
CMS INFOTECH LIMITED

14th Annual Report 2004 - 2005

BOARD OF DIRECTORS

SRI PRASHANT JAIN, *Managing Director*
SRI SANDEEP DEY
SRI RAVI KUMAR JAIN
SRI KAMAL KANTI BAKHANDI

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SECRETARY

SRI NAWIN LAHOTI

AUDITORS

V. LOHIA & CO.
Chartered Accountants

BANKERS

CANARA BANK

REGISTERED OFFICE

10, PRINCEP STREET
2ND FLOOR
KOLKATA - 700 072

NOTICE

NOTICE is hereby given that the 14th Annual General Meeting of the Members of **CMS Infotech Ltd.** will be held at the registered office of the Company, 10, Princep Street, 2nd Floor, Kolkata - 700 072 on **Friday, 9th day of September, 2005, at 11.00 A.M.** to transact the following business :-

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2005 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 modification, the following Resolution as Ordinary Resolution :

"RESOLVED THAT Shri Kamal Kanti Bakhandi, who was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 15/03/2005 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 Kamal Kanti Bakhandi 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."

Registered Office :

10, Princep Street
2nd Floor
Kolkata - 700 072

Dated : The 28th day of June, 2005

By Order of the Board

For CMS Infotech Ltd.

Nawin Lahoti

Company 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 **6th September, 2005** to **9th September, 2005** (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.
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ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 4

Shri Kamal Kanti Bakhandi was appointed as an Additional Director of the Company by the Board of Directors with effect from 15th March, 2005 under Section 260 of the Companies Act, 1956. Shri Kamal Kanti Bakhandi 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 Kamal Kanti Bakhandi 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 Kamal Kanti Bakhandi will be liable to retire by rotation.

The Board is of the view that Shri Kamal Kanti Bakhandi'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 Kamal Kanti Bakhandi is, in any way, concerned or interested in the aforesaid resolution.

Registered Office :

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Dated : The 28th day of June, 2005

By Order of the Board

For CMS Infotech Ltd.

Nawin Lahoti

Company Secretary

DIRECTORS' REPORT**Dear Shareholders**

Your Directors have pleasure in presenting the 14th Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2005.

1. FINANCIAL HIGHLIGHTS

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

	(Rs.) Year ended 31.03.2005	(Rs.) Year ended 31.03.2004
Profit/(Loss) before Taxation	25,38,786.02	8,10,888.87
Less : Provision for Tax - Current	3,48,233.00	62,338.00
- Deferred	14,93,995.00	2,90,691.00
Profit/(Loss) after Taxation	6,96,558.02	4,57,859.87
Balance brought forward from previous year	(1,84,60,228.91)	(1,88,26,518.78)
Transfer to Reserve Fund	1,39,312.00	91,570.00
Balance carried to Balance Sheet	(1,79,02,982.89)	(1,84,60,228.91)

2. DIVIDEND

In view of huge brought forward losses of the Company, the Directors have decided not to recommend any dividend for the year.

3. PERFORMANCE REVIEW

The performance of the Company during the current year has improved in comparison to previous year. Your Directors are making all efforts to improve the performance of the Company further in current year.

4. DIRECTORS

Shri Kamal Kanti Bakhandi was appointed as an additional Director of the Company with effect from 15th March, 2005 and he vacates office at the conclusion of ensuing Annual General Meeting. The Company has received a notice from a shareholder proposing him as the Director of the Company.

Shri Arun Nath submitted his resignation and the same was accepted by the Board with effect from 16th March, 2005. The Board places on record its appreciation for the services rendered by him during the tenure of his Directorship with the Company.

Shri Sandeep Dey retires by rotation and being eligible, offers himself for re-appointment.

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, 2005, 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, 2005 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

M/s. V. Lohia & Co., Chartered Accountants, Auditors of the Company, hold the office until the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received a certificate from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. Audit Committee of the Board recommends the re-appointment of **M/s. V. Lohia & Co.** as the Auditors of the Company for a further period of one year. 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 (2A) of the Companies Act, 1956.

9. STATUTORY INFORMATION

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

10. CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, 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. DELISTING OF EQUITY SHARES FROM AHMEDABAD STOCK EXCHANGE

During the year, an application, as per the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, for the delisting of the Equity Shares from Stock Exchange, Ahmedabad, has been made and the matter is in progress.

12. 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.

13. FOREIGN EXCHANGE

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

14. 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 28th day of June, 2005

***On behalf of the Board
For CMS Infotech Ltd.***

PRASHANT JAIN
Managing Director

SANDEEP DEY
Director

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 with 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 comprises of persons who have excelled in their respective areas having good standing.

The composition of the Board of Directors as at 31st March, 2005 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	7	1	—
4	Sri Kamal Kanti Bakhandi	Non-Executive & Independent	7	—	—

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

⁺⁺ Represents Chairmanship / Membership 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 :

During the year under review Sri Arun Nath has resigned from the post of Directorship w.e.f. 16th March, 2005 and Sri Kamal Kanti Bakhandi has been appointed as additional Director w.e.f. 15th March, 2005 as Director of the Company.

Sri Kamal Kanti Bukhandi is B. Sc. and holds sound financial knowledge. He also holds Directorship in several companies.

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

The details of remuneration paid to the Managing Director of the Company during the year 2004-2005 are given below :

<u>Name of the Director</u>	<u>Salary & Perquisites</u>
Sri Prashant Jain - Managing Director	Rs. 1,20,000/-
Total	<u>Rs. 1,20,000/-</u>

(d) Board Meetings held in the Financial Year 2004-2005 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, 10 Board meetings were held on 20/04/2004, 29/06/2004, 22/07/2004, 29/07/2004, 16/09/2004, 15/10/2004, 29/10/2004, 11/01/2005, 27/01/2005 and 15/03/2005.

□ 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 17th September, 2004
	Held	Attended	
Sri Prashant Jain - Managing Director	10	10	Yes
Sri Ravi Jain	10	10	Yes
Sri Sandeep Dey	10	10	Yes
Sri Arun Nath	10	10	Yes
Sri Kamal Kanti Bukhandi	—	—	N.A.

3. DIRECTORS INTEREST IN THE COMPANY :

None of the Directors are related to each other.

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 2004-2005, the Audit Committee met four times on 28/06/2004, 28/07/2004, 28/10/2004 and 25/01/2005.

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
4	Shri Kamal Kanti Bukhandi **	—	—

* Sri Arun Nath resigned w.e.f. 16th March, 2005.

** Sri Kamal Kanti Bukhandi appointed w.e.f. 15th March, 2005.

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.

Four meetings of the Committee were held during the year on 15/05/2004, 15/06/2004, 31/07/2004 and 13/09/2004.

The composition of the Committee and the no. 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	4	4
2	Shri Ravi Jain	4	4
3	Shri Kamal Kanti Bukhandi	—	—

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, 2005	Pending at the end of the year	No. of pending share transfers
3	Nil	Nil

REMUNERATION COMMITTEE

The Company has only one Managing Director on the Board, whose appointment and remuneration has been fixed by the Board and in terms of resolution passed by the members. In view of this, no Remuneration committee was constituted.

5. ANNUAL GENERAL MEETING

Location and time, where last three AGMs held :

Year	Date	Place	Time
2004	17/09/2004	Jhajharia Committee Room, Merchant's Chamber of Commerce, 15B Hemanta Basu Sarani, Kolkata - 700 001	11.00 A.M.

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.

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.

(b) Details of Non-Compliance by the Company, penalties and 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 requirements of the listing agreement with the stock exchanges as well as regulations and guidelines of SEBI except payment of listing fees to Ahmedabad Stock Exchange. 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 takes 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	9th day of September, 2005 at 11.00 A.M.
Venue	10, Princep Street, 2nd Floor Kolkata - 700 072