



# ARTEFACT PROJECTS LTD.

Project Management Consultants, Consulting Engineers & Planners

Registered & Corporate Office :

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

Phone : +91 - 712 - 3025120, 3018260 (10 Lines), Fax No : +91 - 712 - 3025128

Email : artefactngp@artefactprojects.com, info@artefactprojects.com

Website : www.artefactprojects.com, CIN : L65910MH1987PLC044887

Ref. No. - APL/CS/2018-19/6001/ 09

01<sup>st</sup> June, 2018

To

The Manager (CRD)

BSE Limited

Phiroze Jeejeebhoy Towers,

Dalal Street, Fort,

Mumbai - 400 001

Dear Sir,

**Scrip code: 531297**

**Sub.: Outcome of Board Meeting held today i.e. Friday, 01<sup>st</sup> June, 2018**

Pursuant to the provisions of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations), we wish to inform you that the Board of Directors of the Company at their meeting held today i.e. Friday, 01<sup>st</sup> June, 2018, *inter alia* considered the following matters:

1. Approved the Audited Financial Results of the Company for the quarter and year ended on 31<sup>st</sup> March, 2018 in accordance with the Indian Accounting Standards (Ind-AS) as per Companies (Indian Accounting Standard) Rules, 2015. Pursuant to the provisions of Regulation 33 of the Listing Regulations, please find enclosed herewith the following documents marked as "Annexure I"
  - a. A copy of Audited Financial Results for the quarter and year ended on 31<sup>st</sup> March, 2018;
  - b. A copy of Statement of Assets and Liabilities as on 31<sup>st</sup> March, 2018;
  - c. Auditors' Report on the Audited Financial Results for the quarter and year ended on 31<sup>st</sup> March, 2018; and
  - d. Statement on Impact of Audit Qualification.
2. Accepted Resignation of Mr. Sanjay Khare, from the post of Chief Financial Officer of the Company due to personal commitment.

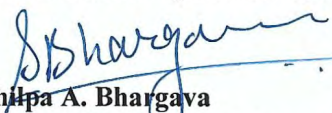
The meeting of the Board of Directors commenced at 04.00 p.m. and concluded at 07.50 p.m.

Kindly take the above on your record.

Thanking you,

Yours faithfully,

For Artefact Projects Limited



Shilpa A. Bhargava

Company Secretary & Compliance Officer

M. No.: ACS 36207

Encl.: As above





## ARTEFACT PROJECTS LIMITED

Regd. Office : "Artefact Towers", Plot No.-54/3, Chhatrapati Square, Wardha Road, Nagpur -440015, Maharashtra  
 CIN : L65910MH1987PLC044887, Phone. No. : +91 -712 -3025120, FAX No. +91 -712 -3025128  
 Email : artefactngp@artefactprojects.com, info@artefactprojects.com, website : www.artefactprojects.com

**STATEMENT OF FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2018**

*Rs. in Lacs, except share data*

PART - I						
Sr. No.	Particulars	Quarter ended March 31,	Quarter ended December 31,	Quarter ended March 31,	Year ended March 31,	Year Ended March 31,
		2018	2017	2017	2018	2017
		Refer Note No. 12	Unaudited	Refer Note No. 12	Audited	Audited
1	Revenue from Operations (Net of Service Tax / GST)	662.78	482.39	811.46	2,155.81	2,301.34
2	Other Income	47.59	96.92	77.25	254.13	231.72
3	<b>Total Income from Operations (Net)</b>	<b>710.37</b>	<b>579.31</b>	<b>888.71</b>	<b>2,409.94</b>	<b>2,533.06</b>
4	<b>Expenses</b>					
	a) Employee Cost	261.27	181.15	155.16	789.80	562.84
	b) Retainer & Consultancy fees	341.48	164.77	388.25	908.01	853.56
	c) Change in Inventories of Work in Progress	(82.58)	-	35.59	(82.58)	(5.94)
	d) Depreciation & Amortisation Expense	20.75	20.44	19.48	81.62	80.45
	e) Finance Cost	100.13	117.45	95.48	445.02	369.27
	f) Travelling & Conveyance	55.37	71.78	65.67	224.48	228.12
	g) Other Expenditure	50.41	116.36	145.40	329.47	392.69
	<b>Total Expenses</b>	<b>746.82</b>	<b>671.95</b>	<b>905.03</b>	<b>2,695.81</b>	<b>2,480.99</b>
5	<b>Profit/(Loss) before Exceptional Items &amp; Tax (3-4)</b>	<b>(36.45)</b>	<b>(92.65)</b>	<b>(16.32)</b>	<b>(285.87)</b>	<b>52.07</b>
6	Exceptional Items	-	-	-	-	-
7	<b>Profit/(Loss) before tax (5+6)</b>	<b>(36.45)</b>	<b>(92.65)</b>	<b>(16.32)</b>	<b>(285.87)</b>	<b>52.07</b>
8	<b>Tax Expenses</b>					
	Current Tax	0.26	-	(11.61)	0.26	13.20
	Mat Credit Entitlement	-	-	-	-	-
	Deffered Tax Liability	6.25	4.88	8.69	23.14	19.07
	Income Tax of Earlier Years	1.08	-	(0.61)	1.08	(0.61)
9	<b>Net Profit/(Loss) for the period (7-8)</b>	<b>(44.04)</b>	<b>(97.53)</b>	<b>(12.79)</b>	<b>(310.35)</b>	<b>20.42</b>
10	Other Comprehensive Income (net of Tax) (items that will not be reclassified to profit & loss)	1.03	-	(0.88)	1.03	(0.88)
11	<b>Total Comprehensive Income for the period (9+10)</b>	<b>(43.01)</b>	<b>(97.53)</b>	<b>(13.67)</b>	<b>(309.32)</b>	<b>19.53</b>
14	(a) Minority Interest	-	-	-	-	-
	(b) Preacquisition Losses of Subsidiary Considered As Goodwill	-	-	-	-	-
12	Paid -up equity share capital (Face value of Rs. 10 each)	552.50	552.50	552.50	552.50	552.50
13	Reserves excluding Revaluation Reserves as per the balance sheet of Previous Accounting Year	-	-	-	-	-
14	<b>Earnings Per Share (EPS) (Face value of Rs. 10 each)</b>					
	a. Basic EPS ( in Rs.)	(0.78)*	(1.76)*	(0.25)*	(5.60)*	0.35
	b. Diluted EPS ( in Rs.)	(0.78)*	(1.76)*	(0.25)*	(5.60)*	0.35
	(* Not annualised)					



## Artefact Projects Limited

### NOTES

- 1 The above results have been reviewed by the Audit Committee and approved & taken on record by the Board of Directors at its meeting held on 01st June 2018 and its release.
- 2 The above financial results have been prepared in accordance with Indian Accounting Standard (IND-AS) 34- Interim Financial Reporting as prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. The company has for the first time adopted IND AS from April 01, 2017.
- 3 The auditor's in their report on the financial statements of the Company for the year ended 31st March 2018 have expressed their inability to comment on the recoverability of the trade receivables outstanding for more than 6 months amounting to Rs 1092.69 Lacs, having regard to the age of those receivables and non-availability of balance confirmations and reconciliations. As per management the Debtors outstanding for more than 6 months on the basis of Clause No. 6.4(C) & 6.4(D) of the consultancy contract amounts to Rs. 641.44 lacs only. Since most of these trade receivables are due from the Govt. departments and outstanding against the long term contracts, the management is confident of recovery in full and in their views no provision for doubtful debts is necessary. This was also a subject to qualification in the Independent Auditor's Report for the year ended March 31, 2017 and in the Review Report on the financial results for the quarter ended 30th June, 2016, 30th Sep, 2016, 31st Dec, 2016, 30th June, 2017, 30th Sep 2017 and 31st Dec 2017.
- 4 The company had contested the demand in appeal before Appellate Tribunal and as per Order of Tribunal dated 27.03.2018 No. ST/86888/2014-ST/DB, the Service Tax demand of rs 31.16 Lacs and penalty of rs 170.93 Lacs is waived. Further amount of Rs 129.39 Lacs was paid against outstanding demand. For balance demand and penalty of Rs 17.96 Lacs, the matter has been remanded to Commissioner (Appeals) for the company to submit the other relevant evidences. The company does not envisage any liability thereon.
- 5 Pending reconciliation of service tax collected and paid, the company has Rs 119.72 Lacs (net of Cenvat) of Service Tax liability balance to be paid and has yet to file the service tax returns for Quarter April 2017 to June 2017. The company has recognised and provided for liability of the interest on late payment of service tax in the results. Any other impact on the results on account of above cannot be quantified at this stage and therefore will be recognised upon the completion of reconciliation and filing of returns of service tax. This was subject to qualification in the Independent Auditor's Report for the year ended March 31, 2017 and in the Review Report on the financial results for the quarter ended 30th June, 2016, 30th Sep, 2016, 31st Dec, 2016, 30th June, 2017, 30th Sep 2017 and 31st Dec 2017.
- 6 The Company has unpaid GST liability of Rs. 272.58 Lacs as well as GST reimbursement receivable from Govt. clients of Rs. 228.73 and has not filed returns from August 2017 Onwards. The interest and late fees for delay in payment of GST and filing Returns has been provided in the results.
- 7 The filing of TDS Returns and payment of TDS of Rs. 133.22 lacs is pending since April, 2017. The interest and late fees for default in payment of TDS and filing returns has been provided in Results. Any other impact on the results on account of above which cannot be quantified at this stage and therefore will be recognised upon the completion of reconciliation and filing of returns of TDS. Income of refund amounting of Rs.437.33 Lacs upto 31st March 2018 and interest thereon shall be accounted for on receipt basis.
- 8 Other loans and advances includes Rs. 72.72 Lacs recoverable from one of the person with whom the company has entered into Financial Sponsorship Agreement for higher education and as per the terms the person was supposed to rendering Project Management Consultancy Services upon the completion of education or repay the same amount, if does not render the services to the company. The education was completed before 2 years and since he neither joined the services nor confirmed the Company to repay the amount. Management is of the view that amount is good for recovery and hence no provision is required. This has been qualified by independent auditors in their audit report on the financial statements for the year ended March 31, 2017.
- 9 Revenue from Operations of Rs. 2155.81 Lacs for the year ended March 31, 2018 is net of Consultancy Receipts of Rs. 223.01 Lacs of earlier years reversed during the year. Consequently unrealised service tax liability of Rs 33.45 Lacs thereon has also been reversed during the year.
- 10 Unrealised Service Tax liability of Rs 87.27 Lacs of earlier years reversed during the year. Consequently Sundry Debtors have also been reduced by the said amount
- 11 The figures for the corresponding previous periods/year have been restated /regrouped wherever necessary, to make them comparable.
- 12 The figures of quarter ended March 31, 2018 & March 31, 2017 are the balancing figures between the audited figures in respect of full financial year and the published year to date figures up to the third quarter of the respective financial year.
- 13 The company is engaged only in the business of "Project Consultancy" and therefore, has only one Reportable Segment in accordance with IND-AS 108 "Operating Segments".

Place : Nagpur  
Date : 01st June, 2018



For & on behalf of the Board of Directors  
Artefact Projects Limited

  
Siddharth Shah  
Whole Time Director



**Explanatory Notes to the Statement of Audited Financial Results for the Quarter & Year Ended March 31, 2018**

1. The Audited Standalone Financial Results for the quarter and year ended on March 31, 2018 of Artefact Projects Limited (the "Company") have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on May 30, 2017

2. The Company adopted Indian Accounting Standards ("Ind AS") from April 1, 2017 and accordingly above Standalone financial results have been prepared in accordance with the recognition and measurement principles laid down in the Ind AS 34 'Interim Financial Reporting' prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and the other accounting principles generally accepted in India.

3. The Ind AS compliant Standalone unaudited financial results for all the previous periods have been stated in terms of SEBI circular CIR/CFD/FAC/62/2016 dated July 05, 2016

4. Reconciliation of Net Profit for the Quarter and Year ended on March 31, 2016 between previously reported Indian GAAP and IND AS is as under:

Sr No	Particulars	For the Quarter March 31, 2017	For the Year Ended March 31, 2017
1	Net Profit After Tax for the period as per Indian GAAP	-13.94	19.26
2	Actuarial (Loss) / Gain on Employee defined benefit plan recognised in Other Comprehensive Income (Net of Tax)	-	-
3	Deferred Tax Adjustments as per Ind AS - 12	0.27	0.27
	<b>Net Profit / (Loss) as per Ind AS-12</b>	<b>-13.67</b>	<b>19.53</b>

5. Reconciliation of total equity as at March 31, 2017 and April 1, 2016 between previously reported Indian GAAP and Ind AS is as under:

Sr No	Particulars	As at March 31, 2017	As at April 1, 2016
1	Total Equity (shareholders funds) as per Indian GAAP	2,992.68	2,973.42
2	Adjustments		
	Tax effects of adjustments	0.27	-
	<b>Total Adjustments</b>	<b>0.27</b>	<b>-</b>
	<b>Total Equity as per Ind AS</b>	<b>2,992.95</b>	<b>2,973.42</b>



## ARTEFACT PROJECTS LIMITED

## Statement of Assets and Liabilities as at March 31, 2018

(Rs in Lacs)

Particulars	31st March, 2018	31st March, 2017	1st April, 2016
<b>I ASSETS</b>			
<b>1 Non-Current Assets</b>			
(a) Property, Plant and Equipment	2,150.80	2,226.37	2,282.55
(b) Investment Property	29.23	-	-
(c) Intangible Assets	5.25	1.22	4.79
(d) Investment in associates and Joint Ventures	-	-	-
(e) Financial Assets	-	-	-
(i) Investments	1,290.00	1,090.00	490.00
(ii) Loans	-	-	-
(iii) Others	-	-	-
(f) Deferred Tax Assets (net)	-	-	-
(g) Other Non Current Assets	557.93	528.54	747.30
	<b>4,033.21</b>	<b>3,846.13</b>	<b>3,524.65</b>
<b>2 Current Assets</b>			
(a) Inventories / Work In Progress	82.58	5.94	-
(b) Financial Assets	-	-	-
(i) Investments	-	-	-
(ii) Trade Receivables	1,848.09	1,798.21	1,542.95
(iii) Cash and Cash Equivalents	146.03	112.95	99.14
(iv) Bank Balance other than above	1.50	2.17	3.08
(v) Loans	604.10	746.62	1,297.92
(vi) Other	-	-	-
(c) Other Current Assets	240.39	580.47	345.77
	<b>2,922.69</b>	<b>3,246.38</b>	<b>3,288.87</b>
<b>TOTAL</b>	<b>6,955.89</b>	<b>7,092.52</b>	<b>6,813.52</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
(a) Equity Share Capital	552.50	552.50	552.50
(b) Other Equity	2,683.35	2,992.95	2,973.42
	<b>3,235.85</b>	<b>3,545.45</b>	<b>3,525.92</b>
<b>2 Non-Current Liabilities</b>			
(a) Financial Liabilities			
(i) Long Term Borrowings	683.67	746.89	851.62
(ii) Deferred tax Liability (Net)	265.37	241.96	222.89
(b) Long Term Provisions	13.77	11.08	8.15
	<b>962.81</b>	<b>999.93</b>	<b>1,082.66</b>
<b>3 Current Liabilities</b>			
(a) Financial Liabilities			
(i) Short Term Borrowings	1,004.36	820.74	896.32
(ii) Trade and Other Payables	338.48	266.28	152.48
(iii) Other Financial Liabilities	139.23	167.33	103.36
(b) Other Current Liabilities	1,251.99	1,289.62	1,050.64
(c) Short Term Provisions	23.17	3.17	2.15
	<b>2,757.23</b>	<b>2,547.14</b>	<b>2,204.94</b>
<b>TOTAL</b>	<b>6,955.89</b>	<b>7,092.52</b>	<b>6,813.52</b>

Figures for the previous periods are re-classified/re-arranged/re-grouped wherever required

For & on behalf of the Board of Directors  
Artefact Projects Limited

  
Siddharth Shah  
Whole Time Director

Place: Nagpur  
Date: 1st June, 2018



# **BANTHIA DAMANI & ASSOCIATES**

**CHARTERED ACCOUNTANTS**

**Off. FO-19, Amarjyoti Palace, Wardha Road, Dhantoli, Nagpur 440012**

**Ph. No. 0712-2439300**

## **Auditors' Report On Annual Ind AS Financial Results Of Artefact Projects Limited**

**Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure  
Requirements) Regulations, 2015**

To

The Members

**ARTEFACT PROJECTS LIMITED**

1. We have audited the accompanying statement of financial results of **ARTEFACT PROJECTS LIMITED** ("the Company") for the quarter and year ended 31<sup>st</sup> March 2018 ("the Statement") attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This statement is the responsibility of the Company's Management and have been approved by the Board of Directors of the Company. Our responsibility is to express an opinion on these financial statements based on our audit of the financial statements which have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder, as applicable and other accounting principles generally accepted in India.
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 Statement is free from material misstatement. An audit includes examining, on a test basis, evidence supporting amounts disclosed in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



### 3. Basis for Qualified Opinion

Attention is drawn to:

- i) Note no. 3 to the accompanying statement of audited financial results, wherein the management of the company has considered trade receivables outstanding for more than 6 months amounting to **Rs. 1,092.69 Lacs** as good and fully recoverable. As per management the receivables are fully due from the Government Departments as per Express Contracts provisions of the agreement and hence the same are considered good and recoverable and no provision is required. We are unable to comment the exact extent to which these balances shall be recoverable.
- ii) Note No. 4 to the accompanying statement of audited financial results, regarding non-provision of service tax demand as per Order of Commissioner (Appeals) of Rs. 188.89 Lacs and penalty of Rs.188.89 Lacs thereon. The company had contested the demand in appeal before Appellate Tribunal and as per Order of Tribunal dated 27.03.2018 No. ST/86888/2014-ST/DB, the Service Tax demand of Rs 31.16 lacs and penalty of Rs 170.93 Lacs is waived. Further amount of Rs 129.39 Lacs was paid against outstanding demand. For balance demand and penalty of Rs 17.96 Lacs, the matter has been remanded to Commissioner (Appeals) for the Company to submit the other relevant evidences. The company does not envisage any liability thereon.
- iii) Note no.5 to the financial statements regarding the payments due of service tax amounting to **Rs.119.72 Lacs** (net of CENVAT credit) as on March 2018 and non-filing of Service Tax Returns from April 2017 to June 2017. Provision for the interest on late payments of service has been made in the books. Any other impact on the financial statements cannot be quantified at this stage and will be accounted for as and when determined.
- iv) Note no.6 to the financial statements regarding the payments due of GST of **Rs.272.58 Lacs** (Net of Input Credit) and non-filing of GST Returns since August 2017. Interest for delay in payment of GST and Late fees for non-filing of GST Returns has been provided for in the books. Any other impact on the financial statements which cannot be quantified at this stage and will be accounted for as and when determined.
- v) Note no.7 to the financial statements regarding the payments due of TDS of **Rs.133.22 Lacs** and non-filing of TDS Returns since April 2017. Interest for delay in payment of TDS and late fees for non-filing of TDS returns has been provided for in the books. Any other impact of non-filing of these returns which cannot be quantified at this stage shall be provided for as and when determined.



- vi) Note no.8 to the financial statements wherein the Management of the Company has considered the receivable amounting to **Rs. 72.72 Lacs** given as sponsorship for higher education in earlier years as good and recoverable even though he has not fulfilled his stipulated commitments and obligations till date. As explained to us, the said loan is considered good and recoverable based on management's assessment.
- vii) Note no.9 to the financial statements as regards trade receivables amounting to **Rs. 223.01 Lacs** of earlier years outstanding in the books of accounts credited to parties by reducing consultancy receipts of the current year and consequently unrealized service tax liability of **Rs. 33.45 Lacs** thereon outstanding in the books of accounts also reversed during the year.
- viii) Note no.10 to the financial statements as regards unrealized service tax liability of **Rs. 87.27 Lacs** outstanding in the books of accounts for earlier years written off during the year. Consequently, sundry debtors have also been reduced by the said amount.
- ix) The Company has not evaluated whether any impairment provision is required for expected Losses in accordance with Ind-AS-109- "Financial Instruments", for investments in equity shares and fully compulsory convertible debentures amounting to Rs.12.90 crores on 31st March, 2018 to Companies which have incurred losses and have negative net worth.
- x) Observations in Para 4 i to ix above made by us in our report and their impact on statement have not been disclosed in the statement.

#### **4. Other Matters**

- a) The Financial Statements and other financial information includes the Company's proportionate share in jointly controlled total assets of **Rs 4,40,69,702** as at March 31, 2018, total revenue of **Rs. 1,06,48,587** and total expenditure of **Rs. 1,05,51,533** for the year ended on that date and the elements making up the cash flow statements and related disclosures in respect of unincorporated Joint Ventures which is based on audited financial statements of the respective Joint Ventures audited by us. Our Opinion is not modified in respect of this matter.
- b) The comparative financial information of the Company for the quarter and year ended 31st March 2017 and the transition date opening balance sheet as on 1st April,2016 included in the statements, are based on the previously issued statutory financial statements for the year ended 31st march 2016 and 31st March 2017, prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended), which were audited by the predecessor auditor whose report expressed an modified opinion on those financial statements, as adjusted for the differences in the accounting principles





adopted by the Company on transition to the Ind AS, which have been audited by us.

## 5. Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matters described in para 3 above, "Basis for Qualified Opinion"*, these quarterly as well as year to date financial results:+

- i. Includes the results of joint Ventures as given below:
  - \* Zaidun Leeng Sdn.Bhd - Artefact Projects
  - \* Sheladia Associates Inc.-Artefact Projects-Zaidun Leeng Sdn. Bhd
  - \* Meinhardt Singapore Pte. Ltd - Artefact Projects
- ii. are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the SEBI circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 in this regard; and
- iii. give a true and fair view of the Net profit and other financial information for the quarter ended March 31, 2018 and for the year ended March 31, 2018.

6. The Statement includes the results for the Quarter ended March 31, 2018 being the balancing figure between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

Place: Nagpur  
Date: 01.06.2018

**For Banthia Damani & Associates**  
**Chartered Accountants**  
**FRN- 126132W**



**Sudesh Banthia**  
**Partner**  
**M.No. 041344**





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Email : artefactngp@artefactprojects.com, info@artefactprojects.com

Website : www.artefactprojects.com, CIN : L65910MH1987PLC044887

## Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2018 on Financial Statements

[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs. in Lacs)	Adjusted Figures (audited figures after adjusting for qualifications) (Rs. in Lacs)
	1.	Turnover / Total income (Including Other Income)	2409.94	Refer 'Details of Audit Qualification below'
	2.	Total Expenditure	2695.81	-do-
	3.	Net Profit/(Loss)	(309.32)	-do-
	4.	Earnings Per Share (in Rs.)	(5.60)	-do-
	5.	Total Assets	6955.89	-do-
	6.	Total Liabilities	3720.04	-do-
	7.	Net Worth	3235.85	-do-
	8.	Any other financial item(s) (as felt appropriate by the management)	Not Applicable	Not Applicable
II.	<b>Audit Qualification (each audit qualification separately):</b>			
	<b>a.Details of Audit Qualification:</b>			
	<i>Attention is drawn to:</i>			
	i) Note no. 3 to the accompanying statement of audited financial results, wherein the management of the company has considered trade receivables outstanding for more than 6 months amounting to Rs. 1,092.69 Lacs as good and fully recoverable. As per management the receivables are fully due from the Government Departments as per Express Contracts provisions of the agreement and hence the same are considered good and recoverable and no provision is required. We are unable to comment the exact extent to which these balances shall be recoverable.			
	ii) Note No. 4 to the accompanying statement of audited financial results, regarding non-provision of service tax demand as per Order of Commissioner (Appeals) of Rs. 188.89 Lacs and penalty of Rs. 188.89 Lacs thereon. The company had contested the demand in appeal before Appellate Tribunal and as per Order of Tribunal dated 27/03/2018 No. ST/86888/2014-ST/DB, the Service Tax demand of Rs. 31.16 lacs and penalty of Rs. 170.93 lacs is waived. Further amount of Rs 129.39 Lacs was paid against outstanding demand. For balance demand and penalty of Rs. 17.96 lacs, the matter has been remanded to Commissioner (Appeals) for the Company to submit the other relevant evidences. The Company does not envisage any liability thereon.			



- iii) Note no.5 to the financial statements regarding the payments due of service tax amounting to Rs.119.72 Lacs (net of CENVAT credit) as on March 2018 and non-filing of Service Tax Returns from April 2017 to June 2017. Provision for the interest on late payments of service has been made in the books. Any other impact on the financial statements cannot be quantified at this stage and will be accounted for as and when determined.
- iv) Note no.6 to the financial statements regarding the payments due of GST of Rs.272.58 Lacs (Net of Input Credit) and non-filing of GST Returns since August 2017. Interest for delay in payment of GST and Late fees for non-filing of GST Returns has been provided for in the books. Any other impact on the financial statements which cannot be quantified at this stage and will be accounted for as and when determined. The Company has received reimbursement of GST on Bills from its Government Clients of Rs. 228.73 Lacs.
- v) Note no.7 to the financial statements regarding the payments due of TDS of Rs.133.22 Lacs and non-filing of TDS Returns since April 2017. Interest for delay in payment of TDS and late fees for non-filing of TDS returns has been provided for in the books. Any other impact of non-filing of these returns which cannot be quantified at this stage shall be provided for as and when determined.
- vi) Note no.8 to the financial statements wherein the Management of the Company has considered the receivable amounting to Rs. 72.72 Lacs given as sponsorship for higher education in earlier years as good and recoverable even though he has not fulfilled his stipulated commitments and obligations till date. As explained to us, the said loan is considered good and recoverable based on management's assessment.
- vii) Note no.9 to the financial statements as regards trade receivables amounting to Rs. 223.01 Lacs of earlier years outstanding in the books of accounts credited to parties by reducing consultancy receipts of the current year and consequently unrealized service tax liability of Rs. 33.45 Lacs thereon outstanding in the books of accounts also reversed during the year.
- viii) Note no.10 to the financial statements as regards unrealized service tax liability of Rs. 87.27 Lacs outstanding in the books of accounts for earlier years written off during the year. Consequently, sundry debtors have also been reduced by the said amount.
- ix) The Company has not evaluated whether any impairment provision is required for expected Losses in accordance with Ind-AS-109- "Financial Instruments", for investments in equity shares and fully compulsory convertible debentures amounting to Rs.12.90 crores on 31st March, 2018 to Companies which have incurred losses and have negative net worth.

**b. Type of Audit Qualification : Qualified Opinion**

**c. Frequency of qualification: Whether appeared first time / repetitive / since how long continuing**

1. Appearing Since financial year ended March 31, 2014.
2. Appeared First Time
3. Appeared First Time
4. Appeared First Time
5. Appeared First Time
6. Appearing Since financial year ended March 31, 2014.
7. Appeared First Time



8. Appeared First Time

9. Appeared First Time

**d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** Impact is not quantified by the auditor and hence it is not applicable.

**e. For Audit Qualification(s) where the impact is not quantified by the auditor:**

**(i) Management's estimation on the impact of audit qualification:**

1. The trade receivables are entirely from Government Authorities whose accounting system does not enable issue of any balance confirmation. The company has on record Received Bills and correspondences for contractual compliance for the receivables as per express provisions of agreement. Hence, the said debtors are considered recoverable in the normal course of business. The delay of payments is mainly due to procedural reasons. Management is reasonably assured of its recovery. The debtors exceeding six months are calculated and stated as per Auditors Report is Rs.1092.69 Lacs. Auditors to arrive at the Debtors ageing of more than six months have considered only FIFO method of Billing. However, as per the contract agreement, the debtors exceeding six months based on RA Bill payment basis for continuous current and ongoing project assignment stood at Rs.681.44 Lacs. The fact is supported by Clause No.6.4 (C) of the Consultancy Contract, being current month outstanding as mentioned in Clause No.6.4 (d) of the Consultancy Contract executed with client NHAI (National Highway Authority of India).
2. The Order has been passed dated 27<sup>th</sup> March, 2018 and the substantial part of the Appeal has been allowed and the penalty of Rs.170.93 Lacs has been waived.
3. The management has filed Service Tax Returns upto March, 2017 to comply with transit to the GST. The liability payable is also accounted for to pay in current year. Part of the payment so made shall be reimbursable from clients as tax.
4. Payment of GST Net of Input Tax Credit of Rs.272.58 Lacs was pending payment due to non receipt of GST reimbursement from Government clients amounting to Rs.228.73 Lacs. Filing of return thereof on receipt of claim from client, interest thereon due to delay in payment of GST, accordingly has been provided.
5. TDS shall be paid before filing of Income Tax return. The company has also claimed for refund of Income Tax paid in excess of its provisions, to the extent of Rs.435.89 Lacs.
6. Management has paid sponsorship cost for higher studies at abroad for Engineering. The Sponsored Engineer is yet to render the services of 2 years after studies and return to India The Management is expecting of availment of services or taking up steps for its recovery otherwise, during the ensuing financial year.
7. The said amount in Note 9 has been reversed, pending approval in the accounts of client and substantial time has been elapsed. Based on the prudent financial management policies of the management, the same has been reversed for now, without prejudice to any claims made by the company from the client.
8. Note No.10 regarding unrealized service tax of Rs.87.27 lacs of earlier year written back, represents service tax liability excess provided and not due, based on filing of service tax returns.







9. The Management of company feels that the investment in financial instruments amounting to Rs.12.90 Crores shall be realized to the extent of investment. The investment is made for a long term mining investment.
(ii) If management is unable to estimate the impact, reasons for the same: Not Applicable
(iii) Auditors' Comments on (i) or (ii) above: Refer "Basis for Qualified Opinion" in the Independent Auditor's Report dated June 01, 2018 on the Financial Results for the quarter and year ended March 31, 2018.

**For Artefact Projects Limited**



**Siddharth Shah**

(CEO/Whole Time Director)



**Sandeep Batta**

(Audit Committee Chairman)



**Refer our Independent Auditor's Report dated June 01, 2018 on the Financial Results for the quarter and year ended March 31, 2018 of the Company.**

**For Banthia Damani & Associates**

Chartered Accountants

(Firm Registration No. - 126132W)



**Sudesh Banthia**

Partner

Membership No. - 041344



Place: Nagpur

Date : June 01, 2018