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ARTEFACT SOFTWARE & FINANCE LIMITED
12th Annual Report 1999-2000



ARTEFACT SOFTWARE & FINANCE LIMITED

DIRECTORS

Mr. Manoj B. Shah, Managing Director

Mr. Pankaj B. Shah

Maj Gen B. K. Mehta (Retd.)

AUDITORS

Zafar S. Daud

3rd Floor, Smruti Cinema Building,

Sadar, Nagpur - 440 001.

BANKERS

Central Bank of India, Main Branch,

Nagpur - 440 001.

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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.



DIRECTORS REPORT

Dear Members,

Your Directors have pleasure in presenting the 12th Annual Report and Audited Statement of Accounts for the year ended 31st March, 2000 on the business and operations of the Company.

(1) FINANCIAL RESULTS :-

Particulars	Year (Rs. in Lacs)	
	1999-2000	1998-99
Gross Income	227.67	246.78
Profit before Non Cash Charges	135.11	159.29
Non Cash Charges	114.65	139.19
Profit before Taxation	20.46	20.15
Provision for Taxation	2.35	2.15
Net Profit	18.11	18.00
Profit brought forward from previous year	159.33	141.33
Profit available for Disposal	177.44	159.33
Profit carried to Balance Sheet	177.44	159.33

(2) DIVIDEND :-

Your Directors do not recommend dividend for the year ending 31st March, 2000.

(3) MARKET SCENARIO :-

The Market had a stabilising effect after the elections and a stable Government at the Centre. However, the expected growth in the industrial and allied sectors was very slow. Few of the large players from the Private Banking Sector entered the Central India Region due to lack of demand of funds from Corporate sector into retail finance creating a fierce competitive environment. The Company had to manage its existing levels as well as penetrate further markets to face the new competition.

However, in spite of the tough market conditions, the Company was able to maintain profit levels and the net profit was Rs. 18.11 Lacs after tax. During the current year, the Company has been sanctioned additional Line of Credit which shall provide a good product mix to enhance its financing base. Therefore, the Company can look forward to enhance its bottom line in the current year.

(4) PAST YEAR PERFORMANCE :-

The Company effected substantial maturities and pre-maturities of its Fixed Deposits. There was a minor reduction in Company's gross income which was Rs. 227.67 Lacs as compared to Rs. 246.78 Lacs in the previous year. Its gross Lease & HP Assets stood at Rs. 846.07 Lacs as compared to Rs. 776.39 Lacs in the previous year. Its profit before non-cash charges stood at Rs. 135.11 Lacs as compared to Rs. 159.29 lacs in the previous year. The Company however, was able to maintain its profit after tax which stood at Rs. 18.11 Lacs as compared to Rs. 17.95 Lacs in the previous year.

(5) FIXED DEPOSIT :-

The company has retired all the maturing deposits during the year in time. The Company had a very negligible Fixed Deposits outstanding of Rs. 0.30 Lacs in March, 2000 against which the Company was



holding investment in approved security as SLR of Rs. 8.62 Lacs.

(6) PLANS FOR CURRENT YEAR :-

In the current year Company has been sanctioned additional Line of Credit of Rs. 200 Lacs with financing allowed for different product mix. Therefore, with the Company's ability to penetrate the country's upcountry markets, it hopes to improve the performance during the current year.

(7) NON FUND BASED ACTIVITIES :-

As was stated In the previous year's report, the Company has progressed considerably in it's division of Infrastructure and Turnkey Project Management Consultancy. The Company has substantial orders in hand. The Company feels that the efforts shall start yielding results from the later part of the current year.

(8) AUDITOR & AUDITOR'S REPORT :-

Shri 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 (1-B) of the Companies Act, 1956.

(9) Y2K COMPLIANCE

The Company had a smooth transition as regards its Software and Hardware installation from the year 1999 to the year 2000. All its Hardware and Software Installations are Y2K Compliant and are in stable working condition.

(10) APPOINTMENT OF ADDITIONAL DIRECTOR :-

Maj. General B. K. Mehta (Retd.) is appointed as additional Director w.e.f. 28/6/2000. Shri Mehta has a vast experience and knowledge on various subjects of Company's interest and his inclusion in the Board shall add more strength to the Company's working.

(11) DEMAT OF SHARES :-

SEBI has notified vide notification No. SMDRP /POLICY/CIR-23/2000 dated 29/5/2000 that company's equity shares listed on the Stock exchanges shall be compulsorily traded on the stock exchanges in DEMAT mode w.e.f. 25/9/2000. The Company is in the process of appointing share Transfer agents having established connectivity with Depositories. Members of the Company shall be intimated about the depositories in due course.

(12) DISCONTINUANCE OF DIRECTOR :-

Shri Kirti J. Shah the professional Director in the Company has discontinued as Director w.e.f. 29/7/2000 due to personal reasons. The Board puts on record it's appreciation towards the contribution made by Shri Kirti J. Shah as a Director in his professional Capacity for the better working of the Company.

(13) STATUTORY INFORMATION :-

(i) 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, 1956 is not applicable.

(ii) Particulars required to be furnished by the Companies (Disclosure of Particulars of 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 Earnings and Outgoing : The Company has not earned any foreign exchange during the year. The Company has not spent any Foreign Exchange.

(III) DEPOSITS :-

The Company has accepted deposits within the meaning of Section 58A 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.

(14) INFORMATION PURSUANT TO PART III OF NOTIFICATION NO. DFC. 118/DGM(PROJECTS)(SPT) -98, DATED 31/01/98 OF RESERVE BANK OF INDIA REGULATIONS : -

- | | | |
|---------|--|-----|
| (a) (i) | Total Number of Public Deposit which have not been claimed by depositors | NIL |
| (ii) | Total number of accounts of Public Deposit which have not been paid by the Company after the date on which deposit become due for repayment and lodged with company for maturity | NIL |
| (b) (i) | Total amounts for the above mentioned accounts as per a (i) | NIL |
| (ii) | Total amounts for the abovementioned accounts as per a (ii) | NIL |

(15) ACKNOWLEDGEMENT :-

The Board appreciates the excellent co-operation and support extended by the Directors, Shareholders, Depositors, Customers, Employees and it's Bankers.

FOR AND ON BEHALF OF THE BOARD

Place: Nagpur

Date : 30th July, 2000

MANOJ B. SHAH

MANAGING DIRECTOR



AUDITOR'S REPORT

TO

The Members of,
ARTEFACT SOFTWARE & FINANCE LTD.,

I have audited the attached Balance Sheet of ARTEFACT SOFTWARE & FINANCE LIMITED as at 31st March, 2000 & the Profit & Loss Account for the year ended on that date annexed thereto and report that:

1. As required by the Manufacturing and Other Companies (Auditors Report) Order 1988, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, I give in Annexure a Statement on the matters specified in paragraph 4 & 5 of the said order, to the extent applicable to the Company.
2. In my opinion the profit and loss account and Balance Sheet comply with the Accounting standards referred to in sub section 3 (c) of section 211 of the companies Act 1956.
3. Further to my comments in the Annexure referred to in paragraph 1 above, I report that :
 - a) I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit.
 - b) In my opinion, proper books of account as required by law have been kept by the company so far, as appears from my examination of those books.
 - c) The Balance Sheet & the Profit & Loss Account referred to in this report are in agreement with the books of account.
 - d) In my opinion and to the best of my information and according to the explanations given to me the said Balance Sheet & the Profit & Loss Account together with the notes thereon, give the information required under the Companies Act, 1956 in the manner so required and give a true and fair view:-
 - i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2000 and,
 - ii) in the case of Profit & Loss Account, of the Profit of the Company for the year ended on that date.

Place : Nagpur
Date : 28th June, 2000

ZAFAR S. DAUD
Chartered Accountant

**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE AUDITOR'S REPORT OF EVEN DATE :**

1. The Company has maintained proper records showing full particulars including quantitative details and location of fixed assets. The major fixed assets have been physically verified by the management during the year. No material discrepancies were noticed on such verification, as compared to the available records. In my opinion the frequency of such verification is reasonable having regard to the size of the company and nature of its fixed assets.
2. None of the fixed assets have been revalued during the year.
3. As explained to me, the stocks have been physically verified by the management at reasonable intervals.
4. In my opinion and according to the information and explanations given to me, the procedure for physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
5. As explained to me, no discrepancies have been noticed on physical verification of stocks as compared to book records.
6. In my opinion and on the basis of my examination, the valuation of stock is fair and proper and in accordance with the normally accepted accounting principles.
7. The company has not taken any loan from the Companies, Firms or other parties as listed in the register maintained under Section 301, of the Companies Act, 1956.
8. The company has granted loan to the companies, firms or other parties as listed in the register maintained under Section 301 of the Companies Act, 1956 and parties to whom such loans are given are regular in payment of principal and interest wherever stipulated.
9. In respect of other loans and advances in the nature of loan given by the company, the parties to whom such loans are given are making the payment of principal amount as per the stipulations and are also regular in payment of interest wherever stipulated.
10. In my opinion and according to the information and explanations given to me, there are adequate internal control procedures, commensurate with the size of the company and the nature of its business for purchase of goods.
11. According to the information and the explanations given to me, there are no transactions of purchases of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements required to be entered in the register maintained under Section 301, of the Companies Act, 1956 aggregating during the year to Rs. 50,000/- or more in respect of each party.