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CS	<input checked="" type="checkbox"/>		DFY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DTI	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
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VE	<input checked="" type="checkbox"/>			

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**ARTEFACT SOFTWARE & FINANCE LIMITED**

**9th Annual Report 1996-1997.**





## ARTEFACT SOFTWARE & FINANCE LIMITED

### DIRECTORS

Mr. Manoj B. Shah, Managing Director

Mr. Pankaj B. Shah

Mr. Kirti J. Shah

### AUDITORS

Zafar S. Daud


3rd Floor, Smruti Cinema Building,

Sadar Nagpur-440 001.

### BANKERS

Central Bank of India, Main Branch,

Kingsway, Nagpur-440 001.

Report  [www.reportjunction.com](http://www.reportjunction.com)  
Nagpur Nagrik Sahakari Bank Ltd.  
Cotton Market, Sitabuldi, Main Road,  
Nagpur-440 004.

### REGISTERED OFFICE

429, Joshi Wadi, Opp. Kurvey's High School,

Dr. Munje Road, Sitabuldi, Nagpur-440 012.

### CORPORATE OFFICE

1st Floor Bhiwapurkar Chambers, Opp. Yeshwant Stadium,

Dhantoli, Nagpur-440 012.



## DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting 9th Annual Report and Audited Statement of Accounts for the year ended 31st March, 1997 on the business and operations of the Company.

### (1) FINANCIAL RESULTS :

Particulars Year	1996-97	1995-96	% Increase
Gross Income	161.13	62.05	160%
Profit before Non Cash Charges	80.18	42.38	89%
Non Cash Charges	36.13	8.75	313%
Profit before Taxation	44.05	35.26	25%
Provision for Taxation	3.77	0.66	471%
Net Profit	40.35	34.60	16%
Profit brought forward from previous year	65.68	31.08	—
Profit available for Disposal Carried to Balance Sheet	106.03	65.68	61%

### (2) DIVIDEND :

Your Directors do not recommend dividend for the year ending March 31, 1997

### (3) PAST YEAR PERFORMANCE :

During the year 1996-97 the Indian Economy along with capital and money market witnessed a slow down. This phenomena seriously affected Corporate Lending of NBFC's with the result that most of the NBFCs turned their interests towards newer market segments, especially in retail Vehicle Financing. Your company however was distinctly benefited since it had from the very beginning started finance in this segment of Retail Financing.

The changes in Maharashtra State Stamp Duty Laws delayed the disbursement of Bank Limits and it's deployment during the year. Capital Market being sluggish, no substantial income was generated from the Capital Market operations.

However, the company's performance has been encouraging taking into account these adverse conditions. Gross income of the company amounted to Rs. 161.13 Lacs as against Rs. 62.05 Lacs in the last year (an increase of 160%). The profit after tax was Rs. 40.35 Lacs and cash accruals Rs. 76.49 Lacs against Rs. 43.35 Lacs last year. The company's projections for Profit after Tax for 1996-97 was Rs. 175.88 Lacs, which included income from Capital Market and Advisory Services of Rs. 113.37 Lacs. However, due to sluggish Capital Market condition during 1996-97 the company could achieve income from Capital Market and Advisory Services at Rs.9.86 Lacs only which resulted in lower net profit for the year 1996-97. However, the company achieved its projected performance in Leasing, Hire Purchase and Finance activity which was projected at Rs.108.26 Lacs against which the company could achieve income of Rs.97.66 Lacs. Besides, the company incurred increased interest cost and Depreciation provisions, as per ICAI guidelines.



The company's Gross Block of Leased Assets went up from Rs.94.20 Lacs to Rs.316.84 Lacs (Increase of 236%) and its outstanding Stock of Assets on Hire Purchase went up from Rs.4.73 Lacs to 74.15 Lacs (Increase of 14.7 Times).

The major highlights of past year's performance were:

- \*\* Substantial increase in Lease & HP Assets (295%)
- \*\* Increase in Cash profits of the company (76%)
- \*\* Substantial increase in Fixed Deposits Mobilisation with a good geographical spread of 100% Core depositors.
- \*\* Following of Prudential Accounting Norms and Disclosures prescribed by RBI.
- \*\* Increase in Software sales.
- \*\* Substantial Increase in availability of Bank Funds by way of additional Sanctions of Cash Credits & Line of Credit (Rs.190 Lacs) during the last quarter of the year.
- \*\* Consolidation of Manpower Resources, Computerisation, Strengthening of Systems, Controls & Recoveries.
- \*\* Prudent application and financing into retail financing segment of Commercial Vehicles and related Plants and Equipments with a timely recovery record of 98%.

#### (I) FUND BASED ACTIVITIES:

During the current year 1996-97, the company has penetrated into Retail financing of Vehicles & Equipments. The company's portfolio of Leased Assets and HP stocks on hire as on 31/03/97 shot up to Rs.390.99 Lacs (an increase of 295%). Out of this 47% of assets were financed in Nagpur and balance in semi urban centres of Central India. Vehicles, comprised 52% and Plant and Machinery 48% of the total assets financed. The company had a recovery efficiency of 98% and the company had no Bad debts till date. The Company's geographical spread and retail base has substantially enhanced the company's credibility in its niche market in Central India.

#### (II) FIXED DEPOSIT:

The company launched its "Anmol Fixed Deposits" in 1996. Thereafter, within a very short period of time the company's Fixed Deposit mobilisation reached Rs.93.68 Lacs by 31st March, 1997. There were no Company/ Institutional Deposits and 100% of the deposits were Core Deposits with average deposit amount/ depositor being Rs.15932/-. The company received deposits from numerous centres in Central India. The company also expanded its Network of Agents, Brokers and Marketing team. During the year, the company also enhanced its investors services by quick disposals and accross the Counter services for maturities, renewals and FDR receipts. There was no overdue or unclaimed deposits which were unpaid beyond the due dates, and there was no interest due and payable remaining unpaid beyond the due date.

#### (III) CORPORATE FINANCE:

As substantial industrialisation is taking place in Central India, the company continued its focus in selective financing to performing & financially strong corporates in the region by offering various short term & long term financing products.

#### (IV) SOFTWARE INCOME:

During the year the company established itself as a good Software sales and support organisation.

#### (V) PLANS FOR CURRENT YEAR:

The company has strengthened its financial position and capital base. The recent policies announced in RBI Credit Policy's for the first half of 1997, has many advantages to Registered Credit Rated Performing and Complying NBFCs like Removal of Restrictions on Bank finance to NBFCs, Reduction of SLR, possibility of NBFC's accessing Call Money Market, possible DICGC/Insurance cover to Fixed Depositors, Ban on acceptance of Public Deposits by Non-Registered NBFCs, relaxation for C.P.s etc. The company shall be advantageously placed and intends to substantially enhance and its niche market in Central India in Retail Financing. The company



also plans to increase its funds and resources during the current year by enhanced borrowings from Bank and other debt. This will ensure increase in volumes, geographical spread of business, and a good interest spread.

**(4) AUDITOR & AUDITOR'S REPORT:**

Zafar s. Daud, Auditor of the Company, holds office until the conclusion of the ensuing Annual General Meeting and is recommended for Reappointment. The Company has received letter from him, to the effect that his appointment, if made would be within the prescribed limits under Section 224(l-B) of the Companies Act, 1956.

**(5) STATUTORY INFORMATION:**

**1. PERSONNEL:**

The Company has not paid to any employee remuneration exceeding Rs.3.00 Lacs per annum if employed throughout the year or Rs.25,000/- per month, if employed for any part of the year. Hence, statement U/s 217(2A) of the Companies Act is not applicable.

**2. Particulars required to be furnished by the Companies (Disclosure of Particulars to the Report of Board of Directors) Rules 1988:**

(I) Part A & B pertaining to conservation of Energy and Technology Absorption are not applicable to the Company.

(II) Foreign Exchange Earning and Outgoing : The Company has not earned any foreign exchange during the year. The Company has spent Rs.2.26 Lacs in Foreign Exchange on Travel.

**3. DEPOSITS:**

The Company has accepted deposits within the meaning of Section 58 A of Companies Act 1956 and/or rules framed thereunder. There are no deposits which have remained unclaimed or claimed but not paid for which information is required to be given in this report.

**(6) ACKNOWLEDGEMENT:**

The Board appreciates the co-operation and support extended by the Directors, Shareholders, Depositors, Customers, Employees and its Bankers, Central Bank of India, Nagpur.

For and on behalf of Board of Directors

PLACE : NAGPUR

DATE : 26TH MAY, 97.

Sd/-  
MANOJ B. SHAH  
Managing Director