



Software and Finance Ltd.

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18th Annual Report, 2005-06

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QUALITY POLICY

ARTEFACT PROJECTS is committed to provide Quality Consultancy Services on its Infrastructure Development Projects including Industrial Park, Urban Planning, Housing, Airports with particular focus on Highway Projects.

To achieve this we aim at:

Alignment of our Mission and Goals,

Resource mobilization for utmost Customer Satisfaction.

Training of our professional team for enhancement of Performance Oriented Skills,

Empowerment of Staff to attain Optimum Efficiency,

Focus on the Needs and Expectations of Stake holders,

Analytical approach with a Focus on Continual Improvement,

Compliance to Requirements of Standards and Statutory Regulations,

Technology upgradation for Value Added Operations.



ARTEFACT SOFTWARE & FINANCE LIMITED

CORPORATE PROFILE

BOARD OF DIRECTORS

Mr. Manoj B. Shah, Managing Director
Mr. Pankaj B. Shah, Whole Time Director
Maj Gen (Retd.) B.K. Mehta
Mr. Ashok Mehta
Mr Girish R Dhabalia
Mr. Mohan Adige

AUDITORS

M/s Naresh Patadia & Co.

BANKERS

Canara Bank

REGISTERED OFFICE :

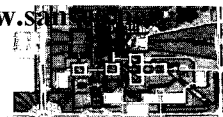
1st Floor, Bhiwapurkar Chambers, Opp. Yashwant Stadium,
Dhantoli, Nagpur - 440 012 (Maharashtra, India)

REGISTRAR & SHARE TRANSFER AGENTS :

Intime Spectrum Registry Limited,
C-13, Pannalal Silk Mills Compound,
LBS Road, Bhandup West,
Mumbai- 400 078.

CORPORATE WEBSITE :

www.artefactprojects.com



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MILESTONES

An enviable Performance

While your Company is moving ahead rapidly on its pathway to success, looking at past, some of the major milestones in the Company's progress can be summarized below :

Year	Milestone	Project Assignments
1998	First Professional Consultancy Assignment	Technical and Financial Feasibility Study and Preparation Of Project Report For Pench III, 120 Mld Water Supply Scheme for BOT/ Privatization. Client : Water Works Department, Nagpur Municipal Corporation, Nagpur. Project Cost: Rs. 510 Crores. Project Status: Assignment Satisfactorily completed in December 1998. Artefact carried out the Technical assessment of Design, Operational Feasibility, Cost estimation and financial viability for private sector participation on BOT basis.
1999	First Road Sector Service Contract	Technical Review, Detailed design, engineering and approvals of all design for BOT Projects of 27 Kms of length of State Highway in the State of Madhya Pradesh, SH 27, from MHOW to Ghatabillod, near Pitampur, Indore District, Madhya Pradesh. Client : Madhya Pradesh State Road Development Corporation (MPSRDC) Project Construction Cost : Rs 18 Crores. Project was successfully completed before schedule. Artefact provided scrutiny and approval of drawings, conformity to designs and specifications, providing suggestions for technical improvement of performance parameters, cost optimization, approval of project contracts, approval of completion drawings and designs with respect to project execution.
2000	Foreign Collaboration	Long Term Joint Venture Agreement for Highways and Engineering services entered with M/s Zaidun Leeng. Sdn. Bhd., Malaysia. The collaboration continues to grow stronger.
2002	Bagged First National Highway Assignment	Project Management , Construction Supervision and Independent Engineers for a BOT Highway Project of NHAI, Neelamangala Tumkur section of NH 4 (32.50 kms) on Golden Quadrilateral near Bangalore. Client : National Highway Authority of India (NHAI) Project Cost : Rs 212 Crores. Surveys, investigations, traffic study, Traffic forecasts, design, drawing specification approvals, approval of inspection testing, construction supervision of projects, approval of environmental protection measures, O&M procedures, O&M systems, approval of tolling equipment and tolling system, approval of project contracts, concession agreements and financial closure assistance. Also acted as Lenders Engineer, Project construction was satisfactorily completed before Scheduled Completion date and was one of the first few major laning BOT project of NHAI on GQ.
2003	Awarded First Urban Township Planning	Township planning for new capital city of Chattisgarh near Raipur for Urban Planning, Design and Architectural Planning - as Proof Consultants. Area : 5122 Hectares. Client : Government of Chattisgarh.



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	Assignment	The project facilities included construction of new capital city complex including legislature, High Court, Residential Areas, CBD, Cargo Hub, Sports and recreation complexes, WTP/ STP, Industrial Zones, Recreational Parks, Airport upgradation, infrastructure facilities, educational facilities and complete town planning. The project is under implementation. Artefact, in collaboration with its JV partners provided urban planning and design approval services, review, modification and approval of regional plans, concept plans, master plans, architectural designs, infrastructure facilities, urban renewal plans, rehabilitation and resettlement plans, environmental and social impact studies, economic analysis, financial feasibility, evaluation of privatization options, marketing strategies etc.
2004	First Urban Road Infrastructure - Assignment	Preparation of detailed Design, Drawings, Engineering, Cost Estimates and Detailed Project Report for 41 Kms of Urban Road under IRDP Agra city scheme. Client: Agra Development Authority .Project Construction Cost : Rs 103 Crores. The role of Artefact included Traffic and transportation studies, environment impact assessment, resettlement and rehabilitation, cost estimations, preparation of detailed drawings and designs, bid evaluation approval and bid management, contract administration, quality control, project completion.
2004	First Airport Project Consultancy Assignment	Detailed Architectural Planning, detailed Engineering and construction supervision of new Trivandrum International Airport Terminal Building at Trivandrum, Kerala. Client : Airport Authority of India Construction Area : 24600 sq. mtrs Approx. Construction Cost : Rs 139 Crores. Design Stage is satisfactorily completed. The project is under award for construction. The role of Artefact included preparation and approval of concept plans, architectural drawings, cost estimates, detailed drawings, designs, material specifications, design, drawings and specifications for structural, electrical, mechanical, PHE, utilities, landscaping, interior designing, security systems and baggage handling systems of the project; preparation of tender documents, procurement assistance, bid evaluation, project supervision and completion.

These project assignment mark the entry of Artefact in its core and focus areas of business.



Overview of past 5 years Operations

5 Years at a Glance :

(Rs in Lakhs)

Financial Year	2001-02	2002-03	2003-04	2004-05	2005-06
PROFIT & LOSS ACCOUNT					
Revenues:					
Receipts from operations	392.65	686.63	793.22	807.51	1,408.66
(Receipts from Project Services , included in the above Receipts)	(234.02)	(596.84)	(742.68)	(791.42)	(1408.66)
Other Income	0.36	0.35	6.13	7.63	33.07
Total Income	393.01	686.98	799.35	815.14	1,441.73
Expenditure:					
Operating & Administration Expenses	257.97	572.12	704.75	723.22	1097.21
Operating Profit (PBIDT)	135.04	114.86	94.60	91.92	344.52
Interest & finance charges	44.94	46.95	37.76	43.92	54.81
PBDT	90.10	67.91	56.84	48.00	289.71
Depreciation & Non Cash charges	65.77	34.42	22.64	9.68	135.53*
PBT	24.33	33.49	34.20	38.32	154.18
Tax	9.40	12.10	9.75	9.52	46.54
PAT, for the year	14.93	21.39	24.45	28.80	107.64
Dividend per Share proposed (Rs.)	-	-	-	-	0.50

(*Includes write off of Finance assets as extraordinary items)

BALANCE SHEET

Financial Year	2001-02	2002-03	2003-04	2004-05	2005-06
Company's Assets					
Net Block - Fixed Assets (Own)	92.03	117.37	116.49	132.24	132.22
Net Block - Fixed Assets (Leased)	261.11	205.63	171.18	171.02	—
Investments (Incl. JVs)	1.01	0.01	0.01	24.55	16.84
Net Current Assets	505.89	554.93	537.82	591.62	949.54
TOTAL ASSETS	860.04	877.94	825.50	919.43	1,098.60
Company's Dues					
Secured Loans#	248.99	243.15	163.84	227.47	327.87

(# working capital loans)



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Company's Net Worth

Equity Share Capital	407.76	407.76	407.76	407.76	407.76
Reserves & Surplus	208.05	230.16	255.41	284.20	362.97
Miscellaneous Expenditure (to the extent not w/off)	4.76	3.13	1.51	-	-

Total Network	611.05	634.79	661.66	691.96	770.73
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TOTAL LIABILITY	860.04	877.94	825.50	919.43	1098.60
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FINANCIAL RATIOS

Debt - Equity ratio (times)	0.29	0.28	0.20	0.25	0.30
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Earnings per Share (Rs.)	0.37	0.52	0.60	0.71	2.64
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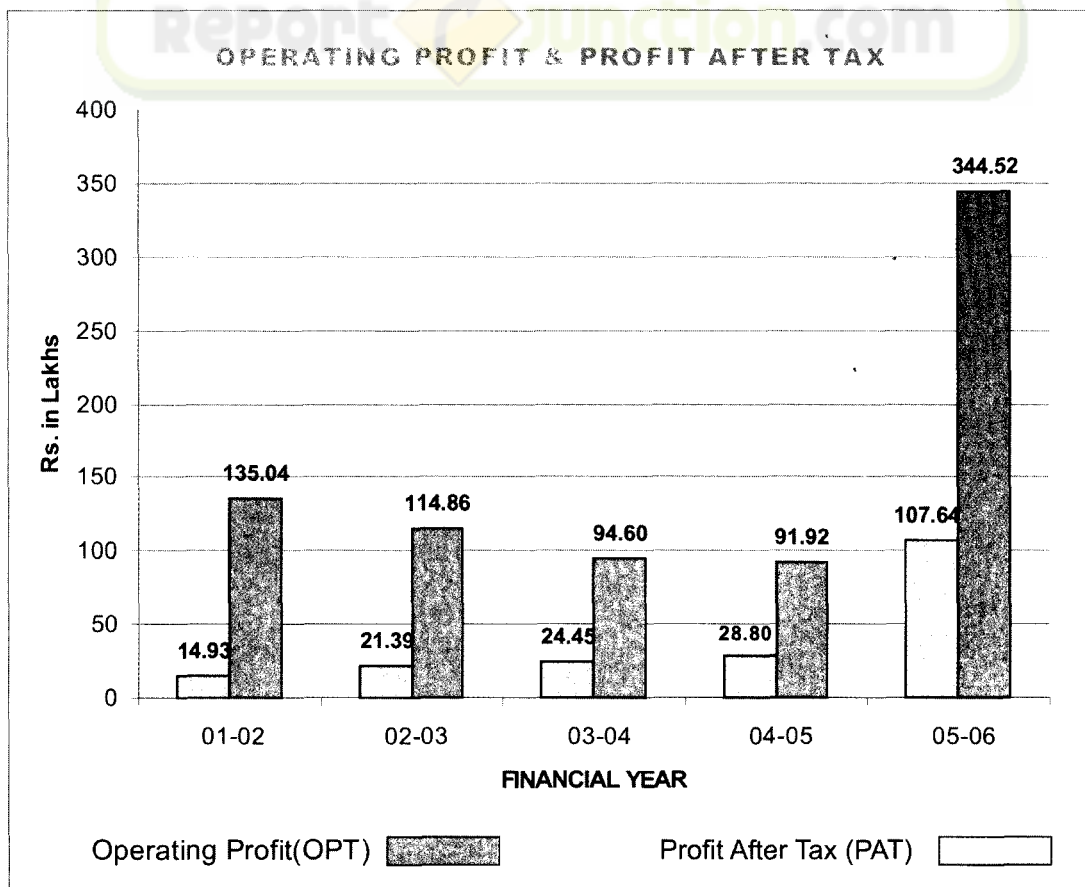
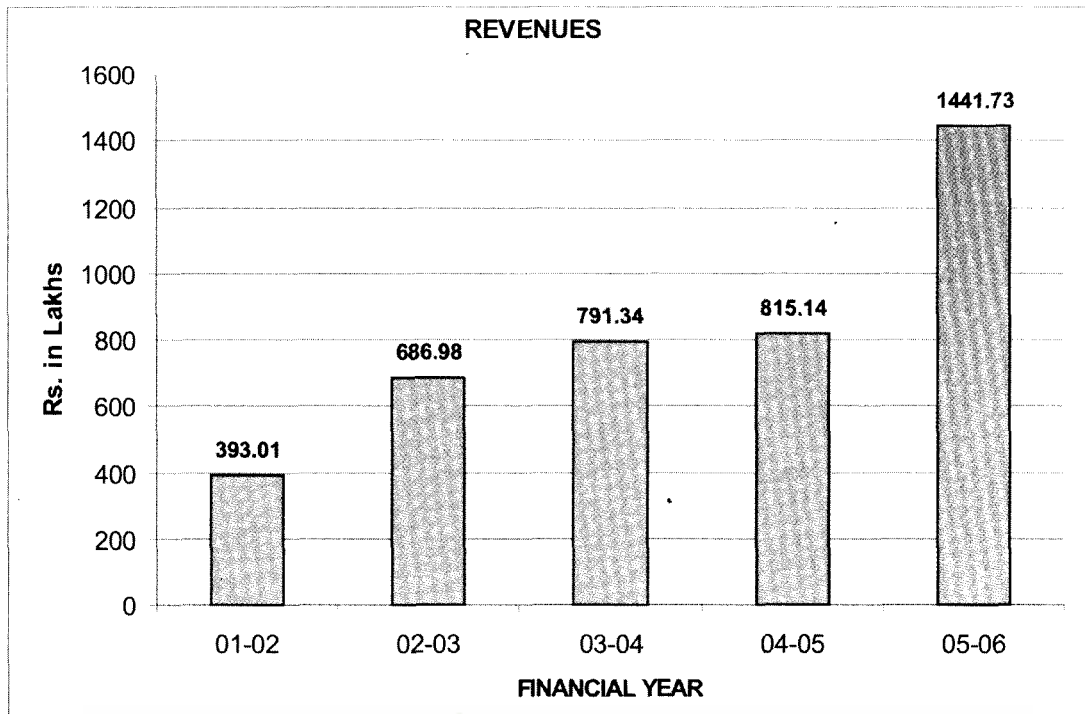
Return on Net Worth (RONW)

- Operating Profit / NW	22.09 %	18.09 %	14.29 %	13.28 %	44.70 %
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- PBT / NW	3.98 %	5.28 %	5.17 %	5.54 %	20.00 %
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- PAT / NW	2.44 %	3.37 %	3.69 %	4.16 %	13.97 %
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NOTICE TO SHAREHOLDERS

Notice is hereby given that the Eighteenth Annual General Meeting of the members of the company will be held on 29th day of September, 2006 at 11.00 a.m. at the Banquet Hall, Hotel Center Point, Central Bazar Road, Ramdaspath, Nagpur - 440 012, 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 2006, 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 Rs.10/- each of the company.
3. To appoint a director in place of Mr. B K Mehta, who retires by rotation and is eligible for re-appointment.
4. To appoint M/s Naresh Patadia & Co., Chartered Accountants, as Statutory Auditors of the Company and to fix their remuneration.

As Special Business :

To consider and if thought fit to pass with or without modifications the following resolutions :

5. Appointment of Mr. Mohan Adige as Wholetime Director and Payment of Director's Remuneration :

As an Ordinary Resolution :

"RESOLVED THAT Mr Mohan Adige, who was appointed as an Additional Director of the Company pursuant to section 260 of the Companies Act, 1956 with effect from 28th July, 2006 and who vacates his office at the conclusion of this Annual General Meeting be and is hereby reappointed as Wholetime Director of the Company for a period of two years with effect from 1st October, 2006."

"RESOLVED FURTHER in accordance with the provisions of Section 198, 269, 309 read with Schedule XIII to the Companies Act, 1956 and all other applicable provisions of the said Act (including any statutory modifications or re-enactment thereof for the time being in force) THAT the consent of the company, be and is hereby accorded to the terms and conditions including remuneration applicable for a period of 2 years w.e.f. 1st day of October, 2006, as are set out in the Agreement to be entered into between the Company and Mr Mohan Adige ("the Appointee") 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 the authority to the Board of Directors to alter and vary the terms and conditions including remuneration of the said Appointment and/or Agreement so as not to exceed the limits specified in part II of Schedule XIII to the Companies Act, 1956 including any statutory modifications or re-enactment thereof as may be agreed to by the Board of Directors and the Appointee in that behalf.

"RESOLVED FURTHER THAT be Board of Director, be and is hereby also authorized to take such