



ARTEFACT SOFTWARE & FINANCE LIMITED
14th Annual Report 2001-2002



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
Chartered Accountant
3rd Floor, Smruti Cinema Building,
Sadar, Nagpur - 440 001.

BANKERS

Central Bank of India, Main Branch,
Nagpur - 440 001.

REGISTERED OFFICE

429, Joshi Wadi, Opp. Kurvey's High School,
Dr. Munje Road, Sitabuldi, Nagpur- 440 012.

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CORPORATE OFFICE

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



DIRECTORS REPORT

Dear Members,

Your Directors have pleasure in presenting the 14th Annual Report and Audited Statement of Accounts for the year ended 31st March, 2002 on the business and operations of the Company.

(1) FINANCIAL RESULTS :-

Particulars	(Rs. in Lacs)	
	2001-2002	2000-2001
Gross Income	392.65	259.86
Profit before Non Cash Charges	90.10	118.66
Non Cash Charges	65.77	95.42
Profit before Taxation	24.33	23.24
Provision for Taxation	9.40	5.20
Net Profit	14.93	18.04
Earlier year Adjustment	--	(3.46)
Profit brought forward from previous year	192.03	177.44
Profit available for Disposal	206.96	192.03
Profit carried to Balance Sheet	206.96	192.03

(2) DIVIDEND :-

Your Directors do not recommend dividend for the year ending 31st March, 2002.

(3) OVERVIEW :-

There was a increase in Company's gross income, which was Rs. 392.65 Lacs as compared to Rs.259.86 Lacs in the previous year. Profit before tax was Rs. 24.33 Lacs as compared to Rs.23.24 Lacs in the previous year.

(4) PLANS FOR CURRENT YEAR :-

During the current year the company plans to maintain its financing activities at the same level inspite of increased competition and reduction in rates of interest. The Company has made considerable progress in its Project Consultancy assignments. The Company plans to increase its turnover of receipts substantially during the current year in line with the increase in the previous year.

(5) AUDITOR & AUDITORS 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.

**(6) DIRECTORS RESPONSIBILITY STATEMENT**

Your Directors confirm :-

- i) that in the preparation of the annual accounts, the applicable accounting standards has been followed along with proper explanations relating to material departures ;
- ii) that they had selected such accounting policies and applied them consistently and made judgements 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, and of the profit or loss of the Company for that period.
- iii) that they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
- iv) that they had prepared the annual accounts on a going concern basis.

(7) STATUTORY INFORMATION :-**(i) Personnel :-**

The company has not paid to any employee remuneration exceeding Rs.12.00 Lacs per annum, if employed throughout the year, or Rs.1.00 Lac 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 in earlier years within the meaning of Section 58A of Companies Act, 1956 and/or rules framed thereunder and has repaid all deposits during the year. There are no deposits which have remained unclaimed or claimed but not paid for which information is required to be given in this report.

(9) INFORMATION PURSUANT TO PART III OF NOTIFICATION NO. DFC. 118/DGM (PROJECT) (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 NIL Company after the date on which deposit become due for repayment and lodged with Company for maturity.
- (b) (i) Total amounts for the above mentioned accounts as per a (i) NIL
- (ii) Total amounts for the above mentioned accounts as per a (ii) NIL



(10) ACKNOWLEDGEMENT :-

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

FOR AND ON BEHALF OF THE BOARD

Place: Nagpur

Date : 29th July, 2002

MANOJ B. SHAH

MANAGING DIRECTOR

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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, 2002 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in India. These 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. I believe that my audit provides a reasonable basis for my opinion.

As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988, issued by the Central Government of India in terms of Sub-Section (4A) of section 227 of the Companies Act, 1956, I enclose in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said order, to the extent applicable to the Company.

Further to my comments in the Annexure referred to above, I report that :

- (i) 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;
- (ii) In my opinion, proper books of accounts as required by law have been kept by the Company so far as appears from my examination of these books;
- (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account (and with the audited returns from the branches);
- (iv) In my opinion, the Balance Sheet and Profit and Loss Account 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 written representations received from the directors, as on 31st March, 2002, and taken on record by the Board of Directors, I report that none of the directors is disqualified as on 31st March, 2002 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 my opinion and to the best of my information and according to the explanations given to me, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-
 - a) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2002 and
 - b) In the case of the Profit and Loss Account of the Profit for the year ended on that date.

Place : Nagpur
Date : 29th May, 2002

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 Company is not having any stocks during the year.
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. 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.
6. 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.
7. 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.
8. 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.
9. 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.
10. In my opinion the company has an internal audit system commensurate with its size and nature of its business.
11. In my opinion, and according to the information and explanations given to me, the Company has accepted deposits from public and the Company has complied with the directives issued by the Reserve Bank of India and the Provision of Section 58A of the Companies Act, 1956 and the rules framed there under.