

**22nd
Annual Report
2009-10**

GROWTH, PROSPERITY, PROGRESS



**ARTEFACT
PROJECTS LTD.**

Excellence in Infrastructure services



The Key Management Team Comprises of

BOARD OF DIRECTORS



Manoj B. Shah
Managing Director



Pankaj B. Shah
Whole-time Director



Mohandas S. Adiga
Independent Director



Girish R. Dhabalia
Independent Director



Deepak B. Mehta
Independent Director



Ashok P. Mehta
Independent Director



ARTEFACT PROJECTS LIMITED

BOARD OF DIRECTORS

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

DESIGNATION

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

REGISTERED OFFICE

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

**REGISTRAR & SHARE TRANSFER
AGENTS**

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

JOINT STATUTORY AUDITORS

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

BANKERS

Canara Bank
Gandhi Nagar Branch, Nagpur

CORPORATE WEBSITE
www.artefactprojects.com



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PERFORMANCE AT A GLANCE

5 Years at a Glance

(₹ Lacs)

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

* Before adjusting Service Tax

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

BALANCE SHEET

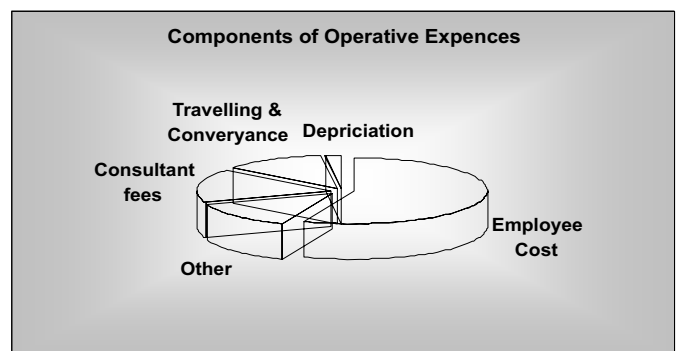
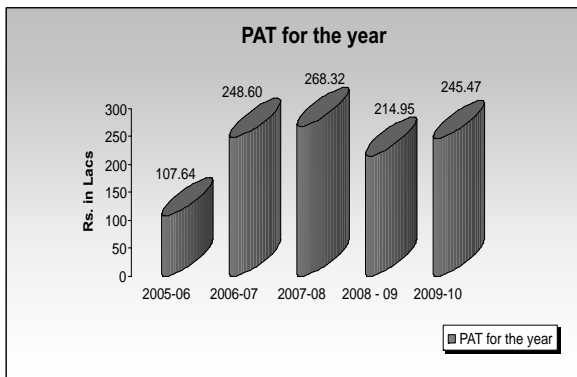
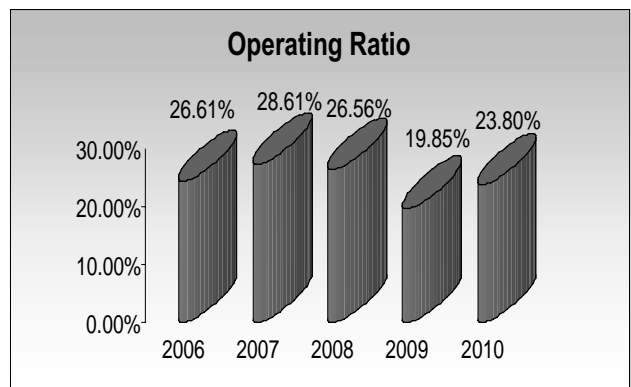
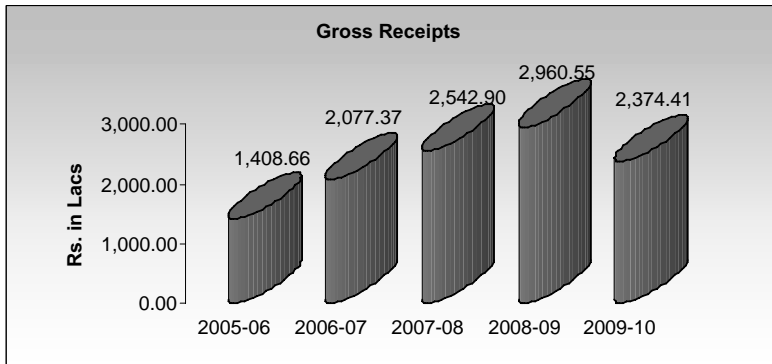
(₹. Lacs)

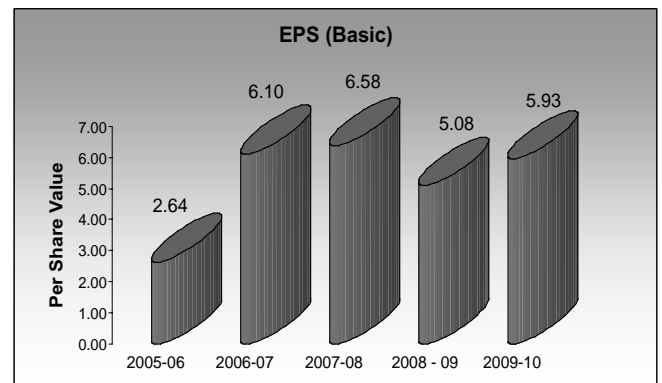
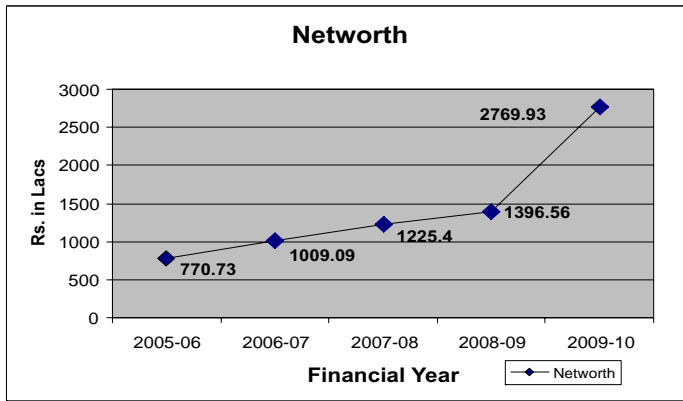
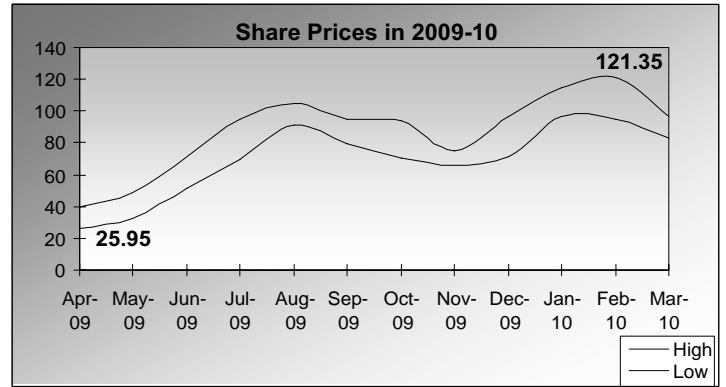
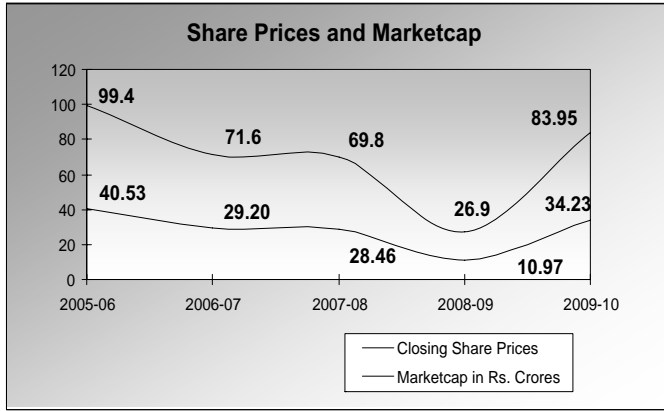
FINANCIAL YEAR	2005-06	2006-07	2007-08	2008 - 09	2009-10
<u>COMPANY'S ASSETS</u>					
Net Block- Fixed Asset-Own	132.22	953.98	1401.8	2156.95	2796.64
Net Block- Fixed Assets-Leased	-----	-----	-----	-----	-----
Investments (Incl. JVs)	16.84	2.01	2.01	2.01	2.01
Net Current Assets	949.54	865.70	968.24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

FINANCIAL RATIOS

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

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





NOTICE TO SHAREHOLDERS

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

As Ordinary Business:

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

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

Date: 14th August, 2010

By Order of the Board of Directors

Sd/-

Manoj B. Shah
Managing Director

REGISTERED OFFICE:

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

NOTES:

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



Letter from Managing Director



Dear Shareholders,

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

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

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

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

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

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

INDUSTRY OUTLOOK

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

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

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



I am confident your Company will further consolidate its prominent position in the sector in years ahead. Your Company continues to maintain its position by leveraging expertise from both within the organisation and through strategic alliances. Your Company now has been exploring concrete plans to leverage its technical strengths into project development consortium and spread of services across sectors and markets.

The heart of any creative effort lies with people. It is them who translate ideas into reality. Your Company has been fortunate in attracting some of the best professional talents for its businesses. We are proud of the people who are energetically transforming ideas into reality and translating plans into success.

We know we are on the edge of new era of development in the Sector. We realise that our growth can be maintained only through huge efforts and commitment all combined with utmost integrity. In this regard we are ready to face challenges and look forward to the future with optimism and energy.

Nagpur
Date: 14th August, 2010

With warm Regards
Sd/-
Manoj B. Shah
Managing Director

DIRECTOR'S REPORT

To,
The Members,

The Directors have pleasure in presenting the Twenty Second Annual Report of the Company together with the Audited statement of Account for the year ended 31st March 2010.

FINANCIAL RESULTS: (₹. Lacs)

PARTICULARS	2008 - 2009	2009-2010
Gross Receipts	2984.32	2407.51
Non Cash Charges	38.59	35.26
Profit Before Tax	366.37	374.52
Provision for Taxation	151.42	129.05
Net Profit for the Year (Including excess/short tax written back/off)	214.95	245.47
Accumulated Profit for Appropriations	980.18	1165.27
Proposed Dividend	30.58	30.58
Tax applicable on Proposed Dividend	5.20	5.08

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

2009 - 2010 IN RETROSPECTS:

The revenue from consultancy (after Service Tax) of the Company has come down to ₹ 21.53 crore i.e. net reduction by 18.50% compared to last year. The major reason being the completion of construction of projects like Chhattisgarh Rural Roads development project, 6 Laning of Vadodra Bharuch (NH 8) in Gujarat, Krishnagiri to Thopurghat (NH-7) in Tamilnadu and Kumarpalayam to Chengapalli (NH – 47) in Tamilnadu. At the same time, there was lack of new project awards during the year 2009-10 as very few new project tendered by NHAI and other road development authorities.

The Company managed to increase its profitability and the Profit after Tax (PAT) has increased by about 14.20% owing to following reasons:-

- Reduction in Manpower Cost (including Consultancy and Retainership fees) by 17.20%. This mainly counts on reduction in strength of site staff on project completion.
- Interest and financial expenses also came down by about 14% from ₹. 119.51 lakh to ₹.102.61 lakh. This is due to complete repayment of mobilization advance received from client by first half of the financial year and interest capitalization for term loan capital work in progress.

CAPITAL EXPENDITURE:

Artefact's prestigious project at Nagpur "Global Design, Research and Training Centre" is completed and occupied. It is one of the best built commercial infrastructure in city in terms of architecture and availability of facilities.

Your Company has incurred total capital expenditure on the above project to the extent of ₹. 672.98 Lacs during the year which has now taken the cost of project to ₹. 2660.22 Lacs. The company remains committed to its aim at continuous increase in its technological strengths to cater to the ever growing needs.

The debt drawn for the project of Global Design Research and Training Centre was ₹. 1080.58 Lacs as on 31st March, 2010.

DIVIDEND:

The Board subject to the approval of the Members at the ensuing Annual General Meeting, recommended dividend at the stipulated rate of 7.5 % per Share on the 49,77,600, including the 9,00,000 Equity shares allotted on 27th April, 2010 of ₹. 10 each, which would amount to a cash outlay of about ₹. 43.53 Lacs (including Dividend Distribution Tax thereon).

DIRECTORS:

Mr. Ashok Mehta retires at the ensuing AGM and being eligible offers himself for reappointment.

NOTE ON CONTINGENT LIABILITIES:

The Contingent liabilities of the Company mainly include Bank Guarantees provided under contract/ legal obligation to client . No cash outflow is expected.

The total Bank Guarantee issued till 31st March, 2010 amounted to ₹.558.34 Lacs with varying maturity schedule. The Maturity schedule of the Bank Guarantee coincides with contract completion duration concluding entirely by 31st March, 2011.

As a risk mitigation measure and to safeguard your Company's Financial Liability of Bank guarantees, also in the case of any remote unlikely possibility of any professional liability, the performance of the company's services is also fully covered by Professional Liability Insurance Policy.

Besides, your Company has outstanding capital commitments of ₹.41.63 Lacs as on 31st March, 2010 towards ongoing capital expenditure, being a part of committed capital expenditure.

CORPORATE DEVELOPMENTS:

The year was full of positive developments as the Company successfully underwent Preferential Allotment exercise. The Board of Directors in its meeting dated 27th April, 2010 issued and allotted 9,00,000 Equity Shares and 10,22,400 Equity Convertible Warrants of the Face Value of ₹.10 each at an issue price of ₹.101/- each.

In the Extra Ordinary General dated 23rd February 2010, the Shareholders of the Company passed the special resolution authorizing the Board to issue and allot 9,00,000 Equity Shares and 10,22,400 Equity Convertible warrants to the proposed allottees. Subsequently BSE gave its in-principle approval to the issue on 16th April 2010 and in the Board Meeting dated 27th April 2010, the said Equity Shares and Warrants were allotted to the proposed allottees. The Equity Shares have been listed on the BSE vide its approval dated 18th May 2010.

The issue was made at an issue price of ₹. 101/- per share/warrant inclusive of Securities Premium of ₹. 91/- each.

Total funds inflow was as under:-

Sr. No.	Details	Amount (₹)
1.	Share Application:-	
	Equity Shares (9,00,000 Eq. Sh. @ ₹ 10/- each)	90,00,000
2.	Securities Premium:-	
	9,00,000 Eq. Sh. @ ₹ 91/- each	8,19,00,000
	Inflow on Share Issue	9,09,00,000
3.	Equity Convertible Warrants (25% of the 10,22,400 Warrants @ ₹101 each)*	2,58,15,600
	Grand Total	11,67,15,600

* Only 25% of the total issue price is payable at the time of issuance of Warrants.



AUDITORS:

M/s Chaturvedi & Shah, Chartered Accountants, Joint Statutory Auditor for the company shall hold office till the conclusion of the ensuing Annual General Meeting and is recommended for re-appointment. Company has received letter from them, to the effect that their re-appointment, if made would be within the prescribed limits under section 224 (I-B) of the Companies Act, 1956.

M/s. Naresh Patadia & Co. Chartered Accountants, Joint statutory auditor for the company shall hold office till the conclusion of the ensuing Annual General Meeting and is recommended for re-appointment. Company has received letter from them, to the effect that their reappointment, if made would be within the prescribed limits under section 224 (I-B) of the Companies Act, 1956.

The resolutions for their appointments will be placed before the shareholders in the ensuing Annual General Meeting for their consideration and approval.

PERSONNEL:

The company has not paid any remuneration exceeding the limits under Section 217(2A) of the Companies Act, 1956.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information in accordance with the provisions of Section 217:-

A) Conservation of energy

The operations of the Company do not involve any motive Power. However, even within the present consumption, adequate measures have been taken to conserve and reduce the energy usage. In fact, "Global Design and Research Centre" (also known as Artefact Towers) is a green building norms compliant infrastructure.

B) Technology Absorption:

Your company is continuously marching ahead in the innovative usage of Information Technology for enabling speedy decision making, improving operations efficiency and effective knowledge management. Information technology in the area of project management, cost management and resource management has been one of the key thrust.

Your company has set up a new networking 1 GBPS data as well as increase in network security, speed, efficiency in its new infrastructure. The measures include:-

- Installation of seven numbers of HP Blade servers, storage Racks and UPS
- Installation of Cisco managed switches (Layer 2 & 3 Switches)
- Cyberrom to asa Cisco firewall
- Layer 3 Cisco Router
- 1 GBPS Cat 6 Exchanged cabling I/o Sockets and Panels for life time warranty.

Apart from the above the company has been continuously upgrading its technology, up-gradation of servers set up of SAN storage for centralized data storage and for increase in data processing speed and enterprise wide solutions.

C) Foreign Exchange Earnings:

The company has not earned any Foreign Exchange during the year.

DEPOSITS:

The company has not accepted any deposits within the meaning of Section 58A & 58AA of the Companies Act, 1956 and / or Rules framed there under.

QUALITY ASSURANCE:

Your Company is an ISO 9001:2008 Company. The Company firmly believes in the pursuits of excellence in this ever growing infrastructure sector. Our focus has been on providing consistently quality services to our clients.

ENVIRONMENT, SAFETY & HEALTH (ESH):

Your Company continues to fulfill all its ESH responsibilities at its work places. Relevant and applicable pollution control systems are operational. Continuous efforts to nurture and preserve the environment are vigorously pursued. Regular training program on safety and environment are conducted to increase awareness and commitment for safety and the environment.

STATUTORY DISCLOSURES:

None of the Directors of the Company are disqualified to be appointed as Director under the provisions of section 274 (1) (g) of the Companies Act, 1956. The Directors have made necessary disclosures, as required under the various provisions of the Act and Clause 49 of the Listing Agreement with the Bombay Stock Exchange.

CORPORATE GOVERNANCE:

The Company has been practicing the principles of good corporate governance over the years and it is an ongoing process. A detailed report on corporate governance is part of this Annual Report.

Certificate of the statutory auditors of the Company regarding compliance with the provisions of corporate governance as stipulated in clause 49 of the Listing Agreement is also provided in the corporate governance report.

DIRECTORS' RESPONSIBILITY STATEMENT:

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, with regard to the Directors Responsibility Statement, your Directors confirm that:

- (a) in the preparation of the annual accounts, the applicable Accounting Standards have been followed;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March 2010 of the profit of the Company for that year;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) They have prepared the annual accounts on a going concern basis.

EMPLOYEE RELATIONS:

Artefact's mainstays are its employees and the human resource. Artefact continued to lay stress on organizational development skills. Artefact has created a global level work environment that encourages innovation and is nurturing talents in their area of operation. The Company consists of an able team and experienced professionals. Artefact believes that it will manage to achieve substantial growth with a lean organizational structure.



WELFARE:

The Company while giving paramount importance to Welfare measures makes constant and conscious efforts to improve the welfare of employees and their families.

The Company continues to provide numerous facility and recreational facilities at its Head Office and major project site offices such as library and cultural program etc.

ACKNOWLEDGEMENT:

Your Directors would like to express their grateful appreciation for assistance and co-operation received from the Government, shareholders, Investors, Bankers, other Business constituents and Members during the year under review. Your Directors take this opportunity to recognize and place on record their deep sense of appreciation for the commitment and contribution made by all the employees and look forward to receive the same in future.

Place: Nagpur

Date: 14th August, 2010

For and on behalf of the Board of Directors

Sd/-

Manoj B Shah
Managing Director



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS:

Infrastructure services and facilities constitute the basic support system of an economy. It includes the transportation network in the form of railways, roadways, ports and civil aviation; the tele-communication system as well as the power sector. All such utilities, through their backward and forward linkages, provide an enabling environment for facilitating the growth of a nation. Even foreign investors are now looking at infrastructural development as a yardstick for directing their investments. Recognizing the critical importance of the infrastructure sector, the Government of India has accorded it a high priority.

The Government's thrust is evident in the provisions of Union budget 2010-11

- ₹. 1, 73,552 Crore provided for infrastructure development which accounts for over 46 per cent of the total plan allocation.
- Allocation for road transport increased by over 13 per cent from ₹.17, 520 Crore to ₹. 19, 894 Crore.
- An allocation of ₹.9472 Crore for National Highway Authority of India.
- An allocation of ₹.4575 Crore for Development of National Highways
- Expenditure provision from the central road fund for investment in National Highway Authority of India of the year 2010-11 is ₹.7, 848.98 Crores.
- The rating for the Sectoral impact on infrastructure sector is Positive+ representing Predominantly positive proposals

OUTLOOK:

- ✓ About 27 per cent of the total length of national highways is single-lane/intermediate lane, about 54 per cent is two-lane standard and the balance 19 per cent is four-lane standard or more. In 2009-10, as against the stipulated target of developing about 3,165 km length of NHs under various phases of the NHDP, the achievement up to November 2009 has been about 1,490 km. Against the target of awarding projects for a total length of about 9,800 km under various phases of the NHDP during 2009-10, projects have been awarded for a total length of about 1,285 km up to November 2009. Balance length for award by NHAI is 13,184 km.
- ✓ NHAI's most ambitious project, National Highways Development Project (NHDP) continued to miss award and completion targets, even after a decade of its launch. It was severely hit last year due to issues pertaining to award process and the concession framework as well as the economic and financial.
- ✓ There were several issues to be addressed in the standard bidding documents and the model concession agreement (MCA) for Road Development Projects for Private Sector. These issues along with the global economic downturn acted as major bottlenecks in speedy road development.
- ✓ In an attempt to resolve the issues, the government modified some clauses several times, which in turn, delayed the bid award process.
- ✓ To resolve the issues relating to standard bidding documents, model concession agreement and global financial crisis, the government set up the three- member B.K. Chaturvedi Committee in August 2009.



The committee submitted its report and all its recommendations have been accepted by the Cabinet Committee on Infrastructure. The major changes included modification in the Standard Bidding Agreement and Model Concession Agreement by restoring and amending sub-clauses of technical capacity clause, cross holding limits, lowering the forfeiture amount in case of disqualification, relaxing exit clause etc were the highlights of amendments.

- ✓ Other key measures include increasing the concession period for several stretches from 15-18 years to 20-30 years, upward revision of up to 20 per cent of the approved cost of various projects: disbursements of viability gap funding during the construction phase itself: and asking the NHAI to restructure road projects to make them attractive for bidders, and to bid projects in small tranches for speedier implementation.

FUTURE PROSPECTS:

- ✓ The Committee on Infrastructure has projected a 12-15 per cent growth in passenger traffic annually and 15-18 per cent annual growth in cargo traffic. It has been estimated that an investment of \$50-60 billion is required until 2011-12 to improve road infrastructure.
- ✓ Major targets for road development have been set for the next four-five years. The Eleventh Five-Year Plan accords high priority to expeditious completion of the balance works under phases I, II and IIIA of the NHDP. The union government also plans to initiate work for two-laning of 6,800 km of identified stretches under Phase IV through the BOT (toll) format. The MoRTH plans to construct 129,707 km of new rural roads and upgrade 100,740 km of existing rural roads in the Eleventh Plan period.
- ✓ Besides, foreign participation which is already quite significant is projected to increase further. Tolling revenues are estimated to go up and large focus on provision of electronic tolling mechanisms and intelligent transportation systems is expected to be laid. In addition, plans are afoot by the union government to shift to corridor management, maintenance of roads and bridges to the desired standard: tackling safety hazards and traffic bottlenecks: traffic management: collection of user fee: land management: etc.
- ✓ As per the latest estimates, investment of \$70 billion is expected in NHDP in the next three years. The private sector is expected to contribute about \$ 40 billion, of which foreign investors will contribute about \$10 billion. Total investment under NHDP is now pegged at ₹. 3,315.05 billion at 2009 prices. Of this, the private sector is estimated to contribute ₹.1,970.21 billion comprising about 60 per cent of the total investment.

Your company has positioned itself to capitalise these growth opportunities.

YOUR COMPANY OPERATES IN AN ENVIRONMENT WHERE IT'S MAJOR: STRENGTHS include:-

- Expertise and hands on experience in entire range of infrastructure services and technical skills required for project conception upto commissioning.
- JVs and long term association with key players in project management and technical services.
- Successful track record of project completion and technical by ground
- Sought after International experts and talents attracted by Artefact in various fields

OPPORTUNITIES include:-

- Extension of Technical Services and Expertise for higher profitability by partnering project development and promotion.
- Accelerated bid awards in ensuing period will throw up opportunities.

THREATS faced by Artefact include

- Domestic and International Competition in the industry and entry of corporates from unrelated business backgrounds, is a threat, Artefact tries to address by leveraging its position and plans to enlarge its JV partners for development and market expansion.
- Short term Macro Economic factors like Global slow down, steep petroleum price increase, high inflation and high interest rates, reduction in FDI and stock market settlements in short term have an impact on the pace of development.
- Other threats include Legal and bureaucratic hassles, state and local laws, and other statutory issues having an impact on the pace of development

SEGMENT WISE PERFORMANCE & OUTCOME:

The Company is in the business of consultancy in infrastructure development of airports, ports, roads, highways etc and hence operates in a single Business segment.

Your company is continuously taking up challenges for development for future growth.

INTERNAL CONTROLS AND THEIR ADEQUACY:

The Company has developed internal control systems relating to all aspects of the business such as procurement, project execution, finance and management information systems. The Company's internal controls are supplemented by internal audits, review by management and documented policies, guidelines and procedures. The internal control is designed to ensure that financial and other records are reliable for preparing financial information and for maintaining accountability of assets. The company is enhancing process automation for better efficiency and quicker response time.

FINANCIAL OVERVIEW:Net Worth:

During the year there has been net accretion of ₹. 206.21 Lacs to reserves after appropriating ₹. 35.66 for proposed dividend and dividend tax thereon on Equity shares outstanding as at year end, and there is an inflow of ₹. 1,167.16 Lacs being Application money towards Equity share and Equity convertible Warrants resulting in a rise in net worth to ₹. 2769.93 Lacs as on 31st March, 2010 i.e. an addition of 98.33% in shareholders worth.



Secured Loans:

There has been a decrease in secured loans of the company from ₹. 1615.71 Lacs to ₹. 1111.55 Lacs, (decrease of 31%), and the term loan availed is ₹. 1080.58 Lacs. This was primarily due to the amount issue proceeds deposited in Cash Credit Account reducing the utilization thereof.

Fixed Assets:

The gross block of fixed assets stood at ₹. 356 Lacs and Capital Works in Progress were ₹. 2660.22 Lacs. Overall there was an addition of ₹. 672.98 Lacs in Fixed Assets due to completion of company's prestigious "Global Design and Research Centre".

Current Assets: Sundry Debtors:

Sundry Debtors registered a decrease of 8% during the year. The overall debtor level yet was 186 days of revenue (Previous year 162 days). With client Profile of Government/ PSU Clients, given the procedural set-up of clients, the nature of the revenue and the formal approval based receivable cycle, makes it imperative to provide for higher level of working capital. However, the company is making vigorous efforts to reduce the day's level of debtors. Further to meet this requirement, working capital limits were enhanced during the year by increase in sanctioned working capital CC limits to ₹. 800 Lacs (Previous year ₹. 600 Lacs).

Cash & Bank Balances:

The cash and bank balances stood at ₹.123.24 Lacs mainly consisting of fixed deposits in banks amounting to ₹.98.32 Lacs towards margins for various bank guarantees and securities.

Loans & Advances:

Loans and advances stood at ₹. 579.39 Lacs (Previous year ₹. 572.36 Lacs). Increase in loans and advance is about 1.23 %. Measure part of this amount includes advance payment of tax amounting to more than ₹. 371.47 Lacs.

Current Liabilities:

The current liabilities and provisions were lower mainly due to decrease in year-end payables with respect to various dues and services and tax deductions.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS:

Engaging the best minds in the business, nurturing them with care in a professional environment and bringing out the best in them is our continuous endeavor. The Human Capital in the Organization has always remained the constant appreciating assets, which have propelled the Organization to its present status. The Management is paying special attention to various aspects like training, welfare and safety of the employees and thereby further strengthening the Human Resources.

The relationship with employees remained cordial through out the year under review. The company has adopted Accounting Standard -15 issued by ICAI and has made provisions of retirement benefits accordingly.

At the end of the Year 2009-10, the break-up of Human Resource was as below:

Human Resource	Number
Engineering Staff	145
Other Professionals	18
Supporting Staff	95
Sub Staff	38
TOTAL	296

CAUTIONARY STATEMENT:-

Management Discussion and Analysis forming part of this Report is in compliance with Corporate Governance Standards incorporated in the listing agreement with Stock Exchanges and such statements may be "forward-looking" within the meaning of applicable laws and regulations. The Actual results may vary for the company. The Company cannot undertake entire achievement of plans and prospects, since they are subject to macro and other risks of unforeseen circumstances, natural calamities, political or economic instability, normal market risks, and legislation. These risks may have a sizeable impact on the company's operations and over which the company may not have any control.

Place: Nagpur
Date: 14th August, 2010

Sd/-
Manoj B Shah
Managing Director

CORPORATE GOVERNANCE REPORT

The Company's Corporate Governance Philosophy

The Company is in compliance with the disclosure requirement of Clause 49 of the Equity Listing Agreement executed with the Stock Exchange; the directors thereby present the company's report on Corporate Governance for the year ended 31st March, 2010.

Corporate Governance being a system that helps to ensure higher degree of transparency in its dealings and lays emphasis on sound corporate practices based on conscience, openness, fairness, professionalism, accountability, integrity, regulatory compliance as well as meeting of social responsibilities in building confidence of its stakeholders and investors.

The company believes that corporate governance helps the management to control the affairs of the company as well as be responsible to the stakeholders. The company's Corporate Governance philosophy has been strengthened through adoption of Code of Conduct, prevention of insider trading and corporate disclosure practices.

BOARD OF DIRECTORS:

The Board of Directors provides strategic direction and thrust to the operations of the Company. The Directors are professionals and have expertise in their respective functional areas and bring a wide range of skills and industry experience to the Board.

COMPOSITION

In compliance of Clause 49 of the Equity Listing Agreement related to the Independent Directors, the Board of Directors of the Company is having an optimum combination of executive and non-executive directors. The board presently comprises of 6 Directors including 2 Executive Promoter Directors and 4 Non-Executive-Independent Directors.

BOARD PROCEDURES:

The professionals of the Company headed by the COO, CFO and Compliance Officer of the Company, prepare agenda for the Board Meeting in consultation with Directors. The agenda for the Board and its Committee meetings, together with a brief review on the operations of the Company during the period are circulated in advance of the meetings. The meetings are held at the registered office of the company in Nagpur. The meetings also review the compliances to the Secretarial Standards of ICSI.

The composition of the Board of Directors during the year under review along with the number of directorships and their memberships held in various committees in other companies as on 31st March, 2010 are given in the table below:

Category	Name of Director and Designation	No. of outside Directorships and Committee Membership / Chairmanship			
		Listed	Unlisted*	Committee Membership	Chairmanship
Promoter/ Executive Directors	Mr. Manoj B. Shah Managing Director & Chief Executive Officer	---	5	---	---
	Mr. Pankaj B. Shah Whole-time Director	---	3	---	---
	Mr. Mohandas S. Adige (Whole-time Director upto 30 th January 2010)	5	1	4	
	Mr. Ashok P. Mehta	---	---	---	---
Independent / Non executive Directors	Maj. Gen. (Ret d.) Baljit Kumar Mehta (Independent Director in the Company upto 30 th July 2009)	---	1	---	---
	Mr. Girish R. Dhabalia	---	---	---	---
	Mr. Deepak Mehta (Independent Director in the Company since 30 th July 2009)	---	---	---	---

* Includes unlisted public companies, private companies and foreign companies



CODE OF CONDUCT:

During the year the Board adopted a Code of Conduct for all Board members and senior management of the Company and also posted it on the Company's website. All the Board members and senior management personnel affirmed the compliance with the Code. The declaration of the CEO to this effect is disclosed under CEO & CFO Certification as an Annexure to this Annual Report.

Board Meetings & General Meetings:-

The attendance of the Directors of the Company at the Board meetings and Annual General Meeting are as follows:

- The Board of Directors met Seven times during the year on the following dates:-
 - i. 30th May 2009
 - ii. 30th June 2009
 - iii. 30th July 2009
 - iv. 31st October 2009
 - v. 30th January 2010
 - vi. 10th March 2010
 - vii. 31st March 2010
- Annual General Meeting (AGM) was held on 29th September, 2009
- Extra Ordinary General Meeting was held on 23rd February, 2010

Director	No. of Board Meetings Attended	Attended Last AGM	Attended EGM
Mr. Manoj B. Shah	6	Yes	Yes
Mr. Pankaj B. Shah	7	Yes	Yes
M. Mohan Adige	7	Yes	Yes
Mr. Ashok P. Mehta	7	Yes	Yes
Maj. Gen. (Retd.) Baljit Kumar Mehta (Independent Director upto 30 th July, 2009)	2	No	No
Mr. Girish R. Dhabalia	7	Yes	Yes
Mr. Deepak Mehta (Independent Director since 30 th July, 2009)	4	Yes	Yes

Information placed before the Board of Directors, inter alia, includes:

- Annual Accounts, Directors' Report etc.
- Annual operating plans and Capital Budgets.
- Quarterly results of the company.
- Minutes of meetings of Audit Committee and other Committees of the Board.
- The information on recruitment and promotion of Senior Officers.
- Major accidents, dangerous occurrences etc, if any.
- Operational highlights and substantial non-payment for service of the company, if any.
- Major investments, formation of Subsidiaries and Joint Ventures, Strategic Alliances etc, planned and executed if any.
- Award of major contracts.
- Disclosure of Interest by Directors about directorship and committee positions occupied by them in other companies.
- Any significant development in Human Resources.
- Compliance Certificate of any regulatory, statutory nature.
- Short-term investment of surplus funds.
- Information relating to major legal disputes.
- Other materially important information.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board has constituted various Committees for smooth and efficient operation of the activities and is responsible for constituting, assigning, co-opting and fixing the terms of reference for the committees in line with the laws of land. The draft minutes of the proceedings of each Committee Meeting duly initialed by the Chairman of the respective Committee Meeting are circulated to the members of that Committee for their comments and thereafter, confirmed by the respective Committee in its next meeting. The Chairman, quorum and the terms of reference of each committee has been approved by the Board.

The Board has established the following Committees:-

- i) Audit Committee
- ii) Remuneration Committee
- iii) Borrowing Committee
- iv) Management Committee
- v) Shareholders / Investors Grievance Committee
- vi) Ad-hoc Committee

AUDIT COMMITTEE

The Company has an Audit Committee constituted in terms of Clause 49 of the Listing Agreement. The Audit Committee also undertakes and reviews such matters as delegated by the Listing Agreement and the Board from time to time.

The Audit Committee comprises of three Non-Executive Directors and one Executive Director and is chaired by Mr. Girish R. Dhabalia who is an Independent Director. However, as on the date of adoption of Corporate Governance Report, Mr. Mohan Adige is the Chairman of the Audit Committee vide Board approval in its meeting dated 31st May, 2010. All the Members of Audit Committee are qualified and having insight to interpret and understand the financial statements. Their prime tasks are to review the scope of the external audit, to receive reports from the external and internal auditors, to review the effectiveness of internal control procedures etc.

The key elements of processes used by the Audit Committee to review the effectiveness of the system of Internal Control include-

- Discussion with management on risk areas identified by auditor in the audit process.
- The review of internal and external audit plans.
- The review of significant issues arising from internal and external audit.
- The review of significant group risk reported by the group risk committee.

A) Scope of Audit Committee

1. Discussion with Auditors periodically about internal control systems and the scope of audit including observations of the auditors.
2. (a) Review of the quarterly and annual financial statements before submission to the Board.
(b) Review and take on record the un-audited quarterly results of the Company before publication.
3. Review Compliance of Internal Control Systems.
4. Overview the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
5. Noting of appointment and removal of external auditors. Recommending the fixation of audit fee of external auditors and also approval for payment for any other services.
6. Reviewing with management the annual financial statements before submission to the Board, focusing primarily on :
 - Any changes in accounting policies and practices, if occurred
 - Qualifications in audit report, if any
 - Significant adjustments arising out of audit, if any
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with stock exchange and legal requirements concerning financial statements.
 - Any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large, if occurred
7. Reviewing with the management, external and internal auditors and the adequacy of internal control systems.
8. Reviewing with the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
9. Discussion with internal auditors any significant findings and follow up there on.
10. Reviewing the findings of any internal investigations by the internal auditors.
11. Discussion with external auditors before the audit commences in respect of nature and scope of audit and thereafter post-audit discussions to ascertain any area of concern.
12. Reviewing the company's policies.
13. To look into the reasons for any major defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
14. Investigation into any matter in relation to the items specified above or referred to it by the Board.

B) Composition of Audit Committee in compliance with Clause 49 of the Listing Agreement (as on March 31, 2010)

Audit Committee comprises of the following Directors:-

- | | | |
|---------------------------|---|-------------------|
| 1. Mr. Girish R. Dhabalia | - | Chairman |
| 2. Mr. Pankaj B. Shah | - | Member |
| 3. Mr. Ashok Mehta | - | Member |
| 4. Mr. Deepak Mehta | - | Member |
| 5. Ms. Vandana Sapre | - | Company Secretary |

Maj. Gen. (Retd.) Baljit Kumar Mehta resigned from Directorship of the Company on 30th July, 2009 and resultantly he ceased to be a member of Audit Committee. In the same Meeting Mr. Deepak Mehta was appointed as a Director in Casual Vacancy of the Company. Mr. Deepak Mehta was appointed as an Independent Director and member of the Audit Committee in Annual General Meeting held on 29th September, 2009. Mr. Ashok Mehta was appointed as a member of the Committee w.e.f. 1st August, 2009. Mrs. Minoti Banthia, appointed as the CFO of the Company in the Board Meeting dated 14th August, 2010 is now also a member in the Audit Committee.

C) QUORUM:

Quorum for the Audit committee is two non-executive Directors

D) Meeting and Attendance:

The Committee met Five times on following dates during the Financial Year 2009-10:-

- | | |
|---------------------------------|-----------------------------------|
| i. 12 th April 2009 | iv. 26 th October 2009 |
| ii. 25 th June 2009 | v. 23 rd January 2010 |
| iii. 29 th July 2009 | |

The attendance of members of the Committee was as follows:

Director	No. of Meetings Attended
Mr. Girish R. Dhabalia	5
Mr. Pankaj B. Shah	5
Maj. Gen. (Retd.) Baljit Kumar Mehta (upto 30 th July 2009)	3
Mr. Deepak Mehta (w.e.f 30 th July 2009)	2
Mr. Ashok Mehta (w.e.f 1 st August 2009)	2

REMUNERATION COMMITTEE

(A) TERMS OF REFERENCE:

The Remuneration Committee shall determine on behalf of the Board and on behalf of the shareholders policy of the Company on specific remuneration packages for executive directors including pension rights and any compensation payment. The Committee shall also determine the remuneration packages of the non-executive directors, if any.

(B) COMPOSITION, NAME OF MEMBERS AND CHAIRPERSON:

Chair person Mr. Girish R. Dhabalia, other member is Mr. Ashok P. Mehta.

(C) MEETINGS AND ATTENDANCE DURING THE YEAR:

Meeting of the committee was held during the year 2009-10 on 20th July 2009.

Director	No. of Meetings Attended
Mr. Girish R. Dhabalia	1
Mr. Ashok P. Mehta	1
Maj. Gen. (Retd.) Baljit Kumar Mehta (upto 30 th July 2009)	NIL

(D) REMUNERATION POLICY:

The Remuneration Committee determines the remuneration of Executive Directors based on individual performance, qualifications and experience, Company performance, Comparable Industry practices etc.

(E) DETAILS OF REMUNERATION PAID TO DIRECTORS:

Director	Salary* (₹.)	Sitting Fees (₹.)	Commission (₹.)	No. of Equity Shares held
Mr. Manoj B. Shah	20,63,500	-----	-----	5,18,100
Mr. Pankaj B. Shah	19,43,500	-----	-----	5,65,050
Mr. Mohan Adige**	250,000	-----	-----	100
Maj. Gen. (Red.) Baljit Kumar Mehta	-----	-----	-----	700
Mr. Ashok P. Mehta	-----	-----	-----	-----
Mr. Girish R. Dhabalia	-----	-----	-----	1000
Mr. Deepak Mehta	-----	-----	-----	-----
Total	42,57,000	-----	-----	10,84,250

* Salary includes market value of perquisites

**Mr. Mohan Adige became an Independent Director since February 2010 and he has not been paid any remuneration since then.



BORROWING COMMITTEE

A) TERMS OF REFERENCE:

The Committee was formed to ensure that the borrowings of the Company from Banks, Financial Institutions are at competitive costs. It reviews the financial asset and liability framework of the Company and prepares and updates for the Board's approval in accordance with financial asset and liability risk management guidelines. It is free to appoint outside counsel.

B) COMPOSITION OF THE COMMITTEE:

The Borrowing Committee comprises of the following Directors namely:

1. Mr. Manoj B. Shah - Chairman
2. Mr. Mohandas S. Adige - Member
3. Mr. Chetan Shah - FCA, as the Financial Advisor
4. Mr. Deepak Mehta - Member

C) MEETING AND ATTENDANCE:

The Committee met three times on following dates during the Financial Year 2009-10:-

- i. 14th April 2009
- ii. 29th May 2009
- iii. 20th October 2009

The attendance of members of the Committee was as follows:-

Director	No. of Meetings Attended
Mr. Manoj B. Shah	3
Mr. Mohandas S. Adige	3
Maj. Gen. (Retd.) Baljit Kumar Mehta (up to 30 th July 2009)	2
Mr. Chetan B. Shah	3
Mr. Deepak Mehta (w.e.f 30 th July, 2009)	1

MANAGEMENT COMMITTEE

A) TERMS OF REFERENCE

The management committee was constituted to ensure guidance in terms of providing strategic direction to the Company and be architect of pursuing growth of the Company. The scope of the management shall be, but not limited to:

- a) Providing feedback to the management on performance in all aspects covering operations, planning, development, and implementation of projects.
- b) To examine the efficiency of the existing systems and procedures laid down and suggest policy changes if any,

- c) To comment on management audit aspects furtherance of corporate goals, image building, decision-making process, tapping new business and organizational goals.
- d) Strategize growth initiatives with the purpose of moving with market requirements
- e) Add in developing a robust management structure to take on future challenges
- f) Put in place a comprehensive risk management strategy.
- g) Advise the Board and discuss diverse issues arising from time to time.

B) COMPOSITION OF THE COMMITTEE (as on MARCH 31st, 2010)

The Management Committee comprises of each of the following Directors namely:

1. Mr. Manoj B. Shah - Chairman
2. Mr. Pankaj B. Shah - Member
3. Mr. Mohandas S. Adige - Member
4. Mr. Chetan B. Shah - Financial Advisor

C) MEETING AND ATTENDANCE:

During the year 2009-10, one meeting was held on 13th January, 2010 which was attended by all members.

SHAREHOLDER / INVESTOR GRIEVANCE COMMITTEE:

A) TERMS OF REFERENCE

The Company has formed an Investors' / Shareholders' Grievance Committee with the following terms of reference:

- Ensure redressal of the shareholder and investors compliant relating to transfer of share, non-receipt of Balance sheet etc;
- Ensure proper controls at Registrar and Share Transfer Agent;
- Review movement in shareholdings profile.

The Committee generally meets to approve the Share Transfers, confirms issue of duplicate shares, sub-division and consolidation, replacement of lost/stolen/ mutilated share certificates, review of dematerialization and rematerialization of shares. The minutes of the Committee are circulated to the Board for their noting.

B) COMPOSITION OF THE COMMITTEE

The Committee comprises of the following Directors namely:

1. Mr. Girish Dhabalia - Chairman
 2. Mr. Pankaj B. Shah - Member
 3. Mr. Manoj B. Shah - Member
 4. Mr. Deepak Mehta - Member
 5. Mrs. Pooja Luthra - Practicing Company Secretary & Retainer
- Consultant also attended the committee meetings.

The Committee met seven times on following dates during the Financial Year 2009-10:-

- | | |
|---------------------------------|-------------------------------------|
| i. 4 th May 2009 | v. 20 th September 2009 |
| ii. 24 th May 2009 | vi. 30 th November 2009 |
| iii. 17 th July 2009 | vii. 26 th February 2010 |
| iv. 8 th August 2009 | |

The attendance of members of the Committee was as follows:

DIRECTOR/ MEMBER	No. of Meetings Attended
Mr. Girish Dhabalia	7
Mr. Pankaj B. Shah	7
Mr. Manoj B. Shah	7
Maj. Gen. (Retd.) Baljit Kumar Mehta (upto 30 th July, 2009)	2
Deepak Mehta	4
CS Pooja Luthra	7

During the year the company recorded transfer of 800 shares and transmission of 8,800 shares of the Company.

C) The Committee Deals In Matters Relating To:

- a) Transfer and Transmissions of shares
- b) Issue of duplicate Share Certificates
- c) Review of Dematerialized shares
- d) Redressal of Shareholders' grievances
- e) Other matters related to shares.

The Company's secretarial department is now equipped with One Practicing Company Secretary on regular retainerhip basis, and one Whole Time Company Secretary and compliance officer, assisted by three Assistant Company Secretaries.

D) Grievance Redressal Status:

The Following are the details in respect of complaints from shareholders:

1. During the year, the Company received 45 complaints
2. Complaints not solved to the satisfaction of the Shareholders: NIL

AD-HOC COMMITTEE

A) Terms of Reference

To take care of the day-to-day operations and smooth functioning of the Company, the Board of Directors has decided to form an Ad-hoc Committee. And the committee was formed on 31st October, 2008. The main function of the committee will be authorizing the day to day transactions for smooth operations.

B) Composition of the Committee

The Committee comprises of the following Directors namely:

1. Mr. Manoj B. Shah - Chairman
2. Mr. Pankaj B. Shah - Member
3. Mr. Girish R. Dhabalia - Member

C) MEETING AND ATTENDANCE:

The Committee met five times:-

- | | |
|--------------------------------------|-------------------------------------|
| (i) 16 th July 2009 | (ii) 4 th August 2009 |
| (iii) 25 th November 2009 | (iv) 28 th December 2009 |
| (v) 3 rd February 2010. | |

The attendance of members of the Committee was as follows:-

Director	No. of Meetings Attended
Mr. Manoj B. Shah	5
Mr. Pankaj B. Shah	5
Mr. Girish R. Dhabalia	5

RISK MANAGEMENT:-

Risk management is a critical component of corporate governance. It is recognized as a key business process within both the private and public sector around the world for planning and decision-making.

Your company has created a separate risk management policy for different departments depending upon the nature of work. The risk management includes internal as well as external risk factors. The company's risk management policy is as below:

1. The company aims to use the best practice in risk management to support and enhance the activities, in all areas of the organization.
2. The company will ensure, to make risk management an integral part of all the decision-making processes.
3. The company will use a structured risk management program to minimise reasonably foreseeable interruption to operations, harm to human resource and damage to the environment and property of the company.
4. The company will identify the risk exposures and take advantage of opportunities as well as minimizing adverse effects.
5. The company will train its people to effectively implement organization wide risk management policy.
6. The company will strive to continually improve and update the risk management practices.

GENERAL MEETINGS:**ANNUAL GENERAL MEETING:**

Location and Time, where Annual General Meetings were held in the last 3 yrs:

Date and Year	Time	Location
September 29, 2009	11.00 A.M.	1 st Floor, Bhiwapurkar Chambers, Opp Yeshwant Stadium, Dhantoli, Nagpur – 440 012
September 29, 2008	11.00 A.M.	Banquet Hall, Hotel Center Point, Central Bazar Road, Ramdaspath, Nagpur - 440 012
September 24, 2007	11.00 A.M.	1 st Floor, Bhiwapurkar Chambers, Opp Yeshwant Stadium, Dhantoli, Nagpur – 440 012



EXTRA ORDINARY MEETING:

a) During the year, Extra Ordinary General Meeting was held on 23rd February, 2010 to seek shareholders approval for the purpose of issue and allotment of Equity Shares and Warrants on Preferential Basis. The funds raised from the Preferential Allotment are to be utilized for Part Finance of the Ongoing Capital Expenditure of the Company exceeding ₹. 25 Crores, Long Term Working Capital of Company and Investments for JVs for the new Bids / Projects services in Infrastructure Development & Services. The Special Resolution was passed empowering the Board to issue and allot Equity Shares and Warrants to the proposed allottees. Pursuant to the BSE's In-principle approval, Board issued and allotted 9, 00,000 Equity Shares and 10, 22,400 Warrants to the proposed allottees vide its Board Meeting Dated 27th April, 2010

An Extra Ordinary meeting of the shareholders of the Company was held on 18th February, 2008 to consider the possible proposals for raising funds as part of its long-term fund raising exercise to finance Capital Expenditure, Working Capital requirements and business expansion needs if any through Equity shares, convertible debentures or debentures carrying a right to subscribe to equity shares, Syndicate Loans, External Commercial borrowings, Foreign Currency Convertible Bonds, Preference Shares, Warrants or any other instruments

But the proposal was not passed as shareholders of the Company suggested Board to reconsider the pricing and appropriate timing of the proposed issue in view of the recent meltdown of the global and Indian equity markets.

b) Details of special resolution passed last year through postal ballot:-

During the year 2006 – 2007 the Company has passed a Special Resolution to amend the Main Object clause of the Memorandum of Association of the company by replacing 3 new clauses in place of the existing clause 1, 2 & 3 and renumbering the existing clause 1, 2 & 3 after the existing clause 85 as clause no 86, 87 & 88 respectively.

Notice dated: 27th August, 2007 was served to all shareholders for voting through postal ballot as per provisions of section 192A (2) of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.

The Company appointed Mr. Manoj Agrawal, Practicing Company Secretary as Scrutinizer to conduct the Postal Ballot in respect of the said Special Resolution. Based on the Report submitted by the Scrutinizer, the result of the Postal Ballot was declared on October 25th, 2007 and the Special Resolution was passed by a majority of 54.84%

Details of voting pattern are given below:

Number of valid Postal Ballot Forms received	56
Number of invalid Postal Ballot forms received	5
Total votes polled by Postal Ballot	22,36,543
% of total paid up Equity Capital	54.85 %
Votes in favour of the Resolution	22,35,843
% of votes in favour to total polled votes	99.97 %
Votes against the Resolution	700
% of votes against the total polled votes	0.01%

c) No votes proposed to be conducted through postal ballot this year.

DISCLOSURES:

1) The transactions between the Company and the Management, Directors or their relatives are disclosed in the Annual Accounts. There is no materially significant related party transaction that may have potential conflict with the interest of the Company at large.

2) The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last year. No penalties or strictures have been imposed on the Company by the Stock Exchange, SEBI or other statutory authorities relating to the above.

3) The requirements of SEBI, Secretarial Audit is carried out on a quarterly basis by a practicing Company Secretary to confirm that the aggregate number of equity shares of the Company held in NSDL and CDSL and in physical form tally with the total number of issued/paid-up, listed and admitted capital of the Company.

CODE ON INSIDER TRADING

In pursuance of the Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 the Board has approved the "Code of Conduct for Prevention of Insider Trading". The objective of the Code is to prevent purchase and/or sale of shares of the Company by an insider on the basis of unpublished price sensitive information.

Under this Code, Insiders (Officers and Designated Employees) are prevented to deal in the Company's shares during the closure of Trading Window. To deal in Securities, beyond limits specified permission of Compliance Officer is required. All Directors/Officers/Designated Employees are also required to disclose related information periodically as defined in the Code, which in turn is being forwarded to Stock Exchanges, wherever necessary.

Code of Conduct for Board Members and Senior Management Personnel as per requirement of clause 49 of the Listing Agreement has been adopted by the Company

MEANS OF COMMUNICATION TO SHAREHOLDERS:

Timely Disclosure of Information on business and financial performance of the Company is an integral part of good governance.

Your Company disseminates information about its operations, business, and financial performance to stock exchanges, media, shareholders, analysts, and society at large. The Quarterly/Half yearly results were announced within a period of 30 days of the end of each quarter while the audited results for the year ended March 31st, 2010 was announced on 31st May, 2010. The Financial Results were published in Financial Express (Mumbai edition), Indian Express and Loksatta (both Nagpur editions). The particulars of your Company, its business and operations are available on the corporate website www.artefactprojects.com

Regular updates and developments impacting the business and financials together with data on shareholding pattern etc. are also notified to the Bombay Stock Exchange.

ADDITIONAL SHAREHOLDERS INFORMATION

1. Unclaimed Dividends:

Under the Companies Act, 1956, dividends that are unclaimed for a period of seven years automatically get transferred to the Investor Education and Protection Fund administered by the Central Government. The Company has to transfer the unclaimed dividend to the Investor Education and Protection Fund (IEPF) administered by the Central Government. The Unclaimed dividend as on 16th May, 2010 is ₹.4,30,755.60 Currently there is no unclaimed dividend which is pending to be transferred to the IEPF.

2. National Electronic Clearing Services (NECS) for payment of Dividend

To avoid the risk of loss/interception of dividend warrants in postal transit and/or fraudulent encashment, shareholders are requested to avail of NECS facility-where dividends are directly credited in electronic form to their respective bank accounts. This also ensures faster credit of dividend. The NECS application form can be obtained either from Registrars Office or from the Registered Office of the Company.

Shareholders located in places where NECS facility is not available may submit their bank details. This will enable the Company to incorporate this information on the dividend warrants and thus prevent fraudulent encashment.

3. Shares held in electronic form: Shareholders holding shares in electronic form may note that:

- Instructions regarding bank details which they wish to have incorporated on their dividend warrants must be submitted to their depository participants. As per the regulations of NSDL and CDSL, the company is obliged to print the bank details on the dividend warrants, as furnished by these depositories to the Company.
- Instructions already given by them for shares held in electronic form.
- Instruction regarding change of address, nomination, and power of attorney should be given directly to the depository participants. The Company cannot entertain any such request directly from the shareholders.
- The Company provides NECS facility for shares held in electronic form and for reasons mentioned earlier, shareholders may wish to avail of this facility.



GENERAL SHAREHOLDERS INFORMATION

- (a) Annual General Meeting:
- Date Wednesday, September 29, 2010
 Time 11:00a.m
 Venue Artefact Towers, 54/3, Chhatrapati Square, Wardha Road, Nagpur - 440025
- (b) Financial Calendar (Tentative):
- (i) 22nd Annual General Meeting
 - Last Week of September, 2010
 (ii) 1st Quarterly Result- 14th August, 2010
 (iii) 2nd Quarterly Result- 11th November, 2010
 (iv) 3rd Quarterly Result- 11th February, 2011
 (v) 4th Quarterly Result- Last week of 30th May, 2011
- (c) Book Closure Date: From 15th September, 2010 to 29th September, 2010
- (d) Payment of Dividend: The Board of Directors of the Company has recommended payment of a final Dividend of 7.5% (Rs. 0.75 per equity share) for the financial year ended March 31st, 2010.
- (e) Dividend Payment Date: On or after September 29th September 2010
- (f) Listing on Stock Exchanges: Equity Shares are listed on the following Stock Exchange:-
 Bombay stock Exchange Limited Phiroze Jeejeebhoy Towers,
 Dalal Street, Mumbai-400 001
 The Company has paid Annual Listing Fee to the Stock Exchange
- (g) Stock Code: Equity – BSE 531297
 ISIN No. Equity - INE 885B01014
- (h) Market Price Data: As per Appendix "A"
- (i) Stock performance in Comparison to BSE Sensex: As per Appendix "B"
- (j) Registrar and Transfer Agents Link Intime India Private Limited
 C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup West, Mumbai- 400 0078.
- (k) Distribution of shareholding & Shareholding pattern:- As per Appendix "C"
- (l) Transfer System The Company has signed agreement with both NSDL and CDSL. The company has been allotted ISIN Code No. INE885B01014 and since then the trading of company's shares is being done in dematerialized form.
 The company has appointed Link Intime India Private Ltd as its Registrar and Transfer Agent (RTA) which looks after share transfer works.

- (m) Dematerialization of shares: 38,52,999 equity shares which is 94.49% of the paid up capital as on March 31, 2010 have been dematerialized.
- (n) Plant Location: The Company has no plants.
- (o) Address for the correspondence With the company: 1st Floor, Bhiwapurkar Chambers, Opp Yeshwant Stadium, Dhantoli, Nagpur – 440012
Tel: 0712-3018197/ 198 Fax: 0712-2427830
Email: artefactngp@sancharnet.in
shareholders@artefactprojects.com
Link Intime India Private Limited
(Formerly Intime Spectrum Registry Limited)
C-13, Pannalal Silk Mills Compound,
LBS Road, Bhandup Mumbai-400 078
- With the Registrar:



MARKET PRICE DATA

Scrip Code: 531297, Company: **ARTEFACT PR**For the Period: 1st April, 2009 to 31st March, 2010

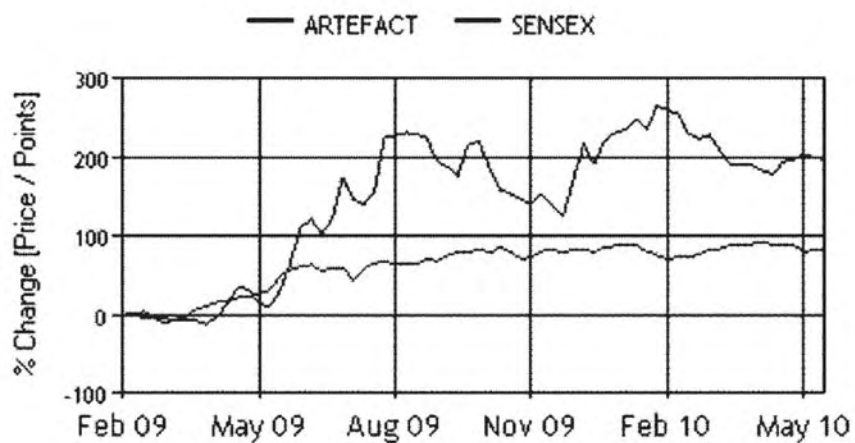
Month	Open Price	High Price	Low Price	Close Price	No. of Shares	No. of Trades	Total Turnover (₹.)	* Spread (₹.)	
								H-L	C-O
Apr 09	28.20	40.40	25.10	38.95	10,786	131	3,74,503	15.30	10.75
May 09	40.80	48.65	30.85	48.65	10,942	129	4,40,281	17.80	7.85
Jun 09	51.00	71.75	51.00	71.30	31,830	228	20,90,779	20.75	20.30
Jul 09	74.85	95.05	67.00	95.05	66,648	267	54,32,820	28.05	20.20
Aug 09	99.80	109.95	84.50	92.05	39,922	473	40,34,943	25.45	-7.75
Sep 09	96.00	99.90	75.25	91.00	28,870	461	24,95,146	24.65	-5.00
Oct 09	84.00	96.00	65.00	71.80	28,781	349	23,17,856	31.00	-12.20
Nov 09	70.05	78.85	65.00	70.30	19,085	195	13,46,664	13.85	0.25
Dec 09	69.05	103.00	68.75	96.85	69,937	438	64,31,588	34.25	27.80
Jan 10	98.00	119.00	86.50	107.00	1,20,304	1,022	1,23,42,944	32.50	9.00
Feb 10	102.00	124.65	94.05	94.75	2,70,423	2,875	3,07,51,872	30.60	-7.25
Mar 10	96.95	102.00	81.00	83.95	94,117	933	85,84,607	21.00	-13.00

- Spread

H-L : High-Low: C-O : Close-Open

APPENDIX- B

Index Comparison



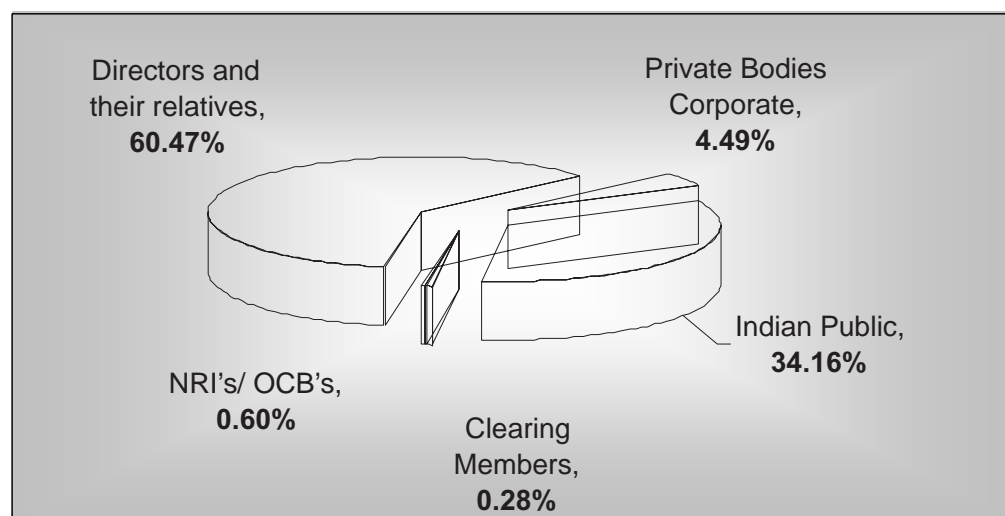
Highest Closing Price- ₹. 121.35

Lowest Closing Price- ₹. 25.95



SHAREHOLDING PATTERN AS ON MARCH 31st 2010

Category	No. of shares held	% of shareholding
Promoters Holding		
1. Directors and their relatives	24,65,800	60.47%
Non - Promoters Holding		
2. Private Bodies Corporate	1,83,197	4.49%
3. Indian Public	13,92,792	34.16%
4. NRI's/ OCB's	24,579	0.60%
5. Clearing Members	11,232	0.28%
Total	40,77,600	100



CERTIFICATION BY CHIEF EXECUTIVE OFFICER (CEO) & CHIEF FINANCIAL OFFICER (CFO)

We, Manoj Shah, CEO & Managing Director and CFO/Manager Accounts to the best of my knowledge and belief, certify that :-

1. We have reviewed the balance sheet and profit and loss accounts and all its schedules etc., and confirm that:
 - a. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact or contain statements that might be misleading.
 - b. Based on our knowledge and information, the financial statements, present in all material respects, a true and fair view of, the company's affairs and are in compliance with the existing accounting standards and /or applicable laws and regulations.
2. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct;
3. We are responsible for establishing and maintaining internal control for financial reporting and we have evaluated the effectiveness of the internal control systems of the company and we have:
 - a. designed such disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles.
 - c. evaluated the effectiveness of the Company's disclosure, controls and procedures; and
4. We confirm that:
 - a. There are no deficiencies in the design or operation of internal controls, which could materially, adversely affect the company's ability to record, process, summarize and report financial data;
 - b. There are no significant changes in internal controls during the year;
 - c. All significant changes in accounting policies during the year have been disclosed in the notes to the financial statements; and
 - d. There are no instances of significant fraud of which we are aware, that involves management or other employees who have a significant role in the company's internal controls system.

Nagpur
Date: 14th August 2010

Manoj B. Shah
Sd/-
CEO & Managing Director

Harish Paliwal
Sd/-
CFO/Manager Accounts

**CERTIFICATION BY
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER OF THE COMPANY**

I hereby declare that:

The company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Business Conduct and Ethics for Directors and Senior Management in respect of the financial year 2009-2010.

Nagpur

Date: 14th August 2010

Manoj B. Shah

Sd/-

Managing Director and CEO



CERTIFICATE OF CORPORATE GOVERNANCE

To,
The Members,
ARTEFACT PROJECTS LIMITED.

We have examined the compliance of conditions of Corporate Governance by ARTEFACT PROJECT LIMITED, for the year ended on 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing agreement.

We state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For Chaturvedi & Shah
Chartered Accountants
Firm Reg. No. -101720W

For Naresh Patadia & Co.
Chartered Accountants
Firm Reg. No.- 106936W

Sd/-
R. Koria
Partner
Membership No. - 35629

Sd/-
Naresh Patadia
Proprietor
Membership No. - 35620

Place : Nagpur
Date : 14th August, 2010

AUDITORS' REPORT

**To
The Members of
Artefact Projects Limited**

1. We have audited the attached Balance Sheet of ARTEFACT PROJECTS LIMITED, as at 31st March, 2010 and also the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we give in the Annexure hereto, a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the company.
4. We report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of such books;
 - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v. On the basis of the written representations received from the directors as on 31st March, 2010 and taken on records by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act 1956.



5. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - ii. in the case of Profit and Loss Account, of the profits of the Company for the year ended on that date; and
 - iii. in the case of Cash Flow Statement, of the cash flows of the company for the year ended on that date.

For Chaturvedi & Shah
Chartered Accountants
Firm Reg. No. -101720W

For Naresh Patadia & Co.
Chartered Accountants
Firm Reg. No.- 106936W

Sd/-
R. Koria
Partner
Membership No. - 35629

Sd/-
Naresh Patadia
Proprietor
Membership No. - 35620

Place : Nagpur
Date : 31st May, 2010

ANNEXURE TO AUDITORS' REPORT**Referred to in paragraph 3 of our report of even date**

- i. In respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
 - b. As explained to us, the Company has physically verified all its fixed assets, which in our opinion is reasonable, having regard to the size of the Company.
 - c. The Company has not disposed off any fixed assets during the year and accordingly the going concern status of the Company is not affected.
- ii. The Company is a Service Company, primarily rendering project management services. Accordingly, it does not hold any inventories. Therefore, provisions of clause 4 (ii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- iii. According to the information and explanations given to us, the company has not granted or taken any loans, secured or unsecured to or from companies, firms, or other parties covered in the register maintained Under Section 301 of the Companies act, 1956.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of services, fixed assets and also for the sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- v. According to information and explanations given to us, there are no contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered in the register required to be maintained under that section.
- vi. According to information and explanations given to us, the Company has not accepted any deposits from the public and hence directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under are not applicable for the year under audit.
- vii. In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- viii. The Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of Project Management Consultancy Services carried out by the Company.
- ix. According to the information and explanations given to us in respect of statutory dues:
 - a. The company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities during the year except in few cases, in respect of undisputed Provident Fund, Employees, State Insurance, Income Tax and Service Tax.
 - b. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding as at 31st March, 2010 for a period of more than six Months from the date they become payable except for Fringe Benefit Tax amounting to ₹. 2,048,296/- (₹. 704981 has since been paid), and Professional Tax amounting to ₹. 170,444/-
 - c. According to the information and explanations given to us, there are no disputed statutory dues, which have not been deposited on account of disputed matters pending before appropriate authorities.



- x. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
- xi. Based on our Audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in the repayment of dues to Banks..
- xii. In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- xiv. During the year, there was no transaction and contracts in respect of trading in shares and other securities by the Company. The old investments are held by the Company in its own name.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks and Financial Institutions.
- xvi. The company has raised new term loan during the year. To the best of our knowledge and according to the information and explanations given to us the term loan outstanding at the beginning of the year and those raised during the year were prima-facie been either used for the purpose for which they were raised or pending utilization been temporarily placed with banks.
- xvii. On the basis of review of utilization of funds, which is based on overall examination of the Balance Sheet of the Company as at 31st March, 2010, related information as made available to us and as represented to us, by the management, we are of the opinion, that the funds raised on short term basis have not prima facie been utilized for long term purposes.
- xviii. During the year the Members, in the Extra – Ordinary General Meeting held on 23rd February, 2010 has approved issue of Equity Shares and Warrants on Preferential basis to the parties covered in the Register maintained under section 301 of the Companies Act, 1956. However, as at 31st March, 2010 the same were not allotted.
- xix. The Company has not issued any debentures, hence the provisions of clause 4 (xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xx. During the year covered by our report the company has not raised any money by public issue.
- xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the course of our audit.

For Chaturvedi & Shah
Chartered Accountants
Firm Reg. No. -101720W

For Naresh Patadia & Co.
Chartered Accountants
Firm Reg. No.- 106936W

Sd/-
R. Koria
Partner
Membership No. - 35629

Sd/-
Naresh Patadia
Proprietor
Membership No. - 35620

Place : Nagpur
Date : 31st May, 2010

SHAREHOLDER'S REFRENCER

At a glance:

- Face value of the Company's equity shares is ₹. 10/-.
- The Company's Equity Shares are listed on Bombay Stock Exchange (BSE)
- The company's Equity Shares are under compulsory trading in demat form only.
- Over 95% of the Company's Equity Shares are held in demat form.
- The Company's Equity shares are freely transferable except as may be required statutorily
- Link Intime (India) Private Limited is Registrar and Share Transfer Agent of the company.

Investor Grievance Handling Mechanism

All share related transactions viz. transfer, transmission, transposition, nomination, dividend, change of name/address/signature, registration of mandate/ Power of Attorney, replacement/ split/ consolidation of share certificates, demat/ remat of shares, issue of duplicate certificates etc. are being handled by Link Intime (India) Private Limited, the Registrar and Share Transfer Agent, discharges investor service functions effectively, efficiently and expeditiously.

Investors are required to correspond directly with Link Intime (India) Private Limited, on all share related matters.

The Board of Directors of the Company has constituted a Shareholder's Committee (the committee) which inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with share transfers and other processes. The Committee also looks into the redressal of shareholders complaints related to transfer of shares, non receipt of Dividend etc. The Committee oversees the performance of the R&T agent and recommends measures for overall improvement in the quality of investor services.

Recommendation by Company to Shareholders/ Investors

In pursuit of the company's objective to mitigate / avoid risks while dealing with shares and related matters, the following are the Company's recommendations to shareholders/ investors:-

- **Open demat account and Dematerialise your shares**
Investors should convert their physical holdings of shares into demat holdings. Holding shares in demat form helps investors to get immediate transfer of the shares. No stamp duty is payable on transfer of shares held in demat form and risk associated with physical certificates such as forged transfers, fake certificates and bad deliveries are avoided.
- **Consolidate multiple folios**
Investors should consolidate their shareholding held in multiple folios. This would facilitate one – stop tracking of all corporate benefits on the shares and would reduce time and efforts required to monitor multiple folios.
- **Register ECS mandate and furnish correct bank account particulars with the Company/ Depository Participant (DP)**
Investor should provide an ECS mandate to the company in case of shares held in physical form and ensure that the correct and updated particulars of his bank account are available with the Depository Participant (DP) in case of shares held in demat form. This would facilitate direct credit of dividends; refunds etc. from companies to his bank account and avoid postal delays and loss in transit.



- **Fill and submit nomination form**

Investors should register the nominations, in case of physical shares, with the company and in the case of dematerialized shares with their DP. Nomination would help successors to get the shares transmitted in their favor without any hassles.

- **Proper updation by the shareholders**

There is likelihood of fraudulent transfers in case of folios with no movement or where the shareholders has either expired or is not residing at the address registered with the company. The company / DP should be updated on any change of address or contact details.

Course of action in case of non-receipt of Dividend, Revalidation of Dividend warrant etc.

Shareholders may write to the Company's R&T agent, furnishing particulars of the dividend not received, and quoting the folio number (in case of shares held in physical mode)/ DP ID and Client ID particulars (in case of shares held in demat mode). The R&T agent shall check the records and issue Demand draft if the dividend remains unpaid in the records of the company after expiry of the validity period of the warrant which is normally three months from the date of its issue. In case of loss of original dividend warrant the shareholders have to wait since demand draft cannot be issued till the expiry of the validity period of the original dividend warrant and the shareholder has to execute a letter of indemnity. On the expiry of the validity period if the dividend warrant is still shown as unpaid in the records of the company, demand draft will be issued. However, demand drafts will not be issued against those shares wherein a 'stop transfer indicator' has been instituted either by virtue of a complaint or by law, unless the procedure for releasing the same has been completed.

No demand draft will be issued in respect of dividends which have remained unclaimed and unpaid for a period of seven years in the unpaid dividend account of the company as they are required to be transferred to the Investor Education and Protection Fund constituted by the Central Government.

ARTEFACT PROJECTS LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	Schedule		As at 31.03.2010		As at 31.03.2009
			Amount in ₹.		Amount in ₹.
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	40776000		40776000	
Reserves and Surplus	2	119500932		98879925	
			160276932		139655925
Application Money Pending Allotment (Refer Note No.16 of Schedule 13)			116715600		
Loan Funds					
Secured Loans	3		111155037		161571059
Deferred Tax Liability (Net) (Refer Note No.8 of Schedule 13)			1325266		1,515,825
TOTAL			389472835		302742809
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	4	35604626		35407177	
Less: Depreciation		21962680		18436506	
Net Block		13641946		16970671	
Capital Work-in-progress		266022353		198724317	
			279664299		215694988
Investments					
	5		201000		201000
Current Assets, Loans and Advances					
Sundry Debtors	6	121049003		131604476	
Cash and Bank Balances		12324194		21524359	
Loans and Advances		57938716		57236784	
		191311913		210365619	
Less : Current Liabilities and Provisions	7				
Liabilities		61654486		103105879	
Provisions		20049891		20412919	
		81704377		123518798	
Net Current Assets			109607536		86846821
TOTAL			389472835		302742809
Notes to Accounts	13				
Significant Accounting Policies	14				
As per our Report of even date For CHATURVEDI & SHAH Chartered Accountants		For and on behalf of Board of Directors			
Sd/- R. KORIA Partner		Sd/- MANOJ SHAH Managing Director		Sd/- PANKAJ SHAH Director	
For NARESH PATADIA & CO. Chartered Accountants		Sd/- Vandana Sapre Company Secretary			
Sd/- NARESH H PATADIA Proprieter					
Nagpur, 31st May, 2010					



ARTEFACT PROJECTS LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	Schedule	Year ended 31.03.2010	Year ended 31.03.2009
		Amount in ₹.	Amount in ₹.
INCOME			
Income from Operations		237440645	296055291
Less : Service Tax Recovered		22179880	31851115
Net Income from Operations		215260765	264204176
Other Income	8	3310608	2376825
TOTAL		218571373	266581001
EXPENDITURE			
Manpower Cost	9	95883283	136897957
Project Expenses	10	67563730	59087887
Administrative, Selling and Other Expenses	11	3884960	18148198
		167331973	214134042
Profit before Interest, Depreciation and Taxation		51239400	52446959
Less : Interest and Financial Charges	12	10261164	11951609
Profit before Depreciation and Taxation		40978236	40495350
Less: Depreciation / Amortization		3526174	3858764
Profit before Tax		37452062	36636586
Provision for - Current Tax		13095500	13528900
- Fringe Benefit Tax		-	1906800
- Deferred Tax (Credit)		(190560)	(294,012)
Profit after Tax		24547122	21494898
Prior Period Items (Net)		50000	(845532)
Income-tax of earlier years		(409948)	44768
Balance brought forward		92339925	77323732
Amount Available for Appropriations		116527099	98017866
APPROPRIATIONS			
General Reserve		2400000	2100000
Proposed Dividend		3058200	3058200
Dividend Tax on Proposed Dividend		507967	519741
Balance carried to Balance Sheet		110560932	92339925
		116527099	98017866
Earnings per share of face value of ₹.10/- each			
Basic (in ₹.)		5.93	5.08
Diluted (in ₹.)		5.78	5.08
(Refer Note No.9 of Schedule 13)			

As per our Report of even date

For and on behalf of Board of Directors

For CHATURVEDI & SHAH

Chartered Accountants

Sd/-

R. KORIA

Partner

Sd/-

MANOJ SHAH

Managing Director

Sd/-

PANKAJ SHAH

Director

For NARESH PATADIA & CO.

Chartered Accountants

Sd/-

Vandana Sapre

Company Secretary

Sd/-

NARESH H PATADIA

Proprieter

Nagpur, 31st May, 2010

ARTEFACT PROJECTS LIMITED
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE 1
SHARE CAPITAL

PARTICULARS	(Amount In ₹.)	
	As at 31.03.2010	As at 31.03.2009
Authorised		
1,00,00,000 Equity Shares of Rs.10/-each	100,000,000	100,000,000
	<u>100,000,000</u>	<u>100,000,000</u>
Issued & Subscribed		
49,77,600 (Previous Year 40,77,600) Equity Shares of Rs.10/-each	49,776,000	40,776,000
	<u>40,776,000</u>	<u>40,776,000</u>
Paid Up Capital		
40,77,600 (Previous Year 40,77,600) Equity Shares of Rs.10/-each	40,776,000	40,776,000
TOTAL	<u>40,776,000</u>	<u>40,776,000</u>

SCHEDULE 2
RESERVES AND SURPLUS

PARTICULARS	(Amount In ₹.)	
	As at 31.03.2010	As at 31.03.2009
Share Premium Account		
Balance as per last Balance Sheet	2,440,000	2,440,000
General Reserve		
Balance as per last Balance Sheet	4,100,000	2,000,000
Add: Transferred from Profit & Loss Account	2,400,000	2,100,000
	<u>6,500,000</u>	<u>4,100,000</u>
Profit & Loss Account	110,560,932	92,339,925
TOTAL	<u>119,500,932</u>	<u>98,879,925</u>

SCHEDULE 3
SECURED LOANS

PARTICULARS	(Amount In ₹.)	
	As at 31.03.2010	As at 31.03.2009
1. Term Loans		
Rupee Term Loan from a Bank	108,058,214	88,875,226
2. Vehicle Loan	70,023	332,657
3. Working Capital Loans from Banks		
Rupee Loans	3,026,799	72,363,176
TOTAL	<u>111,155,036</u>	<u>161,571,059</u>

NOTES:

- A. The Term Loan Referred to in (1) Above is Secured against Mortgage of Building and Hypothecation of other Fixed Assets, Equipments, Hardwares, Softwares and guaranteed by some of the Directors in their personal capacity and also covered by Corporate Guarantee of one of the company.
- B. Vehicle Loan from Banks referred to in (2) above are secured by hypothecation of the specific Vehicle financed.
- C. Working Capital Loans from Banks Aggregating to ₹. 25.02 Lacs referred to in (3) above are secured by the hypothecation of whole of the movable properties Including Book Debts and Assets both present and future, and are further secured collaterally by mortgage of immovable properties of the Company, guaranteed by some of the Directors in their personal capacity and also covered by Corporate Guarantee of one of the company.
- D. Out of Working Capital Loans from Banks referred to in (3) Aggregating to ₹. 5.25 Lacs above are secured by the Pledge of Fixed Deposit with Bank.

SCHEDULE 4

Fixed Assets

PARTICULARS	GROSS BLOCK		DEPRECIATION		(Amount in ₹.)					
	As at 01.04.2009	Additions	Deductions/Adjts	As at 31.03.2010	Up to 31.03.2009	For the Year	Deduction/ Adjustments	Up to 31.03.2010	As at 31.03.2010	As at 31.03.2009
A. Tangible Assets										
Buildings	2969408	-	-	2969408	595042	48401	-	643443	2325965	2374366
Plant & Machinery	8591939	22800	-	8614739	2635032	403693	-	3038725	5576014	5956907
Furniture & Fixtures	8103519	8100	-	8111619	4714727	465276	-	5180003	2931616	3388792
Computers	13361321	166550	-	13527871	9826814	2174562	-	12001376	1526495	3534507
Vehicle	1508060	-	-	1508060	445492	143266	-	588758	919302	1062568
B. Intangible Assets										
Computer Software *	872929	-	-	872929	219399	290976	-	510375	362554	653530
TOTAL	35407177	197450	-	35604626	18436506	3526174	-	21962680	13641946	16970671
Previous Year	32553548	2853628	-	35407177	14577742	3858764	-	18436506	16970671	-
Capital Work in Progress									266022353	198724317

* other than Internally generated

Notes :

1.

Capital Work-in-progress includes :

Advances on Capital Account	As at	As at
Building under Construction	31.03.2010	31.03.2009
Pre-operative Expenses (Interest Capitalized)	Amount in ₹.	Amount in ₹.
Materials at Site.	33832252	36114927
	192800589	133437677
	38661858	21729338
	727655	7442375
TOTAL :	266022353	198724317



SCHEDULE 5

INVESTMENTS

(Amount in ₹.)

PARTICULARS	Number of shares		Face Value ₹.	As at	As at
	31.03.2010	31.03.2009		31.03.2010	31.03.2009
Long Term (Unquoted)					
Trade					
l) In Equity Shares					
Nagpur Nagrik Sahakari Bank Ltd.	20	20	50	1,000	1,000
Other than Trade					
l) In Equity Shares					
Artefact Projects Ziadun Leeng (India) Pvt. Ltd.	20000	20000	10	200,000	200,000
TOTAL				201,000	201,000

SCHEDULE 6

CURRENT ASSETS, LOANS AND ADVANCES

(Amount in ₹.)

PARTICULARS	As at	As at
	31.03.2010	31.03.2009
A) CURRENT ASSETS		
i) Sundry Debtors		
(unsecured, considered good and subject to confirmation)		
Due for a period exceeding six months	6,353,301	10,971,525
Others	114,695,702	120,632,951
	121,049,003	131,604,476
ii) Cash and Bank Balances		
Cash On hand	467,603	797,253
Balances with Banks: *		
In Current Accounts (including Cheques-in-hand)	2,024,591	2,257,638
In Fixed Deposit Accounts (Pledged with bank as Margin money)	9,832,000	18,469,468
	12,324,194	21,524,359
* (includes ₹.58946/- (Previous year 71219/-) subject to confirmation.)	133,373,197	153,128,835
B) LOANS AND ADVANCES		
(unsecured, Considered Good and subject to confirmation)		
Advances recoverable in cash or in kind or for value to be received.	16,351,226	22,235,108
Advance Payment of Income-tax (Net)	37,147,607	32,156,753
Deposits	4,439,883	2,844,923
	57,938,716	57,236,784
TOTAL	191,311,913	210,365,619



SCHEDULE 7

CURRENT LIABILITIES AND PROVISIONS

PARTICULARS	(Amount In ₹.)	
	As at 31.03.2010	As at 31.03.2009
A) CURRENT LIABILITIES		
Sundry Creditors - Micro, Small and Medium Enterprises @ - Others (subject to confirmation)	- 11,247,238	- 20,165,966
Advances from Customers	-	8,104,407
Unclaimed Dividend #	353,853	274,687
Other Liabilities	49,933,494	74,560,819
Interest Accrued but not due	119,900	-
	<u>61,654,485</u>	<u>103,105,879</u>
B) PROVISIONS		
Provision for Employee Benefits	1,111,424	1,031,078
Provision for Income Tax	13,095,500	13,528,900
Provision for Fringe Benefit tax	2,276,800	2,275,000
Proposed Dividend	3,058,200	3,058,200
Dividend Tax on Proposed Dividend	507,967	519,741
	<u>20,049,891</u>	<u>20,412,919</u>
TOTAL	<u>81,704,376</u>	<u>123,518,798</u>

The Company has not received information from Creditors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure as required under the Companies Act, 1956 relating to amounts unpaid as on 31st March 10 together with Interest paid / payable have not been given.

Does not include any amount, due and outstanding to be credited to Investor Education and Protection Fund.

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2010**

**SCHEDULE 8
OTHER INCOME**

PARTICULARS	Year ended 31.03.2010	Year ended 31.03.2009
	Amount in ₹.	Amount in ₹.
Interest Received (Tax deducted at source ₹. 179170/- (previous Year ₹. 344653/-)	1,886,024	2,376,725
Dividend : From Long-term Investments	100	100
Balances Written Back (Net)	1,424,484	-
TOTAL	<u>3,310,608</u>	<u>2,376,825</u>

**SCHEDULE 9
REMUNERATION AND BENEFITS TO EMPLOYEES**

PARTICULARS	Year ended	Year ended
	31.03.2010	31.03.2009
	Amount in ₹.	Amount in ₹.
Salaries, Wages and Allowances	93,645,897	134,483,893
Contribution to P.F. and Other Funds	1,445,355	1,525,740
Welfare and Other Amenities	792,031	888,324
TOTAL	95,883,283	136,897,957

**SCHEDULE 10
PROJECT EXPENSES**

PARTICULARS	Year ended	Year ended
	31.03.2010	31.03.2009
	Amount in ₹.	Amount in ₹.
Travelling & Conveyance	20,668,618	24,993,129
Payments to Sub Consultants	28,261,144	13,020,753
Site & Survey Expenses	5,463,443	6,669,047
Power & Electricity	1,749,528	1,447,119
Rent	4,735,459	6,043,971
Communication Expenses	3,038,428	3,622,876
Computer & Software Expenses	762,151	1,183,613
Repairs & Maintenance -		
Building	51,390	31,096
Plant and Machinery	1,347,210	607,250
Others	636,760	423,223
Insurance	849,599	1,045,810
TOTAL	67,563,730	59,087,887

**SCHEDULE 11
ADMINISTRATIVE, SELLING AND OTHER EXPENSES**

PARTICULARS	Year ended	Year ended
	31.03.2010	31.03.2009
	Amount in ₹.	Amount in ₹.
ADMINISTRATIVE EXPENSES		
Printing & Stationery	1,790,627	2,042,406
Legal & Filing Fees	218,601	171,728
Rates & Taxes	132,373	135,937
Advertisement & Sales Promotion	367,591	379,038
Tender Expenses	79,875	-
Payment to Auditors	621,875	545,000
Miscellaneous Expenses	652,588	1,550,489
Donations	21,430	17,533
Bad Debts / Advances written off (Net)	-	13,306,067
TOTAL	3,884,960	18,148,198

**SCHEDULE 12
INTEREST AND FINANCIAL CHARGES**

PARTICULARS	Year ended	Year ended
	31.03.2010	31.03.2009
	Amount in ₹.	Amount in ₹.
Interest Paid - Fixed Loans	22,342	48,215
- Others	8,908,613	9,811,912
Financial Charges	1,330,209	2,091,482
TOTAL	10,261,164	11,951,609

SCHEDULE - 13
NOTES TO ACCOUNTS

	31.03.2010 (Amount In ₹.)	31.03.2009 (Amount In ₹.)
1	Contingent Liabilities :	
	55834498	99594366
	(Bank guarantees are provided under contractual/legal obligation. No cash outflow is expected.)	
2	4162873	12714346
	Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for (net of advances) (Cash flow is expected on execution of such capital contracts on progressive basis)	
3	In the opinion of the management, Current Assets, Loans and Advances are of the value stated, if realised in the ordinary course of business.	
4	NIL	NIL
	i) Derivative Contracts entered into by the Company and outstanding	
	ii) Foreign Currency exposures that are not hedged by derivatives instruments are as under :	
	-	-
	7151741	5231863
	a) Receivable :	
	b) Payable :	
5	Employee Benefits	
	31.03.2010 (Amount In ₹.)	31.03.2009 (Amount In ₹.)
	Defined Contribution Plan	
	1445355	1525740
	Employer's Contribution to Provident Fund, ESIC and Other Funds	
	Defined Benefit Plan	
	The employees Gratuity Fund Scheme of the Company is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.	
i.	Reconciliation of Opening and Closing balance of Defined Benefit Obligation.	
	Gratuity (Non-Funded)	Gratuity (Non-Funded)
	1031078	1653017
	373884	360658
	85064	132241
	-356564	-1114838
	-22038	-
	<u>1111424</u>	<u>1031078</u>
	Amount Recognised in the Balance Sheet	
ii.	Expense recognized in Statement of Profit & Loss Account	
	373884	360658
	85064	132241
	-356564	-1114838
	<u>102384</u>	<u>-621939</u>
	Total, included in "Remuneration and benefits to Employees "	
v.	Actuarial Assumptions	
	LIC (1994-96) Published Table	LIC (1994-96) Published Table
	8.25%	8.00%
	6.50%	6.50%
	Discount rate (per annum)	
	Expected Rate of escalation in Salary (per annum)	

VI Amounts For the Current and Previous Periods for Gratuity Funded are as follows

Particulars	3/31/2010	3/31/2009	3/31/2008
Defined Benefit Obligation	1111424	1031078	1653017
Experience Adjustment on plan liabilities Gain / (Loss)	*	*	*

* - Details are not readily available in the valuation report taken by the company and hence are not furnished.

6 Segment Reporting :

Based on consideration of dominant source and nature of risks and returns, the Company is considered to be engaged only in the business of "Project Consultancy" with all activities revolving around this business and accordingly has only one reportable segment. The geographical location of its main operations and the internal organization / reporting and management structure supports such treatment.

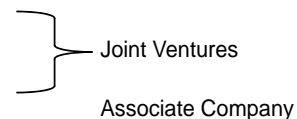
7 Related Party Disclosures

A. List of related parties :

(As certified by the Company)

I. Associate Companies / Joint Ventures

- a) Zaidun Leeng Sdn. Bhd.- Artefacts Projects
- b) Sheladia Associates Inc. - Artefacts Projects- Zaidun Leeng Sdn. Bhd.
- c) Meinhardt Singapore Pte. Ltd. - Artefact Projects
- d) Artefact Projects Zaidun Leeng (India) Pvt. Ltd.



II. Key Management Personnel

- [a] Mr. Manoj B. Shah
- [b] Mr. Pankaj B. Shah
- [c] Mr. Mohan S.Adige

III Enterprises in which key managerial personnel and their relatives are able to exercise significant influence with whom transactions have taken place during the year: (Other related parties)

- a) Artefacts Projects Sdn. Bhd.
- b) Artefacts Infrastructure Limited

B. Transactions with Related Parties :

(Amount In ₹.)

Nature of transaction	Associate Companies / Joint Ventures	Other Related Parties	Key Management Personnel & Relatives	Total
Investments				
As on 31 st March, 2010	200,000 (200,000)	- (-)	- (-)	200,000 (200,000)
Fixed Assets				
Purchase of Fixed Assets	-	-	-	-
	-	(-)	(-)	(-)
Sale of Goods & Services				
Project Management Consultancy Fees	163,351,617 (205,589,734)	- (-)	- (-)	163,351,617 (205,589,734)
Current Liability				
	-	-	-	-
	-	(-)	(-)	(-)
Advances Recoverable in cash or in kind				
Opening Balance	-	-	-	-
	(-)	(1,587,577)	(-)	(1,587,577)
Paid during the year	-	194,109	-	194,109
	(-)	(-)	(-)	(-)
Received/adjusted during the year	-	181,493	-	181,493
	-	(1,587,577)	(-)	(1,587,577)
Balance as on 31 st March 2010	-	12,616	-	12,616
	(-)	(-)	(-)	(-)
Sundry Debtors				
Balance as on 31 st March 2010	117,320,489 (113,356,354)	- (-)	- (-)	117,320,489 (113,356,354)
Expenditure				
Payment of Salaries / Perquisites	-	-	4,352,000	4,352,000
	(-)	(-)	(5,821,300)	(5,821,300)

Note : Figures in brackets represent previous year's amounts.

C. Details of major transactions with Related Parties :

	31.03.2010 (Amount In ₹.)	31.03.2009 (Amount In ₹.)
Investments		
Artefact Projects Zaidun Leeng (I) Pvt. Ltd.	200,000	200,000
Project Management Consultancy Fees		
Zaidun Leeng Sdn. Bhd.- Artefacts Projects	163,351,617	170,092,894
Sheladia Associates Inc.-Artefacts Projects- Zaidun Leeng Sdn.	-	15,620,649
Meinhardt Singapore Pte. Ltd. - Artefact Projects	-	19,876,191
Advances Recoverable in cash or in kind		
Artefacts Projects Sdn. Bhd.		
Opening Balance	-	1,587,577
Paid during the year	194,109	-
Received/adjusted during the year	181,493	1,587,577
Balance as on 31st March 2010	12,616	-
Sundry Debtors		
Zaidun Leeng Sdn. Bhd.- Artefacts Projects	94,390,080	75,011,869
Sheladia Associates Inc.-Artefacts Projects-Zaidun Leeng Sdn.Bhd.	9,154,814	12,848,247
Meinhardt Singapore Pte. Ltd. - Artefact Projects	13,775,595	25,496,237
Payment of Salaries / Perquisites		
Mr. Manoj B. Shah	2,063,500	2,511,000
Mr. Pankaj B. Shah	1,943,500	2,391,000

8 The Breakup of Deferred Tax Assets and Deferred Tax Liabilities into major components of respective balances is as under :

	As at 31.03.2010 (Amount In ₹.)	As at 31.03.2009 (Amount In ₹.)
(i) Deferred Tax Liabilities		
Related to Fixed Assets		
Total	1694480	2259006
(ii) Deferred Tax Assets		
Disallowances under Income Tax Act	369215	743180
Total	369215	743180
Net Deferred Tax Liability	1325265	1515825



9 Basic and Diluted Earning Per Share

For the purpose of calculation of Basic and Diluted Earning Per Share the following amounts are considered :

		Year ended 31.03.2010 (Amount In ₹.)	Year ended 31.03.2009 (Amount In ₹.)
Basic Earnings Per Share			
Net Profit after tax		24547122	21494898
Less : Expenses for earlier years / (Income)		<u>359948</u>	<u>800764</u>
Amount available for calculation of Basic EPS	(A)	<u>24187174</u>	<u>20694134</u>
Weighted average number of equity shares (Nos.)	(B)	4077600	4077600
Basic Earnings Per Share of face value of ₹.10/- each	(A) / (B)	5.93	5.08
Diluted Earnings Per Share			
Amount available for calculation of Diluted EPS	(A)	24187174	20694134.44
Weighted average number of equity shares (Nos.)		4077600	4077600.00
Add:- potential number of Equity Share		108415	0.00
Number of Shares used for calculating Diluted EPS	(B)	4186015	4077600.00
Diluted Earnings Per Share of face value of ₹.10/- each	(A) / (B)	5.78	5.08
10 Balances with Banks include:			
Balances with Scheduled Banks		11837760	20713604
Balance with Nagpur Nagrik Sahkari Bank Ltd. [Maximum balance outstanding during the year ₹. 1,43,508 (Previous Year : ₹. 4,62,116)]		5478	13503
Balance with M S Co-operative Bank Ltd. [Maximum balance outstanding during the year ₹. 13,353]		13353	-
11 Managerial Remuneration :			
a.			
i. Salaries		4257000	5202000
ii. Perquisites		<u>95000</u>	<u>114000</u>
	Total	<u>4352000</u>	<u>5316000</u>
b.	The computation of Net Profit for the purpose of Directors Remuneration u/s 349 of the Companies Act,1956 has not been enumerated since no commission has been paid to the Directors. Fixed managerial remuneration has been paid to the whole-time Directors of the Company as per Schedule XIII of the Companies Act,1956.		
12 Payment to Auditors :			
Audit Fees		325000	325,000
Tax Audit Fees		10000	10,000
Certification Charges and Other Matters		<u>250000</u>	<u>210,000</u>
	Total	<u>585000</u>	<u>545,000</u>
13 In accordance with the Accounting Standard (AS-28) on "Impairment of Assets", the Management during the year carried out an exercise of identifying the assets that may have been impaired in respect of each cash generating unit in accordance with the said Accounting Standard. On the basis of this review carried out by the management, there was no impairment loss on Fixed Assets during the year ended 31 st March, 2010.			

14 Joint Venture Accounting :**14.1 Jointly Controlled Operations**

a The Company has entered in to Joint Ventures (JVs) in respect of certain projects with various bodies corporates. Details of these JVs

Sr. No.	Joint Ventures	Company's Participating Interest	Other Partners' Participating Interest
1	Zaidun Leeng Sdn. Bhd.- Artefacts Projects	60%	40%
2	Sheladia Associates Inc. - Artefacts Projects- Zaidun Leeng Sdn. Bhd.	65%	35%
3	Meinhardt Singapore Pte. Ltd. - Artefact Projects	95%	5%

b As at the end of the year, the Company's share in the total value of the assets and liabilities is ₹. 22910016 and income, expenditure and net profit before tax of all these Joint Ventures amounts to ₹. 25947677, ₹. 25308022 and ₹. 639656 respectively. The figures have been incorporated based on the audited accounts received from the respective Joint Venturers.

14.2 Jointly Controlled Entity

Name	Country of Incorporation	Ownership Interest (%)	
		31.03.2010	31.03.2009
Artefact Projects Zaidun Leeng (India) Pvt. Ltd.	India	40%	40%

As at the end of the year, the Company's share in the total value of the assets and liabilities is ₹. 200000/-, and income, expenditure and net profit before tax of the above Joint Venture amounts to ₹. Nil , Rs. Nil and ₹. Nil respectively. The figures have been incorporated based on the audited accounts received from the respective Company.

15 Details of expenditure in Foreign Currency

	Year ended 31.03.2010	Year ended 31.03.2009
i. Technical Knowhow and Services	5,844,667	5,579,567
ii. Travelling	230,585	98,107
iii. Membership & Subscription	-	175,472.00

16 The Members at the EGM of the company held on 23rd February 2010 consented for offer, issue and allotment in one tranches through a Preferential allotment and/or Private placement basis up to 9 Lacs equity shares of ₹.10 Each at ₹. 101/-per equity share and up to 2 lacs warrants convertible at the option of the holders in to equity share of ₹. 10 Each at ₹. 101/-per warrants to investors and up to 8.22 Lacs warrants convertible at the option of the holders in to equity share of ₹. 10 Each at ₹. 101/- per warrants to the promoters. The company has received share application money aggregating to ₹. 909 Lacs and warrant application Money aggregating to ₹. 258.15 Lacs as on 31st March 2010.

17 Previous Year's figures have been reworked /regrouped / rearranged / reclassified wherever necessary to make them comparable with those of the current year.



1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, in accordance with the generally accepted accounting principles, accounting standards issued by the Institute of Chartered Accountants Of India and the provisions of the Companies Act, 1956

2. USE OF ESTIMATES

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

3. REVENUE RECOGNITION

Income from Consultancy and Infrastructure project services are recognised in accordance with the Contract/Agreement entered into. Revenues are recognised when it is earned and no significant uncertainty exists as to its ultimate collection and includes, service tax, wherever applicable.

4. FIXED ASSETS

Fixed Assets are stated at cost less accumulated depreciation, net of Central Value Added Tax. All costs including financing cost till commencement of commercial production are capitalised.

5. INTANGIBLE ASSETS

Intangible Assets are stated at cost less accumulated amortisation. Softwares are amortised over a period of three years.

6. DEPRECIATION

Depreciation on fixed assets has been provided on Straight Line Method at the rates and in the manner specified in Schedule XIV of the Companies Act 1956. Additions, which form integral part of the fixed assets, are depreciated during the residual useful life of the asset. In respect of fixed assets whose actual cost does not exceed ₹. 5000, depreciation is provided at 100% in the year of addition.

7. INVESTMENTS

Long-term investments are carried at cost. Current Investments are carried at the lower of costs and quoted/fair value computed script wise. Provision for diminution in the value of long-term investments is made only if such decline is other than temporary.

8. BORROWING COSTS

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

9. EMPLOYEE'S BENEFITS

- (i) Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- (ii) Post employment and other long term employee benefits are recognized as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the profit and loss account.

10. FOREIGN CURRENCY TRANSACTION

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transactions. Monetary items denominated in foreign currencies at the year-end are restated at year-end rates. Non-Monetary foreign currency items are carried at cost. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Profit and Loss account.

11. TAXATION

Provision for current tax is made after taking into consideration benefits admissible under the provision of the Income Tax Act, 1961. Deferred tax resulting from "timing differences" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is virtual certainty that asset will be realized in future

12. ACCOUNTING FOR JOINT VENTURE OPERATIONS

The financial statements reflect the share of the Company's assets and liabilities as well as income and expenditure of Joint Venture Operations which are accounted for according to the participating interest of the Company as per the various Joint Venture Agreements on a line by line basis along with similar items in the Company's financial statements.

13. DERIVATIVE INSTRUMENTS

In respect of derivative contracts, premium paid gains / losses on settlement and provision for losses, if any; are recognised in the Profit and Loss Account.

14. IMPAIRMENT OF ASSETS

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

15. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.



Artefact Projects Limited
Cash Flow Statement For The Year Ended 31st March, 2010

	31.03.2010 Amount (₹.)	31.03.2009 Amount (₹.)
A Cash Flow From Operating Activities		
Net Profit before taxation and Extraordinary Item	37,452,062	36,636,586
Adjustments For :		
Depreciation	3,526,174	3,858,764
Interest Income	(1,886,024)	(2,376,725)
Interest Expenditure	10,261,164	11,951,609
Dividend	(100)	(100)
Bad Debts/Advances Written off (Net)	(1,424,484)	13,306,067
Loss on sale of Fixed Assets	-	-
Balances Written Back	(409,948)	44,768
Prior Period Items	50,000	(845,532)
Operating Profit Before Working Capital Changes	47,568,843	62,575,437
Adjusted For :		
Trade and Other Receivables	23,762,804	(18,080,689)
Trade Payables	(38,660,802)	19,742,918
Cash Generated From Operations	32,670,845	64,237,666
Income Tax Paid	(21,775,307)	(16,308,085)
Net Cash From Operating Activities (A)	10,895,538	47,929,580
B Cash Flow From Investing Activities		
Purchase of Fixed Assets and Capital Work in Progress	(67,495,486)	(79,373,978)
Sale of Fixed Assets	-	-
Movement in Short Term Loans	-	(2,490,710)
Dividend	100	100
Interest Received	1,623,854	2,165,569
Net Cash From Investing Activities (B)	(65,871,532)	(79,699,020)
C Cash Flow From Financing Activities		
Dividend Paid	(3,057,050)	(3,138,087)
Dividend Tax Paid	(519,741)	(519,741)
Proceeds from Long Term Borrowings	144,840,600	44,796,596
Short Term Loans (Net)	(69,336,377)	1,435,187
Repayment of Long Term Borrowings	(15,770,539)	(236,761)
Interest Paid	(10,381,064)	(12,744,118)
Net Cash Used In Financing Activities (C)	45,775,829	29,593,077
Net Increase In Cash And Cash Equivalents (A +B +C)	(9,200,165)	(2,176,362)
Cash And Cash Equivalents At The Beginning Of The Year	21,524,359	23,700,722
Cash And Cash Equivalents At The End Of The Year	12,324,194	21,524,359

Notes :

- 1 Bracket indicates cash outflow.
- 2 The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 - "Cash Flow Statement" as notified by Companies (Accounting Standard) Rules, 2006.
- 3 Cash And Cash Equivalents At The End Of The Year includes deposits with banks aggregating to ₹. 98,32,000/- which are pledged against bank guarantees and overdraft.

As per our Report of even date
For CHATURVEDI & SHAH
Chartered Accountants

For and on behalf of Board of Directors

Sd/-
R. KORIA
Partner

Sd/-
MANOJ SHAH
Managing Director

Sd/-
PANKAJ SHAH
Director

For NARESH PATADIA & CO.
Chartered Accountants

Sd/-
Vandana Sapre
Compliance Officer

Sd/-
NARESH H PATADIA
Proprietor

Nagpur, 31st May, 2010



ARTEFACT PROJECTS LIMITED

Registered Office:

1st floor, Bhiwapurkar Chambers,
Dhantoli,
Nagpur – 440 012
(Maharashtra State, India)

Venue of AGM:

Artefact Towers,
54/3, Chhatrapati Square,
Wardha Road, Nagpur - 440025
(Maharashtra State, India)

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Venue)

Member's Folio No. : _____

Name of the Member attending the Meeting: _____

In case of Proxy, Name of Proxy: _____

I hereby record my presence at the TWENTY SECOND ANNUAL GENERAL MEETING on _____.

Signature of Member / Proxy *

(To be signed at the time of handing over this slip)

Note: Members/joint Members are requested to bring the attendance slips with them.

*Strike out whichever is not applicable.

.....TEAR HERE.....

ARTEFACT PROJECTS LIMITED

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Nagpur – 440 012
(Maharashtra State, India)

Venue of AGM:

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Wardha Road, Nagpur - 440025
(Maharashtra State, India)

I/We _____ of _____

_____ being a member / members of ARTEFACT PROJECTS LIMITED

hereby appoint _____ of _____ or failing him

_____ of _____ or failing him

_____ of _____ as my/ our proxy to attend and vote for me/us and on my/our behalf at the TWENTY SECOND ANNUAL GENERAL MEETING of the

Company to be held at Nagpur----- the -- ----- at 11.00 a.m. or at any adjournment

thereof. Signed at this _____ day of _____, 2010 Signed by the said

NOTE: The proxy in order to be effective should be duly stamped, filled and signed must be deposited at the Corporate Office of the Company not less than 48 hours before the meeting.

Affix a 1 Rupee Revenue Stamp



ARTEFACT

PROJECTS LTD.

Excellence in Infrastructure services

GROWTH, PROSPERITY, PROGRESS



Krishnagiri to Thopurghat NH-7 (Tamil Nadu)



Bridge on Krishnagiri to Thopurghat NH-7 (Tamil Nadu)



Trivandrum International Airport



**REGISTERED OFFICE : 1ST Floor, Bhiwapurkar Chambers,
Opp. Yashwant Stadium,
Dhantoli, Nagpur- 440 012 (Maharashtra, India)**