and procedures. Significant observations made in the internal audit reports on internal control process improvements and the status on implementation of recommended measures are presented to and reviewed by the Audit Committee and the Board of Directors. The Company also

has a documented comprehensive internal control manual for all the major processes, viz, payroll, contract labour, human resources, procurement and purchase of material, fixed asset, inventory control, cash Management and foreign exchange transactions, etc., which have been designed to provide reasonable assurance with regard to recording and providing reliable financial information, complying with the applicable statutes, safeguarding of assets from unauthorized use or losses, authorization of transactions and adherence to corporate policies.

### **Human Resources & Industrial Relations**

The human resources (HR) strategy at Artson is focused on introducing a performance-driven atmosphere in the Company, where innovation is encouraged, performance is rewarded, and employees are motivated to realize the Company's goals. The Company's HR department co-creates all HR strategies along with the Senior Management and the Board to influence change, attract talent and build capabilities. The HR department responds to varied human resources needs of the Company's business to enable the human strategic advantage.

### **Talent Development and employee engagement**

Key components of talent development at the Company are initiating various skill and leadership development program as well as creating a culture of continued employee engagement. During the year, the Company organized 63 training programs with attendance of 153 participants, covering 139 Training Man-days. Safety, Personality & Leadership development, and Statutory compliances and procedures were some of the key topics covered during these programs.

### **Talent Diversity**

Artson aims to create healthy talent and gender diversity. The Company's human capital comprises of 184 employees (including 10 women) across its manufacturing units and at various construction sites. 42.39% of the Company's human resources is below 35 years. Artson is able to maintain an average employee tenure of 4.4 years with overall average experience of 13.4 years and the annual attrition rate has been 33% in FY22. About 70.6% of the Company's work force comprises of technically qualified as well as engineers such as BE, B Tech, MBA, DCE, DME & ITI.

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By Order of the Board  
For **Artson Engineering Limited**

Date: 25<sup>th</sup> April 2022  
Place: Mumbai

**Vinayak K. Deshpande**  
Chairman  
DIN: 00036827

## INDEPENDENT AUDITOR'S REPORT

### To the Members of Artson Engineering Limited Report on the audit of the financial statements

#### Opinion

1. We have audited the accompanying financial statements of Artson Engineering Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and total comprehensive income (comprising of loss and other comprehensive income), changes in equity and its cash flows for the year then ended.

#### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material Uncertainty Related to Going Concern

4. We draw your attention to Note 46 to the financial statements, regarding the preparation of the financial statements on a going concern basis. The Company has incurred a net loss of Rs. 502.89 lakhs during the year ended March 31, 2022 and, as of that date, the Company's accumulated losses (including other comprehensive income) and net worth stood at Rs. 5,215.89 lakhs and Rs. 49.54 lakhs respectively. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, based on the detailed assessment shared by the Management and other factors mentioned in the aforementioned note, these financial statements have been prepared on a going concern basis and no adjustment has been made to the carrying value of the assets and liabilities of the Company as at the reporting date. Our opinion is not modified in respect of this matter.

#### Key audit matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matters to be communicated in our report.

### **Key audit matter description**

#### **Estimation of construction contract revenue and related costs (Refer Note 2.3 and Note 20 to the financial statements)**

The Company enters into engineering, procurement and construction contracts, which generally extend over a period of 1-2 years. Contract prices are usually fixed, but they also include an element of variable consideration, including variations and claims net of assessed value of liquidated damages. Variable consideration is recognised when its recovery is assessed to be highly probable.

Estimated costs are determined based on techno-commercial assessment of the work to be performed that includes certain cost contingencies and cost savings which take into account specific circumstances in each contract.

Contract revenue is measured based on the proportion of contract costs incurred for work performed until the balance sheet date, relative to the estimated total contract costs.

For recognition of revenue and profit/loss, therefore, the Company uses estimates in relation to total estimated costs and estimated contract price of each contract. Therefore, we considered these estimates of revenue and related costs recorded as a key audit matter given the complexities involved and the significance of the amounts to the financial statements.

#### **How our audit addressed the key audit matter**

Our procedures included the following:

- Understood and evaluated the design and tested the operating effectiveness of controls around estimation of construction contract costs and contract price including the reviews and approvals thereof;
- Inspected minutes of project review meetings with appropriate participation by those charged with governance in relation to estimates and status of the project;
- For a sample of contracts, performed the following procedures;
  - a) Obtained and examined project related source documents such as contract agreements and variation orders;
  - b) Evaluated the business team's probability assessment of recovery of variations/ claims that contributes towards estimation of construction contract revenue and levy of liquidated damages by reference to contractual terms;
  - c) Obtained and examined the expert's assessment and legal advice while carrying out the aforesaid evaluation, wherever considered necessary;
  - d) Assessed the basis for determining the total costs including changes made over a period of time by reference to supporting documentation and estimates made in relation to cost to complete the projects;
  - e) Tested the calculation of percentage of completion under Input method including the testing of costs incurred and recorded against the contract;
  - f) Evaluated the reasonableness of key assumptions included in the estimates in relation to revenue recognised and related costs; and
  - g) Assessed the appropriateness of the revenue recognition accounting policies in line with Ind AS 115 "Revenue from Contracts with Customers."

Based on the procedures performed above, no significant exceptions were noted in estimates of construction contract revenue, related costs and disclosures made.

## Other Information

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report, but does not include the financial statements and our Auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Responsibilities of Management and those charged with governance for the financial statements

7. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## Auditor's responsibilities for the audit of the financial statements

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
  - Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on other legal and regulatory requirements**

14. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
15. As required by Section 143(3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations 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 it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
  - (e) The matters described in Material Uncertainty Related to Going Concern paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
  - (f) On the basis of the written representations received from the Directors as on March 31, 2022 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2022 from being appointed as a Director in terms of Section 164(2) of the Act.



- (g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 43 to the financial statements;
  - ii. The Company has made provision as at March 31, 2022, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts - Refer Note 19 to the financial statements. The Company did not have any derivative contracts as at March 31, 2022.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2022.
  - iv.
    - (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 52 to the financial statements);
    - (b) The Management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 53 to the financial statements); and
    - (c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
  - v. The Company has not declared or paid any dividend during the year.
- 16. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For **Price Waterhouse & Co Chartered Accountants LLP**  
Firm Registration Number: 304026E/E-300009

**Sunit Kumar Basu**  
Partner  
Membership Number: 55000  
UDIN: 22055000AHTVAQ7401

Place: Hyderabad  
Date: 25<sup>th</sup> April 2022

## **ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT**

**Referred to in paragraph 15(g) of the Independent Auditor's Report of even date to the members of Artson Engineering Limited on the financial statements for the year ended March 31, 2022**

**Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of Section 143 of the Act**

1. We have audited the internal financial controls with reference to financial statements of Artson Engineering Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

2. The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditor's Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

### **Meaning of Internal Financial Controls with reference to financial statements**

6. A Company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations

of Management and Directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls with reference to financial statements**

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper Management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

For **Price Waterhouse & Co Chartered Accountants LLP**  
Firm Registration Number: 304026E/E-300009

**Sunit Kumar Basu**  
Partner  
Membership Number: 55000  
UDIN: 22055000AHTVAQ7401

Place: Hyderabad  
Date: 25<sup>th</sup> April 2022

## **ANNEXURE B TO INDEPENDENT AUDITORS' REPORT**

**Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of Artson Engineering Limited on the financial statements as of and for the year ended March 31, 2022**

- i. (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of Property, Plant and Equipment.  
(B) The Company is maintaining proper records showing full particulars of Intangible Assets.
- (b) The Property, Plant and Equipment are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the Property, Plant and Equipment has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), as disclosed in Note 3 to the financial statements, are held in the name of the Company.
- (d) The Company has chosen cost model for its Property, Plant and Equipment (including Right of Use assets) and intangible assets. Consequently, the question of our commenting on whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment (including Right of Use assets) or intangible assets does not arise.
- (e) Based on the information and explanations furnished to us, no proceedings have been initiated on or are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its financial statements does not arise.
- ii. (a) The physical verification of inventory has been conducted at reasonable intervals by the Management during the year and, in our opinion, the coverage and procedure of such verification by Management is appropriate. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory.
- (b) During the year, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, from banks on the basis of security of current assets. The Company has filed revised quarterly returns or statements with such banks, which are in agreement with the unaudited books of account. Further, the Company is yet to submit the quarterly returns for March 31, 2022 to the banks and hence reporting to this extent under clause 3(ii)(b) of the Order is not applicable to the Company. (Also refer Note 16 to the financial statements).
- iii. The Company has not made any investments, granted secured/ unsecured loans/advances in nature of loans, or stood guarantee, or provided security to any parties. Therefore, the reporting under clause 3(iii), (iii)(a), (iii)(b), (iii)(c), (iii)(d), (iii)(e) and (iii)(f) of the Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Sections 185 and 186. Therefore, the reporting under clause 3(iv) of the Order are not applicable to the Company.
- v. The Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of income tax, provident fund, professional tax, employees' state insurance and goods and services tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including sales tax, service tax, duty of customs, duty of excise, value added tax, cess, and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of statutory dues referred to in sub-clause (a) as at March 31, 2022 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount disputed (₹ In Lakhs)	Amount deposited (₹ In Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Central Sales Tax Act, 1956	Central Sales Tax	41.40	4.24	F.Y 2007-08	Maharashtra Sales Tax Tribunal
Punjab Value Added Tax Act, 2005	Value Added Tax	4.84	1.21	F.Y 2009-10	Joint Director cum-Deputy Excise & Taxation Commissioner (Appeals)
Punjab Value Added Tax Act, 2005	Value Added Tax	2.32	Nil	F.Y 2009-10	Excise & Taxation Officer-cum-Officer Incharge

- viii. According to the information and explanations given to us and the records of the Company examined by us, there are no transactions in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.
- ix. (a) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender as at the balance sheet date.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained. Also refer Note 14 to the financial statements.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information and explanations given to us and procedures performed by us, we report that the Company did not have any subsidiaries, joint ventures or associate companies during the year.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company did not have any subsidiaries, joint ventures or associate companies during the year.

- x. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the year. Accordingly, the reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.
- (c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, and as represented to us by the Management, no whistle-blower complaints have been received during the year by the Company. Accordingly, the reporting under clause 3(xi)(c) of the Order is not applicable to the Company.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard 24 "Related Party Disclosures" specified under Section 133 of the Act.
- xiv. (a) In our opinion and according to the information and explanation given to us, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) The reports of the Internal Auditor for the period under audit have been considered by us.
- xv. The Company has not entered into any non-cash transactions with its Directors or persons connected with him. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is not applicable to the Company.
- xvi. (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under clause 3(xvi)(a) of the Order is not applicable to the Company.
- (b) The Company has not conducted non-banking financial / housing finance activities during the year. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) Based on the information and explanations provided by the Management of the Company, the Group has 6 CICs as part of the Group as detailed in note 54 to the financial statements. We have not, however, separately evaluated whether the information provided by the Management is accurate and complete.



- xvii. The Company has incurred cash losses of Rs. 88.48 Lakhs in the financial year and of Rs. 338.23 Lakhs in the immediately preceding financial year.
- xviii. There has been no resignation of the Statutory Auditors during the year and accordingly the reporting under clause (xviii) is not applicable.
- xix. On the basis of the financial ratios (Also refer Note 47 to the financial statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and Management plans, in our opinion and according to the information and explanations given to us, a material uncertainty exists as on the date of the audit report that the Company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. Also refer paragraph 4 of our audit report on the financial statements.
- xx. The provisions relating to Corporate Social Responsibility under Section 135 of the Act are not applicable to the Company. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.
- xxi. The reporting under clause 3(xxi) of the Order is not applicable to the Company as it does not have not have any subsidiaries, joint ventures or associate companies and the Company does not prepare Consolidated Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

For **Price Waterhouse & Co Chartered Accountants LLP**  
Firm Registration Number: 304026E/E-300009

**Sunit Kumar Basu**

Partner

Membership Number: 55000

UDIN: 22055000AHTVAQ7401

Place: Hyderabad

Date: 25<sup>th</sup> April 2022

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2022

(All amounts are in ₹ Lakhs unless otherwise stated)

Particulars	Note No.	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	3	1,055.45	881.28
(b) Capital work-in-progress	3	-	26.96
(c) Intangible assets	4	6.15	11.68
(d) Right of use assets	4	46.14	69.47
(e) Financial assets			
(i) Trade receivables	5	385.35	226.96
(ii) Other financial assets	6	33.53	37.31
(f) Deferred tax assets (net)	7	2.68	424.16
(g) Non-current tax assets (net)		364.52	351.60
(h) Other non-current assets	8	217.30	244.10
<b>Total non-current assets</b>		<b>2,111.12</b>	<b>2,273.52</b>
<b>Current assets</b>			
(a) Inventories	9	915.88	1,160.11
(b) Financial assets			
(i) Trade receivables	5	5,720.65	6,380.09
(ii) Cash and cash equivalents	10	14.38	51.17
(iii) Bank balances other than (ii) above	11	89.14	131.82
(iv) Other financial assets	6	4,055.61	5,832.21
(c) Other current assets	8	1,146.49	1,624.39
<b>Total current assets</b>		<b>11,942.15</b>	<b>15,179.79</b>
<b>Total assets</b>		<b>14,053.27</b>	<b>17,453.31</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	12	369.20	369.20
(b) Other equity	13	(319.66)	(357.73)
<b>Total equity</b>		<b>49.54</b>	<b>11.47</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	14	687.79	1,117.67
(ii) Lease liabilities	44	23.73	47.06
(b) Employee benefit obligations	15	58.97	55.66
<b>Total non-current liabilities</b>		<b>770.49</b>	<b>1,220.39</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16	4,536.72	4,186.58
(ii) Lease liabilities	44	29.99	29.99
(iii) Trade payables	17		
- total outstanding dues of micro enterprises and small enterprises		320.31	447.30
- total outstanding dues of creditors other than micro enterprises and small enterprises		6,587.36	8,536.96
(iv) Other financial liabilities	18	7.02	7.02
(b) Employee benefit obligations	15	10.29	8.54
(c) Other current liabilities	19	1,741.55	3,005.06
<b>Total current liabilities</b>		<b>13,233.24</b>	<b>16,221.45</b>
<b>Total liabilities</b>		<b>14,003.73</b>	<b>17,441.84</b>
<b>Total equity and liabilities</b>		<b>14,053.27</b>	<b>17,453.31</b>

See accompanying notes forming part of financial statements  
This is the Balance Sheet referred to in our report of even date

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For **Price Waterhouse & Co Chartered Accountants LLP**  
FRN: 304026E/ E-300009

For and on behalf of the Board of Directors

**Sunit Kumar Basu**  
Partner  
Membership No. 55000  
Place: Hyderabad

**Vinayak K. Deshpande**  
Chairman  
DIN:00036827  
Place: Mumbai

**Sanjay Sharma**  
Director  
DIN:00332488  
Place: Mumbai

**B V Ramesh Krishna**  
Manager  
Place: Hyderabad

**K Siva Rama Krishna**  
Chief Financial Officer  
Place: Hyderabad

**Deepak Tibrewal**  
Company Secretary  
Place: Hyderabad

Date: 25<sup>th</sup> April 2022

Date: 25<sup>th</sup> April 2022

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022

(All amounts are in ₹ Lakhs except for earnings per share information)

Particulars	Note No.	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>I</b> Revenue from operations	20	17,264.10	15,028.21
<b>II</b> Other income	21	87.29	203.96
<b>III Total income (I + II)</b>		<b>17,351.39</b>	<b>15,232.17</b>
<b>IV Expenses</b>			
(a) Cost of materials consumed	22	7,042.01	6,679.29
(b) Changes in inventories of work-in-progress and contracts-in-progress	23	71.39	457.61
(c) Employee benefit expense	24	1,353.25	1,288.38
(d) Finance costs	25	1,076.91	1,018.17
(e) Depreciation and amortisation expense	26	117.37	106.16
(f) Project execution expenses	27	7,298.90	5,428.14
(g) Other expenses	28	828.62	765.60
<b>Total expenses (IV)</b>		<b>17,788.45</b>	<b>15,743.35</b>
<b>V Loss before tax (III-IV)</b>		<b>(437.06)</b>	<b>(511.18)</b>
<b>VI Income tax expense:</b>			
(a) Current tax		-	-
(b) Deferred tax	29	65.83	56.70
<b>Total tax expense (VI)</b>		<b>65.83</b>	<b>56.70</b>
<b>VII Loss for the year (V - VI)</b>		<b>(502.89)</b>	<b>(567.88)</b>
<b>VIII Loss for the year</b>		<b>(502.89)</b>	<b>(567.88)</b>
<b>IX Other comprehensive income</b>			
(i) Items that will not be reclassified subsequently to the statement of profit and loss			
- Remeasurement gains of post employment benefits on defined benefit plan (net)		2.21	9.79
(ii) Income tax relating to these items		(0.61)	(2.72)
<b>X Total other comprehensive income for the year, net of tax</b>		<b>1.60</b>	<b>7.07</b>
<b>XI Total comprehensive income for the year (VIII + X)</b>		<b>(501.29)</b>	<b>(560.81)</b>
<b>Earnings per equity share (Face value : ₹ 1)</b>	31		
Basic earnings per share ( ₹ )		(1.36)	(1.54)
Diluted earnings per share ( ₹ )		(1.36)	(1.54)

See accompanying notes forming part of financial statements  
This is the Statement of Profit and loss referred to in our report of even date

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For **Price Waterhouse & Co Chartered Accountants LLP**  
FRN: 304026E/ E-300009

For and on behalf of the Board of Directors

**Sunit Kumar Basu**  
Partner  
Membership No. 55000  
Place: Hyderabad

**Vinayak K. Deshpande**  
Chairman  
DIN:00036827  
Place: Mumbai

**Sanjay Sharma**  
Director  
DIN:00332488  
Place: Mumbai

**B V Ramesh Krishna**  
Manager  
Place: Hyderabad

**K Siva Rama Krishna**  
Chief Financial Officer  
Place: Hyderabad

**Deepak Tibrewal**  
Company Secretary  
Place: Hyderabad

Date: 25<sup>th</sup> April 2022

Date: 25<sup>th</sup> April 2022

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022

(All amounts are in ₹ Lakhs except for earnings per share information)

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Cash flows from operating activities</b>		
Loss before tax for the year	(437.06)	(511.18)
<b>Adjustments for :</b>		
Finance costs	1,076.91	1,018.17
Interest income	(35.05)	(50.51)
Loss on disposal of property, plant and equipment	-	4.69
Provision for onerous contracts	8.22	6.01
Depreciation and amortisation expense	117.37	106.16
Liabilities/provisions no longer required written back	(35.45)	(106.20)
Provision for doubtful debts no longer required written back	(0.90)	(0.40)
Provision for doubtful debts on trade receivables	43.20	34.00
Provision for doubtful debts on unbilled revenue	(0.59)	(2.51)
Actuarial gain on defined benefit plan (Net)	1.60	7.07
Unrealised gain on foreign currency transactions	(0.91)	(11.08)
	<b>737.34</b>	<b>494.22</b>
<b>Movements in working capital</b>		
(Increase)/decrease in Trade Receivables	457.37	(3,157.82)
Decrease in Inventories	244.23	560.73
Decrease in Other Financial Assets	1,795.43	1,311.87
(Increase)/decrease in Other Assets	486.58	(261.01)
Increase/(decrease) in Trade Payables	(1,041.15)	2,307.53
Increase/(decrease) in Employee benefit obligations	5.06	(29.55)
Decrease in Other Financial Liabilities	-	(184.71)
Increase/(decrease) in Other Liabilities	(1,251.46)	546.30
<b>Cash generated from operations</b>	<b>1,433.40</b>	<b>1,587.56</b>
Less: Income Taxes (refund)/paid	12.92	(1.38)
<b>Net cash generated from operating activities</b>	<b>1,420.48</b>	<b>1,588.94</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment and Intangible assets	(235.72)	(199.43)
(Increase)/Decrease in other bank balances	46.46	(51.61)
Interest received	16.81	9.85
<b>Net Cash used in investing activities</b>	<b>(172.45)</b>	<b>(241.19)</b>

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022

(All amounts are in ₹ Lakhs except for earnings per share information)

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Cash flows from financing activities</b>		
Repayment of Long Term Borrowings	(750.00)	-
Proceeds from Short Term Borrowings	-	1,600.00
Finance Costs paid	(862.99)	(853.17)
Principal Payment of lease liabilities	(16.68)	(12.25)
Interest Payment of lease liabilities	(6.65)	(8.87)
<b>Net Cash used in financing activities</b>	<b>(1,636.32)</b>	<b>725.71</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(388.29)</b>	<b>2,073.46</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>(1,776.62)</b>	<b>(3,850.08)</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>(2,164.91)</b>	<b>(1,776.62)</b>
Cash and cash equivalents at the end of the year	14.38	51.17
Bank overdraft	(2,179.29)	(1,827.79)
<b>Cash and cash equivalents (including Bank overdraft) at the end of the year</b>	<b>(2,164.91)</b>	<b>(1,776.62)</b>

This is the Statement of Cash Flow referred to in our report of even date

For **Price Waterhouse & Co Chartered Accountants LLP**  
FRN: 304026E/ E-300009

**Sunit Kumar Basu**  
Partner  
Membership No. 55000  
Place: Hyderabad

**B V Ramesh Krishna**  
Manager  
Place: Hyderabad

Date: 25<sup>th</sup> April 2022

For and on behalf of the Board of Directors

**Vinayak K. Deshpande**  
Chairman  
DIN:00036827  
Place: Mumbai

**K Siva Rama Krishna**  
Chief Financial Officer  
Place: Hyderabad

Date: 25<sup>th</sup> April 2022

**Sanjay Sharma**  
Director  
DIN:00332488  
Place: Mumbai

**Deepak Tibrewal**  
Company Secretary  
Place: Hyderabad

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022

### A. Equity Share Capital

(All amounts are in ₹ Lakhs unless otherwise stated)

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Balance as at 1 <sup>st</sup> April	369.20	369.20
Changes in equity share capital during the year	-	-
Balance as at 31 <sup>st</sup> March	369.20	369.20

### B. Other Equity

Particulars	For the year ended 31 <sup>st</sup> March, 2022			For the year ended 31 <sup>st</sup> March, 2021		
	Retained Earnings	Equity component of compound financial instruments	Total	Retained Earnings	Equity component of compound financial instruments	Total
Balance as at 1 <sup>st</sup> April 2021	(4,714.60)	4,356.87	(357.73)	(4,153.79)	4,300.50	146.71
Loss for the year	(502.89)	-	(502.89)	(567.88)	-	(567.88)
Other comprehensive income for the year	1.60	-	1.60	7.07	-	7.07
Financial benefit on the corporate guarantee received from Holding Company	-	121.00	121.00	-	78.10	78.10
Equity portion of the interest-free loan received from the Holding Company	-	773.40	773.40	-	-	-
Deferred tax liability on equity component of compound financial instruments	-	(355.04)	(355.04)	-	(21.73)	(21.73)
<b>Total comprehensive income for the year</b>	<b>(5,215.89)</b>	<b>4,896.23</b>	<b>(319.66)</b>	<b>(4,714.60)</b>	<b>4,356.87</b>	<b>(357.73)</b>

This is the Statement of Changes in Equity referred to in our report of even date

For **Price Waterhouse & Co Chartered Accountants LLP**  
FRN: 304026E/ E-300009

For and on behalf of the Board of Directors

**Sunit Kumar Basu**  
Partner  
Membership No. 55000  
Place: Hyderabad

**Vinayak K. Deshpande**  
Chairman  
DIN:00036827  
Place: Mumbai

**Sanjay Sharma**  
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**B V Ramesh Krishna**  
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Place: Hyderabad

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Chief Financial Officer  
Place: Hyderabad

**Deepak Tibrewal**  
Company Secretary  
Place: Hyderabad

Date: 25<sup>th</sup> April 2022

Date: 25<sup>th</sup> April 2022



## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022

### 1) General Information

Artson Engineering Limited ("the Company") is a Company limited by shares incorporated under the erstwhile Companies Act, 1956. The Company's Registered Office is situated at Mumbai. The Company's shares are listed on the Bombay Stock Exchange (BSE) and the Scrip Code is 522134.

The Company was incorporated in the year 1978 and since inception, the Company has commissioned, on turn-key basis, several fuel storage and handling facility systems. The Company is operating in one segment viz. Supply of fabricated steel structure and site services of mechanical works.

The Company was referred to the BIFR as a sick Company under the provisions of Section 3 (1) (O) of the Sick Industrial Companies (Special Provisions) Act, 1985. The Company's reference as a sick Company was registered under Case No. 152/ 2004 with the BIFR. Meanwhile, with effect from December 1, 2016, the Ministry of Finance, Government of India notified the SICA Repeal Act, 2003 ("Repeal Act, 2003") by virtue of which BIFR stood dissolved and all the appeals, references, inquiries and proceedings pending before the BIFR stand abated except for the Schemes already sanctioned. The Management is of the opinion that considering the current financial performance and order booking, the Company does not require to refer the case to the NCLT for approval of the above.

#### 1.1 New and amended standards adopted by the Company:

The Company has applied the following amendments to Ind AS for the first time for their annual reporting period commencing 1 April 2021:

- Extension of COVID-19 related concessions – amendments to Ind AS 116
- Interest rate benchmark reform – amendments to Ind AS 109, Financial Instruments, Ind AS 107, Financial Instruments: Disclosures, Ind AS 104, Insurance Contracts and Ind AS 116, Leases.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

#### 1.2 New amendments issued but not effective:

The Ministry of Corporate Affairs has vide notification dated March 23, 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends certain accounting standards, and are effective April 01, 2022. These amendments are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

#### 1.3 Reclassifications consequent to amendments to Schedule III:

The Ministry of Corporate Affairs amended the Schedule III to the Companies Act, 2013 on March 24, 2021 to increase the transparency and provide additional disclosures to users of financial statements. These amendments are effective from April 01, 2021.

Consequent to above, the Company has changed the classification/presentation of (i) current maturities of long-term borrowings (ii) interest accrued on borrowings and interest accrued on advances from customers, in the current year.

The current maturities of long-term borrowings (including interest accrued) has now been included in the "Current Borrowings" line item. Previously, current maturities of long-term borrowings and interest accrued were included in 'Other Financial Liabilities' line item.

The interest accrued on Mobilisation advances from customers has now been included in the "Other Current Liabilities" line item. Previously, interest accrued on Mobilisation advances from customers was included in 'Other Financial Liabilities' line item.

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

The Company has reclassified comparative amounts to conform with current year presentation as per the requirements of Ind AS 1. The impact of such classifications is summarized below:

₹ in Lakhs

Balance Sheet (extract)	31 March 2021 (as previously reported)	Increase/(Decrease)	31 March 2021 (restated)
Current borrowings	3,427.79	758.79	4,186.58
Other current liabilities	2,816.60	188.46	3,005.06
Other financial liabilities	954.27	(947.25)	7.02

### 2) Significant Accounting Policies:

#### 2.1 Basis of preparation

##### (a) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under the Section 133 of the Companies Act, 2013 (the Act), the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

##### (b) Historical cost convention

The financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities and defined benefit plans (plan assets), which are measured at fair values at the end of each reporting period, as explained in the accounting policies below:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

#### 2.2 Estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the year. Application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these financial statements have been disclosed. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

### 2.3 Revenue Recognition

The Company recognizes revenue on satisfaction of performance obligation to its customer. Revenue is measured based on the consideration specified in a contract with a customer and excludes taxes collected on behalf of the government authorities.

#### **Determination of transaction price and its subsequent assessment:**

The Company assesses the transaction price considering the contract price as agreed with the customer in the contract document, that includes Letter of Acceptance/Intent or any document evidencing the contractual arrangement. Where consideration is not specified within the contract and is variable, the Company estimates the amount of consideration to be received from its customer. The consideration recognized is the amount which the Company assesses to be highly probable not to result in a significant reversal in future periods.

Modifications to an existing contract, if any, are assessed to be either a separate performance obligation or an extension of existing scope and transaction price is determined accordingly. The Company considers the retention moneys held by customer to be protection money in the hands of the customers and hence are not subjected to discounting pursuant to para 61 and 62(c) of Ind AS 115. The mobilisation advances received, free of interest, from customers, also are not subjected to discounting, as the Company considers the objective behind the transaction to be that of ensuring and protecting timely execution of the project and not deriving financial benefit in the nature of interest.

Company deploys revenue recognition both as (a) over a period of time, and (b) at a point of time, as considered appropriate to the nature of product/service delivered to the customer.

#### **Revenue from operations:**

- (i) Revenue from construction activities is recognized over a period of time and the Company uses the input method to measure progress of delivery.
- (ii) Revenue from sale of goods is recognized at a point in time when title has passed to the customer. Revenue is recognized when control of the goods is transferred to the buyer, which generally coincides with the delivery of goods to customers. Amount disclosed as revenue is inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes, goods and service tax (GST) and amounts collected on behalf of third parties.
- (iii) Revenue from services rendered is recognised at a point in time based on the arrangements/ agreements with the concerned parties and when the services are rendered.

#### **Revenue from other sources:**

- (i) Interest income is accrued on a time basis using the effective interest method by reference to the principal outstanding and the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.
- (ii) Any amount received/receivable in respect of Arbitration Awards in favour of the Company is treated as income of the year of receipt of the award.

#### **Performance obligations in a contract with customer**

Company determines the performance obligations, considering the nature and scope of each contract.

## **NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)**

### **Measuring Progress of a construction contract**

When the outcome of individual contracts can be estimated reliably, contract revenue and contract costs are recognized as revenue and expenses respectively by reference to the stage of completion as at the reporting date. The stage of completion is determined on the basis of proportion of cost of work performed to-date, to the total estimated contract costs. Costs are recognized as incurred and revenue is recognized on the basis of the proportion of total actual costs as at the reporting date, to the estimated total costs of the contract.

For the purpose of recognizing revenue, contract revenue comprises the initial amount of revenue agreed in the contract, the variations in contract work, claims and incentive payments to the extent that it is probable they will result in revenue and they are capable of being reliably measured.

The percentage of completion method is applied on a cumulative basis in each accounting year to the current estimates of contract revenue and contract costs. The effect of a change in the estimate of the outcome of a contract is accounted for as a change in accounting estimates and the effect of which is recognized in the Statement of Profit and Loss in the year in which the change is made and in subsequent years.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognized only to the extent of contract costs incurred of which recovery is probable and the related contract costs are recognized as an expense in the year in which they are incurred.

When it is probable that the total contract cost will exceed total contract revenue, the expected loss is recognized as an expense in the Statement of Profit and Loss in the year in which such probability occurs.

Provision is made for all known or expected losses on individual contracts once such losses are foreseen. Revenue in respect of variations to contracts and incentive payments is recognized when it is probable it will be agreed by the customer.

The Company adjusts the impact of uninstalled materials from the contract value, budgeted costs and costs incurred to measure the percentage of completion. The revenue on such items is recognized equal to the cost incurred on such items.

No profit is recognized till a minimum of 10% progress is achieved on the contract.

### **Contract Assets and Contract Liabilities**

If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, such amount is recognized as a contract asset, excluding any amounts presented as a receivable. The contract asset represents the Company's right to consideration in exchange for goods or services that the Company has transferred to the customer. The Company shall assess a contract asset for impairment in accordance with Ind AS 109. An impairment of a contract asset shall be measured, presented and disclosed on the same basis as a financial asset that is within the scope of Ind AS 109.

If the customer pays consideration, or an Company has a right to an amount of consideration that is unconditional, before the Company transfers a good or service to the customer, such amount is recognized as a contract liability. The contract liability represents the Company's obligation to transfer goods or services to the customer for which the Company has received consideration from the customer.

## **2.4 Foreign Currency Translation**

### **(i) Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian Rupee (INR), which is the Company's functional and presentation currency.

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

### (ii) Transactions and balances

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of transaction. Foreign currency monetary items outstanding at the Balance Sheet date are restated at the prevailing year-end rates. The resultant gain / loss upon such restatement along with gain / loss on account of foreign currency transactions is accounted in the Statement of Profit and Loss.

## 2.5 Employee Benefits

### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

### (ii) Other long-term employee benefit obligations

Other long-term employee benefits comprise of earned leave and sick leave compensated absences that are not expected to be settled wholly within 12 months after the end of the period in which the employees renders related services. These obligations are therefore measured as the present value of expected future payments and expected utilisations (in case of sick leaves) to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the appropriate market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

### (iii) Post-employment obligations

The Company operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity and
- (b) defined contribution plans such as provident fund.

#### (a) Defined benefit plans - Gratuity

The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The gratuity plan is a funded plan and the Company makes contributions to Life Insurance Corporation of India (LIC). The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The estimated future payments which are denominated in a currency other than INR, are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

## **NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)**

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

### **(b) Defined contribution plan**

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due.

## **2.6 Earnings Per Share**

### **(i) Basic earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year.

### **(ii) Diluted Earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

## **2.7 Leasing**

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.



## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

**Right-of-use assets are measured at cost comprising the following:**

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

### 2.8 Taxation

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in India in accordance with the provisions of the Income Tax Act, 1961. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

### 2.9 Property, Plant and Equipment & Intangible Assets

#### Property, Plant and Equipment

Property, Plant and Equipment are carried at historical cost less accumulated depreciation and impairment losses, if any. The cost of Property, Plant and Equipment comprises its purchase price and other attributable expenditure incurred in making the asset ready for its intended use and interest on borrowings attributable to acquisition of qualifying Property, Plant and Equipment up to the date the asset is ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Property, Plant and Equipment retired from active use and held for sale are stated at the lower of their net book value and net realizable value and are disclosed separately.

#### Intangible Assets:

Intangible assets comprise of the application and other software procured through perpetual licences. The intangible assets are capitalized on implementation of such software and comprises of the prices paid for procuring the licences and implementation cost of such software.

#### Depreciation and Amortization methods, useful lives and residual value:

Depreciation and amortization has been provided for on the straight line method as per the useful life prescribed in Schedule II to the Companies Act, 2013, which are as follows:

Nature of assets	Useful life (in years)
Buildings	30
Plant and Equipment*	5-15
Computers	3
Office equipment	5
Furniture and fixtures	10
Electrical Installations	10
Vehicles	8
Softwares	3

\* Plant and Equipment includes components for which depreciation is charged as per the useful life of the components.

The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

The Company has changed the depreciation method from written down value to straight line with effect from 1 April, 2020 to ensure consistency with the policies followed by the Holding Company, practises followed by the entities in the Construction industry and to reflect the expected pattern of consumption of the future economic benefits based on internal technical and commercial assessment.

### **Impairment:**

All Property, Plant and Equipment are tested for impairment at the end of each financial year. The impairment loss being the excess of carrying value over the recoverable value of the assets, if any, is charged to the Statement of Profit and Loss in the respective financial year. The impairment loss recognized in prior years is reversed in cases where the recoverable value exceeds the carrying value, upon reassessment in the subsequent years.

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

### **2.10 Inventories**

Raw materials and Work-in Progress are stated at the lower of cost and net realizable value. Cost of raw materials comprises cost of purchases. Cost of work-in-progress comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of first-in first-out (FIFO) basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### **2.11 Provisions, contingent liabilities and contingent assets**

Provisions are recognized when the Company has a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

#### **A contingent liability is:**

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- (b) a present obligation that arises from past events but is not recognized because:
  - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) the amount of the obligation cannot be measured with sufficient reliability.

When it is probable at any stage of the contract that the total cost will exceed the total contract revenue, the expected loss is recognized immediately.

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

### 2.12 Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

- (i) **Financial assets carried at amortized cost:** - Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses). Impairment losses are presented as separate line item in the statement of profit and loss.
- (ii) **Financial assets at fair value through other comprehensive income (FVOCI):** - Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in statement of profit and loss.
- (iii) **Financial assets at fair value through profit or loss:** - Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.
- (iv) **Financial liabilities:** - Financial liabilities are measured at amortized cost using the effective interest method.

#### Impairment of Financial Assets

The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized cost, trade receivables, other contractual rights to receive cash or other financial asset.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115, the Company always measures the loss allowance at an amount equal to the lifetime expected credit losses. Further, for the purpose of measuring lifetime expected credit loss allowance for these assets, the Company has used a practical expedient method as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

### Derecognition of Financial Assets

A financial asset is derecognized only when

1. The Company has transferred the rights to receive cash flows from the financial asset or
2. retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

### Income recognition

Interest income from financial assets at fair value through profit or loss is disclosed as interest income within other income. Interest income on financial assets at amortised cost and financial assets at FVOCI is calculated using the effective interest method is recognized in the statement of profit and loss as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

### 2.13 Operating cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. The operating cycle is the time between acquisition of assets for construction/fabrication activities and their realization in cash and cash equivalents. Based on the nature of activities performed and time between acquisition of assets for construction/fabrication activities and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months.

### 2.14 Cash and cash equivalents

For the purpose of presentation in the Statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Balance Sheet.

### 2.15 Trade Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

## **NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)**

### **2.16 Offsetting financial instruments**

Financial Assets and Liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

### **2.17 Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

### **2.18 Borrowings**

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the Company does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

### **2.19 Borrowing Costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

### **2.20 Segment reporting**

The Company operates in only one business segment viz. Supply of steel structure and site services for mechanical works. Therefore, segment-wise reporting under Ind AS 108 is not applicable.

### **2.21 Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.



## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

### 3. Property, plant and equipment

Particulars	Buildings	Plant and Equipment	Computers	Office Equipment	Furniture & Fixtures	Electrical Installations	Vehicles	Total	Capital work-in-progress
<b>Gross carrying amount - Cost/Deemed cost</b>									
Balance as at 1 <sup>st</sup> April, 2020	115.69	1,014.22	73.12	49.57	57.98	18.65	1.82	1,331.05	24.78
Additions	7.00	71.47	1.52	10.03	-	1.86	-	91.88	2.18
Disposals	-	(10.80)	(8.27)	(0.84)	(0.02)	-	-	(19.93)	-
<b>Balance as at 31<sup>st</sup> March, 2021</b>	<b>122.69</b>	<b>1,074.89</b>	<b>66.37</b>	<b>58.76</b>	<b>57.96</b>	<b>20.51</b>	<b>1.82</b>	<b>1,403.00</b>	<b>26.96</b>
Balance as at 1 <sup>st</sup> April, 2021	122.69	1,074.89	66.37	58.76	57.96	20.51	1.82	1,403.00	26.96
Additions	89.99	135.93	22.12	2.22	9.09	3.33	-	262.68	-
Disposals	-	-	-	-	-	-	-	-	(26.96)
<b>Balance as at 31<sup>st</sup> March, 2022</b>	<b>212.68</b>	<b>1,210.82</b>	<b>88.49</b>	<b>60.98</b>	<b>67.05</b>	<b>23.84</b>	<b>1.82</b>	<b>1,665.68</b>	<b>-</b>
<b>Accumulated depreciation</b>									
Balance as at 1 <sup>st</sup> April, 2020	41.55	298.85	55.68	23.10	25.32	13.93	1.13	459.56	-
Depreciation expense	3.10	56.26	8.13	6.04	3.36	0.47	0.04	77.40	-
Disposals	-	(6.93)	(7.56)	(0.74)	(0.01)	-	-	(15.24)	-
<b>Balance as at 31<sup>st</sup> March, 2021</b>	<b>44.65</b>	<b>348.18</b>	<b>56.25</b>	<b>28.40</b>	<b>28.67</b>	<b>14.40</b>	<b>1.17</b>	<b>521.72</b>	<b>-</b>
Balance as at 1 <sup>st</sup> April, 2021	44.65	348.18	56.25	28.40	28.67	14.40	1.17	521.72	-
Depreciation expense	4.31	63.47	8.46	7.74	3.74	0.72	0.07	88.51	-
Disposals	-	-	-	-	-	-	-	-	-
<b>Balance as at 31<sup>st</sup> March, 2022</b>	<b>48.96</b>	<b>411.65</b>	<b>64.71</b>	<b>36.14</b>	<b>32.41</b>	<b>15.12</b>	<b>1.24</b>	<b>610.23</b>	<b>-</b>
<b>Net carrying amount</b>									
Balance as at 31 <sup>st</sup> March, 2021	78.04	726.71	10.12	30.36	29.29	6.11	0.65	881.28	26.96
<b>Balance as at 31<sup>st</sup> March, 2022</b>	<b>163.72</b>	<b>799.17</b>	<b>23.78</b>	<b>24.84</b>	<b>34.64</b>	<b>8.72</b>	<b>0.58</b>	<b>1,055.45</b>	<b>-</b>

#### 3.1 Property, plant and equipment pledged as security

Refer to Note 14 for information on property, plant and equipment pledged as security by the Company.

#### 3.2 Self Constructed Asset

Additions to Buildings includes an amount of ₹ 22.27 lakhs (31<sup>st</sup> March, 2021 - ₹ Nil) representing steel and consumables used for Factory Shed and Central Stores Warehouse at Nashik and Nagpur factories respectively and which is capitalised from the inventory of raw materials.

#### 3.3 Buildings

Buildings have been constructed on leasehold land not owned by the Company.

#### 3.4 Contractual Obligations

Refer to Note 42 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

#### 3.5 Title deeds of immovable properties not held in name of the Company

The title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the company

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

### 3.6 Capital work-in-progress

As at March 31, 2022

The Company does not have any Capital work-in-progress as at March 31, 2022.

As at March 31, 2021

Aging of CWIP for the year ended March 31, 2021

Particulars	Amounts in capital work-in-progress for				Total
	Less than one year	1-2 years	2-3 years	More than 3 years	
Projects in progress					
- Central stores at Nagpur factory	26.96	-	-	-	26.96

There is no Capital work-in-progress whose completion is overdue or has exceeded its cost compared to its original plan for the year ended March 31, 2021.

### 4 (a) Intangible assets

Particulars	Computer software
<b>Gross carrying amount - Cost/Deemed cost</b>	
Balance as at 1st April, 2020	42.78
Additions	3.50
Disposals	-
<b>Balance as at 31st March, 2021</b>	<b>46.28</b>
Balance as at 1st April, 2021	46.28
Additions	-
Disposals	-
<b>Balance as at 31st March, 2022</b>	<b>46.28</b>

Particulars	Computer software
<b>Accumulated Amortisation</b>	
Balance as at 1st April, 2020	29.17
Amortisation expense	5.43
Disposals	-
<b>Balance as at 31st March, 2021</b>	<b>34.60</b>
Balance as at 1st April, 2021	34.60
Amortisation expense	5.53
Disposals	-
<b>Balance as at 31st March, 2022</b>	<b>40.13</b>

Particulars	Computer software
<b>Net Carrying Amount</b>	
Balance as at 31st March, 2021	11.68
<b>Balance as at 31st March, 2022</b>	<b>6.15</b>

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

### 4(b) Right-of-use assets

Particulars	Right-of-use assets
<b>Gross carrying amount - Cost/Deemed cost</b>	
Balance as at 1 <sup>st</sup> April, 2020	116.13
Additions	-
Disposals	-
<b>Balance as at 31<sup>st</sup> March, 2021</b>	<b>116.13</b>
Balance as at 1 <sup>st</sup> April, 2021	116.13
Additions	-
Disposals	-
<b>Balance as at 31<sup>st</sup> March, 2022</b>	<b>116.13</b>

Particulars	Right-of-use assets
<b>Accumulated Amortisation</b>	
Balance as at 1 <sup>st</sup> April, 2020	23.33
Amortisation expense	23.33
Disposals	-
<b>Balance as at 31<sup>st</sup> March, 2021</b>	<b>46.66</b>
Balance as at 1 <sup>st</sup> April, 2021	46.66
Amortisation expense	23.33
Disposals	-
<b>Balance as at 31<sup>st</sup> March, 2022</b>	<b>69.99</b>

Particulars	Right-of-use assets
<b>Net Carrying Amount</b>	
Balance as at 31 <sup>st</sup> March, 2021	69.47
<b>Balance as at 31<sup>st</sup> March, 2022</b>	<b>46.14</b>

**Note** - Right-of-use assets represents premises taken on lease for Corporate office situated at Hyderabad and Factory premises situated at Nagpur.

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

### 5. Trade receivables

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Non-Current</b>		
Unsecured, considered good	385.35	226.96
Unsecured, considered doubtful	79.42	68.25
Allowance for doubtful debts (expected credit loss allowance) (refer notes 5.1 to 5.4 below)	(79.42)	(68.25)
	<b>385.35</b>	<b>226.96</b>
<b>Current</b>		
Unsecured, considered good	5,720.65	6,380.09
Unsecured, considered doubtful	116.04	84.90
Allowance for doubtful debts (expected credit loss allowance) (refer notes 5.1 to 5.4 below)	(116.04)	(84.90)
	<b>5,720.65</b>	<b>6,380.09</b>

#### 5.1 Expected Credit Loss Allowance on receivables

The Company applies the simplified approach for providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all the trade receivables (including unbilled revenue disclosed under other financial assets). The loss allowance provision is determined as follows after incorporating forward looking information.

- At the end of each reporting period, the Company reviews every receivable balance and in case an issue is identified with regard to the recovery of the balance, a specific provision is made for the same.
- The Company also computes the Expected Credit Loss Allowance (ECLA) by applying the average percentage of bad debts write-offs on turnover determined on a historical basis over the past 4 years. Expected Credit Loss Allowance is determined on the closing balance of all receivables (including unbilled revenue disclosed under other financial assets) from external customers at each reporting date.

No Expected Credit loss provision has been created for receivables from the Holding Company since the Company considers the life time credit risk of these financial assets to be very low.

#### 5.2 Expected Credit Loss Allowance on other financial assets

No Expected Credit Loss provision, other than specific provisions, has been created for Cash and Cash equivalents and Other financial assets (other than unbilled revenue), since the Company considers the life time credit risk of these financial assets to be very low.

#### 5.3 Movement in the Expected Credit Loss Allowance

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Balance at the beginning of the year	380.27	349.18
Less: Provision no longer required written back during the year	(0.90)	(0.40)
Add: Additional provision for the current year	42.61	31.49
<b>Balance at the end of the year</b>	<b>421.98</b>	<b>380.27</b>

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

### 5.4 Break up of the expected credit loss allowance

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Allowance for expected credit loss on Non Current Trade Receivables (Note 5)	79.42	68.25
Allowance for expected credit loss on Current Trade Receivables (Note 5)	116.04	84.90
Allowance for expected credit loss on Non Current - Other Financial Assets (Note 6)	199.00	199.00
Allowance for expected credit loss on Current - Other Financial Assets (Note 6)	27.52	28.12
<b>Total</b>	<b>421.98</b>	<b>380.27</b>

### 5.5 Trade Receivables aging schedule for the period ended March 31, 2022 outstanding for following periods from the due date

Particulars	Unbilled	Not Due	Less than 6 months	6 months - 1 Year	1-2 years	2-3 years	More than 3 years	Total
<b>Undisputed Trade receivables</b>								
– considered good	-	2,805.29	2,125.89	319.66	744.01	59.83	45.32	6,100.00
– which have significant increase in credit risk	-	-	-	-	-	45.92	140.89	186.81
– credit impaired	-	-	-	-	-	-	-	-
<b>Disputed Trade receivables</b>								
– considered good	-	-	-	-	-	-	-	-
– which have significant increase in credit risk	-	-	-	-	14.65	-	-	14.65
– credit impaired	-	-	-	-	-	-	-	-
Allowance for doubtful debts (expected credit loss allowance)								(195.46)
<b>Total</b>	<b>-</b>	<b>2,805.29</b>	<b>2,125.89</b>	<b>319.66</b>	<b>758.66</b>	<b>105.75</b>	<b>186.21</b>	<b>6,106.00</b>

### 5.6 Trade Receivables aging schedule for the period ended March 31, 2021 outstanding for following periods from the due date

Particulars	Unbilled	Not Due	Less than 6 months	6 months - 1 Year	1-2 years	2-3 years	More than 3 years	Total
<b>Undisputed Trade receivables</b>								
– considered good	-	4,725.53	971.87	649.72	205.98	43.01	-	6,596.11
– which have significant increase in credit risk	-	-	-	-	-	29.08	100.41	129.49
– credit impaired	-	-	-	-	-	-	-	-
<b>Disputed Trade receivables</b>								
– considered good	-	-	-	-	-	-	-	-
– which have significant increase in credit risk	-	-	-	14.65	19.95	-	-	34.60
– credit impaired	-	-	-	-	-	-	-	-
Allowance for doubtful debts (expected credit loss allowance)								(153.15)
<b>Total</b>	<b>-</b>	<b>4,725.53</b>	<b>971.87</b>	<b>664.37</b>	<b>225.93</b>	<b>72.09</b>	<b>100.41</b>	<b>6,607.05</b>

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

### 6. Other Financial Assets

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Non-Current</b>		
Security deposits		
Unsecured, considered good	8.53	8.53
Unsecured, considered doubtful	199.00	199.00
	207.53	207.53
Less: Allowance for doubtful debts (expected credit loss allowance)	(199.00)	(199.00)
	8.53	8.53
In deposit accounts with banks remaining maturity for more than 12 months	25.00	28.78
	<b>33.53</b>	<b>37.31</b>
<b>Current</b>		
Unsecured, considered good, unless otherwise stated		
Contractual Reimbursable expenses	308.31	300.66
Less: Allowance for doubtful debts (expected credit loss allowance)	(13.04)	(13.04)
	<b>295.27</b>	<b>287.62</b>
Security deposits	40.56	25.17
Interest accrued on deposits/Arbitration	244.18	225.94
Unbilled Revenue (Refer note 6.1)	3,490.08	5,308.56
Less: Allowance for doubtful debts (expected credit loss allowance)	(14.48)	(15.08)
	3,475.60	5,293.48
<b>Total</b>	<b>4,055.61</b>	<b>5,832.21</b>

**6.1** The entire unbilled revenue balance is undisputed and considered good. Further, there are no balances which are credit impaired or where there is a significant increase in the credit risk.

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

### 7. Deferred tax assets (net)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Deferred tax assets</b>		
On differences in the Net carrying amount of Property, Plant and Equipment as per Income Tax and the Companies Act, 2013	20.42	42.00
On Provision for expected credit loss on receivables and other financial assets	122.23	110.63
On Provision for expected claims	13.91	13.91
On Provision for Compensated Absences	17.33	16.49
On Provision for Gratuity	1.94	1.37
On Provision for Bonus	12.71	13.55
On Unabsorbed business losses and Unabsorbed depreciation	208.28	328.00
On Amortisation of Guarantee Commission relating to Corporate Guarantee issued by the Holding Company	241.37	202.66
On interest expense relating to the interest-free loan received from the Holding Company	70.69	46.71
<b>Sub Total (A)</b>	<b>708.88</b>	<b>775.32</b>
<b>Deferred tax liabilities</b>		
On Equity portion of the Corporate Guarantee issued by the Holding Company	253.60	219.94
On Equity portion of the interest-free loan received from the Holding Company	452.60	131.22
<b>Sub Total (B)</b>	<b>706.20</b>	<b>351.16</b>
<b>Net Deferred tax assets (A - B)</b>	<b>2.68</b>	<b>424.16</b>



## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

### Significant estimates - Deferred tax assets on unabsorbed business losses and unabsorbed depreciation

The Company has recognised deferred tax assets on unabsorbed business losses and unabsorbed depreciation. The Management has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets. The unabsorbed depreciation can be carried forward indefinitely and the unabsorbed business losses can be carried forward for a period of 8 years as per the requirements of the Income Tax Act, 1961.

### Movement in Deferred tax assets (net)

Financial Year 2021-22	Opening balance	Recognised in Statement of profit or loss	Recognised in Other Comprehensive Income	Recognised in Other Equity	Closing Balance
Deferred tax (liabilities)/assets in relation to Differences in the Net carrying amount of Property, Plant and Equipment as per Income Tax and the Companies Act, 2013	42.00	(21.58)	-	-	20.42
Provision for compensated absences	16.49	0.84	-	-	17.33
Provision for Gratuity	1.37	1.18	(0.61)	-	1.94
Provision for expected credit loss on trade receivables and other financial assets	110.63	11.60	-	-	122.23
Provision for expected claims	13.91	-	-	-	13.91
Provision for Bonus	13.55	(0.84)	-	-	12.71
Unabsorbed business losses and Unabsorbed depreciation	328.00	(119.72)	-	-	208.28
Amortisation of Guarantee Commission relating to Corporate Guarantee issued by the Holding Company	202.66	38.71	-	-	241.37
Interest expense relating to the interest-free loan received from the Holding Company	46.71	23.98	-	-	70.69
Equity portion of the Corporate Guarantee issued by the Holding Company	(219.94)	-	-	(33.66)	(253.60)
Equity portion of the interest-free loan received from the Holding Company	(131.22)	-	-	(321.38)	(452.60)
	<b>424.16</b>	<b>(65.83)</b>	<b>(0.61)</b>	<b>(355.04)</b>	<b>2.68</b>

Previous Year 2020-21	Opening balance	Recognised in Statement of profit or loss	Recognised in Other Comprehensive Income	Recognised in Other Equity	Closing Balance
Deferred tax (liabilities)/assets in relation to Differences in the Net carrying amount of Property, Plant and Equipment as per Income Tax and the Companies Act, 2013	68.68	(26.68)	-	-	42.00
Provision for compensated absences	21.33	(4.84)	-	-	16.49
Provision for Gratuity	2.79	1.30	(2.72)	-	1.37
Provision for expected credit loss on trade receivables and other financial assets	101.98	8.65	-	-	110.63
Provision for expected claims	13.91	-	-	-	13.91
Provision for Bonus	17.98	(4.43)	-	-	13.55
Unabsorbed business losses and Unabsorbed depreciation	403.00	(75.00)	-	-	328.00
Amortisation of Guarantee Commission relating to Corporate Guarantee issued by the Holding Company	172.75	29.91	-	-	202.66
Interest expense relating to the interest-free loan received from the Holding Company	32.32	14.39	-	-	46.71
Equity portion of the Corporate Guarantee issued by the Holding Company	(198.21)	-	-	(21.73)	(219.94)
Equity portion of the interest-free loan received from the Holding Company	(131.22)	-	-	-	(131.22)
	<b>505.31</b>	<b>(56.70)</b>	<b>(2.72)</b>	<b>(21.73)</b>	<b>424.16</b>

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

### 8. Other Assets

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Non-Current</b>		
Balances with government authorities		
VAT credit receivable	214.76	241.53
Prepayments (Refer Note (a) below)	2.54	2.57
<b>Total</b>	<b>217.30</b>	<b>244.10</b>
<b>Current</b>		
Balances with government authorities		
CENVAT credit receivable	-	0.14
GST credit receivable	714.63	1,094.54
Advances to staff	14.29	14.04
Advances to suppliers	251.33	343.90
Prepaid expenses	63.10	50.51
Financial benefit on the Corporate Guarantee received from the Holding Company	38.29	56.41
Other Advances	64.85	64.85
<b>Total</b>	<b>1,146.49</b>	<b>1,624.39</b>

**Note (a)** - Represents amount paid towards land lease for a period of 95 years which is amortised on straight line basis over the term of the lease. The amortisation expenses is recognised in the Statement of Profit and Loss under Note 28 - "Other Expenses". For the year ended 31<sup>st</sup> March, 2022, the charge is ₹ 0.03 lakh (Previous Year ₹ 0.05 lakh).

### 9. Inventories

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Raw materials (At lower of cost and net realisable value)	473.19	640.30
Work-in-progress (At lower of cost and net realisable value)	298.44	177.16
Contracts-in-progress (At lower of cost and net realisable value) (Refer notes (a) below)	124.98	317.65
Scrap (At estimated realisable value)	19.27	25.00
<b>Total</b>	<b>915.88</b>	<b>1,160.11</b>

#### Notes:

- (a) Contracts-in-progress disclosed under Inventories as at 31<sup>st</sup> March, 2022 represents costs of construction materials lying at project sites which would be consumed in the next year.

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

### 10. Cash and cash equivalents

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Balances with banks in current accounts	13.48	48.61
Cash on hand	0.90	2.56
<b>Total</b>	<b>14.38</b>	<b>51.17</b>

**10.1** There are no repatriation restrictions with regard to cash and cash equivalents of as at the end of the reporting period and prior period. Cash and cash equivalents held in foreign currencies as at 31<sup>st</sup> March 2022 is ₹ 0.15 lakh (31<sup>st</sup> March 2021 - ₹ 0.20 lakh).

**10.2** The Company has banking facilities with Bank of India, Electric House Branch, Mumbai (the “bank”). During the current year, the bank charged an amount of ₹ 83,42,147; which the Management believes to be erroneous. As identified from the Bank statement, this interest charge pertains to the year 2004.

The Company was registered with the Board for Industrial and Financial Reconstruction (BIFR) as a sick Company, vide its order dated December 18, 2017. As per BIFR sanction scheme, the Secured Lenders (including Bank of India) had agreed to a 55% reduction in principal sum dues to them and waiving absolutely, irrevocably and permanently any claims of interest, compound interest, liquidated damages, penalties, penal interest and any other charges by them whether crystallized or not as on the order date of the scheme. The balancing 45% of the principal sum dues, were agreed to be paid by Tata Projects Limited.

Considering the BIFR sanction scheme, the Company believes that the interest charged by the Bank of India is not tenable in law and has not accounted for the same in the books of accounts as at March 31, 2022.

Additionally, the Management has filed a grievance with Bank of India vide their emails dated March 09, 2022 and April 08, 2022 respectively for reversal of the interest amount and for taking necessary corrective action. The Company is awaiting response from the Bank.

### 11. Bank balances other than cash and cash equivalents

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
In Deposit Accounts with maturity more than 3 months but less than 12 months [Refer note (a) below]	89.14	131.82
<b>Total</b>	<b>89.14</b>	<b>131.82</b>

**Note (a):** The entire amount of ₹ 89.14 lakhs (31<sup>st</sup> March, 2021 - ₹ 131.82 lakhs) held as lien by banks towards the various non-fund facilities sanctioned by them.

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

### 12. Equity Share Capital

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Authorised Share Capital</b>		
150,000,000 equity shares of ₹ 1 each (31 <sup>st</sup> March, 2021 : 150,000,000)	1,500.00	1,500.00
200,000 preference shares of ₹ 100/- each (31 <sup>st</sup> March, 2021 : 200,000)	200.00	200.00
	1,700.00	1,700.00
<b>Issued and Subscribed Capital</b>		
36,920,000 fully paid equity shares of ₹ 1 each (31 <sup>st</sup> March, 2021 : 36,920,000)	369.20	369.20
<b>Total</b>	<b>369.20</b>	<b>369.20</b>

#### Notes:

#### (i) Reconciliation of the Number of shares and amount outstanding at the beginning and at the end of the year

Particulars	Number of Shares in '000s	Equity Share Capital (Amount ₹ Lakhs)
<b>As at 1<sup>st</sup> April, 2020</b>	36,920	369.20
Shares issued during the year	-	-
<b>As at 31<sup>st</sup> March, 2021</b>	<b>36,920</b>	<b>369.20</b>
<b>As at 1<sup>st</sup> April, 2021</b>	36,920	369.20
Shares issued during the year	-	-
<b>As at 31<sup>st</sup> March, 2022</b>	<b>36,920</b>	<b>369.20</b>

#### (ii) Terms/rights attached to equity shares

The Company's issued, subscribed and paid-up capital comprises of equity shares only and no preference shares have been issued. The Company's paid-up capital comprises only one class, i.e. equity shares having par value of ₹ 1 per share. They entitle the holder to participate in dividends, and to share in the proceeds of winding up of the Company in proportion to the number of and amounts paid on the shares held.

Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

The liability of the members is limited.

#### (iii) Restriction on distribution of dividend:

Pursuant to the terms of the loan given by the Holding Company, the Company is not permitted to declare any dividend to the equity shareholders without the payment of loan amount to the Holding Company in full.

(iv) No bonus shares have been issued during the last five years.

(v) No shares have been issued for consideration other than cash during the last five years.

(vi) No shares have been bought back during the last five years.

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

### (vii) Shares of the Company held by holding Company

Particulars	As at 31 <sup>st</sup> March, 2022		As at 31 <sup>st</sup> March, 2021	
	Number of Shares in '000s	% age of holding	Number of Shares in '000s	% age of holding
Equity shares of ₹ 1 each				
Tata Projects Limited, Holding Company	27,690	75	27,690	75

### (viii) Details of shareholders holding more than 5% shares

	As at 31 <sup>st</sup> March, 2022		As at 31 <sup>st</sup> March, 2021	
	Number of Shares in '000s	% age of holding	Number of Shares in '000s	% age of holding
Equity shares of ₹ 1 each				
Tata Projects Limited, Holding Company	27,690	75	27,690	75

### (ix) Details of shareholding of Promoters:

Particulars	As at 31 <sup>st</sup> March 2022			As at 31 <sup>st</sup> March 2021		
	Number of Shares in '000s	% age of holding	% age of change during the year	Number of Shares in '000s	% age of holding	% age of change during the year
Equity shares of ₹ 1 each						
Tata Projects Limited, Holding Company	27,690	75%	0%	27,690	75%	0%

## 13. Other equity

### 13(a) Reserves and Surplus

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Retained Earnings		
Balance as at the beginning of the year	(4,714.60)	(4,153.79)
<b>Total</b>	<b>(4,714.60)</b>	<b>(4,153.79)</b>
Loss for the year	(502.89)	(567.88)
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurement gains of post employment benefits on defined benefit plan, net of deferred tax	1.60	7.07
<b>Balance at the end of the year</b>	<b>(5,215.89)</b>	<b>(4,714.60)</b>

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

### 13(b) Equity component of compound financial instruments

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Balance as at the beginning of the year</b>	4,356.87	4,300.50
Add: Financial benefit on the corporate guarantee received from the Holding Company (Refer Note (i) below)	121.00	78.10
Add: Equity portion of the interest-free loan received from the Holding Company	773.40	-
Less: Deferred Tax Liability on the equity component of financial instruments	(355.04)	(21.73)
<b>Balance at the end of the year</b>	<b>4,896.23</b>	<b>4,356.87</b>

#### Notes:

- (i) Term loan from bank disclosed under Note 14, Current maturities of long term borrowings and Loans repayable on demand from banks disclosed under Note 16 include amounts that have been granted by the banks at a concessional interest rate based on a corporate guarantee provided by the Holding Company. As per the requirements of Ind AS 109, the Company has computed the deemed financial benefit on the borrowings availed at concessional rate and the said benefit has been taken to Other Equity. The financial benefit accounted is being amortised in the Statement of Profit and Loss over the period of the loans. The amount of financial benefit taken to Other Equity as at 31<sup>st</sup> March, 2022 is ₹ 914.89 lakhs (31<sup>st</sup> March, 2021 - ₹ 827.55 lakhs). Additionally, during the year, the Company has recognised an amount of ₹ 139.12 lakhs (31<sup>st</sup> March, 2021 - ₹ 107.52 lakhs) as guarantee commission charge in the Statement of Profit and Loss under Note 25 - Finance costs.

### 14. Non-current borrowings

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Secured - at amortised cost</b>		
Term loan from bank (Refer note (i) below)	-	742.68
Loans from related parties (Refer note (ii) and (iii) below)	687.79	374.99
<b>Total for non-current borrowings</b>	<b>687.79</b>	<b>1,117.67</b>

- (i) The amount represents Term Loan of ₹1,500 lakhs availed from Axis Bank by first *pari passu* charge on movable fixed and current assets of the Company, both present and future. The loan is repayable in 4 equal quarterly instalments commencing from 27<sup>th</sup> month from the date of first disbursement of the facility i.e. 27<sup>th</sup> September 2019 and carries an interest rate of 12 months MCLR plus 1.20% per annum i.e. 8.7% per annum, currently. Additionally, the term loan from bank is guaranteed unconditionally with irrevocable corporate guarantee from the Holding Company.

The principal repayment of ₹750 lakhs has been paid during the year as per the terms of the agreement and the remaining 2 instalments are due for repayment on 30<sup>th</sup> June 2022 and 30<sup>th</sup> September 2022 respectively. Hence, the entire balance is disclosed as current maturities of long term borrowing under Note 16.

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

- (ii) During the year 2016-17, the Company revised the terms of the term loan received from the Holding Company of ₹ 1,930.39 lakhs and inter- corporate deposit received from the Holding Company of ₹ 2,100 lakhs. As per the revised terms, the total loan from the Holding Company is repayable in a single instalment at the end of 20 years and does not bear any interest. As per the requirements of Ind AS 109, the loan from Holding Company was recorded at its fair value of ₹207.10 lakhs as at 31<sup>st</sup> March, 2017 and the difference of ₹ 3,823.29 lakhs between the loan received from the Holding Company of ₹4,030.39 lakhs and the fair value of the loan was taken to Other Equity. The loan is secured by mortgage of leasehold land at Nashik. The leasehold land has been disclosed as prepayments under Other Non Current Assets (Note 8).
- (iii) During the current year, the Company has converted its Trade Payables to Holding Company amounting to ₹1,000.00 lakhs into a Term Loan repayable in a single instalment at the end of 10 years and does not bear any interest. As per the requirements of Ind AS 109, this loan from Holding Company has been recorded at its fair value of ₹226.60 lakhs as at 30<sup>th</sup> June, 2021 and the difference of ₹773.40 lakhs between the loan amount of ₹1,000.00 lakhs and the fair value has been taken to Other Equity. The loan is secured by mortgage of leasehold land at Nashik. The leasehold land has been disclosed as prepayments under Other Non Current Assets (Note 8).

Also refer the table below for the movement in the loan from related party:

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Opening balance</b>	374.99	323.27
Add: Additions during the year	226.60	-
Add: Interest accrued during the year	86.20	51.72
<b>Balance as at the end of the year</b>	<b>687.79</b>	<b>374.99</b>

- (iv) The term loans from banks have been applied for the purposes for which they were obtained.

### Net Debt Reconciliation

**This section sets out the changes in liabilities arising from financing activities in the statement of cash flows:**

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Opening balance as at 1 <sup>st</sup> April (Current and Non-Current borrowings)*:	3,475.71	1,835.11
Add: Proceeds from Borrowings	-	1,600.00
Add: Loan received from Holding Company (Refer note 14(iii))	226.60	-
Less: Repayments of Borrowings	(750.00)	-
Add: Interest expense on the mentioned borrowings	366.94	286.50
Less: Repayments of Interest	(274.03)	(245.90)
<b>Closing balance (Including interest accrued and due)</b>	<b>3,045.22</b>	<b>3,475.71</b>

\*Bank overdraft balances are not included above as they are considered as cash and cash equivalents.



## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

### 15. Employee benefit obligations

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Non-Current</b>		
Gratuity (Refer Note 32)	0.69	0.41
Compensated Absences	58.28	55.25
	<b>58.97</b>	<b>55.66</b>
<b>Current</b>		
Gratuity (Refer Note 32)	6.27	4.52
Compensated Absences	4.02	4.02
	10.29	8.54
<b>Total</b>	<b>69.26</b>	<b>64.20</b>

### 16. Current Borrowings

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Secured - at amortised cost</b>		
Loans repayable on demand from banks		
- Bank Overdraft (Refer Note (i) below) (including interest accrued)	2,179.29	1,828.54
- Working capital demand loans	1,600.00	1,600.00
Current maturities of Long term borrowings	757.43	758.04
<b>Total</b>	<b>4,536.72</b>	<b>4,186.58</b>

#### Note:

- (i) Overdraft facilities and Working capital demand loans of ₹ 3,779.29 lakhs (31<sup>st</sup> March, 2021 - ₹ 3,427.49 lakhs) are secured by *pari passu* charge on the inventories, trade receivables and other current assets of the Company. The current interest rates charged by banks range from 9% to 9.5% per annum. Additionally, the overdraft facilities and working capital loans aggregating to ₹ 2,791.63 lakhs (31<sup>st</sup> March, 2021 - ₹ 2,437.01 lakhs) from banks is guaranteed unconditionally with irrevocable corporate guarantee from the Holding Company.
- (ii) The Company has borrowings from banks which are secured by a charge on the current assets of the Company. As per the terms of the sanction letters, the Company has filed the quarterly statements containing the financial details based on the draft financial results after the end of each quarter. Hence, the Company has filed the revised quarterly statements containing the financial details based on the Board adopted financial results subsequent to the year end. The revised quarterly returns or statements of current assets filed by the Company with banks are in agreement with the books of accounts. Further, the Company is yet to submit the quarterly returns for March 31, 2022 to the Banks.

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

### 17. Trade Payables

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Trade Payables		
Dues of micro and small enterprises under Micro, Small and Medium Enterprises Development Act, 2006 (Refer Note 38)	320.31	447.30
Others	6,587.36	8,536.96
<b>Total</b>	<b>6,907.67</b>	<b>8,984.26</b>

Trade Payables aging schedule for the period ended March 31, 2022 outstanding for the following periods from the transaction date

Particulars	Unbilled dues	Less than 6 months	6 months - 1 Year	1-2 years	2-3 years	More than 3 years	Total
<b>Undisputed trade payables</b>							
- Micro enterprises and small enterprises	-	213.62	18.52	55.63	27.92	4.62	320.31
- Others	775.41	4,458.74	719.13	246.89	156.57	180.62	6,537.36
<b>Disputed trade payables</b>							
- Micro enterprises and small enterprises	-	-	-	-	-	-	-
- Others	50.00	-	-	-	-	-	50.00
<b>Total</b>	<b>825.41</b>	<b>4,672.36</b>	<b>737.65</b>	<b>302.52</b>	<b>184.49</b>	<b>185.24</b>	<b>6,907.67</b>

Trade Payables aging schedule for the period ended March 31, 2021 outstanding for the following periods from the transaction date

Particulars	Unbilled dues	Less than 6 months	6 months - 1 Year	1-2 years	2-3 years	More than 3 years	Total
<b>Undisputed trade payables</b>							
- Micro enterprises and small enterprises	-	359.80	79.75	3.14	4.61	-	447.30
- Others	1,407.18	5,465.53	173.50	480.92	448.93	510.90	8,486.96
<b>Disputed trade payables</b>							
- Micro enterprises and small enterprises	-	-	-	-	-	-	-
- Others	50.00	-	-	-	-	-	50.00
<b>Total</b>	<b>1,457.18</b>	<b>5,825.33</b>	<b>253.25</b>	<b>484.06</b>	<b>453.54</b>	<b>510.90</b>	<b>8,984.26</b>

**Note:** The Company is eligible for a credit period ranging between 30-60 days from the vendors. However, due to the numerous transactions and varying credit period given by each of the vendors, it is impracticable for the Company to disclose ageing from the date from which they fall due. Hence, the ageing of trade payable has been disclosed from the date of transaction.

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

### 18. Other Financial Liabilities

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Current</b>		
(a) Liability for expenses	7.02	7.02
<b>Total</b>	<b>7.02</b>	<b>7.02</b>

### 19. Other Current Liabilities

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
(a) Advances from customers including mobilisation advances (including interest accrued)	1,426.54	2,664.02
(b) Advance billing to customers customers (Refer Note 19.1)	77.95	10.08
(c) Statutory dues payable	165.30	162.34
(d) Provision for onerous contracts	14.23	6.01
(e) Employee benefits payable	57.53	162.61
<b>Total</b>	<b>1,741.55</b>	<b>3,005.06</b>

19.1 The entire advance billing to customers is undisputed.

### 20. Revenue from Operations

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
(a) Income from sale of goods	3,922.65	3,079.22
(b) Income from fabrication activities	2,956.28	1,257.28
(c) Income from contracts	10,137.20	10,555.78
(d) Other operating revenues	247.97	135.93
<b>Total</b>	<b>17,264.10</b>	<b>15,028.21</b>

#### Unsatisfied long-term contracts:

The following table shows unsatisfied performance obligations resulting from fixed-price long-term contracts.

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Aggregate amount of the transaction price allocated to long-term contracts that are partially unsatisfied as at reporting date	17,808.01	20,403.17

Management expects that 79% of the transaction price allocated to the unsatisfied contracts as of 31 March 2022 will be recognised as revenue during the next reporting period.

The sale contracts for sale of goods are for periods of one year or less. As permitted under Ind AS 115, the transaction price allocated to these unsatisfied contracts is not disclosed.

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

### Reconciliation of revenue recognised with contract price:

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Contract price</b>	16,645.53	14,889.72
Adjustments for:		
Contract Modifications in respect of claims raised/Additional work	618.57	138.49
Liquidated damages	-	-
<b>Revenue from continuing operations</b>	<b>17,264.10</b>	<b>15,028.21</b>

### Critical judgements in recognising revenue

The following are the critical estimates while determining the Revenue from construction activities:

- (i) Estimated Total Costs – Management determines the Estimated Total Costs for the project, which is used to determine the stage of completion of the contract.

These estimates may depend on the outcome of future events and may need to be reassessed at the end of each reporting period.

Refer Note 2.3 for the accounting policy on Revenue from Construction activities.

### 21. Other Income

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>(a) Interest income</b>		
Bank deposits	8.81	7.72
Interest on tax refunds	11.90	6.78
Interest on arbitration awards	14.34	35.74
Others	-	0.27
	<b>35.05</b>	<b>50.51</b>
<b>(b) Other non-operating income</b>		
Liabilities/provisions no longer required written back	35.45	106.20
Provision for doubtful debts no longer required written back	0.90	0.40
Miscellaneous Income	15.89	46.85
	<b>52.24</b>	<b>153.45</b>
<b>Total</b>	<b>87.29</b>	<b>203.96</b>

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

### 22. Cost of Materials Consumed

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
(a) Opening Stock (including Scrap)	665.30	768.42
	<b>665.30</b>	<b>768.42</b>
(b) Purchases	6,846.90	6,576.17
(c) Less: Capitalised during the year (Refer Note 3.2)	22.27	-
(d) Less: Closing Stock (including Scrap)	(492.46)	(665.30)
	<b>6,376.71</b>	<b>5,910.87</b>
<b>Total</b>	<b>7,042.01</b>	<b>6,679.29</b>

### 23. Changes in inventories of work-in-progress and contracts-in-progress

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
(a) Opening Work-in-progress	177.16	736.61
Opening Contracts-in-progress (Refer Note 9(a))	317.65	215.81
(b) Less: Closing Work-in-progress	(298.44)	(177.16)
Less: Closing Contracts-in-progress (Refer Note 9(a))	(124.98)	(317.65)
<b>Total</b>	<b>71.39</b>	<b>457.61</b>

### 24. Employee benefit expense

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Salaries and wages	1,265.03	1,210.23
Contribution to provident and other funds (Refer Note 32.1)	76.12	68.25
Staff welfare expenses	12.10	9.90
<b>Total</b>	<b>1,353.25</b>	<b>1,288.38</b>

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

### 25. Finance Costs

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Interest expense on :</b>		
(i) Borrowings	474.46	536.91
(ii) Mobilisation advances received from customers	104.18	116.83
(iii) Loan received from the Holding Company	86.20	51.72
(iv) Delay in payment of statutory dues	6.39	7.69
(v) Due to micro enterprises and small enterprises	17.70	46.37
(vi) Lease liabilities	6.65	8.87
Guarantee commission on Corporate guarantee received from the Holding Company	139.12	107.52
Other borrowing costs	242.21	142.26
<b>Total</b>	<b>1,076.91</b>	<b>1,018.17</b>

### 26. Depreciation and amortisation expense

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Depreciation of property, plant and equipment	88.51	77.40
Amortisation of intangible assets	5.53	5.43
Amortisation of right-of-use assets	23.33	23.33
<b>Total</b>	<b>117.37</b>	<b>106.16</b>

### 27. Project Execution Expenses

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Cost of erection services	6,994.22	5,153.58
Insurance charges	60.70	74.31
Bank guarantee and letter of credit charges	72.35	56.76
Other site expenses	171.63	143.49
<b>Total</b>	<b>7,298.90</b>	<b>5,428.14</b>

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

### 28. Other Expenses

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Rent (Refer Note 36)	45.84	39.02
Rates and taxes	37.81	24.64
Repairs	9.00	2.48
Travelling expenses	53.89	29.92
Legal and professional fees (Refer Note 40)	171.96	181.54
Postage and telephone	18.21	19.40
Printing and stationery	16.69	15.62
Business development expenses	5.34	3.54
Directors' fees	18.00	15.90
Loss on forex fluctuation	7.56	29.77
Bad debts written off	-	9.91
Provision for doubtful debts	42.61	31.49
Provision for onerous contracts	8.22	6.01
Corporate Social Responsibility expenses (Refer Note 41)	4.20	7.90
Loss on sale of Property, Plant and Equipment	-	4.69
Motor vehicle expenses	81.16	118.41
Electricity and water charges	268.47	197.37
Miscellaneous expenses	39.66	27.99
<b>Total</b>	<b>828.62</b>	<b>765.60</b>

### 29. Income Taxes

Tax expense in the Statement of Profit and Loss comprises:

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Current Taxes	-	-
Deferred Taxes charge	65.83	56.70
<b>Income Tax expense</b>	<b>65.83</b>	<b>56.70</b>

Tax expense recognised in Other Comprehensive Income comprises:

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Income tax relating to items that will not be reclassified subsequently to Statement of Profit and Loss	(0.61)	(2.72)
<b>Income Tax expense recognised in Other Comprehensive Income</b>	<b>(0.61)</b>	<b>(2.72)</b>



## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

Tax expense recognised directly in Equity comprises:

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited/(credited) to equity:		
Deferred tax:		
On equity portion of the Corporate Guarantee issued by the Holding Company	33.66	21.73
On equity portion of the Interest - free loan received from the Holding Company	321.38	-
<b>Income Tax expense recognised directly in Equity</b>	<b>355.04</b>	<b>21.73</b>

The following table provides the details of income tax assets and income tax liabilities as at 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021.

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Non- current Income tax assets	364.52	351.60
Current Income tax liabilities	-	-
<b>Net current income tax assets at the end of the year</b>	<b>364.52</b>	<b>351.60</b>

### 29.1 The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Loss before tax from continuing operations	(437.06)	(511.18)
Tax rate at 27.82% for FY 2021-22 (FY 2020-21 : 27.82%) (A)	<b>(121.59)</b>	<b>(142.21)</b>
Tax effect of amounts which are not deductible (taxable) in calculating taxable income (B)	21.93	31.83
Effect of non recognition of deferred tax asset on current year loss (C)	45.34	-
Effect of changes in deferred tax assets recognized in the previous year (D)	120.15	167.08
<b>Income tax expense (A+B+C+D)</b>	<b>65.83</b>	<b>56.70</b>
Tax expense recognised in profit or loss (relating to continuing operations)	<b>65.83</b>	<b>56.70</b>

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

### 30. Related party transactions

#### 30.1 Details of related parties

S. No.	Description of relationship	Names of related parties
(i)	Holding Company	Tata Projects Limited
(ii)	Key Management Personnel	Mr. Vinayak K. Deshpande, Chairman
		Mr. Nalin M. Shah, Independent Director (up to 12 <sup>th</sup> February, 2022)
		Mr. Sanjay Sharma, Director (From 24 <sup>th</sup> March, 2022)
		Mr. Pralhad Pawar, Director
		Ms. Leja Hattiangadi, Independent Director
		Mr. Sunil Potdar, Independent Director
		Mr. Satyanarayana Kasinadhuni, Director (up to 30 <sup>th</sup> September, 2021)
		Mr. Saket Mathur, Manager up to 31st December 2021 & COO up to 31st March 2022
		Mr. B V Ramesh Krishna, Manager (From 5 <sup>th</sup> January 2022)
		Mr. S. Balaji, Chief Financial Officer (up to 16 <sup>th</sup> September, 2021)
		Mr. K Siva Rama Krishna, Chief Financial Officer (From 27 <sup>th</sup> January, 2022)
		Mr. Deepak Tibrewal, Company Secretary & Compliance Officer

#### 30.2 Details of related party transactions with the Holding Company during the year ended 31st March, 2022 and balance outstanding as at 31st March, 2022.

S. No.	Particulars	Transactions during the year ended		Balances Outstanding at the end of the year	
		31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
1	Income from sale of goods and fabrication activities	(4,018.67)	(1,927.16)	-	-
2	Income from contracts	(4,726.31)	(5,825.91)	-	-
3	Purchase of Inventory	57.22	53.77	-	-
4	Reimbursement of expenses to Holding Company (including employee deputation cost)	319.86	171.37	-	-
5	Interest on loan received from the Holding Company	86.20	51.72	-	-
6	Guarantee commission on Corporate guarantee received from the Holding Company	139.12	107.52	-	-
7	Trade receivables	-	-	2,266.34	3,159.42
8	Trade payables	-	-	(513.44)	(1,041.04)
9	Long term borrowings	1,000.00	-	(687.79)	(374.99)
10	Financial benefit on the Corporate Guarantee received from the Holding Company	-	-	38.29	56.41
11	Advances from customers including mobilisation advances	-	-	(858.26)	(780.42)
12	Bank Guarantee limits utilised	-	-	1,242.53	1,841.50
13	Letter of Credit Limits utilised	-	-	-	2,686.56
14	Corporate Guarantees given	-	-	1,004.22	1,092.89
15	Corporate Guarantees received (including corporate guarantees given to bankers)	-	-	8,909.51	9,824.99

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

### 30.3 Compensation of Key Managerial Personnel

Particulars	Year ended 31 <sup>st</sup> March, 2022	Year ended 31 <sup>st</sup> March, 2021
Short-term benefits	111.04	137.88
Directors' Sitting Fees (Refer Note 28)	18.00	15.90
<b>Total</b>	<b>129.04</b>	<b>153.78</b>

**Note:** As gratuity and compensated absences are computed for all the employees on an aggregate basis in the actuarial valuation report, the amounts relating to the Key Managerial Personnel cannot be individually identified.

### 31. Earnings per share of ₹ 1 Face value

Particulars	Year ended 31 <sup>st</sup> March, 2022	Year ended 31 <sup>st</sup> March, 2021
<b>Basic &amp; Diluted earnings per share</b>		
From continuing operations	(1.36)	(1.54)

#### Reconciliation of earnings used in calculating earnings per share

Particulars	Year ended 31 <sup>st</sup> March, 2022	Year ended 31 <sup>st</sup> March, 2021
Basic & Diluted earnings per share		
Loss attributable to the equity holders of the Company used in calculating basic earnings per share	(502.89)	(567.88)

#### Weighted average number of shares used as the denominator

Particulars	Year ended 31 <sup>st</sup> March, 2022	Year ended 31 <sup>st</sup> March, 2021
Weighted average number of equity shares used as the denominator in calculating basic earnings per share (Nos in lakhs)	369.20	369.20
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share (Nos in lakhs)	369.20	369.20

### 32. Employee benefits plans

#### 32.1 Defined Contribution plan

In respect of defined contribution plans, contributions are made to provident fund for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the Government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is ₹ 53.15 lakhs (31<sup>st</sup> March, 2021 – ₹ 54.40 lakhs).

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

### 32.2 Defined benefit plans

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to Life Insurance Corporation of India (LIC). The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

(a) The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	Year ended 31 <sup>st</sup> March, 2022	Year ended 31 <sup>st</sup> March, 2021
Discount rate	6.78%	6.31%
Expected rate of salary increase	8.00%	8.00%

(b) Amounts recognised in statement of profit and loss in respect of these defined benefits plans are as follows :

Particulars	Year ended 31 <sup>st</sup> March, 2022	Year ended 31 <sup>st</sup> March, 2021
<b>Service Cost</b>		
Current Service Cost	18.09	17.53
Net Interest expense	(0.47)	0.08
Components of defined benefit costs recognised in the statement of profit or loss (included under Contribution to Provident and Other Funds - Note 24)	<b>17.62</b>	<b>17.61</b>
Particulars	Year ended 31 <sup>st</sup> March, 2022	Year ended 31 <sup>st</sup> March, 2021
<b>Remeasurement on the net defined benefit liability :</b>		
Actuarial (Gains)/losses arising from changes in financial assumptions	(2.80)	1.00
Actuarial (Gains)/losses arising from experience assumptions	(0.94)	(14.43)
Return on plan assets excluding amounts included in Net Interest expense/(income) on above	1.53	3.64
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>(2.21)</b>	<b>(9.79)</b>

The current service cost for the year is included in Note 24 - 'Employee benefit expense' in the Statement of Profit and Loss

The remeasurement of the net defined liability is included in Other Comprehensive Income.

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

- (c) The amount included in the Balance Sheet arising from the Company's obligation in respect of its defined benefit plans is as follows :

Particulars	Year ended 31 <sup>st</sup> March, 2022	Year ended 31 <sup>st</sup> March, 2021
Present value of funded defined benefit obligation	80.77	67.05
Fair value of plan assets	73.81	62.12
<b>Net liability arising from defined benefit obligation</b>	<b>6.96</b>	<b>4.93</b>

- (d) Change in defined benefit obligation during the year

Particulars	Year ended 31 <sup>st</sup> March, 2022	Year ended 31 <sup>st</sup> March, 2021
Opening defined benefit obligations	67.05	59.23
Current service cost	18.09	17.53
Interest Cost	4.09	3.72
Actuarial (Gains)/losses arising from changes in financial assumptions	(2.80)	1.00
Actuarial (Gains)/losses arising from experience assumptions	(0.94)	(14.43)
Benefits paid (including benefits paid directly by employer)	(4.72)	-
<b>Closing defined benefit obligation</b>	<b>80.77</b>	<b>67.05</b>

- (e) Change in the fair value of the plan assets during the year :

Particulars	Year ended 31 <sup>st</sup> March, 2022	Year ended 31 <sup>st</sup> March, 2021
Opening fair value of plan assets	62.12	49.22
Interest income	4.56	3.64
Return on plan assets (excluding amounts included in net interest expense)	1.89	(3.64)
Contribution from the employer	9.96	12.90
Benefits paid	(4.72)	-
<b>Closing fair value of plan assets</b>	<b>73.81</b>	<b>62.12</b>

- (f) Summary of the Funded status of the defined benefit plans for the past five years:

Particulars	2022	2021	2020	2019	2018
Defined Benefit Obligation	80.77	67.05	59.23	44.85	37.32
Fair Value of Plan Assets	73.81	62.12	49.21	36.25	23.10
(Surplus)/Deficit	6.96	4.93	10.02	8.60	14.22

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

### (g) Summary of the Experience adjustments on the defined benefit plans for the past five years

Particulars	2022	2021	2020	2019	2018
Experience Adjustment on Plan Liabilities [(Gain)/Loss]	(3.75)	(13.42)	(5.15)	(1.44)	(5.48)
Experience Adjustment on Plan Asset [(Gain)/Loss]	(1.53)	3.64	(3.15)	0.91	1.14

### (h) Sensitivity Analysis - Defined Benefit plan

Particulars	Year ended 31 <sup>st</sup> March, 2022	Year ended 31 <sup>st</sup> March, 2021
<b>Discount rate</b>		
Impact of 1% increase to the defined benefit obligation	(5.46)	(4.77)
Impact of 1% decrease to the defined benefit obligation	6.18	5.44
<b>Salary escalation rate</b>		
Impact of 1% increase to the defined benefit obligation	5.75	5.05
Impact of 1% decrease to the defined benefit obligation	(5.19)	(4.52)

### (i) Expected cash flow profile of the benefits to be paid

Particulars	Expected Pay-out - Year 1	Expected Pay-out - Year 2	Expected Pay-out - Year 3	Expected Pay-out - Year 4	Expected Pay-out - Year 5	Expected Payout - Year 6 and above
Expected benefits pay out	6.27	7.25	7.38	11.31	7.51	37.31

The weighted average duration of the payment of these cash flows for the year ended 31<sup>st</sup> March, 2022 is 6.57 years.

Expected contribution to be made to plan assets in the Financial Year 2022-23 is ₹ 6.27 lakhs (31<sup>st</sup> March, 2020: ₹ 4.52 lakhs)

### 32.3 Other long-term employee benefits - Compensated Absences

The Compensated absences cover the Company's liability for earned leave and sick leave

#### (a) Funded status of obligation towards compensated absences and the charge in the Statement of Profit and Loss

Particulars	Year ended 31 <sup>st</sup> March, 2022	Year ended 31 <sup>st</sup> March, 2021
<b>Funded Status</b>		
Present value of obligation	62.30	59.26
Fair Value of Plan Assets	-	-
<b>(Surplus) / Deficit</b>	<b>62.30</b>	<b>59.26</b>
<b>Charge in the Statement of Profit and Loss</b>	<b>16.47</b>	<b>37.63</b>

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

### 33. Fair Values

The Management assessed that trade receivables, cash and cash equivalents, other bank balances, other financial assets, borrowings, trade payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities or interest bearing nature of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

#### (i) Financial instruments by category

Particulars	Carrying value	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Financial assets</b>		
<b>At amortised cost</b>		
Trade receivables	6,106.00	6,607.05
Cash and cash equivalents	14.38	51.17
Other bank balances	89.14	131.82
Other financial assets	4,089.14	5,869.52
<b>Total financial assets</b>	<b>10,298.66</b>	<b>12,659.56</b>
<b>Financial liabilities</b>		
<b>At amortised cost</b>		
Borrowings	5,224.51	5,304.25
Trade payables	6,907.67	8,984.26
Other financial liabilities	7.02	7.02
<b>Total financial liabilities</b>	<b>12,139.20</b>	<b>14,295.53</b>

#### (ii) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.



## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at 31 March, 2022	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Trade receivables	-	-	6,106.00	6,106.00
Cash and cash equivalents	-	-	14.38	14.38
Other bank balances	-	-	89.14	89.14
Other financial assets	-	-	4,089.14	4,089.14
<b>Total financial assets</b>	-	-	<b>10,298.66</b>	<b>10,298.66</b>
<b>Financial liabilities</b>				
Borrowings	-	-	5,224.51	5,224.51
Trade payables	-	-	6,907.67	6,907.67
Other financial liabilities	-	-	7.02	7.02
<b>Total financial liabilities</b>	-	-	<b>12,139.20</b>	<b>12,139.20</b>

As at 31 March, 2021	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Trade receivables	-	-	6,607.05	6,607.05
Cash and cash equivalents	-	-	51.17	51.17
Other bank balances	-	-	131.82	131.82
Other financial assets	-	-	5,869.52	5,869.52
<b>Total financial assets</b>	-	-	<b>12,659.56</b>	<b>12,659.56</b>
<b>Financial liabilities</b>				
Borrowings	-	-	5,304.25	5,304.25
Trade payables	-	-	8,984.26	8,984.26
Other financial liabilities	-	-	7.02	7.02
<b>Total financial liabilities</b>	-	-	<b>14,295.53</b>	<b>14,295.53</b>

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

## **NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)**

### **34. Financial risk management**

#### **A. Credit risk**

Credit risk is the risk arising from credit exposure to customers, cash and cash equivalents held with banks and current and non-current held-to maturity financial assets.

##### **(i) Credit risk management**

The credit risk to the Company arises from two sources:

- (a) Customers, who default on their contractual obligations, thus resulting in financial loss to the Company.
- (b) Non certification by the customers, either in part or in full, the works billed as per the contract, being non claimable cost as per the terms of the contract with the customer.

##### **(a) Customers**

The Company evaluates the credentials of a customer at a very early stage of the bid. Before participating for any bid, the Company performs verification of customer credentials and ensures the compliance with the following criterion,

- (i) Customer's financial health by examining the audited financial statements
- (ii) Whether the Customer has achieved the financial closure for the work for which the Company is bidding
- (iii) Brand and market reputation of the customer
- (iv) Details of other contractors working with the customer
- (v) Where the customer is Public Sector Undertaking, sanction and availability of adequate financial resources for the proposed work

The Company makes provision on its financial assets, on every reporting period, as per Expected Credit Loss Method. The provision is made separately for each financial assets of each business line. The percentage at which the provision is made, is determined on the basis of historical experience of such provisions, modified to the current and prospective business and customer profile.

Trade receivables consist of large number of customers, spread across diverse industries and geographical areas. Majority of the customers of the Company comprise of Public Sector Undertakings, with whom the Company does not perceive any default risk, however there would be a credit risk on account of delays in payments. Additionally the Company has significant revenue contracts with Holding Company, Tata Projects Limited, the credit risk for these transactions has been considered minimal. As regards the customers from private sector, The Company carries out financial evaluation on regular basis and provides for any amount perceived as non realisable, in the books of accounts.

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

### (b) Non certification of works billed

The costs incurred on projects are regularly monitored through the Project budgets. Costs which are incurred beyond the agreed terms and conditions of the contract, would be claimed from the customer, based on the actual works performed. The realisability of such claims is reviewed by the Management on a periodic basis and the costs, which are identified as non tenable or costs beyond the collectible amounts would be provided in the books of accounts.

### (ii) Provision for Expected Credit Loss

Refer Note 5.1 of the Financial Statements

## B. Liquidity risk

The Company being an EPC contractor, has a constant liquidity pressures to meet the project requirements. These requirements are met by a balanced mix of borrowings and project cash flows. Cash flow forecast is made for all projects on monthly basis and the same are tracked for actual performance on daily basis. Shortfall in cash flows are matched through short term borrowings and other strategic financing means. The daily project requirements are met by allocating the daily aggregated cash flows among the projects. The Company has established practice of prioritising the site level payments and regulatory payments above other payment requirements.

### (i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	Year ended 31 <sup>st</sup> March, 2022	Year ended 31 <sup>st</sup> March, 2021
<b>Secured Borrowings:</b>		
Floating rate		
Expiring within one year (bank overdraft and working capital demand loan)	120.71	472.21

### (ii) Maturities of financial liabilities

The table below provides Company financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities

Particulars	Less than 1 year	1-2 years	2-4 years	Total
Trade payables	6,907.67	-	-	6,907.67
Other financial liabilities	7.02	-	-	7.02

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

### C. Market risk

#### (i) Foreign currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, Primarily with respect to USD (United States Dollars) and KWD (Kuwaiti Dinar).

##### (a) Foreign currency risk exposure

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Particulars	Year ended 31 <sup>st</sup> March, 2022 (₹ in lakhs)		Year ended 31 <sup>st</sup> March, 2021 (₹ in lakhs)	
	USD	KWD	USD	KWD
Cash and Cash equivalents	-	0.21	-	0.21
Trade Receivables	28.53	-	50.44	-
Net Assets /(Liabilities)	28.53	0.21	50.44	0.21

##### (b) Foreign Currency sensitivity analysis

The above exposures when subjected to a sensitivity of 10% have the following impact:

Particulars	Currency	Impact on loss after tax with increase in rate by 10%		Impact on loss after tax with decrease in rate by 10%	
		As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
US Dollars	USD	(2.10)	(3.64)	2.10	3.64
Kuwait Dinar	KWD	(0.02)	(0.01)	0.02	0.01

#### (ii) Interest rate risk

##### (a) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period is as follows:

Particulars	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Variable rate borrowings	4,536.72	4,920.47
<b>Total Borrowings</b>	<b>4,536.72</b>	<b>4,920.47</b>

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

### (b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Particulars	Impact on Loss after tax	
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Interest rates-increase by 50 basis points	24.88	19.20
Interest rates-decrease by 50 basis points	(24.88)	(19.20)

- (c) The Company does not have any Forward Foreign Exchange contracts during the current and previous year.

### 35. Capital management

The Company's business model is working capital centric. The Company manages its working capital needs and long-term capital expenditure, through a balanced mix of capital (including retained earnings) and short-term debt.

The capital structure of the Company comprises of net debt (borrowings reduced by cash and bank balances) and equity.

The Company is not subject to any externally imposed capital requirements.

The Company reviews its capital requirements on an annual basis, in the form of Annual Operating Plan (AOP). The AOP of the Company aggregates the capital required for execution of projects identified and the financing mechanism of such requirements is determined as part of AOP.

The Company's debt to adjusted capital ratio at the end of the reporting period was as follows:

Particulars	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
<b>Total liabilities</b>	5,224.51	5,304.25
Less : Cash and Cash equivalents	14.38	51.17
Adjusted net debt	5,210.13	5,253.08
<b>Total equity</b>	<b>49.54</b>	<b>11.47</b>
Adjusted net debt to adjusted equity ratio	105.17	457.98

### 36. Operating Lease Arrangements

Particulars	Year ended 31 <sup>st</sup> March, 2022	Year ended 31 <sup>st</sup> March, 2021
Rental expense relating to operating leases	45.84	39.02

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

### 37. Segment information

The Company operates in only one business segment viz. Supply of Equipments, steel structure and site services for mechanical works. Therefore, segment-wise reporting under Ind AS 108 is not applicable.

Breakup of Revenue from Operations	Year ended 31 <sup>st</sup> March, 2022	Year ended 31 <sup>st</sup> March, 2021
Income from sale of goods	3,922.65	3,079.22
Income from fabrication activities	2,956.28	1,257.28
Income from contracts	10,137.20	10,555.78
Other operating revenues	247.97	135.93
<b>Total</b>	<b>17,264.10</b>	<b>15,028.21</b>

Information about geographical areas	Year ended 31 <sup>st</sup> March, 2022	Year ended 31 <sup>st</sup> March, 2021
<b>Revenues</b>		
India	17,264.10	14,934.52
Outside India	-	93.69
<b>Total</b>	<b>17,264.10</b>	<b>15,028.21</b>
<b>Non-current assets</b>		
India	2,111.12	2,273.52
<b>Total</b>	<b>2,111.12</b>	<b>2,273.52</b>

#### Significant clients

Two clients individually accounted for more than 10% of the revenues in the year ended 31st March, 2022 (31<sup>st</sup> March, 2021: Two clients individually accounted for more than 10% of the revenues).

### 38. Disclosure in accordance with Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

According to information available with the Management, on the basis of intimation received from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the Company has the following amounts due to micro and small enterprises under the said Act:

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

Disclosure under Section of Micro, Small and Medium Enterprises Development Act, 2006

S. No.	Particulars	Year ended 31 <sup>st</sup> March, 2022 (₹ Lakhs)	Year ended 31 <sup>st</sup> March, 2021 (₹ Lakhs)
i	Principal amount remaining unpaid to any supplier as at the end of the accounting year#	246.42	374.03
ii	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	17.70	46.37
iii	The Amount of interest paid along with the amounts of the payment made to suppliers beyond the appointed day	17.07	-
iv	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding interest specified under the MSMED Act	-	-
v	The amount of interest accrued and remaining unpaid at the end of the accounting year	73.89	73.27
vi	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23	73.89	73.27

# amounts unpaid to micro and small enterprises on account of retention money has not been considered for the purpose of interest calculations.

Dues to the Micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.

39. The Company was registered with the Board for Industrial and Financial Reconstruction (BIFR) as a sick Company and BIFR, vide its order dated December 18, 2017, had sanctioned the rehabilitation scheme. With effect from 1st December, 2016 the Ministry of Finance, Government of India notified the SICA Repeal Act, 2003 by virtue of which BIFR stood dissolved and all appeals, references, inquiries and proceedings pending before BIFR stand abated except for the Schemes already sanctioned. Whereas, the Company had an option to refer the case to National Company Law Tribunal (NCLT), the Management, considering the current financial performance and order booking, had decided not to pursue the matter with NCLT.



## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

### 40. Legal and professional fees include Auditors' remuneration as below

Nature of Services	Year ended 31 <sup>st</sup> March, 2022	Year ended 31 <sup>st</sup> March, 2021
Audit fees	13.80	12.30
Tax Audit fees	1.00	1.00
Reimbursement of expenses	0.15	0.19
<b>Total</b>	<b>14.95</b>	<b>13.49</b>

### 41. Corporate social responsibility expenditure

Particulars	Year ended 31 <sup>st</sup> March, 2022	Year ended 31 <sup>st</sup> March, 2021
Contribution to Foundation for Academic Excellence & Access (FAEA)	4.20	7.70
Contribution to PM CARES Fund	-	0.20
Amount required to be spent as per Section 135 of the Act	-	7.86
Amount spent during the year on		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	4.20	7.90

#### Details of excess CSR expenditure under Section 135(5) of the Act

Balance excess spent as at 1 April 2021	Amount required to be spent during the year	Amount spent during the year	Balance excess spent as at 31 March 2022
-	-	4.20	4.20

42. Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is - ₹ Nil (31st March, 2021 - ₹ Nil).

### 43. Contingent liabilities

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Contingent liabilities</b>		
Claim against the Company not acknowledged as debts		
Matters under dispute:		
(i) Sales Tax Matters/ Value Added Tax Matters	44.32	44.32
(ii) Third party claims from disputes relating to contracts	66.32	66.32
	<b>110.64</b>	<b>110.64</b>

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

### 44. Leases

The following is the movement in lease liabilities during the year ended March 31, 2022:

Particulars	As at 31 <sup>st</sup> March, 2022
Balance as at 1st April, 2021	77.05
Finance cost accrued during the year	6.65
Payment of lease liabilities	(29.98)
<b>Balance as on March 31, 2022</b>	<b>53.72</b>

### Current and Non Current Classification

Particulars	As at 31 <sup>st</sup> March, 2022
Current	29.99
Non current Lease Liability	23.73

Contractual maturities of lease liabilities at undiscounted values

Particulars	As at 31 <sup>st</sup> March, 2022
Within one year	29.99
Later than one year but not later than five years	30.28
Later than five years	-

45. The Company has taken into account all the possible impacts of COVID-19 in preparation of these financial statements, including but not limited to its assessment of, liquidity and going concern assumption, recoverable values of its financial and non-financial assets and impact on revenue recognition owing to changes in cost budgets of fixed price contracts. The Company has carried out this assessment based on available internal and external sources of information up to the date of approval of these financial statements and believes that the impact of COVID-19 is not material to these financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on the financial statements may differ from that estimated as at the date of approval of these financial statements owing to the nature and duration of COVID-19.
46. The accumulated losses of the Company (including other comprehensive income) as at 31 March 2022 stood at ₹ 5,215.89 lakhs.

On account of the operating losses during the current year and the previous year and other indicators, the Management, including the Board of Directors of the Company, has performed an assessment on the Company's ability to continue as a going concern. The Board of Directors based on its review of the approved business plan and the future cash flow projections prepared for the next twelve months from the date of the financial statements has assessed that the Company would be able to meet its cash flow requirements for the next twelve months from the date of financial statements considering the following reasons:

## **NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)**

- a) The Company expects growth in the business, improvement in the operating margins and improvement in the Cash flows in the future by focusing on the following:
- i. The Company has a pending order book for around ₹ 20,057.79 lakhs as at 31 March 2022. Additionally, the Company is hopeful of receiving some orders for which it has already submitted its bids.
  - ii. The Company is in the process of bidding for multiple projects for Tata Projects Limited ('TPL'), Holding Company and it is hopeful of receiving orders from TPL in the coming quarters based on competitive bidding and Arm's Length Pricing norms.
  - iii. The Company plans to successfully pursue for customer claims in the next quarters, which would significantly improve its operating margins as well as its cash flows.
  - iv. Some of the major projects of the Company are in the final stages of completion and the Company plans to complete the pending milestones for these projects in the next couple of quarters. This would reduce the unbilled revenue amount which in turn would improve the working capital/Cash flow situation of the Company.
  - v. During the quarter ended 30 June 2021, the Company converted its Payables to Holding Company amounting to ₹ 1,000 lakhs into an Interest Free Loan for a period of 10 years. This has improved the overall working capital situation of the Company. Additionally as per the requirements of Ind AS 109, the Company has computed the deemed financial benefit on the interest free borrowing availed and the said benefit has been taken to Other Equity which has improved its net worth position.
- b) As at 31 March 2022 there are three Directors nominated by TPL on the Board of Company, which demonstrates its continuous operational and business support.

Based on the assessment performed above, Management has prepared these financial statements on a going concern basis.

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

### 47. Key Financial ratios

S.No	Particulars	Numerator	Denominator	As at 31-Mar-22	As at 31-Mar-21	Variance %	Reason (For variance in excess of 25%)
1	Current Ratio	Total current assets	Total current liabilities	0.90	0.94	-4%	None
2	Debt-equity ratio (no of times)	Borrowings (Current + Non-current)	Equity share capital + Reserves and Surplus included under Other Equity	(1.08)	(1.22)	-11%	None
3	Debt service coverage ratio (no of times)	Loss before tax + Interest on guarantee commission from Holding Company + Interest on Loan received from the Holding Company + Depreciation and amortisation expenses + other non cash items as included in the statement of cash flows	Interest on Borrowings + Repayment of non-current Borrowings during the current period/year	(0.18)	(2.65)	-93%	The change in ratio when compared to the previous year is mainly on account of the repayments of borrowings made during the year. There were no repayments made during the previous year.
4	Return on equity Ratio	Loss after tax	Average Total Equity (excluding component of financial instruments included under Other Equity)	(0.11)	(0.14)	-21%	None
5	Inventory turnover ratio	Cost of materials consumed and changes in inventories of work-in-progress and contracts-in-progress	Average Inventory	6.85	4.95	38%	The major projects of the Company are in the final stages and the inventories at project sites have decreased. Further, there is improvement in the turnaround time for inventory at Factory locations which has resulted in adequate liquidation of inventory. This has led to overall increase in the inventory turnover ratio.
6	Trade receivables turnover ratio	Revenue from operations	Average Trade receivables (Non current & Current)	2.72	2.98	-9%	None
7	Trade payables turnover ratio	Project execution expenses + Purchases during the year	Average Trade payables	1.78	1.52	17%	None
8	Net capital turnover ratio	Revenue from operations	Current assets - Current liabilities	(13.37)	(14.43)	-7%	None
9	Net profit ratio	Loss for the year	Revenue from operations	(0.03)	(0.04)	-23%	None
10	Return on Capital employed	Loss before tax + Interest on Borrowings	Tangible Net worth + Borrowings (Current and Non current) + Deferred Tax Liability	10.70	8.95	20%	None

**Note:** The Company has not made any investments during the period ended 31 March 2022 and 31 March 2021 respectively. Accordingly, the ratio pertaining to Return on investment has not been disclosed.

## **NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022**

- 48.** The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.
- 49.** There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.
- 50.** No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.
- 51.** The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- 52.** The Company has not advanced or loaned or invested funds to any other persons or entities, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
  - provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.
- 53.** The Company has not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
- 54.** The Company is a subsidiary of Tata Projects Limited and forms part of the TATA Group (the "Group"). The Group includes the following Core Investment Company (CIC) in its structure:
- Tata Capital Limited
  - Tata Industries Limited
  - Tata Sons Private Limited
  - Pantalone Finvest Limited
  - TMF Holding Limited
  - T S Invesments
- 55.** The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.
- 56. Valuation of property, plant and equipment and intangible asset**  
The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.
- 57. Compliance with approved schemes of arrangements**  
The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

## NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2022 (Contd.)

### 58. Registration of charges or satisfaction with Registrar of Companies

There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.

59. The financial statements have been prepared and presented in accordance with the amended Division II of Schedule III to the Companies Act, 2013 issued vide notification dated March 24, 2021 (the "Notification"). Certain category of assets and liabilities have been regrouped / reclassified based on the requirements of the notification. Accordingly, previous year's figures have been regrouped / reclassified wherever required to make their classification comparable with that of the current year.

As per our report of even date

For **Price Waterhouse & Co Chartered Accountants LLP**  
FRN: 304026E/ E-300009

**Sunit Kumar Basu**

Partner

Membership No. 55000

Place: Hyderabad

For and on behalf of the Board of Directors

**Vinayak K. Deshpande**

Chairman

DIN:00036827

Place: Mumbai

**Sanjay Sharma**

Director

DIN:00332488

Place: Mumbai

**B V Ramesh Krishna**

Manager

Place: Hyderabad

**K Siva Rama Krishna**

Chief Financial Officer

Place: Hyderabad

**Deepak Tibrewal**

Company Secretary

Place: Hyderabad

Date: 25<sup>th</sup> April 2022

Date: 25<sup>th</sup> April 2022

## ARTSON ENGINEERING LIMITED

CIN: L27290MH1978PLC020644

(A Subsidiary of Tata Projects Limited)

Registered office: 2<sup>nd</sup> Floor, One Boulevard, Lake Boulevard Road, Hiranandani Business Park, Powai, Mumbai - 400076, Maharashtra

Phone: +91 40 6601 8194; Email: investors@artson.net; Website: www.artson.net

### SHAREHOLDERS DETAILS UPDATION FORM

To

**Link Intime (India) Private Limited,**

(Unit: Artson Engineering Limited)

C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai - 400083, Maharashtra

Email ID: rnt.helpdesk@linkintime.co.in

I /we hereby request you to record/ update the following details against my/ our folio no.:

<b>Name of the Sole/ First named shareholder</b>	:
<b>Folio No.</b>	:
<b>Full Address (with pin code)</b>	:
<b>CIN / Registration number: *</b>	:
(applicable to corporate shareholders)	
<b>E-mail Id (to be registered)</b>	:
<b>PAN no. *</b>	:
(of the sole/ first named shareholder)	
<b>Phone / Mobile number</b>	:

\*self-attested copy of the document enclosed

#### Bank Details:

<b>IFSC</b>	:
<b>MICR</b>	:
<b>Bank A/c type</b>	:
<b>Bank Account No. @</b>	:
<b>Name of the Bank</b>	:
<b>Name of the Branch</b>	:
<b>Bank Branch Address</b>	:

@ A blank cancelled cheque is enclosed to enable verification of bank details

I/ We hereby declare that the particulars given above are correct and complete. If the transaction is delayed because of incomplete information, I / we would not hold the Company / RTA responsible. I /We undertake to inform any subsequent changes in the above particulars as and when the changes take place. I / We understand that the above details shall be maintained till I / we hold the securities under the above mentioned Folio No. / Beneficiary account.

Place:

Date:

Signature of Sole/ First Shareholder



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## ARTSON ENGINEERING LIMITED

CIN: L27290MH1978PLC020644

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**Phone:** +91 40 6601 8194; **Email:** investors@artson.net; **Website:** www.artson.net

## DEMATERIALIZATION OF SHARES

### Introduction:

In order to mitigate the risks associated with share trading in paper format, concept of dematerialization was introduced in Indian Financial Market. Dematerialization (Demat) in short is the process through which an investor's physical share certificate gets converted to electronic format which is maintained in an account with the Depository Participant (DP). The ownership thereof is entered into and retained in a fungible form on a Depository by way of electronic balances. The name of the Shareholder is registered as a Beneficial Owner.

### Depository

Depository is the body which is responsible for storing and maintaining investor's securities in demat or electronic format. In India there are two depositories i.e. NSDL and CDSL.

### Advantages of Demat

Dealing in demat format is beneficial for investors, brokers and companies alike. It reduces the risk of holding shares in physical format from investor's perspective. From share issuing Company's perspective, issuance in demat format reduces the cost of new issue as papers are not involved. Efficiency and timeliness of the issue is also maintained while companies deal in demat form.

The benefits of conversion of shares in to demat form to the common investor are listed herein below:

- No stamp duty payable on transfer of shares.
- Safer and quicker process of transfer/ trading of shares.
- Faster settlement cycle.
- Faster disbursement of non-cash corporate benefits like rights, bonus etc.
- Demat form reduces the risk of bad deliveries.
- Time and money is saved as you are not dealing in paper now. You need not go to the notary, broker for taking delivery or submitting the share certificate.
- Liquidity is very high in case of demat format as whole process is automated.
- All the benefits of corporate action like bonus, stock split, rights etc. are managed through the depository leading to elimination of transit losses.
- Interest on loan against demat shares are less as compared to physical shares.
- One needs to pay less brokerage in case of demat shares.

- Periodic status reports and information available on internet thereby facilitating convenience in monitoring shareholding in all the companies.

**Procedure to be followed for dematerialization of shares:**

- The Shareholder has to fill up a Demat Request Form (DRF) and has to submit to the Depository Participant (DP) the DRF as well as the defaced share certificate;
- The concerned DP will verify the details and if found in order, it will generate a Demat Request Number (DRN) and intimate the Depository and Registrar and Share Transfer Agent (RTA) through e-system. Simultaneous to this, the DP will send the DRF and share certificate to RTA;
- RTA will verify the details of the electronic request as well as those mentioned in the DRF and Share Certificates with the records maintained by it.

**When demat request is found valid in all respects:**

- RTA will update the Register of Members and then validate the request; it will then electronically confirm the DRN to Depository and DP;
- The Depository will credit the DP's account and consequently, the DP will update the investor's demat account and inform the investor accordingly.

**When demat request is found invalid for any reasons:**

- RTA will electronically reject the DRN and intimate the same with reasons of rejection to the Depository and DP. The Depository and the DP will cancel the DRN from its system, respectively;
- RTA will then return the DRF and Share Certificates to the DP with an objection memo stating the grounds of objection/ rejection.

**Legal Requirement**

Pursuant to SEBI notification no. SEBI/LAD-NRO/GN/2018/24 dated 8<sup>th</sup> June 2018 and Circular no. SEBI/HO/MIRSD/RTAMB/CIR/P/2020/166 dated 7<sup>th</sup> September 2020 requests for effecting transfer of securities (except in case of transmission and transposition of securities) held in physical mode has been discontinued w.e.f. 31<sup>st</sup> March 2019, and re-lodgement, if any as the case may be, were also permitted only up to 31<sup>st</sup> March 2021. Therefore, holders of the Company's equity shares in physical form may consider dematerializing their holdings.

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NOTES

NOTES





# **ARTSON ENGINEERING LIMITED**

**CIN: L27290MH1978PLC020644**

**(Subsidiary of Tata Projects Limited)**

## **Registered Office:**

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