

CMS Infotech Limited

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For CMS INFOTECH LTD.

D. Nam
Director/

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12TH
ANNUAL REPORT
2002 - 2003

CMS INFOTECH LIMITED

12th Annual Report 2002 - 2003

BOARD OF DIRECTORS

SRI PRASHANT JAIN, *Managing Director*
SRI SANDEEP DEY
SRI RAVI KUMAR JAIN
SRI ARUN NATH

SECRETARY

SRI NAVIN LAHOTI

AUDITORS

V. LOHIA & CO.
Chartered Accountants

BANKERS

CANARA BANK

REGISTERED OFFICE

10, PRINCEP STREET
2ND FLOOR
KOLKATA - 700 072

CMS INFOTECH LIMITED**NOTICE**

NOTICE is hereby given that the 12th Annual General Meeting of the Members of **CMS Infotech Limited** will be held at Jhaharia Committee Room of Merchant's Chamber of Commerce, 15B, Hemanta Basu Sarani, Kolkata - 700 001 on Monday the 8th day of September, 2003 at 11.00 A.M. to transact the following business :-

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2003 and Profit & Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
- 2) To appoint a Director in place of Shri Sandeep Dey, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS :

- 4) To consider and if thought fit, to pass with or without modifications, the following Resolution as Ordinary Resolution :

"RESOLVED THAT Shri Arun Nath, who was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 14/06/2003 and who holds office in terms of Section 260 of the Companies Act, 1956, upto the date of this Annual General Meeting of the Company and in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act, 1956, signifying his intention to propose Shri Arun Nath as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

- 5) To consider and if thought fit, to pass with or without modification, the following Resolution as Ordinary Resolution :

"RESOLVED THAT Shri Prashant Jain, in whose respect notice has been received from a member under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company."

- 6) To consider and if thought fit, to pass with or without modification, the following Resolution as Ordinary Resolution :

"RESOLVED THAT in accordance with the provisions of Section 198, 269 & 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the appointment of Shri Prashant Jain, as non-retiring Managing Director of the Company for a period of five years w.e.f. 1st August, 2003, on the terms and conditions as set out in the explanatory statement annexed hereto with absolute liberty to the Board of Directors to further alter, amend and vary terms and conditions of said appointment in accordance with the limits specified in Schedule XIII of the Companies Act, 1956 or any amendments thereto as may be agreed to between the Board of Directors and Shri Prashant Jain."

Registered Office :

10, Princep Street
2nd Floor
Kolkata - 700 072

Dated : The 1st day of August, 2003

By Order of the Board

NAVIN LAHOTI

Secretary

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. Proxies in order to be effective must be received at the Registered Office of the Company not less than forty-eight hours before the time fixed for the meeting.
2. The Register of Beneficial Owners, Register of Members and the share transfer books of the Company will remain closed from 4th September, 2003 to 8th September, 2003 (both days inclusive).
3. Members are requested to notify immediately any change in their addresses to the Registrars and Transfer Agent M/s. Maheshwari Datamatics Pvt. Ltd., 6, Mangoe Lane, 2nd Floor, Kolkata - 700 001.
4. Shareholders seeking any information with regard to Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.
5. The relevant Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business is annexed hereto.

ANNEXURE TO NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO. 4**

Shri Arun Nath was appointed as an Additional Director of the Company by the Board of Directors with effect from 14th June, 2003, under Section 260 of the Companies Act, 1956. Shri Arun Nath continues to hold office as a Director until the conclusion of the ensuing Annual General Meeting. However, as required under Section 257, the Company has received a notice from a member signifying his intention to propose Shri Arun Nath as a candidate for the office of Director of the Company and the requisite deposit of Rs. 500/- has also been received by the Company alongwith such notice. It is proposed that Shri Arun Nath will be liable to retire by rotation.

The Board is of the view that Shri Arun Nath's knowledge and experience will be of immense benefit and value to the Company and therefore, recommends his appointment to the shareholders.

None of the Directors except Shri Arun Nath is, in any way, concerned or interested in the aforesaid resolution.

ITEM NO. 5

Shri Prashant Jain was appointed as an Additional Director of the Company under the provisions of Section 260 of the Companies Act, 1956 ("the Act") with effect from 1st August, 2003. Notice has been received from a member of the Company pursuant to the provisions of Section 257 of the Act, proposing the appointment of Shri Prashant Jain as a Director of the Company. The Board recommends the resolution relating to his appointment as a Director of the Company.

None of the Directors except Shri Prashant Jain is interested in the aforesaid Resolution.

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ITEM NO. 6

Considering the experience and business acumen of Shri Prashant Jain, the Board of Directors in their meeting held on 1st August, 2003 appointed him as an Additional Director and also appointed as a non-retiring Managing Director on the following terms and conditions contained in the draft of an Agreement, an abstract of which is set out as follows :

1. SALARY :**a) Basic Salary :**

Rs. 10,000/- per month with such annual increments in the Salary effective from 1st April every year thereafter as the Board or the Committee of Directors may decide.

b) Perquisites :

i) Free unfurnished accommodation owned, leased or taken on leave and license basis by the Company. In case no accommodation is provided by the Company, the Managing Director shall receive House Rent Allowance at a rate not exceeding 60% of the Salary.

ii) Contribution to Provident Fund :

To the extent that it is not taxable under the Income Tax Act, 1961.

iii) Gratuity :

Half month's Salary for each completed year of service subject to maximum as per payment of Gratuity Act.

iv) Leave Travel Concession :

Once in a year for self and family in accordance with the Rules of the Company.

v) Medical Reimbursement :

One month's Salary in a year or three month's Salary over a period of three years.

vi) Club Fees :

Fees of Clubs subject to a maximum of 2 Clubs. This shall not include Admission and life membership fees.

vii) Personal Accident Insurance :

With a premium not exceeding Rs. 4,000/- per annum.

None of the Directors except Shri Prashant Jain is interested in the aforesaid Resolution.

Further this shall be treated as Compliance of Section 302 of the Companies Act, 1956.

Registered Office :

10, Princep Street
2nd Floor
Kolkata - 700 072

Dated : The 1st day of August, 2003

By Order of the Board

NAVIN LAHOTI

Secretary

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 12th Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2003.

1. FINANCIAL HIGHLIGHTS

The working results of the Company for the year stand as under :-

	(Rs.) Year ended 31.03.2003	(Rs.) Year ended 31.03.2002
Profit/(Loss) before Taxation	3,51,516.88	6,44,440.38
Less : Provision for Tax - Current	27,682.00	49,300.00
- Deferred	73,538.00	2,30,065.00
Profit/(Loss) after Taxation	2,50,296.87	3,65,075.38
Add : Balance brought forward from previous year	(1,90,27,425.65)	(3,03,46,685.03)
Deferred Tax adjustment	—	1,09,54,184.00
Less : Transfer to Reserve Fund	(50,060.00)	—
Add : Provision for Income Tax W/Back	670.00	—
Balance carried to Balance Sheet	(1,88,26,518.78)	(1,90,27,425.65)

2. DIVIDEND

In view of marginal profit earned by the Company, the Directors have decided not to recommend any dividend for the year.

3. OPERATIONS

The performance of the Company during the year under review was not satisfactory compared to previous year. Your Directors are hopeful that the performance of the Company will improve in coming year.

4. DIRECTORS

The Board has appointed Shri Prashant Jain as an Additional Director and also as a Managing Director. In terms of relevant provisions of law, the term of office of Shri Prashant Jain as an Additional Director of the Company will come to an end at the forthcoming Annual General Meeting. The Company has received a Notice from a member of the Company proposing appointment of Shri Prashant Jain as a Director of the Company at the forthcoming Annual General Meeting. Further the appointment of and payment of remuneration to Shri Prashant Jain as the Managing Director require the approval of the members. Accordingly, the appointment of Shri Prashant Jain as a Director of the Company as well as Managing Director has been proposed as Ordinary Resolution at the Annual General Meeting.

CMS INFOTECH LIMITED

Shri Sushil Parakh, Shri Prakash Khaitan and Shri Parasmal Lodha submitted their resignation during the year and same were accepted by the Board. The Board places on record its appreciation for the services rendered by them during the tenure of their Directorship with the Company.

Shri Arun Nath was appointed as an Additional Director of the Company with effect from 14th June, 2003, and he vacates office at the conclusion of ensuing Annual General Meeting. The Company has received a notice from a shareholder proposing him as a Director of the Company.

Shri Sandeep Dey retires by rotation and being eligible, offers himself for reappointment.

5. DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors Responsibility Statement, it is hereby confirmed :

- i) That in the preparation of the accounts for the financial year ended 31st March, 2003, the applicable accounting standards have been followed along with proper explanation relating to material departures ;
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were 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 of the Company for the year under review ;
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
- iv) That the Directors have prepared the annual accounts for the financial year ended 31st March, 2003 on a going concern basis.

6. AUDITORS REPORT

All the items on which the Auditors have commented in their report are self-explanatory.

7. AUDITORS

V. Lohia & Co., Chartered Accountants, hold the office till the conclusion of this Annual General Meeting and being eligible, offer themselves for re-appointment. Your Directors recommend their re-appointment.

8. EMPLOYEES

None of the employees were in receipt of remuneration in excess of the limits specified under Section 217 (2-A) of the Companies Act, 1956.

9. STATUTORY INFORMATION

The Company being basically in the financial sector, requirement regarding the disclosures of particulars of conservation of energy and technology absorption prescribed by the rules is not applicable.

10. CORPORATE GOVERNANCE

A report on corporate governance alongwith a certificate from the Auditors and Management Discussion & Analysis is enclosed as Annexure "A" and forms a part of this report.

11. EMPLOYER EMPLOYEE RELATIONSHIP

The Company maintained a cordial relationship with its employees which resulted in smooth flow of business operations during the period under review.

12. FOREIGN EXCHANGE

The Company has had no foreign exchange outflow or inflow during the year under review.

13. ACKNOWLEDGEMENTS

Your Directors acknowledge the support and owe a debt of gratitude to the Shareholders, Investors & Bankers. Your Directors are also thankful to its clients for their continued faith and support reposed in us. Last but not the least, your Directors place on record their sense of appreciation of the valuable contribution made by the employees of the Company.



On behalf of the Board

SANDEEP DEY

Director

RAVI JAIN

Director

Registered Office :

10, Princep Street
2nd Floor
Kolkata - 700 072

Dated : The 1st day of August, 2003

CMS INFOTECH LIMITED

ANNEXURE "A"

REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's report on Corporate Governance :

1. CORPORATE GOVERNANCE PHILOSOPHY

The Company describes Corporate Governance as set of governing standards, which aims at bringing transparency in the management and control of the Company. It is the aim of the Company to separate the management from the directors of the Company. The Management should be free to manage the working of the Company, while the Directors should be free to direct. The Directors should be free in over viewing the work of the management and direct them wherever necessary. The main objective of the Company is to bring transparency in the management of the Company and to provide long term benefit to the shareholders.

The Company's main objective is to protect the interest of the stakeholders and to increase their long term benefits. We will always remain committed to the adoption of best possible governance practices towards discharging our fiduciary responsibilities and protecting all shareholders rights, majority as well as minority, at all times even in future.

2. BOARD OF DIRECTORS**(a) Composition of the Board**

The Composition of the Board of Directors of the Company consists of qualified executive and non executive directors. The Board is based and comprises of persons who have excelled in their respective areas having good standing.

The composition of the Board of Directors at present is as follows :

Sr. No.	Name of Director	Executive/ Non-Executive	No. of other	
			Directorships	Committee Memberships
1	Sri Parasmal Lodha*	Non-Executive	6	—
2	Sri Prakash Khaitan**	Non-Executive	2	—
3	Sri Ravi Jain	Non-Executive,	—	—
4	Sri Sandeep Dey	Non-Executive,	8	3
5	Sri Sushil Parekh**	Non-Executive	2	2
6	Sri Arun Nath***	Non-Executive	9	—

* Resigned w.e.f. 15/06/2003

** Resigned w.e.f. 30/10/2002

*** Appointed w.e.f. 14/06/2003

(b) Changes in the composition of the Board of Directors since last Annual General Meeting :

Since the last Annual General Meeting Sri Parasmal Lodha, Sri Prakash Khaitan and Sri Sushil Parekh resigned from the Board. Sri Arun Nath has been appointed as an additional director.

(c) Details of sitting fees, remuneration etc. paid to Directors :

No remuneration has been paid to any director during the year.

(d) Board Meetings held in the Financial Year 2002-2003 and attendance of Directors :

The Board meets at least once in a quarter to consider amongst other business, the quarterly performance of the Company and financial results. During the year under review, 6 Board meetings were held on 24th June 2002, 29th July 2002, 30th October 2002, 22nd November 2002, 27th January 2003 and 24th February 2003.

★ Attendance of each director at the Board of Directors meetings and the last Annual General Meeting.

Director	No. of Meetings		Attendance at last AGM - Held on 26th September, 2002
	Held	Attended	
Sri Sushil Parekh*	4	2	No
Sri Prakash Khaitan*	4	2	No
Sri Sandeep Dey	4	4	Yes
Sri Parasmal Lodha	4	4	No
Sri Ravi Jain	4	4	Yes

* Resigned w.e.f. 30th October, 2002

3. DIRECTORS INTEREST IN THE COMPANY :

None of the directors received any loan and advances from the Company during the year.

4. COMMITTEES OF DIRECTORS

In accordance with requirements of the Listing Agreement with the Stock Exchanges on Corporate Governance, following 2 Committees were operational during the year :

- (a) Audit Committee
- (b) Share Transfer and Investors Grievance Committee

a. Audit Committee

The present Audit Committee of the Board of Directors fulfills the requirements of Section 292(A) of the Companies Act, 1956 as well as Clause 49 of the Listing Agreement. The Audit Committee of the Company consists of 3 directors. During the Financial Year 2002-2003, the Audit Committee met 4 times.

The composition of the Audit Committee and the attendance of each director at its meetings was as follows :

Sr. No.	Members of Audit Committee	No. of meetings held	No. of meetings attended
1	Shri Sandeep Dey	4	4
2	Shri Sushil Parekh*	2	2
3	Shri Parasmal Lodha	4	4
4	Shri Ravi Jain #	2	2