

For CMS INFOTECH LTD.

S. S. S.
Director

CMS Infotech Limited

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13TH
ANNUAL REPORT
2003-2004

CMS INFOTECH LIMITED

13th Annual Report 2003 - 2004

BOARD OF DIRECTORS

SRI PRASHANT JAIN, *Managing Director*

SRI SANDEEP DEY

SRI RAVI KUMAR JAIN

SRI ARUN NATH

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SECRETARY

SRI NAWIN LAHOTY

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 13th Annual General Meeting of the Members of CMS INFOTECH LIMITED will be held at Jhajharia Committee Room of Merchants Chamber of Commerce, 15B, Hemanta Basu Sarani, Kolkata - 700 001 on Friday the 17th day of September, 2004 at 11.00 A.M. to transact the following business :-

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2004 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 Ravi Jain, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint Auditors of the Company and to fix their remuneration.



Registered Office :

10, Princep Street
2nd Floor
Kolkata - 700 072

Dated : The 29th day of June, 2004

By Order of the Board

NAWIN LAHOTY

*Company Secretary &
Compliance Officer*

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 13/09/2004 to 17/09/2004 (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.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 13th Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2004.

1. FINANCIAL HIGHLIGHTS

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

	(Rs.) Year ended 31.03.2004	(Rs.) Year ended 31.03.2003
Profit/(Loss) before Taxation	8,10,888.87	3,51,516.88
Less : Provision for Tax - Current	62,338.00	27,682.00
- Deferred	2,90,691.00	73,538.00
Profit/(Loss) after Taxation	4,57,859.87	2,50,296.87
Add : Balance brought forward from previous year	(1,88,26,518.78)	(1,90,27,425.65)
Less : Transfer to Reserve Fund	91,570.00	50,060.00
Add : Provision for Income Tax W/Back	—	670.00
Balance carried to Balance Sheet	(1,84,60,228.91)	(1,88,26,518.78)

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 current year is satisfactory in comparison to previous year. Your Directors are making all efforts to improve the performance of the Company further in coming year.

4. DIRECTORS

Shri Ravi Jain, 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, 2004, 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

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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, 2004 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.

Registered Office :

10, Princep Street
2nd Floor
Kolkata - 700 072

Dated : The 29th day of June, 2004

On behalf of the Board

PRASHANT JAIN
Managing Director

ARUN NATH
Director

CMS Infotech Limited**ANNEXURE "A"****REPORT ON CORPORATE GOVERNANCE**

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

1. CORPORATE GOVERNANCE

Effective Corporate Governance has always been an integral part of the Company's business philosophy. The Company lays utmost importance to matters of Corporate Governance in order to enhance transparency and stakeholders' wealth. It is the firm belief of the Company that good corporate governance should be internally driven need and not only compliance of the statutory requirements.

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**	
				Chairman	Member
1	Sri Prashant Jain - Managing Director	Executive	—	—	—
2	Sri Ravi Jain	Non-Executive - Independent	—	—	—
3	Sri Sandeep Dey	Non-Executive - Independent	9	1	2
4	Sri Arun Nath	Non-Executive - Independent	8	—	—

* Excluding Directorship held in Private Limited / Foreign Companies and companies incorporated under Section 25 of the Companies Act, 1956.

** Represents Membership/Chairmanship of the Audit Committee, Compensation Committee and Shareholder's/Investor's Grievance Committee of other Companies.

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

There is no change in the Board of Directors since the last Annual General Meeting.

(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 2003-2004 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, 9 Board meetings were held on 23/04/03, 14/06/03, 25/06/03, 29/07/03, 01/08/03, 28/10/03, 29/10/03, 13/01/04 and 28/01/04.

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★ 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 8th September, 2003
	Held	Attended	
Sri Prashant Jain - Managing Director	9	4	No
Sri Ravi Jain	9	9	No
Sri Sandeep Dey	9	9	Yes
Sri Arun Nath	9	8	Yes

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 the Listing Agreement. The Audit Committee of the Company consists of 3 directors. During the Financial Year 2003-2004, the Audit Committee met 4 times.

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

Sr. No.	Members of Audit Committee	No. of meetings held	No. of meetings attended
1	Shri Ravi Jain - Chairman	4	4
2	Shri Arun Nath	4	4
3	Shri Sandeep Dey	4	4

Audit Committee is responsible for reviewing with the management the annual financial statement before submission to the Board. The main function of Audit Committee is to supervise the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct.

b. Share Transfer and Investors Grievance Committee :

The Company set up its **Share Transfer and Investors Grievance Committee** in 2001. The Committee deals with the various matters relating to :

- transfer / transmission of shares,
- issue of duplicate share certificate,
- review of shares dematerialised and all other related matters,
- monitors expeditious redressal of investors' grievances,
- all other matters related to shares.

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2 meetings of the Committee were held during the year on 7th September, 2003 and 31st March, 2004.

The composition of the Committee and the number of meetings attended by each of the members are as under :

Sr. No.	Members of Share Transfer and Investors Grievance Committee	No. of meetings held	No. of meetings attended
1	Shri Sandeep Dey - Chairman	2	2
2	Shri Ravi Jain	2	2
3	Shri Arun Nath	2	2

As required by the Listing agreement with the Stock Exchanges, Sri Navin Lahoti, Company Secretary, has been appointed as 'Compliance Officer'.

The status of Investors Queries/Complaints received during the year is as under :

No. of investors queries / complaints received during the year ended 31st March, 2004	Pending at the end of the year	No. of pending share transfers
1	NIL	NIL

REMUNERATION COMMITTEE

Since the Company paid no remuneration to any director, no Remuneration Committee was constituted.

5. ANNUAL GENERAL MEETING

★ Location and time, where last three AGMs held :

Year	Date	Place	Time
2003	08/09/2003	Jhajharia Committee Room, Merchant's Chamber of Commerce, 15B Hemanta Basu Sarani, Kolkata - 700 001	11.00 A.M.
2002	26/09/2002	Somani Conference Hall Merchant's Chamber of Commerce, 15B Hemanta Basu Sarani, Kolkata - 700 001	11.00 A.M.
2001	14/09/2001	Eastern Zonal Cultural Centre, Bidhannagar, IA-290, Sector- III, Salt Lake, Kolkata- 700 091	11.00 A.M.

Whether special resolutions were put through postal ballot last year, details of voting pattern:

No special resolutions were put through postal ballot last year, as the situation did not arise.

6. DISCLOSURES**(a) Disclosures on materially significant related party transactions**

There were no materially significant related party transactions during the year having conflict with the interests of the Company.

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- (b) **Details of Non-Compliance by the Company, penalties, structure imposed on the Company by the Stock Exchanges, SEBI or any statutory authorities or any matter related to capital markets :**

The Company has complied with all the requirements of the listing agreement with the stock exchanges as well as regulations and guidelines of SEBI except payment of listing fees to Calcutta and Ahmedabad Stock Exchange. The Company received two orders from SEBI dated 26th February, 2003 issued by the adjudicating officer whereby a penalty of Rs. 5 lacs each was imposed on the company under Section 15H (ii) of the SEBI Act. The Company has filed appeals with Securities Appellate Tribunal against these orders. The trading in Equity Shares of the Company has been suspended by The Stock Exchange, Mumbai w.e.f. 26th August, 2003.

7. MEANS OF COMMUNICATION

The Board of Directors of the Company approves and take on record un-audited financial results in the proforma prescribed by the stock exchange, within one month of the close of the every quarter and announces forthwith the results to all the stock exchanges where the shares of the Company are listed. Shareholders are intimated through print media of quarterly financial results and performance besides significant matters, within time period stipulated from time to time by stock exchanges. The quarterly Un-Audited Financial Results and Annual Audited Financial Results are published in a leading national newspaper and a vernacular newspaper.

8. MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

The Management's Discussion and Analysis report forms part of the Director's Report.

9. GENERAL SHAREHOLDER'S INFORMATION**1. Annual General Meeting**

Date & Time	17th September, 2004 at 11.00 A.M.
Venue	Jhajharia Committee Room, Merchant's Chamber of Commerce, 15B, Hemanta Basu Sarani, Kolkata - 700 001

2. The profile of Directors retiring by rotation/Additional Directors eligible for Re-appointment :

Shri Ravi Jain, a practising Chartered Accountant retires by rotation is eligible for re-appointment.

3. Financial Calendar (Tentative)

Financial reporting for the quarter ending June 30, 2004	End of July 2004
Financial reporting for the quarter ending September 30, 2004	End of October 2004
Financial reporting for the quarter ending December 31, 2004	End of January 2005
Financial reporting for the quarter/year ending March 31, 2005	End of June 2005
Annual General Meeting for the year ending March 31, 2005	Mid of September 2005

4. Date of Book closure	13th September, 2004 to 17th September, 2004 (both days inclusive)
5. Dividend Payment Date	No Dividend has been recommended by the Board