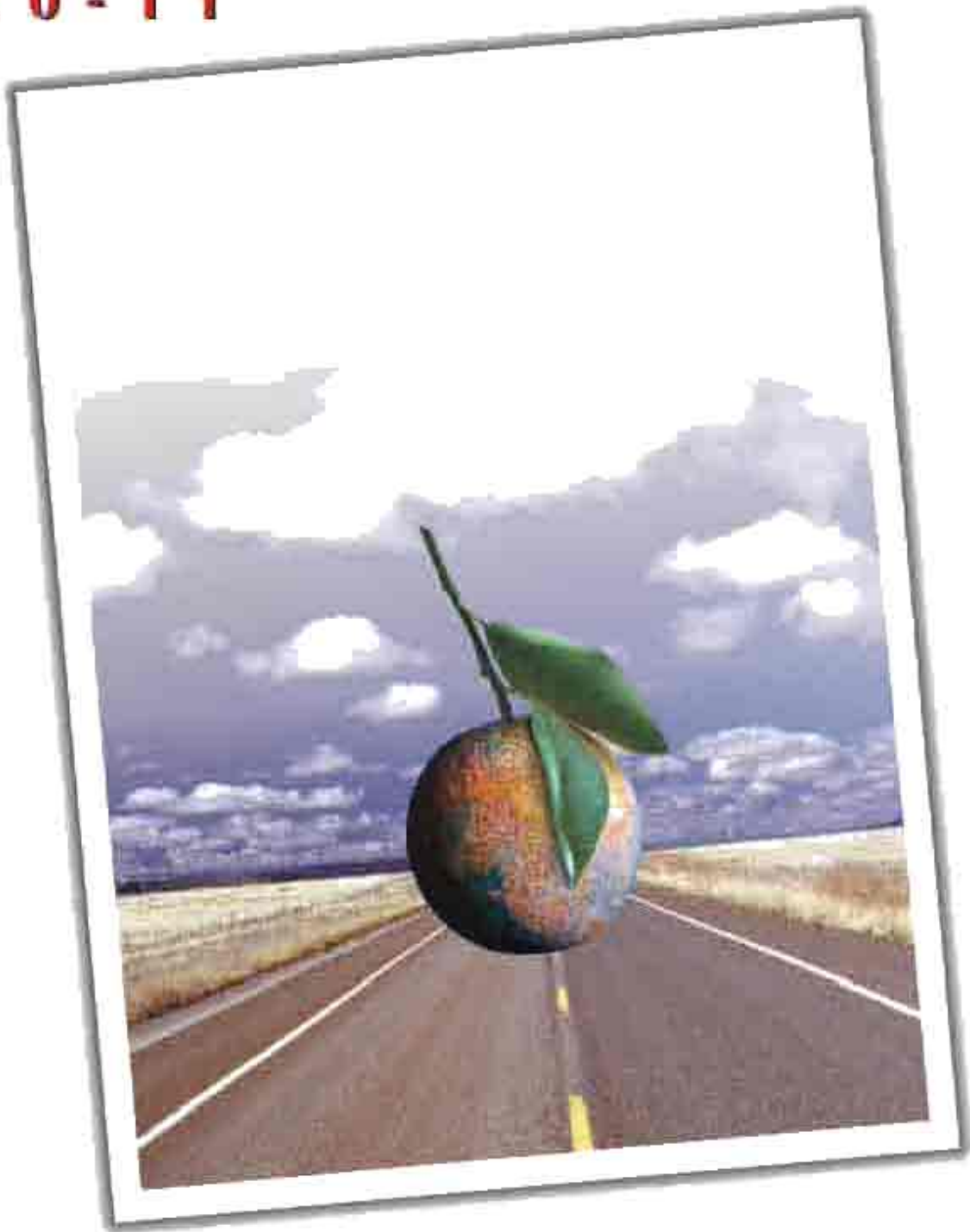


Annual Report
2010 - 11



● 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. Adige
Non Executive Director



Girish R. Dhabalia
Independent Director



Deepak B. Mehta
Independent Director



Ashok P. Mehta
Independent Director

23rd Annual Report 2010-11



Artefact Projects Limited

Corporate Information

BOARD OF DIRECTORS

Mr. Manoj B. Shah
Managing Director

Mr. Pankaj B. Shah
Whole-time Director

Mr. Mohandas S Adige
Non-executive Director

Mr. Deepak B. Mehta
Independent Director

Mr. Ashok P. Mehta
Independent Director

Mr. Girish R. Dhabalia
Independent Director

JOINT STATUTORY AUDITORS

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

BANKERS

Canara Bank

REGISTERED OFFICE

“Artefact Towers”, 54/3,
Chhatrapati Nagar,
Wardha Road, Nagpur- 440 015

(Maharashtra, India)

Tel: +91712-3025120

Fax: +91712-

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

CORPORATE WEBSITE

www.artefactprojects.com



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5 YEARS PERFORMANCE AT A GLANCE

(₹ Lacs)

FINANCIAL YEAR	2006-07	2007-08	2008 - 09	2009-10	2010-11
REVENUES :					
Gross Receipt from operations	2077.37	2542.9	2960.55	2374.41	2096.35
Other Income	20.81	26.05	23.77	33.1	56.73
Total Income	2,098.18	2,568.95	2,984.32	2,407.51	2153.09
Expenditure:					
Operating and Administrative Expenses	1565.28	1967.26	2459.85	1895.12	1672.66
Operating Profit	532.9	601.69	524.47	512.39	480.43
Interest & Financial Charges	99.39	102.57	119.51	102.61	196.71
PBDT	433.51	499.12	404.96	409.78	283.72
Non Cash Charges	46.79	29.32	38.59	35.26	69.32
PBT	386.72	469.8	366.37	374.52	214.40
Tax	138.12	201.48	151.42	129.05	59.57
PAT	248.60	268.32	214.95	245.47	154.83
Dividend per share proposed (Rs.)	0.75	0.75	0.75	0.75	0.75



BALANCE SHEET**(₹ Lacs)**

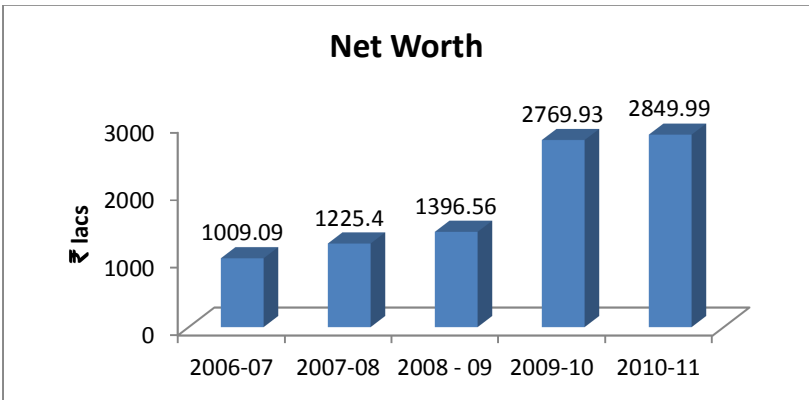
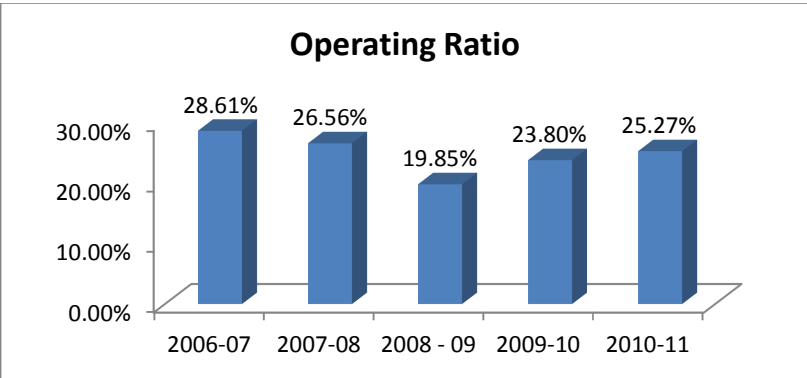
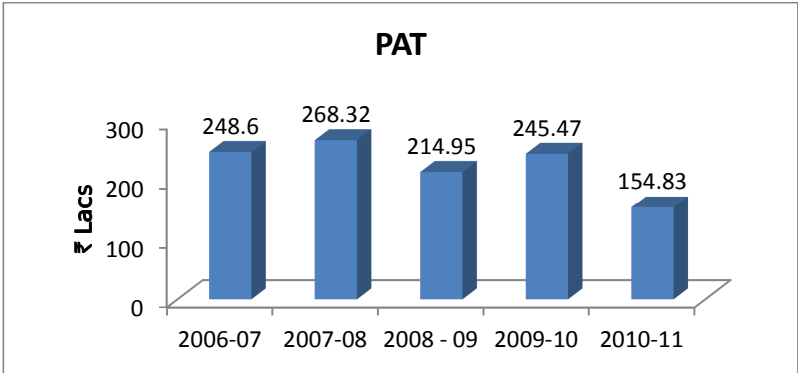
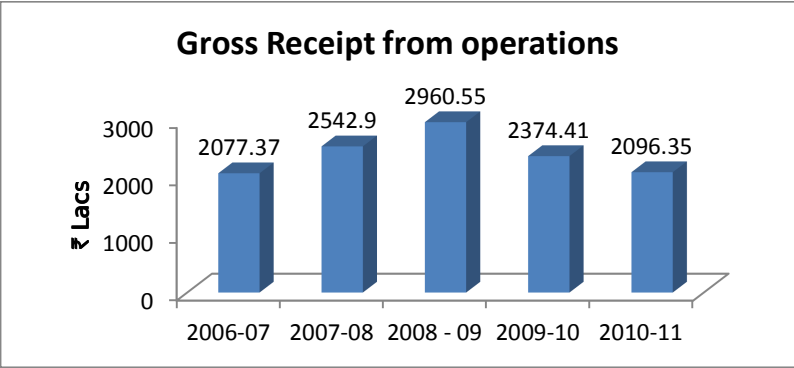
FINANCIAL YEAR	2006-07	2007-08	2008 - 09	2009-10	2010-11
<u>COMPANY'S ASSETS</u>					
Net Block- Fixed Asset-Own	953.98	1401.8	2156.95	2796.64	2650.15
Net Block- Fixed Assets- Leased	-----	-----	-----	-----	-----
Investments (Incl. JVs)	2.01	2.01	2.01	2.01	104.01
Net Current Assets	865.7	968.24	868.47	1096.08	1932.58
Miscellaneous Expenditure (to the extent not w/off)	-----	-----	-----	-----	-----
Total Assets	1821.69	2372.05	3027.43	3894.73	4686.74
<u>COMPANY'S DUES</u>					
Equity Share Capital	407.76	407.76	407.76	407.76	497.76
Reserves & Surplus	601.33	817.64	988.8	1195.01	2094.08
Application Money Pending Allotment	----	----	----	1167.16	----
Convertible Share Warrants	----	----	----	----	258.16
Secured Loans	812.6	1128.55	1615.71	1111.55	1760.47
Unsecured Loans	----	----	----	----	32.10
Deferred tax liability	----	18.1	15.16	13.25	44.17
TOTAL NET WORTH	1009.09	1225.4	1396.56	2769.93	2849.99
TOTAL LIABILITY	1821.69	2372.05	3027.43	3894.73	4686.74

FINANCIAL RATIOS

	2007	2008	2009	2010	2011
Operating Ratio	28.61%	26.56%	19.85%	23.80%	25.27%
PBDT Ratio	23.27%	22.03%	15.33%	19.04%	14.92%
PBT Ratio	20.76%	20.74%	13.87%	17.40%	11.28%
PAT Ratio	13.35%	11.84%	8.14%	11.40%	8.14%
Net Worth	1009.09	1225.40	1396.56	2769.93	2849.99
Return on Equity	38.32%	38.34%	26.23%	13.52%	7.52%
Interest Coverage Ratio	5.36	5.87	4.39	4.99	2.44
Debt Equity Ratio	1.99	2.77	3.96	2.73	3.54
EPS (Basic)	6.1	6.58	5.08	5.93	3.26
EPS (Diluted)	6.1	6.58	5.08	5.78	3.22

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





NOTICE TO SHAREHOLDERS

Notice is hereby given that the Twenty Third Annual General Meeting of the members of the Company will be held on Thursday, 29th September, 2011 at 11.00 A.M. at “Artefact Towers”, 54/3, Chhatrapati Square, Wardha Road, Nagpur – 440 015, 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 2011, 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. Girish Dhabalia, 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.”

As Special Business:

5. To Re-appoint Mr. Manoj Shah as Managing Director of the Company.

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

“RESOLVED THAT pursuant to the provisions of Sections 198,269, 309,310, 311 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 including



any statutory modifications or re-enactment(s) thereof for the time being in force and all guidelines for managerial remuneration issued by the Central Government from time to time, and such other consents and approvals as may be required, the consent of the Company be and is hereby accorded for the reappointment of Mr. Manoj B Shah as the Managing Director of the Company, with substantial powers of management to be exercised by him, subject to the superintendence, control and direction of the Board of Directors of the Company with effect from 1st September, 2011 for a period of 5 (five) years on such remuneration as are set out in the Agreement to be entered into between the Company and Mr. Manoj B Shah, a draft whereof is placed before this Meeting and initialed by the Chairman, for the purpose of identification and which draft is hereby approved, with a power to the Remuneration Committee to vary the terms and conditions of appointment and to revise the remuneration from time to time subject to the provisions of Section 198, 269, 309, 310, 311 and other applicable provisions of the Companies Act, 1956 and within the limits laid down under Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT where in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay to Mr. Manoj B Shah, the remuneration by way of salary, perquisites and other allowances not exceeding the limits specified under Section II, Part II of Schedule XIII to the Companies Act, 1956 (including any statutory modifications or reenactment(s) thereof, for the time being in force), or such other limits as may be prescribed by the Government from time to time as minimum remuneration.

RESOLVED FURTHER THAT Board of Director, be and is hereby also authorised to take such steps, actions and do things, deeds, matters, as may be required or are necessary so as to give effect to this Resolution".

6. To Re-appoint Mr. Pankaj Shah as Whole-time Director of the company.

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

“RESOLVED THAT pursuant to the provisions of Sections 198,269, 309,310, 311 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 including any statutory modifications or re-enactment(s) thereof for the time being in force and all guidelines for managerial remuneration issued by the Central Government from time to time, and such other consents and approvals as may be required, the consent of the Company be and is hereby accorded for the reappointment of Mr. Pankaj B Shah as the Whole-time Director of the Company, with substantial powers of management to be exercised by him, subject to the superintendence, control and direction of the Board of Directors of the Company with effect from 1st September, 2011 for a period of 5 (five) years on such remuneration as are set out in the Agreement to be entered into between the



Company and Mr. Pankaj B Shah), a draft whereof is placed before this Meeting and initialed by the Chairman, for the purpose of identification and which draft is hereby approved, with a power to the Remuneration Committee to vary the terms and conditions of appointment and to revise the remuneration from time to time subject to the provisions of Section 198, 269, 309, 310, 311 and other applicable provisions of the Companies Act, 1956 and within the limits laid down under Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT where in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay to Mr. Pankaj B Shah, the remuneration by way of salary, perquisites and other allowances not exceeding the limits specified under Section II, Part II of Schedule XIII to the Companies Act, 1956 (including any statutory modifications or reenactment(s) thereof, for the time being in force), or such other limits as may be prescribed by the Government from time to time as minimum remuneration.

RESOLVED FURTHER THAT Board of Director, be and is hereby also authorised to take such steps, actions and do things, deeds, matters, as may be required or are necessary so as to give effect to this Resolution".

7. To approve payment of remuneration to Directors computed as excess after finalization of Annual Results and Profits under the provisions of Section 309 (3) and 309 (5B) of the Companies Act, 1956.

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

"RESOLVED THAT pursuant to the provisions of section 198, 269, 309 (3) and 309(5B) read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and subject to the approval of the Central Government the consent of the Company be and is hereby accorded to waive the recovery of a sum of ₹ 2,263,505/- (Rupees Twenty Two Lacs Sixty Three Thousand Five Hundred and Five only) being excess remuneration paid to Mr. Manoj Shah, Managing Director of the Company and Mr. Pankaj Shah, Whole Time Director of the company during the financial year 2010-11, in excess of the limits prescribed under section 309(3) of the Act.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts and deeds as may deem necessary to give effect to the above resolution."

Date: 13.08.2011

By Order of the Board of Directors

Sd/-

REGISTERED OFFICE:

"Artefact Towers", 54/3, Chhatrapati Nagar,
Wardha Road, Nagpur- 440 015

Manoj B. Shah

Managing Director



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 22nd of September, 2011 will be considered by the Company.
4. Register of Members/ Transfer Books of the Company will remain closed from 23rd September, 2011 to 29th September, 2011 (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 as to enable the management to keep the information ready.



ANNEXURE TO NOTICE

Explanatory Statement as required under Section 173(2) of The Companies Act, 1956.

Item no.3:-

To appoint a Director in place of Mr. Girish Dhabalia, who retires by rotation, and being eligible, offers himself for reappointment.

Mr. Girish Dhabalia has done his graduation in B.Com and is a LLB Advocate by profession. He is Practicing Taxation Law since 1989.

He holds the following positions in different organizations: -

Secretary of Tax Bar Association, Akola

Dist. Rep. of Vidarbha Tax Practitioners Association, Nagpur

Life Member of All India Member of Tax Practitioners, Mumbai

Member Dist. Sales Tax Advisory Committee Akola

Chairman of Taxation Committee, Vidarbha Chambers of Commerce & Industries, Akola

He is also the trustee of the following:

Shri Dasa Sorathia Vanik Gnyati Amrutwadi Trust

Ambaben Narsidas Lotia Higher Edn. Soc. Akola

Gordhandas Vastani Medical Relief Trust, Nagpur

Shri Das Sorathia Vanik Gnyati Vidya Gruha, Bagasara (Gujarat)

Member of Rotary Club of Akola



Item No. 5 & 6:

To Re-appoint Mr. Manoj Shah as Managing Director and Mr. Pankaj B Shah as the Whole-time Director of the Company:-

The details as required under Schedule XIII of the Companies Act, 1956 are as given below:-

I. General Information**1) Nature of Industry**

Infrastructure is Backbone for any Economic Development and a major requirement for sustainable and inclusive economic growth. It's the key to global competitiveness of the Indian economy. There is substantial focus of planners to accelerate the pace of infrastructure development for which the Government has initiated a host of projects and schemes to upgrade physical infrastructure in all crucial sectors.

Artefact Projects Ltd. has a successful track record of almost 15 years of providing specialized services to the Infrastructure sector, majorly to Highways and Roads. Artefact's role in Highways and Road Sector includes planning infrastructure development covering technical, contractual, environmental and financial aspects of projects. It also provides Engineering, Architecture and Project Management for Highways, Bridges, Airports, Townships and infrastructure projects including major privatization projects in India. It designs and engineers projects, systems, processes. It also manages project implementation and provides end to end solutions with its wide spectrum of services thereby making it a Multi-disciplinary engineering organization.

2) Commencement of Commercial Production

The Company started its infrastructure services in 1998.

3) Financial Performance

As per the Audited Financial Results for the period ended March 31, 2011, the Company made a Gross turnover of ₹ 2096.35 Lacs and profit after tax of ₹ 154.83 Lacs.

4) Export Performance

NIL

5) Foreign Collaborators

The Company has a successful track record of executing National Highway Projects in Joint Venture with major global leaders in Infrastructure Sector like Zaidun Leeng SDN BHD (Malaysia), Sheladia Associates Inc (USA) and Meinhardt Singapore PTE Ltd (Singapore). The Company has also collaborated with W S Atkins (UK) for providing Airport Concept, Design, Engineering, Project Management and Consultancy Services to Airport Authority of India for "Trivandrum International Airport".



II. Information about the Appointee

Particulars	Mr. Manoj B Shah	Mr. Pankaj B Shah
1) Background Details	Date of Birth: 09.09.1961	16.10.1963
2) Past Remuneration (Maximum as per Remuneration Agreements)	₹ 2,635,000/- p.a	₹ 2,510,000/- p.a
3) Qualification	M.Com, FCA	BE
4) Experience	More than 25 Years	More than 25 Years
5) Expertise in specific Functional Areas	<p>He has vast exposure and expertise in technical and Financial services to PPP model of infrastructure development and has assisted in finalizing the BOR Policy and Institutional Arrangements for the state Toll Policy, Model Concession Agreement for Road BOT Projects.</p> <p>He has made contribution as Professional Expert to many local and state projects and has rendered specialized expertise in the areas of Project Management, Project Structuring, Techno Economic Analysis, Bid Management, Contract and BOT Projects Documentation Management and overall development for infrastructure Projects.</p>	<p>He has provided specialized engineering services in past to various reputed public and private sector organizations. His expertise includes water supply, hydraulics, mechanical engineering, valves and pipelines installations, commissioning and technical consultancy. He has a wide experience in co-ordination and overall management of urban infrastructure projects, highways and roads.</p> <p>He has also contributed to project services in the field of engineering, hydraulics, systems development, project monitoring, business re-engineering studies, Techno-economic feasibility studies, cost rationalization studies, project development etc. He has done specialization in design, planning, organizing, monitoring and management of infrastructure projects.</p>
6) Remuneration Proposed (Maximum)	<p>Salary: ₹ 2,25,000/- p.m.</p> <p>Perquisites: ₹ 62,500/- p.m.</p>	<p>Salary: ₹ 2,25,000/- p.m.</p> <p>Perquisites: ₹ 62,500/- p.m.</p>



7) Comparative remuneration profile	The proposed salary is in consonance with the Industry Practice and size of the Company, and also considering that they are Project Professionals too.	The proposed salary is in consonance with the Industry Practice and size of the Company, also considering that they are Project Professionals too.
8) Pecuniary relationship with the Company/managerial personnel, if any	NIL	NIL

Item No. 7:

Mr. Manoj B Shah was reappointed as Managing Director of the Company for a period of five years with effect from 1st day of November, 2009. Mr. Pankaj B Shah was reappointed as the Whole-time Director for a period of five years with effect from 1st day of October, 2008. The remuneration payable to Mr. Manoj Shah and Mr. Pankaj B Shah was approved by the members in their Annual General Meeting held on 29th September, 2009.

The total remuneration permissible under the Remuneration Agreements as approved by the Shareholders in the Annual General Meeting dated 29th September, 2009 was ₹ 2,635,000/- p.a. to Mr. Manoj B Shah and ₹ 2,510,000/- p.a. to Mr. Pankaj B Shah totaling to Managerial Remuneration of ₹ 5,145,000/- p.a.

During the financial year 2010-11, a sum of ₹ 4,902,000/- was paid to Mr. Manoj B Shah and Mr. Pankaj B Shah in accordance with the Remuneration Agreement with Directors. After the end of financial year, the profit for the year was finalized in the month of May, 2011 and the limits of Managerial Remuneration were also finalized u/s 309 of the Companies Act, 1956.

The limit of Overall Managerial Remuneration for the year ended 2010-11 is as under:-

	₹
Annual Remuneration to Directors:-	
a. Mr. Manoj B Shah	2,511,000
b. Mr. Pankaj B Shah	2,391,000
Total Remuneration	4,902,000
Calculation of Profit u/s 349:-	
Net Profit before tax	21,440,220
Add: Directors' Remuneration	4,902,000
Add: Loss on sale of Fixed Asset	42,728
Profit for calculation of Managerial Remuneration	26,384,948
Limit u/s 198 (10% of profit as calculated u/s 349)	2,638,495
Excess	2,263,505



The remuneration as paid to Directors during the year was within the prescribed limits of Remuneration Agreements and within the limits as prescribed under the Schedule XIII of the Companies Act, 1956. But these limits could not be availed as at the time of appointment of Directors, ordinary resolution was passed whereas to avail the limits of Schedule XIII, passing Special Resolution at the time of appointment is required.

Therefore, to waive recovery of excess remuneration paid to the Directors as per the provisions of section 309 of the Companies Act, 1956, the members' approval of the Company by passing special resolution and subsequent approval by the Central Government are required.

The Board recommends passing of the Special Resolution as set out at Item No. 5 of the Notice.

Except Mr. Manoj Shah and Mr. Pankaj Shah, no other Director is concerned or interested in the above resolution.



Letter from Managing Director

Dear Shareholders,

FY 2010-11 was another year full of challenges for Artefact. The speed of project award was sluggish except for the last quarter where the frequency of project award increased. Considering the time cycle of bidding *i.e.* from the submission of bid to revenue receipts, the impact of increased speed of award is likely to be released in the next Financial Year in 2012-13. Till that time, the Company has to contend with the past order book. It is Company's constant endeavor to increase its order booking and consequently the top-line and barring the macro economic constraints, the Company is confident of achieving desired growth in coming years.

During this period apart from making vigorous efforts for project award, the management was also executing certain corporate developments. With a view to leverage APL's Technical Expertise on designs and project management, to cater the niche strengths as Technical Partner, scaling up and increase stakeholders' value from Project Promotion and Development, Artefact has formed its Subsidiary, Artefact Infrastructure Ltd (AIL) for BOT Project Development. AIL shall participate in Highways BOT Development Projects SPV with EPC Contractors as an Equity Holder. AIL's proposed share in Project SPV Equity is 10%-51%. AIL shall undertake projects mainly as Technical Partner providing Soft Skills to the Projects. Without core construction responsibility and multiple Construction partners, AIL will enjoy unlimited bandwidth for expansion without constraints of construction capabilities. AIL will share EPC profits with JV partner for rendering specialized non core construction services. AIL will also share revenue profits of SPV from operations, Annuity and toll revenues. Artefact Projects Limited also earns Services receipts during construction period for Designs & Project Management Consultancy and Operation and Maintenance services after Commencement of Commercial Operation of Project during the entire Concession period.

The Industry Outlook portrays a positive picture for Infrastructure Sector.

Accelerated efforts to bring the National Highways Network up to a minimum 2-Lane standard by the end of the Twelfth Plan, the Ministry of Roads Transport and Highways (MoRTH) has proposed a World Bank loan as well as budgetary allocations to reach this goal by December 2014. DPR for about 3800 km is already proposed. The MoRTH has initiated improvement of the remaining 2,500 km of single / intermediate lane NHs through budgetary resources.

Few other developments in the Infrastructure Sector are as below:-

- Assessment of Investment in Infrastructure Sector in the Twelfth Five Year Plan in about US\$ 1 Trillion.
- Planning Commission provided an annual outlay of ₹ 27,100.00 Crore for 2011-2012 for development in road sector.



- The Government of India has also taken loans for financing various projects from the World Bank (US\$ 1965 million), Asian Development Bank(ADB) (US\$ 1605 million), and Japan Bank for International Cooperation (32,060 million yen) which are passed on to the NHAI partly in the form of grants and partly as loan.
- In the Union Budget 2011-12, Finance Minister has proposed to create special vehicles in the form of Notified Infrastructure Debt Funds. Interest payments on the borrowings of these funds will have a reduced withholding tax rate of 5% instead of the current rate of 20%, while full exemption of income of the fund from tax has been proposed.
- Balance Length to be awarded for NHDP 24,596 Km
- Projects to be awarded in FY 2011-12: 50 Nos, Length 7,994 Km and Project Cost ₹ 56,939 Crores.
- Balance Length to be awarded in Special Accelerated Road Development Programme from North East States (SARDP-NE) : 7,864 Km
- Under the “Bharat Nirman Project”, development of rural roads is one of its six point agenda. This would involve construction of 1,46,184 Km of rural roads to connect 54,648 habitations. And upgradation/ renewal of 1,94,130 Km of existing rural roads.

The financial and operational highlights for the year 2010-11 are:-

- Gross Total Income ₹ 2153.09 Lacs
- Net Profit After Tax ₹ 154.83 Lacs
- Earning Before Tax; Basic ₹ 3.13/- , Diluted ₹ 3.09
- Dividend of 7.50% proposed i.e. ₹ 0.75/- per equity share of face value of ₹ 10/- each resulting to payout of ₹ 43.39 Lacs

As the popular proverb goes, “when the going gets tough, the tough gets going”, Artefact Management and employees are putting their all efforts to fight this difficult time off are hopeful about a positive future. Artefact’s experienced management, professional expertise and support by its shareholders and other stakeholders, all are directed towards the betterment of Company’s future and I am confident that your Company will regain its position and will grow manifolds.

Nagpur
Date: 13.08.2011

With Warm Regards
Sd/-
Manoj B Shah
Managing Director



DIRECTORS REPORT

To,
The Members,

The Directors have pleasure in presenting the Twenty Third Annual Report of the Company together with the Audited Profit and Loss Account for the year ended 31st March, 2011 and the Balance Sheet as on that date.

FINANCIAL RESULTS:

(₹ Lacs)

PARTICULARS	2010-2011	2009-2010
Gross Income	2153.09	2407.51
Non Cash Charges	69.32	35.26
Profit Before Tax	214.40	374.52
Tax	59.57	133.15
Profit After Tax	154.83	241.37
Accumulated Profit for Appropriations	1259.57	1165.27
Proposed Dividend (7.50%)	37.33	30.58
Tax applicable on Proposed Dividend	6.06	5.08

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

2010 - 2011 IN RETROSPECTS:

Financial Year 2010-11 was a continuation of the aftermaths of global turmoil of year 2008-09. There were delays in project awards by major authorities & PSUs. The situation has improved since March, 2011 and your Company is bidding for new projects in the Financial Year 2011-12. Your Company expects project award in road infrastructure consultancy services in the current FY 11-12 and a substantial increase in its order book position for increased revenue form FY 2012-13 onwards.



The Profit after Tax for the year is reduced by about 36% mainly owing to following reasons:-

a) Construction completion of some major project assignments

There was a slight reduction in Gross Revenues by 11.71%. This was caused as some major projects were completed and entered into O&M Stage including:-

- i. Independent Consultancy services for 4/6 laning BOT Project of Chattisgarh/Maharashtra Border - Wainganga section of NH-6 (client NHAI).
- ii. Independent Consultancy services for 4/6 laning of Jhansi Lalitpur Section of North South corridor (NHDP-Phase II) in the state of Uttar Pradesh on BOT (Annuity) basis consultancy package NS-1/IC/MP 3 (client NHAI).
- iii. Independent Consultancy services for 4/6 laning BOT Project from Kumarpalayam to Chengapalli on NH-47 in the state of Tamil Nadu on North-South corridor under Phase- II programme of NHDP (client NHAI).

b) Increase in Depreciation post Capitalization of Fixed Assets additions:-

The Global Design and Research Centre, "Artefact Towers" was completed and operationalized. Fixed Assets were capitalized during the year on account of completion and commissioning of the project. There is an increase in Depreciation consequently, which is about 97% compared to previous year (increase of ₹ 34.06 Lacs, Current Year ₹ 69.32 Lacs).

c) Increase in Interest and Financial Charges post Capitalization of Assets:-

After the Capitalization of Assets, due to the interest on Term Loan, there is an increase in the Interest and Financial Charges by about 92% (current year ₹ 196.71, previous year ₹ 102.61). It is again caused due to capitalization of assets of ₹ 2583.67 Lacs (including all major capitalizations pertaining to Artefact Towers) and Interest on Term Loan towards fixed asset charged to Profit and Loss Account of ₹ 102.49 Lacs.

All other expenses were comparable with respect to previous financial year.

During the year, your Company took a major step forward to be a concessionaire, promoter and developer of BOT Highway Projects and to extend its technical and



increasing the stakeholders value and returns. During the year, your Company formed Artefact Infrastructure Limited (AIL), a subsidiary of Artefact Projects Limited. The subsidiary made its maiden venture in road infrastructure project development in joint venture with Valecha Infrastructure Limited, a 100% subsidiary of Valecha Engineering Limited. The Company has formed an SPV (with 26% Equity Participation) to undertake Two laning/ Intermediate laning with earthen shoulders from Badwani to Sendhwa (SH-39) in the state of Madhya Pradesh through Public Private Partnership on Design, Build, Finance, Operate and transfer on Toll + Annuity Basis. Artefact Infrastructure Ltd. shall share SPV gains in proportion of its equity contribution for entire concession period (15 years, upto year 2026). Artefact Projects Limited shall also receive revenues for providing design and project Management Consultancy Service (PMC) to the project. Besides Equity Contribution from your Company, Artefact Infrastructure Limited has plans to raise funds by way of debt, convertible debentures and private equity, to meet its requirements of project investments.

CAPITAL EXPENDITURE:

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

The capitalization of Assets is ₹ 2583.67 Lacs (including all major capitalizations pertaining to Artefact Towers). The company remains committed to its aim at continuous increase in its technological strengths to cater to the ever growing needs of business.

The debt being Term Loan for the project of Global Design Research and Training Centre was ₹ 932.41 Lacs as on 31st March, 2011.

SUBSIDIARY COMPANY:

Currently, your company is having only one Subsidiary Company; Artefact Infrastructure Limited.

Pursuant to a resolution passed by the Board of Directors of the Company in terms of a General Circular No 2/2011 dated 8th February 2011 issued by the Ministry of Corporate Affairs, the Financial Statements and the Reports of the Board of Directors and the Auditors



Affairs, the Financial Statements and the Reports of the Board of Directors and the Auditors of the Company's subsidiaries are not attached to this Annual Report. However, these documents shall be made available to the members on requisition. These are also available for inspection at the Registered Office of the Company.

CONSOLIDATED ACCOUNTS:

In accordance with the Accounting Standard -21 on Consolidated Financial Statements read with Accounting Standard-27 on Financial Reporting of Interest in Joint Ventures, books of Accounts are prepared considering the combined profits net of losses of the subsidiary, joint ventures and after eliminating intra group transactions, unrealized profits and balances.

Your Directors have pleasure in attaching the Consolidated Financial Statements presented by your Company which form part of the Annual Report and Accounts.

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 Equity Shares, which would amount a cash outlay of about ₹ 43.39 Lacs (including Dividend Distribution Tax thereon).

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Girish Dhabalia retires by rotation at the forthcoming Annual General Meeting and, being eligible offers themselves for re-appointment. Mr. Manoj B Shah, Managing Director and Mr. Pankaj B Shah, Whole time Director are proposed to be reappointed in this AGM by passing special Resolution.

NOTE ON CONTINGENT LIABILITIES:

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



The total Bank Guarantee issued till 31st March, 2011 amounted to ₹ 415.44 Lacs with varying maturity schedule. The Maturity schedule of the Bank Guarantee of ongoing projects coincides with contract completion duration concluding entirely by 30th April, 2013.

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

AUDITORS:

M/s Chaturvedi & Shah, Chartered Accountants and 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 re-appointment, 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 to employees 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 of the companies act, 1956:-

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:

With the advent of new infrastructure, the IT Systems in the Company are installed with the highest international standards. The major technological upgradations during the year were the following:-

Installation of the most contemporary IT Hardware and Infrastructure including CISCO Switch & Router, CISCO Firewall ASA 5520, HP Blade Servers BL460C, HP Eva 4400 Storage, Life-Size Video Conferencing, Security Systems, Surveillance Systems, Fire Alarm system, Intruder Alarm System, Gas leak detectors etc.

Besides, your Company has also installed softwares including Primavera Projects Management, Staad Pro / Adapt / Strudd, Photoshop CS, Autodesk-Autocad Revit Series, Autocad 2007, Microsoft Projects, 3D MAX, MX Road etc.

C) Foreign Exchange Earnings and outgo:

Total Foreign Currency expenditure during the year were ₹ 24.55 Lacs.

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's focus has been on providing consistently quality services to our clients. We are constantly upgrading the quality of our services.

ENVIRONMENT, SAFETY & HEALTH (ESH):

The Company is conscious of the importance of environmentally clean and safe operations. The Company's policy requires the conduct of all operations in such manner so as to ensure safety of all concerned, compliance of statutory and industrial requirements for environment protection and conservation of natural resources to the extent possible.



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:

Pursuant to Clause 49 of the Listing Agreement with the Bombay Stock Exchange, Management Discussion and Analysis and Report on Corporate Governance alongwith a certificate of compliance from the Auditors are attached hereto and form part of this 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 hereby state and 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 2011 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.

REPLY TO COMMENTS IN AUDITORS REPORT

- (1) Referring to Para 3(ii) of Consolidated Auditors' Report, the outstanding mainly consist of Sundry Debtors which are subject to confirmation. These mostly include Government Authorities including state PWDs, who do not have a practice of issuing Balance Confirmation generally.



(2) Referring to Para XI of Annexure to Auditors Report (Standalone), about the principle and interest payment to the Bank, the Company had offered to repay the entire loan and pending Bank's decision on the same, the installments were paid in April 2011 itself.

ACKNOWLEDGEMENT:

Your Directors thank all its Shareholders, valued customers and various Government, Semi-Government and Local Authorities and other business associates. Your Directors appreciate continued support from Banks and look forward to their co-operation in the future. Your Directors place on record their appreciation of the dedicated efforts put in by the employees at all levels for their continued contribution to the performance of the Company.

For and on behalf of the Board of Directors

Place: Nagpur

Date: 13.08.2011

Sd/-

Manoj B Shah

Managing Director



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS:

In the Union Budget 2011-12, the finance minister has announced a big push to the infrastructure sector, giving a major share of the Centre's plan outlay. The major initiatives include creation of an infrastructure debt fund and raising the limits of foreign institutional investors in corporate bonds.

The Union Budget 2011-12 continued to lay stress on infrastructure development, as the allocation for the sector has been increased by 23% YOY to ₹ 2,14,000 crores which is 48.5% of the planned expenditure. There was also an announcement of issuance of tax-free bonds worth ₹ 30,000 crore and extending income tax exemption on tax-saving infrastructure bonds up to maximum of ₹ 20,000 for one more year.

Keeping in view the need for large-scale investments in the road sector, Planning Commission provides outlays for roads. In the Eleventh Plan, Planning Commission has provided an outlay of ₹ 1,06,659.00 crores, out of which gross budgetary support (GBS) is ₹ 71,830.00 crores and IEBR is ₹ 34,829.00 crores. Planning Commission provided an annual outlay of ₹ 27,100.00 crore for 2011-2012 for development in road sector.

FUTURE PROSPECTS:

Government has set an ambitious target to build 20 kms National Highways per day under various mode of deliveries i.e. BOT (Toll), BOT (Annuity) and EPC in the years to come. Following projects, in addition to the completion of the ongoing works included under NHDP Phase-I and Phase-II, will be taken up during 2011-12 & beyond:-

- 4-laning of 12,109 km (NHDP Phase-III)
- 2-laning with paved shoulder of 20,000 km of National Highways (NHDP) Phase-IV
- 6-laning of GQ & some other selected stretches covering 6,500 km (NHDP Phase-V)
- Development of 1,000 km. of expressways (NHDP Phase-VI)
- Development of Ring roads, bypasses, grade separators, service roads etc. (NHDP Phase-VII)



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

STRENGTHS include:-

- Expertise and hand on experience in entire range of infrastructure services and technical skills required for project conception and commissioning.
- JVs and long association with key foreign experts and consultancy organizations in project management and technical services.
- Successful and substantial past project experience and technical background.
- Availability of international experts and talents in various fields
- Global standard physical infrastructure to carry its operations.

OPPORTUNITIES include:-

- Extension of Technical Services and Expertise for higher profitability by partnering in project development and promotion of PPP Projects.
- Government's ambitious infrastructure development plans and accelerated bid awards in ensuing period will through up large opportunities.

THREATS faced by Artefact include

- Domestic and International Competition in the industry is a threat which 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, high inflation and high interest rates, reduction in Infrastructure Lending Sentiments and bearish stock market in short term have 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.

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 system. 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 its process automation for better efficiency and quicker response time.

FINANCIAL OVERVIEW (Consolidated):

Net Worth:

As on 31st March, 2011, the Net Worth of the Company stood at ₹ 2850.97 Lacs.

Secured Loans:

Total Secured Loans of the Company stood at ₹ 1760.47 Lacs as against ₹ 1111.55 Lacs for the year 2009-10.

Fixed Assets:

The gross block of fixed assets stood at ₹ 2,937.92 Lacs. As the Company's prestigious project "Global Research & Design Centre" was completed during the year. The assets pertaining to the project were capitalized to the tune of ₹ 2583.67 Lacs (including all major capitalizations pertaining to Artefact Towers).

Current Assets: Sundry Debtors:

Sundry Debtors stood at ₹ 1314.41, with an increase of about 8.58% during the year. With client Profile of Government/ PSU Clients, their procedural set-up, the nature of the revenue and the formal approval based receivable cycle, makes it imperative to provide for higher level of Sundry Debtors. However, Company continues to make vigorous efforts to reduce the level of debtors.

Cash & Bank Balances:

The Cash and Bank Balances stood at ₹ 121.14 Lacs mainly consisting of fixed deposits in banks amounting to ₹ 103.20 Lacs is towards margins for various bank guarantees and securities.

Loans & Advances:

Loans and advances stood at ₹ 1335.75 Lacs (Previous year ₹ 579.39 Lacs). Increase in loans and advance is about 131 %. These advances are recoverable within one year.



Current Liabilities & Provisions:

The current liabilities and provisions stood at ₹ 838.72 Lacs (previous year ₹ 817.04) Increase in Current Liabilities and Provisions is about 2.65%.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS:

Artefact acknowledges the vital importance of employees. Human Resource development and welfare have always been the utmost priority of Artefact Management. During the year, the management – employee relation remained cordial. Many initiatives were taken by the management towards selection and betterment of Human Resource.

In Artefact, we believe in providing conducive environment and all possible growth opportunities and to budding professionals and ensure that they have job satisfaction. We strive to maintain a professional, value-driven, work environment where every employee feels satisfied and appreciated.

The Company has adopted Accounting Standard -15 issued by ICAI and has made provisions of retirement benefits accordingly.

At the end of the Year 2010-11, the break-up of Human Resource was as below:

Human Resource	Number
Professional	126
Sub Staff	98
Support Staff	64
Total	288

CAUTIONARY STATEMENT:-

This document contains certain forward looking statements based on the currently held beliefs and assumptions of the management of Artefact Projects Limited, which are expressed in good faith and in their opinion reasonable. For these purposes, forward looking statements are statements that address activities, events, conditions or developments that the company expects or anticipates may occur in the future. Such forward-looking statements involve risks and uncertainties that may cause actual events, results or performances to differ materially from those indicated by such statements.



Artefact Projects Limited disclaims any obligation to update these forward-looking statements to reflect future events or developments.

Place: Nagpur
Date: 13.08.2011

Sd/-
Manoj B Shah
Managing Director



CORPORATE GOVERNANCE REPORT

THE COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY

Corporate Governance is the system that endeavors 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, meeting social responsibilities and in building confidence of its various stakeholders and investors.

Your company believes that corporate governance helps the management to direct and control the affairs of the company in an efficient manner and to achieve its goal of maximizing value for all its stakeholders. Your Company will continue to conduct operations in a manner so as it protects people, property and the environment by identifying, controlling and reducing all associated risks to a level as low as reasonably practicable.

Your Company is in compliance with the disclosure requirement of Clause 49 of the Equity Listing Agreement; the directors thereby present the company's report on Corporate Governance for the year ended 31st March, 2011.

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 experience to the Board.

COMPOSITION

The Company is in compliance of Clause 49 of the Equity Listing Agreement related to the Independent Directors which says the board of directors of the company shall have an optimum combination of executive and non-executive directors with not less than fifty percent of the board of directors comprising of non-executive directors. The board presently comprises of 6 Directors including 2 Executive Directors and 4 Non-Executive Directors. Ms. Vandana Gour (Sapre), Company Secretary of the Company is the Compliance Officer.

At the ensuing Annual General Meeting, Mr. Manoj B Shah, Mr. Pankaj B Shah and Mr. Girish Dhabalia seek reappointment. Members can refer to the Notice to Annual General Meeting for concerned resolutions and explanatory statements thereof.

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, 2011 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	---	2	---	---
	Mr. Pankaj B. Shah Whole-time Director	---	1	---	---
Independent / Non- executive Directors	Mr. Mohandas S. Adige	5	2	4	
	Mr. Ashok P. Mehta	---	---	---	---
	Mr. Girish R. Dhabalia	---	---	---	---
	Mr. Deepak Mehta	---	---	---	---

*Mr. Manoj B Shah and Mr. Pankaj B Shah are brother and related to each other.

** Includes unlisted public companies

BOARD MEETING PROCEDURES:

Minimum four Board Meetings are scheduled in a year. Meetings are usually held at the Company's Registered Office at "Artefact Towers", 54/3, Chhatrapati Square, Wardha Road, Nagpur – 4400 015. The agenda for the Board Meeting is prepared in consultation with Chairman, Directors, and other senior managerial personnel. The agenda for the meetings of the Board and its Committees, together with a brief review on the operations of the Company during the period are circulated well in advance of the meetings.

At the meeting, the Board is given presentations on Finance & Accounts, Industry Outlook, Business Development opportunities and initiatives, Compliances etc. by CFO, Internal Auditors and Company Secretary.

Apart from the Company information, the status of Subsidiary Company is also presented. This includes financial statements, minutes of the board meetings, investments, bids submission for new projects, corporate developments, business plans, any JV agreement entered into etc.



- Quarterly results of the company.
- Short-term investment of surplus funds, if any.
- Minutes of Board Meeting of the Subsidiary Company and its updates.
- Major investments, formation of Subsidiaries and Joint Ventures, Strategic Alliances etc., planned and executed.
- Status of bidding for new projects.
- Status of ongoing projects.
- Award of contracts.
- Any material default in financial obligations to and by the Company, or substantial non-payment for services by the Company, if any.
- Annual operating plans and Capital Budgets.
- Annual Accounts, Directors' Report etc.
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Information relating to major legal disputes.
- Minutes of meetings of Audit Committee and other Committees of the Board.
- Details of any Joint Venture or Collaboration Agreement.
- The information on recruitment and promotion of Senior Officers to the level of Executive Director.
- Fatal or serious accidents, dangerous occurrences etc, if any.
- Disclosure of Interest by Directors about directorship and committee positions occupied by them in other companies.
- Compliance Certificate of any regulatory / statutory nature.
- Non-compliance of any regulatory, statutory or listing requirement and shareholders service, if any.
- Other materially important information.

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 Six times during the year on the following dates:-
 - i. 27th April 2010
 - ii. 31st May 2010
 - iii. 14th August 2010
 - iv. 29th September 2010
 - v. 11th November 2010
 - vi. 14th February 2011



- Annual General Meeting (AGM) was held on 29th September, 2010

Director	No. of Board Meetings Attended	Attended AGM
Mr. Manoj B. Shah	6	YES
Mr. Pankaj B. Shah	5	YES
M. Mohan Adige	5	YES
Mr. Ashok P. Mehta	5	YES
Mr. Girish R. Dhabalia	6	YES
Mr. Deepak Mehta	6	YES

COMMITTEES OF THE BOARD OF DIRECTORS

With an objective of efficient and smooth operations, the Board has constituted various Committees. These committees are responsible to decide upon and execute various routine day-to-day matters and such other decisions as the Board may authorize. 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 Grievance Committee
- vi) Ad-hoc Committee

AUDIT COMMITTEE

The Company has an Audit Committee constituted in terms of Clause 49 of the Listing Agreement which exercises the powers and discharges the functions as stipulated in the said clause 49 of the Listing Agreement. The Audit Committee also undertakes and reviews such other matters as may be delegated by the Board from time to time.



said clause 49 of the Listing Agreement. The Audit Committee also undertakes and reviews such other matters as may be delegated by the Board from time to time.

As on 31st March, 2011 the Audit Committee comprises of three Independent Directors and one Non- Executive and. All the Members of Audit Committee are qualified and having insight to interpret and understand the financial statements.

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 internal auditor 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, focusing primarily on:-

- i. Any changes in accounting policies and practices, if occurred.
- ii. Qualifications in draft audit report, if any.
- iii. Significant adjustments arising out of audit, if any.
- iv. The going concern assumption.
- v. Compliance with accounting standards.
- vi. Compliance with Stock Exchange and legal requirements concerning financial statements.
- vii. Any related party transaction 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 interest of Company at large.
- viii. Matters to be included in the Directors Responsibility Statement to be included in the Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
- ix. Major accounting entries involving estimates based on the exercise of judgment by Management.

(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 statements are correct, sufficient and credible.
5. Recommending to the Board the appointment, reappointment and removal of statutory auditors and recommending the fixation of audit fees of statutory auditors and approval for payment for other services, if any.
6. Reviewing with the Management, external and internal auditors and the adequacy of internal control system.
7. Reviewing with the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the officials heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow-up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the Board.
10. Discussion with external auditors before the audit commences with respect to the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
11. Approval of appointment of CFO after assessing the qualifications, experience and background, etc of the candidate.
12. Reviewing the Company's policies.
13. To look into the reasons for any major defaults in the payments to the depositors, debenture-holders, shareholders (in case of non payment of declared dividends) and creditors.
14. Reviewing with the Management, the statement of uses/application of funds raised through an issue (public Issue, Rights Issue, Preferential Issues etc), the statement of funds utilized for purposes other than those stated in the offer document / prospectus/notice and the report submitted by the monitoring agency monitoring



funds utilized for purposes other than those stated in the offer document / prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of public/rights issue and making appropriate recommendation to the Board to take up steps in this matter.

15. Carrying out any other function as is delegated by the Board of Directors.

Review of information by Audit Committee

The Audit Committee mandatorily reviews the following information:

I. Management Discussion and Analysis of financial conditions and results of operations.

ii. Statement of Significant related party transactions submitted by Management.

iii. Management letters/letters of internal control weaknesses issued by the Statutory Auditors.

iv. Internal Audit Reports relating to internal control weaknesses.

v. The appointment / removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee.

B) Composition of Audit Committee in compliance with Clause 49 of the Listing Agreement (as on March 31, 2011)

Audit Committee comprises of the following Directors:-

- | | | |
|---------------------------|---|----------|
| 1. Mr. Girish R. Dhabalia | - | Chairman |
| 2. Mr. Mohandas S. Adige | - | Member |
| 3. Mr. Pankaj B. Shah | - | Member |
| 4. Mr. Ashok Mehta | - | Member |
| 5. Mr. Deepak Mehta | - | Member |

C) QUORUM:

Quorum for the Audit committee is two Independent Directors

D) Meeting and Attendance:

The Committee met Five times on following dates during the Financial Year 2010-11:-

- | | |
|-----------------------------------|------------------------------------|
| i. 24 th April 2010 | iv. 11 th November 2010 |
| ii. 31 st May 2010 | v. 14 th February 2011 |
| iii. 14 th August 2010 | |



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

Director	No. of Meetings Attended
Mr. Girish R. Dhabalia	5
Mr. Mohandas S. Adige	2
Mr. Pankaj B. Shah	4
Mr. Deepak Mehta	5
Mr. Ashok Mehta	4

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:

The Remuneration Committee comprises of the following Directors namely:

1. Mr. Girish R. Dhabalia - Chairman
2. Mr. Ashok P. Mehta - Member
3. Mr. Deepak Mehta - Member

Mr. Deepak Mehta was appointed as a member of the Remuneration Committee wef 14th February, 2011.

(C) MEETINGS AND ATTENDANCE DURING THE YEAR:

Meeting of the committee was held during the year 2010-11 on 10th July 2010. Mr. Girish Dhabalia and Mr. Ashok P. Mehta were present in the meeting.



(D) REMUNERATION POLICY:

The Remuneration Committee determines the remuneration of 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	25,11,000	-----	-----	5,18,100
Mr. Pankaj B. Shah	23,91,000	-----	-----	5,65,050
Mr. Mohan Adige	-----	-----	-----	100
Mr. Ashok P. Mehta	-----	-----	-----	-----
Mr. Girish R. Dhabalia	-----	-----	-----	1000
Mr. Deepak Mehta	-----	-----	-----	-----
Total	49,02,000	-----	-----	10,84,250

During the financial year 2010-11, the remuneration paid to Mr. Manoj B Shah and Mr. Pankaj B Shah is in accordance with the Remuneration Agreement with Directors. After the end of financial year, the profit for the year was finalized in the month of May, 2011 and the limits of Managerial Remuneration were also finalized u/s 309 of the Companies Act, 1956 and it was discovered that there has been an excess payment towards managerial remuneration. The amount of ₹ 22,63,505/- is paid in excess towards managerial remuneration. To waive the excess remuneration, the Board recommends passing the special resolution at the forthcoming Annual General Meeting. Members can refer to the Notice to Annual General Meeting for the relevant Special Resolution and Explanatory Statement thereof.

BORROWING COMMITTEE

(A) TERMS OF REFERENCE:

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



(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. Deepak Mehta - Member

(C) MEETING AND ATTENDANCE:

The Committee met two times on following dates during the Financial Year 2010-11:-

- i. 21st May 2010
- ii. 29th October 2010

The attendance of members of the Committee was as follows:

Director	No. of Meetings Attended
Mr. Manoj B. Shah	2
Mr. Mohandas S. Adige	1
Mr. Deepak Mehta	2

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 31.03.2011)

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

(C) MEETING AND ATTENDANCE:

During the year 2010-11, three meetings were held:-

- I. 2nd June 2010
- II. 16th January 2011
- III. 2nd February 2011

Director	No. of Meetings Attended
Mr. Manoj B. Shah	3
Mr. Pankaj B Shah	3
Mr. Mohandas S. Adige	2

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 Chairman of the committee, Mr. Girish Dhabalia is an Independent Director. The Committee generally meets to approve the share transfers/transmission, confirm 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 (As on 31.03.2011)

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

The Committee met four times on following dates during the Financial Year 2010-11:-

- i. 6th May 2010
- ii. 30th September 2010
- iii. 31st October 2010
- iv. 9th March 2011

The attendance of members of the Committee was as follows:

DIRECTOR/ MEMBER	No. of Meetings Attended
Mr. Girish Dhabalia	4
Mr. Pankaj B. Shah	4
Mr. Manoj B. Shah	4
Deepak Mehta	4

During the year the company recorded transfer of 200 shares and there were no transmission of shares of the Company.

The Company's Secretarial Department is now equipped with one Whole-time Company Secretary and Compliance Officer, assisted by two qualified and semi-qualified Assistant Company Secretaries. Ms. Vandana Gour (Sapre), Company Secretary of the Company acts as Compliance Officer of the Company.

(D) Grievance Rederessal Status:

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

1. During the year, the Company received 13 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. 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 in the year 2010-11:-

- (i) 25th May 2010
- (ii) 21st June 2010
- (iii) 29th September 2010
- (iv) 5th February 2011
- (v) 8th March 2011

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



GENERAL MEETINGS:

Annual General Meeting:

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

Date and Year	Time	Location
September 29, 2010	11.00 A.M.	“Artefact Towers”, 54/3, Chhatrapati Square, Wardha Road, Nagpur - 440015
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

*No Special Resolution was passed in previous three Annual General Meetings.

EXTRA ORDINARY MEETING:

During the year, no Extra-ordinary General Meeting was held and no Postal Ballot was conducted.

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.

4) The Company does not have any material unlisted subsidiary and hence is not required to nominate an independent director of the Company on the Board of subsidiary.



AUDITS AND INTERNAL CHECKS:

M/s Chaturvedi & Shah, Chartered Accounts and M/s Naresh Patadia & Co., Chartered Accounts are the Joint Statutory Auditors of the Company. M/s Chaturvedi & Shah, Chartered Accountants is one of the most reputed Audit Firms in India. Company has an Internal Audit Department to monitor and ensure that the Company is following high standards of conduct in accounting methods and procedures complying with legal, statutory and regulatory requirements.

SUBSIDIARY COMPANY MONITORING FRAMEWORK:

Artefact Project's Subsidiary Company, Artefact Infrastructure Limited's is managed by its Board having the rights and obligations to manage in the best interest of its stakeholders. The Company monitors performance of subsidiary companies, inter alia, by the following means:-

Financial statements, in particular the investments made by the subsidiary company, are reviewed quarterly by the Audit Committee of the Company.

All minutes of Board meetings of the subsidiary company are placed before the Company's Board regularly.

A statement containing all significant transactions and arrangements entered into by the subsidiary company is placed before the Company's Board.

Artefact Infrastructure Limited is not a material unlisted subsidiary and hence Artefact Projects Limited is not required to nominate an independent director of the Company on the Board of its subsidiary.

CODE OF CONDUCT:

The Board has adopted a Code of Conduct for all Board members and senior management of the Company. Under this code, the Board Members and Senior Managers have to observe the highest standards of ethical conduct and integrity and work to the best of their ability and judgment. The Code of Conduct has been posted 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.

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.

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 45 days of the end of each quarter while the audited results for the year ended March 31, 2011 was announced within 60 days of the end of the year on 30th May, 2011. The Financial Results were published in Times of India (Mumbai edition), Punyanagri (Nagpur edition).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.

Shareholders can contact Compliance Officer through mail on shareholders@artefactprojects.com

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 30th June, 2011 is Rs 438,895.40/-. 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.

4. Service of documents through electronic mode :

As a part of Green Initiatives, the members who wish to receive the notice/documents through e-mail, may kindly intimate their e-mail address to the Company's Registrar and Share Transfer Agent, Link Intime India Pvt. Limited or to the company at "shareholders@artefactprojects.com".

GENERAL SHAREHOLDERS INFORMATION

(a) Annual General Meeting:

Date	Thursday, September 29, 2011
Time	11 A.M
Venue	"Artefact Towers", 54/3, Chhatrapati Nagar, Wardha Road, Nagpur - 440015

(b) Financial Calendar (Tentative):

- (i) 23rd Annual General Meeting
- 29th September, 2011
- (ii) 1st Quarterly Result- 13th August, 2011
- (iii) 2nd Quarterly Result- Mid November, 2011
- (iv) 3rd Quarterly Result- Mid February, 2012



(v) 4th Quarterly Result-Last week of May, 2012

(c) Book Closure Date: From 23rd September, 2011 to 29th September, 2011

(d) Payment of Dividend: The Board of Directors of the Company has recommended payment of a final Dividend of 7.5% (₹ 0.75/- per equity share) for the financial year ended March 31st, 2011.

(e) Dividend Payment Date: On or after September 30, 2011

(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 on 31.03.2011): 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: 47,64,291 equity shares which 95.71% is of the paid up capital as on June 30, 2011 have been dematerialized.
- (n) Outstanding Share Warrants 10,22,400 Share Warrants were issued by the Company on 27.04.2010, at ₹ 101/- each (including Premium of ₹ 91/- each).
Due date of Conversion into Equity Shares is 26.10.2011. Conversion shall be done on receipt of 75% balance application money on the Share Warrants. The paid up equity capital post conversion of warrants shall be ₹ 6,00,00,000 divided into 60,00,000 equity shares of ₹ 10/- each.
- (o) Plant Location: The Company has no plants.
- (p) Address for the correspondence
- With the company: "Artefact Towers", 54/3, Chhatrapati Nagar,
Wardha Road, Nagpur – 440015
Tel: 0712-3018197/ 198
Fax: 0712-2427830
Email: artefactngp@sancharnet.in
shareholders@artefactprojects.com
- With the Registrar: Link Intime India Private Limited
(Formerly Intime Spectrum Registry Limited)
C-13, Pannalal Silk Mills Compound,
LBS Road, Bhandup Mumbai-400 078



APPENDIX- A

MARKET PRICE DATA

Company : **ARTEFACT PROJECTS LTD. (531297)**

Month	Open Price	High Price	Low Price	Close Price	No. of Shares	No. of Trades	Total Turnover (₹)	* Spread (₹)	
								H-L	C-O
Apr 10	81.05	95.00	75.20	87.05	67,759	817	58,43,018	19.80	6.00
May 10	81.50	98.00	81.00	85.15	47,726	635	43,77,183	17.00	3.65
Jun 10	88.95	91.80	80.00	83.55	38,149	514	32,30,020	11.80	-5.40
Jul 10	85.25	88.80	72.15	78.45	30,101	552	23,82,033	16.65	-6.80
Aug 10	82.90	89.00	74.20	74.60	56,069	501	45,93,850	14.80	-8.30
Sep 10	81.90	81.90	65.00	67.05	34,672	816	24,75,552	16.90	-14.85
Oct 10	70.00	97.45	67.00	70.75	3,10,506	2,089	2,64,67,231	30.45	0.75
Nov 10	70.15	95.65	57.10	63.65	1,48,740	1,421	1,14,97,496	38.55	-6.50
Dec 10	58.50	69.35	50.30	58.45	38,640	626	22,39,619	19.05	-0.05
Jan 11	61.00	63.00	47.00	48.60	28,721	328	15,06,968	16.00	-12.40
Feb 11	48.25	52.95	35.55	40.00	35,445	511	15,72,746	17.40	-8.25
Mar 11	40.00	42.00	30.65	35.00	1,16,807	553	41,43,939	11.35	-5.00

* Spread

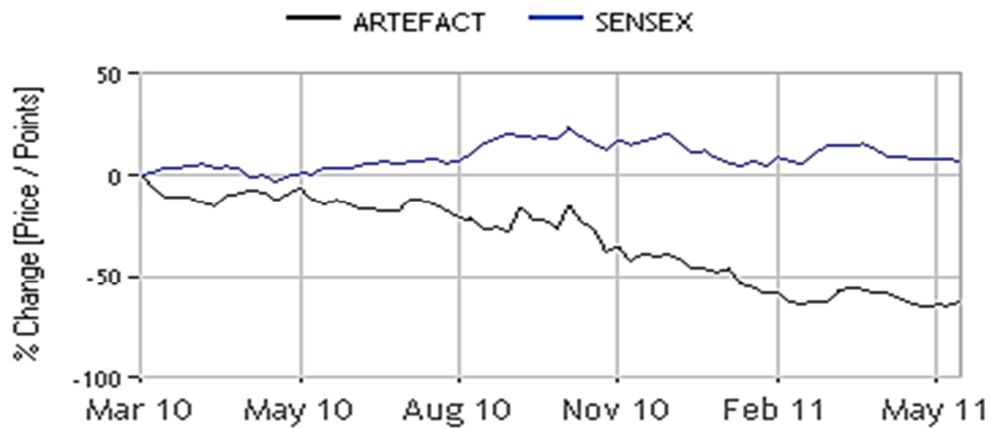
H-L : High-Low

C-O : Close-Open



APPENDIX- B

INDEX COMPARISON



APPENDIX- C

SHAREHOLDING PATTERN AS ON MARCH 31, 2011

Category	No. of shares held	% shareholding
Promoters Holding		
1. Directors and their relatives	24,65,100	49.52%
Non-Promoters Holding		
2. Private Bodies Corporate	7,72,604	15.52%
3. Individuals	14,98,211	30.10%
4.HUF	2,00,800	4.03%
4. NRI's/ OCB's	31,938	0.64%
5. Clearing Members	8,947	0.18%
Total	49,77,600	100%



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 Grievance 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:-

- **Adoption of Green Initiative**

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants.

- **Open Demat account and Dematerialize 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 dematerialised 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.



CERTIFICATION BY CHIEF EXECUTIVE OFFICER (CEO)

I, Manoj Shah, CEO & Managing Director and Minoti Banthia, Chief Financial Officer, 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: 13.08.2011

Manoj B. Shah

CEO & Managing Director

Minoti Banthia

Chief Financial Officer



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 2010-2011.

Nagpur

Manoj B. Shah

Sd/-

Date: 13.08.2011

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 PROJECTS LIMITED, for the year ended on 31st March, 2011, 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

R Koria
Partner
Membership No. – 35629

Naresh Patadia
Proprietor
Membership No. – 35620

Mumbai
Date:13th August 2011

Nagpur
Date:13th August 2011



AUDITORS' REPORT

To
The Members of
Artefact Projects Limited

1. We have audited the attached Consolidated Balance Sheet of ARTEFACT PROJECTS LIMITED (the Company), its Subsidiary and Joint Venture (collectively referred to as "the Group") as at 31st March, 2011, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Attention is drawn to the:
 - i. Note no. 13 of Schedule 14 regarding payment of managerial remuneration subject to Central Government's approval; and
 - ii. Balances outstanding in case of Sundry Debtors, Loans and Advances and Sundry Creditors, which are subject to confirmations
4. Financial statement of subsidiary which reflects total assets of Rs. 26,486,980 as at 31st March, 2011 total revenue of Rs. 6,993,073 and net cash flows amounting to Rs.146,639 for the year then ended and a jointly controlled entity reflecting total assets of Rs. 200,000 as at 31st March, 2011, total revenue of Rs. NIL and net cash out flows of Rs. 1,703 for the year ended on that date, have been audited by one of us.
5. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements and (AS) 27, Financial Reporting of Interests in Joint Ventures, as notified by Companies (Accounting Standards) Rules, 2006.



6. Subject to our comments in Para 3 Above, based on our audit as aforesaid and on consideration of reports of other auditors on the separate financial statement and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements, read with significant accounting policies and notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Consolidated Balance Sheet, of the State of Affairs of the Group as at 31st March, 2011;
 - (ii) in the case of the Consolidated Profit and Loss Account, of the Profit of the Group for the year ended on that date; and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the Cash Flows of the Group 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

R Koria
Partner
Membership No. – 35629

Naresh Patadia
Proprietor
Membership No. – 35620

Mumbai
Date: 30th May, 2011

Nagpur
Date:30th May, 2011



ARTEFACT PROJECTS LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31 ST MARCH, 2011

PARTICULARS	Schedule	As at 31.03.2011 (Amount in Rs)	
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	49,776,000	
Reserves and Surplus	2	210,338,668	
			260,114,668
Convertible Share Warrants (Refer Note No.18 of Schedule No.14)			25,815,600
Minority Interest			10,694,578
Loan Funds			
Secured Loans	3		176,807,612
Deferred Tax Liability (Net) (Refer Note No.11 of Schedule No.14)			4,738,362
TOTAL			478,170,820
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	298,951,501	
Less: Depreciation		30,201,488	
Net Block		268,750,013	
Capital Work-in-progress		-	
			268,750,013
Investments			
Other than Associates			1,000
Current Assets, Loans and Advances			
Sundry Debtors	5	134,126,971	
Cash and Bank Balances		17,027,489	
Loans and Advances		143,400,465	
		294,554,925	
Less : Current Liabilities and Provisions	6		
Current Liabilities		75,614,582	
Provisions		10,353,758	
		85,968,340	
			208,586,585
Miscellaneous Expenditure (to the extent not written off or adjusted)	7		833,222
TOTAL			478,170,820
Significant Accounting Policies	13		
Notes to Accounts	14		

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

For and on behalf of Board of Directors

R KORIA
Partner

MANOJ B SHAH
Managing Director

PANKAJ B SHAH
Whole-time Director

Mumbai
30th May, 2011

FOR NARESH PATADIA & CO
Chartered Accountants

VANDANA SAPRE
Company Secretary

MINOTI BANTHIA
Chief Financial Officer

NARESH PATADIA
Proprietor

Nagpur
30th May, 2011



ARTEFACT PROJECTS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 ST MARCH, 2011

PARTICULARS	Schedule	As at 31.03.2011 (Amount in Rs)
INCOME		
Income from Operations		212,166,861
Less : Service Tax Recovered		19,725,140
Net Income from Operations		192,441,721
Other Income	8	5,932,236
Total		198,373,957
EXPENDITURE		
Manpower Cost	9	81,828,957
Project Expenses	10	62,592,735
Administrative, Selling and Other Expenses	11	4,498,695
Total		148,920,387
Profit before Interest, Depreciation and Taxation		49,453,570
Less : Interest and Financial Charges	12	19,489,691
Profit before Depreciation and Taxation		29,963,879
Less: Depreciation / Amortization		7,219,619
Profit before Tax		22,744,260
Provision for - Current Tax		4,428,373
- Mat Credit Entitlement		(282,907)
- Deferred Tax		3,071,730
- Income Tax of Earlier Years		77,593
- Fringe benefit tax of earlier years		(1,277,910)
Profit after Tax before Minority Interest		16,727,381
Minority Interest in Income		(609,685)
Profit after Tax		16,117,695
Prior Period Items (Net)		(87,545)
Balance brought forward		110,560,932
Amount Available for Appropriations		126,591,082
APPROPRIATIONS		
General Reserve		2,400,000
Short Provision of Dividend paid on Equity Shares for earlier years (Refer Note No.19 of Schedule No,14)		675,000
Tax paid on Dividend		112,118
Proposed Dividend equity shares		3,733,200
Tax on Proposed Dividend		605,619
Balance carried to Balance Sheet		119,065,145
		126,591,082
Earnings per share of face value of Rs.10/- each		
Basic (in Rs.)		3.26
Diluted (in Rs.)		3.22
(Refer Note No. 12 of schedule No.14)		
Significant Accounting Policies	13	
Notes to Accounts	14	

As per our Report of even date

FOR CHATURVEDI & SHAH

Chartered Accountants

For and on behalf of Board of Directors

R KORIA

Partner

Mumbai

30th May, 2011

MANOJ B SHAH

Managing Director

PANKAJ B SHAH

Whole-time Director

FOR NARESH PATADIA & CO

Chartered Accountants

VANDANA SAPRE

Company Secretary

MINOTI BANTHIA

Chief Financial Officer

NARESH PATADIA

Proprietor

Nagpur

30th May, 2011



ARTEFACT PROJECTS LIMITED
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31 ST MARCH, 2011

SCHEDULE 1
SHARE CAPITAL

PARTICULARS	As at 31.03.2011 (Amount in Rs)
Authorised 1,00,00,000	Equity Shares of Rs.10/-each 100,000,000
Issued & Subscribed 49,77,600	Equity Shares of Rs.10/-each 49,776,000
Paid Up Capital 49,77,600	Equity Shares of Rs.10/-each fully paid up 49,776,000
TOTAL	49,776,000

Notes:

- 1) During the year 9,00,000 equity shares of Rs.10/- each were allotted on preferential basis @ Rs.101/-
- 2) Refer Note No.18 of schedule 14 For the shares to be issued on conversion of convertible share warrants

SCHEDULE 2
RESERVES AND SURPLUS

PARTICULARS	As at 31.03.2011 (Amount in Rs)
Capital Reserve on consolidation	296,523
Securities Premium Account	
Opening Balance	2,440,000
Add: On allotment of Equity Shares	81,900,000
Less: Transferred from Profit & Loss Account	2,263,000
	82,077,000
General Reserve	
Opening Balance	6,500,000
Add: Transferred from Profit & Loss Account	2,400,000
	8,900,000
Profit & Loss Account	119,065,145
TOTAL	210,338,668

SCHEDULE 3
SECURED LOANS

PARTICULARS	As at 31.03.2011 (Amount in Rs)
1. Term Loans	
Rupee Term Loan from a Bank	92,190,381
2. Vehicle Loans	2,240,853
3. Working Capital Loans from Banks	
Rupee Loans	81,326,189
4. Interest accrued and due	1,050,189
TOTAL	176,807,612

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 loans from banks referred to in (2) above are secured by hypothecation of the specific vehicles financed.
- C. Working Capital Loans from Banks Aggregating to Rs.8,12,45,318 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 and Rs 80,870 above are secured by the Pledge of Fixed Deposit with Bank.



SCHEDULE 4

Fixed Assets

(Amount In Rs.)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK
	As at 01.04.2010	on acquisition of subsidiary	Additions during the year	Deductions/ Adjustments	As at 31.03.2011	Up to 31.03.2010	on acquisition of subsidiary	For the year	Deductions/ Adjustments	Up to 31.3.2011	As at 31.3.2011
A. Tangible Assets											
Land	-	-	19,663,126	-	19,663,126	-	-	-	-	-	19,663,126
Buildings	2,969,408	-	194,689,739 *	-	197,659,147	643,443	-	1,595,998	-	2,239,441	195,419,706
Plant & Machinery	8,614,739	124,000	19,631,876	-	28,370,615	3,038,725	13,727	839,363	-	3,891,815	24,478,800
Furniture & Fixtures	8,111,619	-	12,520,614	-	20,632,233	5,180,003	-	841,988	-	6,021,991	14,610,242
Computers	13,527,871	1,557,068	5,984,178	180,000	20,889,117	12,001,376	554,461	2,766,624	117,272	15,205,189	5,683,928
Vehicles	1,508,060	3,978,105	2,420,575	500,000	7,406,740	588,758	692,684	421,312	124,411	1,578,343	5,828,397
B. Intangible Assets											
Computer Softwares **	872,929	-	3,457,594	-	4,330,523	510,375	-	754,334	-	1,264,709	3,065,814
TOTAL	35,604,626	5,659,173	258,367,702	680,000	298,951,501	21,962,680	1,260,872	7,219,619	241,683	30,201,488	268,750,013

* Building has been constructed on the land jointly owned by the company,directors and their relatives.

** other than Internally generated

SCHEDULE 5

CURRENT ASSETS, LOANS AND ADVANCES

PARTICULARS	As at 31.03.2011 (Amount in Rs)
A) CURRENT ASSETS	
i) Sundry Debtors (unsecured, considered good and subject to confirmation)	
Due for a period exceeding six months	30,386,772
Others	103,740,199
	<u>134,126,971</u>
ii) Cash and Bank Balances	
Cash On hand	500,366
Balances with Scheduled Banks:	
In Current Accounts* (including Cheques-in-hand)	1,617,123
In Fixed Deposit Accounts	14,910,000
(Out of the above Rs10,420,000 Pledged with bank for credit facilities)	<u>17,027,489</u>
	<u>151,154,460</u>
B) LOANS AND ADVANCES (unsecured, Considered Good and subject to confirmation)	
Advances recoverable in cash or in kind or for value to be received.	96,167,053
Advance Payment of Income-tax (Net)	39,954,140
Mat Credit Entitlement (Refer Note no 20 of Schedule No.14)	282,907
Deposits	6,996,365
	<u>143,400,465</u>
TOTAL	<u><u>294,554,925</u></u>

* (includes Rs 5231./- subject to confirmation.)

SCHEDULE 6

CURRENT LIABILITIES AND PROVISIONS

PARTICULARS	As at 31.03.2011 (Amount in Rs)
A) CURRENT LIABILITIES	
Sundry Creditors - Micro, Small and Medium Enterprises @ - Others * (subject to confirmation)	17,337,647
Unclaimed Dividend #	439,966
Other Liabilities	56,664,973
Interest accrued but not due	1,171,996
	<u>75,614,582</u>
B) PROVISIONS	
Provision for Employee Benefits	1,139,566
Provision for Income Tax	4,875,373
Provision for Fringe Benefit tax	-
Proposed Dividend	3,733,200
Dividend Tax on Proposed Dividend	605,619
	<u>10,353,758</u>
TOTAL	<u><u>85,968,340</u></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 31 st March 11 together with Interest paid / payable have not been given.



* Includes Rs 3,529,120 related to Creditors for Capital Goods.

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

**SCHEDULE 7
MISCELLANEOUS EXPENDITURE
(To the extent not written off or adjusted)**

PARTICULARS	As at 31.03.2011 (Amount in Rs)
SHARE ISSUE EXPENSES	
Opening balance	199,311
Add: Incurred during the year	633,911
TOTAL	833,222

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 ST MARCH, 2011**

**SCHEDULE 8
OTHER INCOME**

PARTICULARS	Year ended 31.03.2011 (Amount in Rs)
Interest Received	1,439,149
- On fixed deposits	
- (Tax deducted at source Rs,131,761/-)	
- On Income tax refund	1,285,550
Dividend : From Long-term Investments	100
Balances Written Back (Net)	3,207,437
TOTAL	5,932,236

**SCHEDULE 9
MANPOWER COST**

PARTICULARS	Year ended 31.03.2011 (Amount in Rs)
Salaries, Wages and Allowances	78,765,043
Contribution to P.F. and Other Funds	1,804,958
Welfare and Other Amenities	1,258,956
TOTAL	81,828,957

**SCHEDULE 10
PROJECT EXPENSES**

PARTICULARS	Year ended 31.03.2011 (Amount in Rs)
Travelling & Conveyance	17,937,173
Payments to Sub Consultants	21,894,580
Site & Survey Expenses	10,396,016
Power & Electricity	2,292,486
Rent	3,914,319
Communication Expenses	2,680,302
Computer & Software Expenses	781,635
Repairs & Maintenance -	-
Building	479,638
Plant and Machinery	799,884
Others	694,825
Insurance	721,877
TOTAL	62,592,735



SCHEDULE 11
ADMINISTRATIVE, SELLING AND OTHER EXPENSES

PARTICULARS	Year ended 31.03.2011 (Amount in Rs)
Rates & Taxes	148,864
Printing & Stationery	1,339,882
Legal & Filing Fees	255,607
Tender Expenses	410,994
Payment to Auditors	841,500
Advertisement & Sales Promotion	366,271
Donations	11,600
Loss on Sale of Fixed Assets	198,317
Miscellaneous Expenses	925,660
TOTAL	<u>4,498,695</u>

SCHEDULE 12
INTEREST AND FINANCIAL CHARGES

PARTICULARS	Year ended 31.03.2011 (Amount in Rs)
Interest Paid - Fixed Loans	11,110,550
- Others	7,046,917
Financial Charges	1,332,224
TOTAL	<u>19,489,691</u>

SCHEDULE-13

SIGNIFICANT ACCOUNTING POLICIES

1. Principles of Consolidation:

The consolidated financial statements relate to the Artefact Projects Limited ('The Holding Company'), subsidiary Company and its Jointly Controlled entity (Collectively referred as "The Group"). The consolidated financial statements have been prepared on the following basis:

- a. The financial statements of the Company and Subsidiary Company are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 –“Consolidated Financial Statements”.
 - b. The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner except as disclosed in the Note No.3 of Schedule 14.
 - c. The difference between the cost of investment in the subsidiary, over the net assets at the time of acquisition of shares in the subsidiary is recognised in the financial statements as Goodwill, or Capital Reserve as the Case may be.
 - d. The difference between the proceeds from disposal of investment in subsidiaries and the carrying amount of its assets less liabilities as of the date of disposal is recognized in the Consolidated statement of Profit and Loss account being the profit or loss on disposal of investment in subsidiary.
 - e. Minority Interest’s share of net profit of consolidated financial statements for the period is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
 - f. Minority Interest’s share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company’s shareholders.
 - g. Interest in Jointly controlled entity has been accounted for by combining on a line-by-line basis by adding together the proportionate book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS)-27 on financial reporting of Interests in Joint Ventures.
2. Investments other than in subsidiaries have been accounted as per Accounting Standard (AS) 13 on “Accounting for Investments”.

3. Other Significant Accounting Policies:

These are set out under “Significant Accounting Policies” as given in the Company’s separate financial statements.



SCHEDULE - 14
NOTES TO ACCOUNTS

1. Artefact Infrastructure Limited has become the subsidiary of the Company during the year ended March 31, 2011. The Company was not required to prepare Consolidated Financial Statement as on March 31, 2010 and hence corresponding figures previous year are not given.

2. Following entity is considered in the consolidated financial statements:

Name of the Entity	Relation	Country of Incorporation	Proportion of ownership interest
Artefact Infrastructure Limited	Subsidiary	India	51%
Artefact Projects Zaidun Leeng India Private Limited	Jointly Controlled entity	India	40%

3. In respect of following items Accounting Policy / Method followed by the subsidiary company are different:-

Item	Particulars	Amount Involved for year ended 31st March 2011	Proportion of Item
Miscellaneous Expenditure (to the extent not written off or adjusted)	The subsidiary company & Jointly controlled entity has amortised the share issue & Preliminary expenses over a period of 10 Years whereas holding company has the policy of adjusting the same against security Premium Account.	833,922	100%

4. Contingent Liabilities :

PARTICULARS

	As at 31.03.2011 (Amount in Rs)
a Guarantees given by the Company's Bankers. (Bank guarantees are provided under contractual/legal obligation. No cash outflow is expected.)	41,543,998
b Third Party claims (Matters are pending before various forums. No cash outflow is expected)	1,725,636
5. 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)	1,027,911
6. In the opinion of the management, Current Assets, Loans and Advances are of the value stated, if realised in the ordinary course of business.	
	As at 31.03.2011 (Amount in Rs)
7.	
(i) Derivative Contracts entered into by the Company and outstanding	NIL
(ii) Foreign Currency exposures that are not hedged by derivatives instruments are as under:	
a) Receivable :	-
b) Payable :	6,842,400



Defined Contribution Plan

Employer's Contribution to Provident Fund, ESIC and Other Funds

1,804,958

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 recognizes 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) (Amount In Rs.)
	As at
	31.03.2011
Defined Benefit Obligation at the beginning of the year	111,1424
Current Service Cost	294,454
Interest Cost	91,692
Actuarial Losses / (Gain)	(333,312)
Benefits Paid	(24,692)
Amount Recognised in the Balance Sheet	1,139,566
	For the
	Year ended
	31.03.2011
ii. Expense recognized in Statement of Profit & Loss Account	31.03.2011
Current Service Cost	294,454
Interest on Defined Benefit Obligation	91,692
Net Actuarial Losses / (Gains) Recognised in year	(333,312)
Total, included in "Remuneration and benefits to Employees "	52,834
	As at
	31.03.2011
iii. Actuarial Assumptions	LIC (1994-96) Published Table
Mortality Table (LIC)	8.25%
Discount rate (per annum)	6.50%
Expected Rate of escalation in Salary (per annum)	
	As at
iv. Amounts For the Current and Previous Periods for Gratuity Funded are as follows	31.03.2011
Particulars	
Defined Benefit Obligation	1,139,566
Experience Adjustment on plan liabilities Gain / (Loss)	*

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

9. 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.

10. Related Party Disclosures**A. List of related parties :**

(As certified by the Company)

I Joint Ventures

[a] Zaidun Leeng Sdn. Bhd.- Artefact Projects

[b] Sheladia Associates Inc – Artefact Projects-
Zaidun Leeng Sdn. Bhd.

[c] Meinhardt Singapore Pte. Ltd. - Artefact Projects

} Joint Ventures



II. Key Management Personnel & their relatives

[a] Mr. Manoj B. Shah	Key Management Personnel
[b] Mr. Pankaj B. Shah	Key Management Personnel
[c] Mr. Chetan B. Shah	Relative of Key Management Personnel
[d] Mrs. Sushila Ben Shah	Relative of Key Management Personnel

**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)**

Artefacts Projects Sdn. Bhd.

B. Transactions with Related Parties:

Nature of transaction	Joint Ventures	Other Related Parties	Key Management Personnel & their relatives	TOTAL
Share Application Money Received	-	-	2,407,000	2,407,000
Purchase/Allotment of share	-	-	620,000	620,000
Sale of Goods & Services Project Management Consultancy Fees	164,331,602	-	-	164,331,602
Advances Recoverable in cash or in kind				
Opening Balance	-	12,616	-	12,616
Paid during the year	-	61,833	-	61,833
Received/adjusted during the year	-	74,449	-	74,449
Balance as on 31st March 2011	-	-	-	-
Sundry Debtors Balance as on 31st March 2011	123,469,893	-	-	123,469,893
Expenditure Payment of Salaries / Perquisites	-	-	4,902,000	4,902,000

C. Details of major transactions with Related Parties :

31.03.2011
(Amount In Rs.)

Share Application Money Mr. Pankaj Shah	2,345,000
Purchase/Allotment of Shares Mr. Manoj Shah Mr. Pankaj Shah Mr. Chetan Shah	66,000 486,000 66,000
Project Management Consultancy Fees Zaidun Leeng Sdn. Bhd.- Artefacts Projects Meinhardt Singapore Pte. Ltd. - Artefact Projects	147,450,901 16,880,701



Advances Recoverable in cash or in kind		
Artefact Projects Sdn. Bhd.		
Opening Balance		12,616
Paid during the year		61,833
Received/adjusted during the year		74,449
Balance as on 31st March 2011		-
Sundry Debtors		
Zaidun Leeng Sdn. Bhd.- Artefact Projects		114,552,805
Payment of Salaries / Perquisites		
Mr. Manoj B. Shah		2,511,000
Mr. Pankaj B. Shah		2,391,000

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

		As at 31.03.2011 (Amount In Rs.)
(i)	Deferred Tax Liabilities	
	Related to Fixed Assets	
		5,116,926
	Total	<u>5,116,926</u>
(ii)	Deferred Tax Assets	
	Disallowances under Income Tax Act	378,564
	Total	<u>378,564</u>
	Net Deferred Tax Liability	4,738,362

12. 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 31.03.2011 (Amount In Rs.)
Basic Earnings Per Share		
Net Profit after tax		16,117,695
Less: Prior Period Items		87,545
Amount available for calculation of Basic EPS	(A)	<u>16,030,150</u>
Weighted average number of equity shares (Nos.)	(B)	4,913,490
Basic Earnings Per Share of face value of Rs.10/- each	(A) / (B)	3.26
Diluted Earnings Per Share		
Amount available for calculation of Diluted EPS	(A)	16,030,150
Weighted average number of equity shares (Nos.)		4,913,490
Add:- potential number of Equity Share**		64,110
Number of Shares used for calculating Diluted EPS	(B)	4,977,600
Diluted Earnings Per Share of face value of Rs.10/- each	(A) / (B)	3.22

** The effect of convertible share warrants on earning per share is anti dilutive and hence they are not considered for the purpose of calculation of diluted earning per share

13	Managerial Remuneration :	As at 31.03.2011 (Amount In Rs.)
a.	i. Salaries	4,902,000
	ii. Perquisites	-
	Total	4,902,000*

*The Managerial remuneration for the year ended 31.03.2011 includes Rs. 2,263,505 paid in excess of the amount eligible under schedule XIII to the Companies Act, 1956 and is subject to the approval of Central Government.

- 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.

14	Payment to Auditors :	As at 31.03.2011 (Amount In Rs.)
	Audit Fees	507,000
	Tax Audit Fees	10,000
	Certification Charges and Other Matters	324,500
	Total	841,500

- 15 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 31st March, 2011.

**16 Joint Venture Accounting :
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 are as under: -

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

- b The Company's share in the total value of the assets and liabilities as at 31.03.2011 is Rs. 100,389,635 & 92,761,503 respectively and in the income, expenditure and net profit before tax for the year ended 31.03.2011 of all these Joint Ventures amounts to Rs. 21,057,848 , Rs. 20,664,180 and Rs.393,668 respectively. The figures have been incorporated based on the audited financial statements received from the respective Joint Ventures.

17	Details of expenditure in Foreign Currency	Year ended 31.03.2011 (Amount in Rs)
	i. Technical Knowhow and Services	2,382,606
	ii. Travelling	72,716



- 18**
- a** As approved by the Shareholders at the Extra-Ordinary General Meeting held on 23rd February,2010, 900,000 Equity Shares of Rs.10/-each and 10,22,400 Warrants have been allotted during the year ended 31st March,2011 at a premium of Rs.91/- per share on preferential basis. Consequently paid-up Share Capital and Securities Premium have been increased by Rs.9,000,000 and Rs.81,900,000 respectively.
 - b** The Company has received Rs 25,815,600 against the convertible share warrants till 31st March 2011. Each warrants shall be converted into one equity shares of Rs 10 each over a period of 18 Months from the date of allotment i.e.27th April 2010.
 - c** Proceeds from the Preferential allotment of equity shares and warrants have been fully utilized for the purpose for which, were raised
- 19** The short provision of dividend on equity shares for earlier years is in respect of the shares allotted after 31.03.2010 but before the accounts approved by the shareholders in Annual General Meeting held on 29th September 2010 and paid accordingly.
- 20** Presently the company is liable to pay MAT under section 115JB of the Income Tax Act,1961(The Act) and the amount paid as MAT is allowed to be carried forward for being set off against the future tax liabilities computed in accordance with the provisions of the Act, other than section 115JB,in next ten years. Based on future projection of the performances, the company will be liable to pay the income tax computed as per provisions, other than under section 115 JB of the Act. Accordingly as advised in Guidance Note on " Accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act,1961" issued by the Institute of Chartered Accountants of India Rs.2,82,907 being the excess of tax payable u/s 115 JB of the Act over tax payable as per the provision other than section 115 JB of the Act has been considered as MAT credit entitlement and credited to profit and loss account. The aggregate MAT Credit Entitlement available to the company as on 31st March,2011 is Rs.2,82,907/-
- 21**
- | Details of Investment | No of shares | Face Value (Rs) | As at 31.03.2011
(Amount in Rs.) |
|---------------------------------|--------------|-----------------|-------------------------------------|
| In Equity shares-others | | | |
| Nagpur Nagrik Sahakari Bank Ltd | 20 | 50 | 1,000 |
- 22** On March 10,2011 the income tax authorities carried out search and seizure at the company's premises and concluded on 15th April 2011.During the course of search and seizure income tax authorities seized certain documents, invoices and vouchers. Given the information provided so far and the investigation carried out at the time of operation, the company believes that there will be no material tax liability for the period. The amount of tax liability if any, shall be determined upon completion of process of assessment by the tax authorities. Search was concluded on 15th April,2011.

As per our Report of even date

FOR CHATURVEDI & SHAH

Chartered Accountants

R KORIA

Partner

Mumbai

30th May, 2011

FOR NARESH PATADIA & CO

Chartered Accountants

NARESH PATADIA

Proprietor

Nagpur

30th May, 2011

For and on behalf of Board of Directors

MANOJ B SHAH
Managing Director

PANKAJ B SHAH
Whole-time Director

VANDANA SAPRE

Company Secretary

MINOTI BANTHIA

Chief Financial Officer



ARTEFACT PROJECTS LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2011

Particulars	31.03.2011 Amount (Rs.)
Cash Flow From Operating Activities	
Net Profit before taxation and Extraordinary Item	22,744,260
Depreciation	7,219,619
Interest Income	(1,439,149)
Interest and Financial Charges	19,489,691
Dividend Received	(100)
Loss on sale of Fixed Assets	198,317
Balances Written Back	(3,207,437)
Prior Period Items	(87,545)
Operating Profit Before Working Capital Changes	44,917,656
Adjusted For :	
Trade and Other Receivables	(13,184,535)
Trade Payables	3,646,557
Cash Generated From Operations	35,379,678
Income Tax Paid	(14,933,514)
Net Cash From Operating Activities	20,446,164
Cash Flow From Investing Activities	
Purchase of Fixed Assets	(57,513,209)
Sale of Fixed Assets	240,000
Dividend	100
Interest Received	1,785,565
Net Cash Used in Investing Activities	(55,487,544)
Cash Flow From Financing Activities	
Dividend Paid	(3,647,087)
Dividend Tax Paid	(620,085)
Share Issue Expenses	(2,897,506)
Proceeds from Long Term Borrowings	1,675,000
Short Term Borrowings (Net)	78,299,390
Repayment of Long Term Borrowings	(16,104,744)
Interest Paid	(21,990,633)
Net Cash From Financing Activities	34,714,334
Net Decrease In Cash And Cash Equivalents (A +B +C)	(327,045)
Cash And Cash Equivalents At The Beginning Of The Year	12,324,194
Add: On acquisition of subsidiary during the year	5,028,612
Add: opening balance of Joint venture	1,729
Cash And Cash Equivalents At The End Of The Year	17,027,489

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 Rs. 10,420,000/- which are pledged against bank guarantees and overdraft facilities taken by the company.

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

For and on behalf of Board of Directors

R KORIA
Partner

Mumbai
30th May, 2011

MANOJ B SHAH
Managing Director

PANKAJ B SHAH
Whole-time Director

FOR NARESH PATADIA & CO
Chartered Accountants

VANDANA SAPRE
Company Secretary

MINOTI BANTHIA
Chief Financial Officer

NARESH PATADIA
Proprietor

Nagpur
30th May, 2011



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, 2011 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. Attention is drawn to the:
 - i. Note no. 10 of Schedule 15 regarding payment of managerial remuneration subject to Central Government's approval; and
 - ii. Balances outstanding in case of Sundry Debtors, Loans and Advances and Sundry Creditors, which are subject to confirmations
5. Further to our comments in the annexure referred to in paragraph 3 above and subject to our comment in paragraph 4 above, 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, 2011 and taken on records by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act 1956.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the significant accounting policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - b. in the case of the Profit and Loss Account, of the profits of the Company for the year ended on that date; and
 - c. in the case of the 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

R Koria
Partner
Membership No. – 35629

Naresh Patadia
Proprietor
Membership No. – 35620

Mumbai
Date: 30th May, 2011

Nagpur
Date: 30th May, 2011



ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date

As required by the Companies (Auditor's Report) Order, 2003 issued by Central Government of India in terms of Section 227 (4A) of the Companies Act 1956, and on the basis of such checks as we considered appropriate, we further report that:-

- 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 substantial part of fixed assets during the year that would affect going concern status of the Company.
- 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. In respect of loans, secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in the register maintained under section 301 of the companies Act 1956:
 - a. The Company has not granted any loan to such parties. Consequently the provisions of clauses (iii) (b), (iii) (c) and (iii) (d) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable.
 - b. During the year, the company has taken loan from a party in respect of which maximum amount involved was Rs. 11,100,000 and the year-end balance was Rs. 3,210,063.



- c. In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions are not prima facie prejudicial to the interest of the Company.
- d. As per the information and explanations given to us, the above loans are repayable on demand and there is no repayment schedule.
- 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. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
 - a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts / arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs.5,00,000 in respect of each party during the year have been made at prices which are prima facie reasonable having regard to the prevailing market price at the relevant time, except for certain transactions for purchase/Sale of services of specific nature for which alternative quotations are not available and hence we are unable to comment upon.
- 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 some cases. Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

- 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, 2011 for a period of more than six Months from the date they become payable except for ESIC amounting to Rs. 627834/- and Professional Tax amounting to Rs. 17,740/- (Rs 17,740 has since been paid),
- 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, the Company has defaulted in repayment of principal and interest aggregating to Rs. 2,316,150 in respect of loan taken from a Bank. The same has since been paid.
- 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. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures & other investments. The Company has maintained proper records of transactions and contracts in respect of shares and timely entries have been made therein. All the shares have been held by the Company in its own name.
- xv. According to the information and explanations given by the management, the Company has given guarantee for credit facilities taken by the subsidiary company from bank as mentioned in note 1(b) of Schedule 15. According to the information



and explanations given to us, the guaranty outstanding as at year end is *prima facie* not prejudicial to the interest of the Company.

- xvi. The company has not 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 were prima-facie been used for the purpose for which they were raised.
- 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, 2011, 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 company has made preferential allotment of 822,400 share warrants at the rate of Rs. 101 per share warrant to the parties covered under register maintained u/s 301 of the Companies Act, 1956. According to the information and explanation given to us these share warrants are issued in terms of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 and accordingly, the prices at which these share warrants are not prima facie prejudicial to the interest of the company.
- 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

R Koria
Partner
Membership No. – 35629
Mumbai
Date: 30th May, 2011

Naresh Patadia
Proprietor
Membership No. – 35620
Nagpur
Date: 30th May, 2011



ARTEFACT PROJECTS LIMITED
BALANCE SHEET AS AT 31 ST MARCH, 2011

PARTICULARS	Schedule	As at 31.03.2011 (Amount in Rs.)		As at 31.03.2010 (Amount in Rs.)	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	49,776,000		40,776,000	
Reserves and Surplus	2	209,407,575		119,500,932	
			259,183,575		160,276,932
Convertible Share Warrants (Refer Note No.15 of schedule 15)			25,815,600		-
Application Money Pending Allotment			-		116,715,600
Loan Funds					
Secured Loans	3	176,047,487		111,155,037	
Unsecured Loan	4	3,210,063	179,257,550	-	111,155,037
Deferred Tax Liability (Net) (Refer Note No.8 of schedule 15)			4,416,915		1,325,266
			468,673,640		389,472,835
APPLICATION OF FUNDS					
Fixed Assets	5				
Gross Block		293,792,328		35,604,626	
Less: Depreciation		28,777,259		21,962,680	
Net Block		265,015,069		13,641,946	
Capital Work-in-progress		-		266,022,353	
			265,015,069		279,664,299
Investments	6		10,401,000		201,000
Current Assets, Loans and Advances	7				
Sundry Debtors		131,440,615		121,049,003	
Cash and Bank Balances		12,113,584		12,324,194	
Loans and Advances		133,575,128		57,938,716	
		277,129,327		191,311,913	
Less: Current Liabilities and Provisions	8				
Current Liabilities		74,044,998		61,654,486	
Provisions		9,826,758		20,049,891	
		83,871,756		81,704,377	
Net Current Assets			193,257,571		109,607,536
TOTAL			468,673,640		389,472,835
Significant Accounting Policies	14				
Notes to Accounts	15				

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

For and on behalf of Board of Directors

R KORIA
Partner

MANOJ B SHAH
Managing Director

PANKAJ B SHAH
Whole-time Director

Mumbai
30th May, 2011

FOR NARESH PATADIA & CO
Chartered Accountants

VANDANA SAPRE
Company Secretary

MINOTI BANTHIA
Chief Financial Officer

NARESH PATADIA
Proprietor

Nagpur
30th May, 2011



ARTEFACT PROJECTS LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS	Schedule	As at 31.03.2011 (Amount in Rs.)	As at 31.03.2010 (Amount in Rs.)
INCOME			
Income from Operations		209,635,476	237,440,645
Less : Service Tax Recovered		19,488,755	22,179,880
Net Income from Operations		190,146,721	215,260,765
Other Income	9	5,673,488	3,310,608
TOTAL		195,820,209	218,571,373
EXPENDITURE			
Manpower Cost	10	80,508,858	93,998,498
Project Expenses	11	63,139,993	69,448,515
Administrative, Selling and Other Expenses	12	4,128,645	3,884,960
		147,777,496	167,331,973
Profit before Interest, Depreciation and Taxation		48,042,713	51,239,400
Less : Interest and Financial Charges	13	19,670,641	10,261,164
Profit before Depreciation and Taxation		28,372,072	40,978,236
Less: Depreciation / Amortization		6,931,851	3,526,174
Profit before Tax		21,440,221	37,452,062
Provision for - Current Tax		4,348,373	13,095,500
- Mat Credit Entitlement		(282,907)	-
- Deferred Tax (Credit)		3,091,649	(190,560)
- Income Tax of Earlier Year		77,891	409,948
- Fringe benefit tax of earlier year		(1,277,910)	-
Profit after Tax		15,483,125	24,137,174
Prior Period Items (Net)		(87,545)	50,000
Balance brought forward		110,560,932	92,339,925
Amount Available for Appropriations		125,956,512	116,527,099
APPROPRIATIONS			
General Reserve		2,400,000	2,400,000
Short Provision of Dividend paid on Equity Shares for earlier years		675,000	-
Refer Note No.16 of Schedule No,15)			
Tax paid on Dividend		112,118	-
Proposed Dividend equity shares		3,733,200	3,058,200
Tax on Proposed Dividend		605,619	507,967
Balance carried to Balance Sheet		118,430,575	110,560,932
		125,956,512	116,527,099
Earnings per share of face value of Rs.10/- each (Refer Note No. 9 of schedule No.15)			
Basic (in Rs.)		3.13	5.93
Diluted (in Rs.)		3.09	5.78
Significant Accounting Policies	14		
Notes to Accounts	15		

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

For and on behalf of Board of Directors

R KORIA
Partner

Mumbai
30th May, 2011

MANOJ B SHAH
Managing Director

PANKAJ B SHAH
Whole-time Director

FOR NARESH PATADIA & CO
Chartered Accountants

VANDANA SAPRE
Company Secretary

MINOTI BANTHIA
Chief Financial Officer

NARESH PATADIA
Proprietor

Nagpur
30th May, 2011



ARTEFACT PROJECTS LIMITED
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31 ST MARCH, 2011

SCHEDULE 1
SHARE CAPITAL

PARTICULARS	As at 31.03.2011 (Amount in Rs)	As at 31.03.2010 (Amount in Rs)
Authorised		
10,000,000 (Previous Year 10,000,000) 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 49,77,600) Equity Shares of Rs.10/-each	49,776,000	49,776,000
	<u>49,776,000</u>	<u>49,776,000</u>
Paid Up Capital		
49,77,600 (Previous Year 40,77,600) Equity Shares of Rs.10/-each fully paid up	49,776,000	40,776,000
TOTAL	<u><u>49,776,000</u></u>	<u><u>40,776,000</u></u>

Notes:

- 1) During the year 9,00,000 equity shares of Rs.10/- each were allotted on preferential basis @ Rs.101/-
- 2) Refer Note No.15 of schedule 15 For the shares to be issued on conversion of convertible share warrants.

SCHEDULE 2
RESERVES AND SURPLUS

PARTICULARS	As at 31.03.2011 (Amount in Rs)	As at 31.03.2010 (Amount in Rs)
Securities Premium Account		
Balance as per last Balance Sheet	2,440,000	2,440,000
Add: On allotment of Equity Shares	81,900,000	-
Less: Share Issue Expenses	2,263,000	-
	<u>82,077,000</u>	<u>2,440,000</u>
General Reserve		
Balance as per last Balance Sheet	6,500,000	4,100,000
Add: Transferred from Profit & Loss Account	2,400,000	2,400,000
	<u>8,900,000</u>	<u>6,500,000</u>
Profit & Loss Account	118,430,575	110,560,932
TOTAL	<u><u>209,407,575</u></u>	<u><u>119,500,932</u></u>

SCHEDULE 3
SECURED LOANS

PARTICULARS	As at 31.03.2011 (Amount in Rs)	As at 31.03.2010 (Amount in Rs)
1. Term Loans		
Rupee Term Loan from a Bank	92,190,381	108,058,214
2. Vehicle Loans	1,561,598	70,024
3. Working Capital Loans from Banks		
Rupee Loans	81,245,319	3,026,799
4. Interest accrued and due on Loans	1,050,189	-
TOTAL	<u><u>176,047,487</u></u>	<u><u>111,155,037</u></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 loans from banks referred to in (2) above are secured by hypothecation of the specific vehicles financed.
- C. Working Capital Loans from Banks Aggregating to Rs.8,12,45,318 (Previous Year Rs. 2,501,632) 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 and Rs NIL (Previous Year Rs. 525,167) Lacs are secured by the Pledge of Fixed Deposit with Bank.



**SCHEDULE 4
UNSECURED LOANS
PARTICULARS**

	As at 31.03.2011 (Amount in Rs)	As at 31.03.2010 (Amount in Rs)
Short Term Loan from a Subsidiary	3,210,063	-
TOTAL	3,210,063	-

**SCHEDULE 6
INVESTMENTS
PARTICULARS**

	Number of Shares		Face Value	As at 31.03.2011 (Amount in Rs)	As at 31.03.2010 (Amount in Rs)
	31.03.2011	31.03.2010	Rs.		
Long Term (Unquoted), fully paid up					
Trade					
I) In Equity Shares of Subsidiary	1,020,000	0	10	10,200,000	-
Artefact Infrastructure Ltd.					
II) In Equity Shares-others					
Nagpur Nagrik Sahakari Bank Ltd.	20	20	50	1,000	1,000
Other than Trade					
I) In Equity Shares					
Artefact Projects Ziadun Leeng (India) Pvt. Ltd.	20,000	20,000	10	200,000	200,000
TOTAL				10,421,000	201,000

**SCHEDULE 7
CURRENT ASSETS, LOANS AND ADVANCES
PARTICULARS**

	As at 31.03.2011 (Amount in Rs)	As at 31.03.2010 (Amount in Rs)
A) CURRENT ASSETS		
i) Sundry Debtors		
(unsecured, considered good and subject to confirmation)		
Due for a period exceeding six months	30,055,872	6,353,301
Others	101,384,743	114,695,702
	131,440,615	121,049,003
ii) Cash and Bank Balances		
Cash On hand	487,407	467,603
Balances with Scheduled Banks:		
In Current Accounts*	1,306,177	2,024,591
(including Cheques-in-hand)		
In Fixed Deposit Accounts	10,320,000	9,832,000
(Pledged with bank for credit facilities)		
	12,113,584	12,324,194
	143,554,199	133,373,197
* (includes Rs 5231./- (Previous year 58946/-) subject to confirmation.)		
B) LOANS AND ADVANCES		
(unsecured, Considered Good and subject to confirmation)		
Advances recoverable in cash or in kind or for value to be received.	90,603,456	16,351,226
Advance Payment of Income-tax (Net)	38,262,400	37,147,607
Mat Credit Entitlement (Refer Note no. 17 of Schedule No.15)	282,907	-
Deposits	4,426,365	4,439,883
	133,575,128	57,938,716
TOTAL	277,129,327	191,311,913



SCHEDULE 5

Fixed Assets

(Amount In Rs.)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2010	Additions	Deductions/A djustments	As at 31.03.2011	Up to 31.03.2010	For the Year	Deduction/ Adjustments	Up to 31.3.2011	As at 31.3.2011	As at 31.03.2010
A. Tangible Assets										
Land	-	19,663,126	-	19,663,126	-	-	-	-	19,663,126	-
Buildings	2,969,408	194,689,739 *	-	197,659,147	643,443	1,595,998	-	2,239,441	195,419,706	2,325,965
Plant & Machinery	8,614,739	19,631,876	-	28,246,615	3,038,725	836,636	-	3,875,361	24,371,254	5,576,014
Furniture & Fixtures	8,111,619	12,520,614	-	20,632,233	5,180,003	841,988	-	6,021,991	14,610,242	2,931,616
Computers	13,527,871	5,984,178	180,000	19,332,049	12,001,376	2,649,378	117,272	14,533,482	4,798,567	1,526,495
Vehicles	1,508,060	2,420,575	-	3,928,635	588,758	253,517	-	842,275	3,086,360	919,302
B. Intangible Assets										
Computer Softwares **	872,929	3,457,594	-	4,330,523	510,375	754,334	-	1,264,709	3,065,814	362,554
TOTAL	35,604,626	258,367,702	180,000	293,792,328	21,962,680	6,931,851	117,272	28,777,259	265,015,069	13,641,946
Previous Year	35,407,177	197,450	-	35,604,626	18,436,506	3,526,174	-	21,962,680	13,641,946	
Capital Work in Progress										266,022,353

* Building has been constructed on the land jointly owned by the company, directors and their relatives.

** other than Internally generated

Notes :

1. Capital Work-in-progress includes :

	As at 31.03.2011 (Amount In Rs.)	As at 31.03.2010 (Amount In Rs.)
Advances on Capital Account	-	33832252
Building under Construction	-	192800589
Pre-operative Expenses (Interest Capitalized)	-	38661858
Materials at Site.	-	727,655
TOTAL :		266022353

**SCHEDULE 8
CURRENT LIABILITIES AND PROVISIONS**

PARTICULARS	As at 31.03.2011 (Amount in Rs)	As at 31.03.2010 (Amount in Rs)
A) CURRENT LIABILITIES		
Sundry Creditors - Micro, Small and Medium Enterprises @ - Others * (subject to confirmation)	-	-
Unclaimed Dividend #	19,444,081	11,247,238
Other Liabilities	439,966	353,853
Interest accrued but not due on loans	52,988,955	49,933,495
	1,171,996	119,900
	<u>74,044,998</u>	<u>61,654,486</u>
B) PROVISIONS		
Provision for Employee Benefits	1,139,566	1,111,424
Provision for Income Tax	4,348,373	13,095,500
Provision for Fringe Benefit tax	-	2,276,800
Proposed Dividend	3,733,200	3,058,200
Dividend Tax on Proposed Dividend	605,619	507,967
	<u>9,826,758</u>	<u>20,049,891</u>
TOTAL	<u>83,871,756</u>	<u>81,704,377</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 31 st March 11 together with Interest paid / payable have not been given.

* Includes Rs 3,529,120 related to Creditors for Capital Goods (Previous year: Rs 5,506,484) and Rs 2,117,464 (Previous year Rs Nil) payable to subsidiary company).

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 31 ST MARCH, 2011**

**SCHEDULE 9
OTHER INCOME**

PARTICULARS	As at 31.03.2011 (Amount in Rs)	As at 31.03.2011 (Amount in Rs)
Interest Received		
- On fixed deposits	1,270,552	1,373,253
- (Tax deducted at source Rs,102352/-(Previous Year Rs. 179170/-)		
- On Income tax refund	1,209,540	512,771
Dividend : From Long-term Investments	100	100
Balances Written Back (Net)	3,193,296	1,424,484
TOTAL	<u>5,673,488</u>	<u>3,310,608</u>

**SCHEDULE 10
MANPOWER COST**

PARTICULARS	As at 31.03.2011 (Amount in Rs)	As at 31.03.2010 (Amount in Rs)
Salaries, Wages and Allowances	77,449,543	91,7614,112
Contribution to P.F. and Other Funds	1,804,958	1,445,355
Welfare and Other Amenities	1,254,357	792,031
TOTAL	<u>80,508,858</u>	<u>93,998,498</u>



**SCHEDULE 11
PROJECT EXPENSES**

PARTICULARS	As at	As at
	31.03.2011	31.03.2010
	(Amount in Rs)	(Amount in Rs)
Travelling & Conveyance	17,795,087	20,668,618
Payments to Sub Consultants	23,265,030	28,261,144
Site & Survey Expenses	9,952,056	7,348,228
Power & Electricity	2,292,331	1,749,528
Rent	3,823,569	4,735,459
Communication Expenses	2,680,302	3,038,428
Computer & Software Expenses	781,635	762,151
Repairs & Maintenance -		
Building	479,638	51,390
Plant and Machinery	799,884	1,347,210
Others	550,270	636,760
Insurance	720,191	849,599
TOTAL	63,139,993	69,448,515

**SCHEDULE 12
ADMINISTRATIVE, SELLING AND OTHER EXPENSES**

PARTICULARS	As at	As at
	31.03.2011	31.03.2010
	(Amount in Rs)	(Amount in Rs)
Rates & Taxes	148,864	132,373
Printing & Stationery	1,292,582	1,790,627
Legal & Filing Fees	165,132	218,601
Tender Expenses	389,994	79,875
Payment to Auditors	824,000	585,000
Advertisement & Sales Promotion	366,271	367,591
Donations	11,600	21,430
Loss on Sale of Fixed Assets	42,728	-
Miscellaneous Expenses	887,474	689,463
TOTAL	4,128,645	3,884,960

**SCHEDULE 13
INTEREST AND FINANCIAL CHARGES**

PARTICULARS	As at	As at
	31.03.2011	31.03.2010
	(Amount in Rs)	(Amount in Rs)
Interest Paid - Fixed Loans	11,083,386	22,342
- Others	7,407,462	8,908,613
Financial Charges	1,179,793	1,330,209
TOTAL	19,670,641	10,261,164



SCHEDULE-14

SIGNIFICANT ACCOUNTING POLICIES

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 Rs. 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 the asset 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.

16 Share Issue Expenses:

Share issue expenses are adjusted against the Securities Premium Account.



SCHEDULE - 15
NOTES TO ACCOUNTS

	As at 31.03.2011 (Amount in Rs)	As at 31.03.2010 (Amount in Rs)
1. Contingent Liabilities :		
a Guarantees given by the Company's Bankers. (Bank guarantees are provided under contractual/legal obligation. No cash outflow is expected.)	41,543,998	55,834,498
b Corporate Guarantee Given (Given to Bank against credit facility taken by Subsidiary, Facility disbursed to subsidiary is Rs Nil)	105,000,000	-
c Third Party claims (Matters are pending before various forums. No cash outflow is expected)	1,725,636	-
2. 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)	1,027,911	4,162,873
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. (i) Derivative Contracts entered into by the Company and outstanding	NIL	NIL
(ii) Foreign Currency exposures that are not hedged by derivatives instruments are as under:		
a) Receivable :	-	-
b) Payable :	6,842,400	7,151,741
5. Employee Benefits	For the year ended 31.03.2011 (Amount in Rs)	For the year ended 31.03.2010 (Amount in Rs)
Defined Contribution Plan		
Employer's Contribution to Provident Fund, ESIC and Other Funds	1,804,958	1,445,355
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 recognizes 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) (Amount InRs.) As at 31.03.2011	Gratuity (Non-Funded) (Amount InRs.) As at 31.03.2010
Defined Benefit Obligation at the beginning of the year	1,111,424	1,031,078
Current Service Cost	294,454	373,884
Interest Cost	91,692	85,064
Actuarial Losses / (Gain)	(333,312)	(356,564)
Benefits Paid	(24,692)	(22,038)
Amount Recognised in the Balance Sheet	1,139,566	1,111,424
ii. Expense recognized in Statement of Profit & Loss Account	For the Year ended 31.03.2011	For the Year ended 31.03.2010
Current Service Cost	294,454	373,884
Interest on Defined Benefit Obligation	91,692	85,064
Net Actuarial Losses / (Gains) Recognised in year	(333,312)	(356,564)
Total, included in "Remuneration and benefits to Employees "	52,834	102,384



iii. Actuarial Assumptions	As at	As at 31.03.2010	
	31.03.2011 LIC (1994-96) Published Table	LIC (1994-96) Published Table	
Mortality Table (LIC)			
Discount rate (per annum)	8.25%	8.25%	
Expected Rate of escalation in Salary (per annum)	6.50%	6.50%	

iv. Amounts For the Current and Previous Periods for Gratuity Funded are as follows	As at	As at	As at
	31.03.2011	31.03.10	31.03.09
Particulars			
Defined Benefit Obligation	1,139,566	1,111,424	1,031,078
Experience Adjustment on plan liabilities Gain / (Loss)	*	*	*

* - Details are not readily available in the Actuarial 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 :

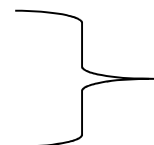
(As certified by the Company)

I Subsidiary Company

- a) Artefact Infrastructure Ltd (W.e.f. 15.10.2010)

II Joint Ventures

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



Joint Ventures

III. Key Management Personnel & their relatives

- [a] Mr. Manoj B. Shah Key Management Personnel
 [b] Mr. Pankaj B. Shah Key Management Personnel
 [c] Mr. Chetan B. Shah Relative of Key Management Personnel

IV 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. Transactions with Related Parties:
Amount in Rs.

Nature of transaction	Subsidiary Company	Joint Ventures	Other Related Parties	Key Management Personnel & their relatives	TOTAL
Investments					
Purchase/Allotment of Shares	9,580,000 (-)	- (-)	- (-)	620,000 (-)	10,200,000 (-)
Closing Balance as on 31st March, 2011	10,200,000 (-)	200,000 (200,000)	- (-)	- (-)	10,400,000 (200,000)
Sale of Goods & Services					
Project Management Consultancy Fees	- (-)	164,331,602 (163,351,617)	- (-)	- (-)	164,331,602 (163,351,617)
Sundry Creditors					
Balance as on 31st March 2011	2,117,464 (-)	- (-)	- (-)	- (-)	2,117,464 (-)
Unsecured Loan					
Opening Balance	- (-)	- (-)	- (-)	- (-)	- (-)
Taken during the year	11,100,000 (-)	- (-)	- (-)	- (-)	11,100,000 (-)
Refunded during the year	7,889,937 (-)	- (-)	- (-)	- (-)	7,889,937 (-)
Balance as on 31st March 2011	3,210,063 (-)	- (-)	- (-)	- (-)	3,210,063 (-)
Advances Received					
Opening Balance	- (-)	- (-)	- (-)	- (-)	- (-)
Paid during the year	866,091 (-)	- (-)	- (-)	- (-)	866,091 (-)
Received/adjusted during the year	866,091 (-)	- (-)	- (-)	- (-)	866,091 (-)
Balance as on 31st March 2011	- (-)	- (-)	- (-)	- (-)	- (-)
Advances Recoverable in cash or in kind					
Opening Balance	- (-)	- (-)	12,616 (-)	- (-)	12,616 (-)
Paid during the year	- (-)	- (-)	61,833 (194,109)	- (-)	61,833 (194,109)
Received/adjusted during the year	- (-)	- (-)	74,449 (181,493)	- (-)	74,449 (181,493)
Balance as on 31st March 2011	- (-)	- (-)	- (12,616)	- (-)	- (12,616)
Sundry Debtors					
Balance as on 31st March 2011	- (-)	123,469,893 (117,320,489)	- (-)	- (-)	123,469,893 (117,320,489)
Expenditure					
Payment of Salaries / Perquisites	- (-)	- (-)	- (-)	4,902,000 (4,352,000)	4,902,000 (4,352,000)
Interest paid on Unsecured Loan	403,404 (-)	- (-)	- (-)	- (-)	403,404 (-)
Sub Consultancy charges	2,316,300 (-)	- (-)	- (-)	- (-)	2,316,300 (-)

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



C. Details of major transactions with Related Parties :

	31.03.2011 (Amount In Rs.)	31.03.2010 (Amount In Rs.)
Purchase/Allotment of Shares		
Artefact Infrastructure Ltd	9,580,000	-
Investments		
Artefact Infrastructure Ltd	10,200,000	-
Project Management Consultancy Fees		
Zaidun Leeng Sdn. Bhd.- Artefact Projects	147,450,901	163,351,617
Meinhardt Singapore Pte. Ltd. - Artefact Projects	16,880,701	-
Advances Recoverable in cash or in kind		
Artefact Projects Sdn. Bhd.		
Opening Balance	12,616	-
Paid during the year	61,833	194,109
Received/adjusted during the year	74,449	181,493
Balance as on 31st March 2011	-	12,616
Advance received & refunded during the year		
Artefact Infrastructure Limited	866,091	-
Sundry Debtors		
Zaidun Leeng Sdn. Bhd.- Artefacts Projects	114,552,805	94,390,080
Unsecured Loan		
Artefact Infrastructure Ltd		
Opening Balance	-	-
Taken during the year	11,100,000	-
Refunded during the year	7,889,937	-
Balance as on 31st March,2011	3,210,063	-
Sundry Creditor		
Artefact Infrastructure Ltd		
Balance as on 31st March,2011	2,117,464	-
Payment of Salaries / Perquisites		
Mr. Manoj B. Shah	2,511,000	2,063,500
Mr. Pankaj B. Shah	2,391,000	1,943,500
Sub Consultancy charges		
Artefact Infrastructure Ltd	2,316,300	-
Interest paid on unsecured loan		
Artefact Infrastructure Ltd	403404	-

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

	As at 31.03.2011 (Amount In Rs.)	As at 31.03.2010 (Amount In Rs.)
(i) Deferred Tax Liabilities		
Related to Fixed Assets		
	4,795,479	1,694,481
Total	4,795,479	1,694,481
(ii) Deferred Tax Assets		
Disallowances under Income Tax Act	378,564	369,215
Total	378,564	369,215
Net Deferred Tax Liability	4,416,915	1,325,266



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 31.03.2011 (Amount InRs.)	Year ended 31.03.2010 (Amount InRs.)
Basic Earnings Per Share			
Net Profit after tax	(A)	15,395,580	24,187,174
Weighted average number of equity shares (Nos.)	(B)	4,913,490	4,077,600
Basic Earnings Per Share of face value of Rs.10/- each	(A) / (B)	3.13	5.93
Diluted Earnings Per Share			
Amount available for calculation of Diluted EPS	(A)	15,395,580	24,187,174
Weighted average number of equity shares (Nos.)		4,913,490	4,077,600
Add:- potential number of Equity Share**		64,110	108,415
Number of Shares used for calculating Diluted EPS	(B)	4,977,600	4,186,015
Diluted Earnings Per Share of face value of Rs.10/- each	(A) / (B)	3.09	5.78

** The effect of convertible share warrants on earning per share is anti dilutive and hence they are not considered for the purpose of calculation of diluted earning per share

10 Managerial Remuneration :

		Year ended 31.03.2011 (Amount In Rs.)	Year ended 31.03.2010 (Amount In Rs.)
a.	I. Salaries	4,902,000	4,257,000
	ii. Perquisites	-	95,000
	Total	<u>4,902,000</u>	<u>4,352,000</u>

Note: The Managerial Remuneration for the year ended 31/3/2011 includes Rs 2,263,505 paid in excess of the amount eligible under schedule XIII to the Companies Act,1956. The excess amount of Rs 2,263,505 is therefore subject to the approval of central government.

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.

11 Payment to Auditors :

		Year ended 31.03.2011 (Amount InRs.)	Year ended 31.03.2010 (Amount InRs.)
	Audit Fees	492,000	325,000
	Tax Audit Fees	10,000	10,000
	Certification Charges and Other Matters	322,000	250,000
	Total	<u>824,000</u>	<u>585,000</u>

12 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 31st March, 2011.



13 Joint Venture Accounting :

Jointly Controlled Operations

13.1

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

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

- b The Company's share in the total value of the assets and liabilities as at 31.03.2011 is Rs.100,389,635 & Rs.92,761,503 (Previous year Rs 95,244,532 & Rs.72,859,682) respectively and in the income, expenditure and net profit before tax for the year ended 31.03.2011 of all these Joint Ventures amounts to Rs. 21,057,848 , Rs. 20,664,180 and Rs.393,668 (Previous Year Rs 25,947,677 ,Rs.25,308,022 & Rs.639,656) respectively. The figures have been incorporated in the financial statement of the Company based on the audited financial statement received from the respective Joint Ventures.

13.2 Jointly Controlled Entity

Name	Country of Incorporation	Ownership Interest (%)	
		31.03.2011	31.03.2010
Artefact Projects Zaidun Leeng (India) Pvt. Ltd.	India	40%	40%

The Company's share in the total value of the assets and liabilities as at Rs 31.03.2011 is Rs. 200000/(Previous year Rs.200,000), and in the income, expenditure and net profit before tax for the year ended 31.03.2011 of the above Joint Venture amounts to Rs. Nil , Rs. Nil and Rs. Nil (Previous year Rs.Nil,Rs.Nil and Rs.Nil) respectively. The figures have been incorporated based on the audited financial statements received from the jointly controlled entity.

14 Details of expenditure in Foreign Currency

	Year ended 31.03.2011 (Amount In Rs.)	Year ended 31.03.2010 (Amount In Rs.)
i. Technical Knowhow and Services	2,382,606	5,844,667
ii. Travelling	72,716	230,585

- 15 a** As approved by the Shareholders at the Extra-Ordinary General Meeting held on 23rd February,2010, 900,000 Equity Shares of Rs.10/-each and 1,022,400 Warrants have been allotted during the year ended 31st March,2011 at a premium of Rs.91/- per share on preferential basis. Consequently paid-up Share Capital and Securities Premium have been increased by Rs.9,000,000 Lacs and Rs.81,900,000 Lacs respectively.

- b** The Company has received Rs 25815600 against the convertible share warrants till 31st March 2011.Each warrants shall be converted into one equity shares of Rs 10 each over a period of 18 Months from the date of allotment i.e.27th April 2010.

- c** Proceeds from the Preferential allotment of equity shares and warrants have been fully utilized for the purpose for which, they were raised.

- 16** The short provision of dividend on equity shares for earlier years is in respect of the shares allotted after 31.03.2010 but before the accounts approved by the shareholders in Annual general meeting held on 29th September 2010 and paid accordingly.



- 17 Presently the company is liable to pay MAT under section 115JB of the Income Tax Act,1961(The Act) and the amount paid as MAT is allowed to be carried forward for being set off against the future tax liabilities computed in accordance with the provisions of the Act, other than section 115JB,in next ten years. Based on future projection of the performances, the company will be liable to pay the income tax computed as per provisions, other than under section 115 JB of the Act. Accordingly as advised in Guidance Note on " Accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act,1961" issued by the Institute of Chartered Accountants of India Rs.2,82,907 being the excess of tax payable u/s 115 JB of the Act over tax payable as per the provision other than section 115 JB of the Act has been considered as MAT credit entitlement and credited to profit and loss account. The aggregate MAT Credit Entitlement available to the Company as on 31st March,2011 is Rs.2,82,907/-
- 18 On March 10,2011 the income tax authorities carried out search and seizure at the company's premises and concluded on 15th April 2011.During the course of search and seizure income tax authorities seized certain documents, invoices and vouchers. Given the information provided so far and the investigation carried out at the time of operation, the company believes that there will be no material tax liability for the period. The amount of tax liability if any, shall be determined upon completion of process of assessment by the tax authorities. Search was concluded on 15th April,2011.
- 19 Previous Year's figures have been reworked /regrouped / rearranged / reclassified wherever necessary to make them comparable with those of the current year.

As per our Report of even date

FOR CHATURVEDI & SHAH

Chartered Accountants

R KORIA

Partner

Mumbai

30th May, 2011

FOR NARESH PATADIA & CO

Chartered Accountants

NARESH PATADIA

Proprietor

Nagpur

30th May, 2011

For and on behalf of Board of Directors

MANOJ B SHAH

Managing Director

PANKAJ B SHAH

Whole-time Director

VANDANA SAPRE

Company Secretary

MINOTI BANTHIA

Chief Financial Officer



ARTEFACT PROJECTS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2011

	31.03.2011 Amount (Rs.)	31.03.2010 Amount (Rs.)
Cash Flow From Operating Activities		
Net Profit before taxation and Extraordinary Item	21,440,221	37,452,062
Depreciation	6,931,851	3,526,174
Interest Income	(1,270,552)	(1,886,024)
Interest & Financial Charges	19,670,641	10,261,164
Dividend Received	(100)	(100)
Balances Written Back	(3,193,296)	(1,834,432)
Loss on sale of Fixed Assets	42,728	-
Prior Period Items	(87,545)	50,000
Operating Profit Before Working Capital Changes	43,533,948	47,568,843
Adjusted For :		
Trade and Other Receivables	(12,743,791)	23,762,804
Trade Payables	12,116,618	(38,660,802)
Cash Generated From Operations	42,906,774	32,670,845
Income Tax Paid	(15,287,073)	(21,775,307)
Net Cash flow from Operating Activities (A)	27,619,701	10,895,538
Cash Flow From Investing Activities		
Investment in subsidiary	(10,200,000)	-
Purchase of Fixed Assets	(57,513,209)	(67,495,486)
Sale of Fixed Assets	20,000	-
Dividend	100	100
Interest Received	1,512,229	1,623,854
Net Cash used in Investing Activities (B)	(66,180,880)	(65,871,532)
Cash Flow From Financing Activities		
Dividend Paid	(3,647,088)	(3,057,050)
Dividend Tax Paid	(620,085)	(519,741)
Share Issue Expenses	(2,263,000)	-
Proceeds from Long Term Borrowings	1,675,000	144,840,600
Short Term Borrowings (Net)	78,218,520	-
Loan Taken from Subsidiary company	11,100,000	(69,336,377)
Repayment of loan from subsidiary company	(7,889,937)	-
Repayment of Long Term Borrowings	(16,051,258)	(15,770,539)
Interest Paid	(22,171,583)	(10,381,064)
Net Cash flow from Financing Activities (C)	38,350,569	45,775,829
Net Increase In Cash And Cash Equivalents (A +B +C)	(210,610)	(9,200,165)
Cash And Cash Equivalents At The Beginning Of The Year	12,324,194	21,524,359
Cash And Cash Equivalents At The End Of The Year	12,113,583	12,324,194

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 Rs. 10,320,000/- which are pledged against bank guarantees and overdraft facilities taken by the company.

As per our Report of even date

FOR CHATURVEDI & SHAH

Chartered Accountants

R KORIA

Partner

Mumbai

30th May, 2011

FOR NARESH PATADIA & CO

Chartered Accountants

NARESH PATADIA

Proprietor

Nagpur

30th May, 2011

For and on behalf of Board of Directors

MANOJ B SHAH
Managing Director

PANKAJ B SHAH
Whole-time Director

VANDANA SAPRE
Company Secretary

MINOTI BANTHIA
Chief Financial Officer



**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT,
1956 RELATING TO SUBSIDIARY COMPANY
AS ON 31.03.2011**

Name of Subsidiary	Artefact Infrastructure Ltd.
Number of Shares held and extent of holding thereof by the holding company as on 31.3.2011	
(a) The number of equity shares of Rs 10/- each fully paid up	10,20,000
(b) Extent of Holding in Percentage terms.	51%
The net aggregate profits or (losses) of the subsidiary company of the current financial year so far as it concerns the member of the holding company.	₹ 171,562.59/-
(a) Dealt with or provided in the accounts of the holding company	₹ 87,496.92/-
(b) Not dealt with or provided in the accounts of the holding company (Rs in Lacs)	₹ 84,065.67/-

**FINANCIAL INFORMATION REGARDING SUBSIDIARY COMPANIES
FOR THE FINANCIAL YEAR 2010-11**

Sr. No.	Name of The subsidiary Company	Artefact Infrastructure Ltd.
1.	Capital	₹ 2,00,00,000/-
2.	Reserves	₹ 19,83,721.25/-
3.	Total Assets	₹ 2,58,922,93/-
4.	Total Liabilities	₹ 2,58,93,293/-
5.	Investment (except in case of investment in subsidiaries)	NIL
6.	Turnover	₹ 6,195,000/-
7.	Other Income (Dividend Income)	₹ 7,98,073/-
8.	Profit before tax	₹ 2,31,345.58/-
9.	Provision for Tax	₹ 80,298/-
10.	Deffered tax Income	₹ 19,919/-
11.	Profit after Tax	₹ 1,71,562.59/-



Notes:

- (1) Please refer the consolidated financial statements and notes appearing there to.
- (2) The Board of Directors in their meeting held on 13th August, 2011 have passed the resolution for not attaching the financials of the subsidiary company to the financials of the company for the financial year 2010-11 vide general circular no. 2/2011 dated 08.022011 issued by ministry of corporate affairs.
- (3) The members if they desire, may write to the company at the Registered Office situated at Artefact towers, 54/3, Chhatrapati Square, Wardha Road, Nagpur – 15 to obtain a copy of the financial of its subsidiary companies.
- (4) The annual accounts of the subsidiary companies can be inspected by the members at the Registered Office of the Company.



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 THIRD ANNUAL GENERAL MEETING on Thursday 29th Day of September 2011 at 11.00 a.m. or at any adjournment thereof.

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

Registered Office:

"Artefact Towers",
54/3, Chhatrapati Square,
Wardha Road, Nagpur – 440 015
(Maharashtra State, India)

Venue of AGM:

"Artefact Towers",
54/3, Chhatrapati Square,
Wardha Road, Nagpur - 440015
(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 THIRD ANNUAL GENERAL MEETING of the Company to be held at Nagpur on Thursday 29th Day of September 2011 at 11.00 a.m. or at any adjournment thereof. Signed at this _____ day of _____, 2011 Signed by the said _____ of _____

Affix a 1 Rupee Revenue Stamp

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.





REGISTERED OFFICE :

" ARTEFACT TOWERS", 54/3, Chhatrapati Square, Wardha Road, Nagpur-440015. (Maharashtra, India)