

CMS

INFOTECH LIMITED



Fifteenth

ANNUAL REPORT 2005 - 2006

CMS INFOTECH LIMITED

Fifteenth Annual Report *2005 - 2006*

BOARD OF DIRECTORS

SHRI PRASHANT JAIN, *Managing Director*
SHRI SANDEEP DEY
SHRI SUBRAT KUMAR ACHARYA
SHRI THAKUR PRASAD

SECRETARY

SHRI 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 OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting of the Members of CMS Infotech Limited will be held at "Somani Conference Hall", Merchants' Chamber of Commerce, 15B, Hemanta Basu Sarani, Kolkata - 700 001 on Tuesday, 5th September, 2006 at 12.00 noon to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2006 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 M/s. V. Lohia & Co., Chartered Accountants, the retiring Auditors of the Company, as Auditors, who shall hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting 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 an **Ordinary Resolution** :

"RESOLVED THAT Shri Subrat Kumar Acharya, who was appointed as an Additional Director with effect from 26th December, 2005 and who holds office in terms of Section 260 of the Companies Act, 1956, up to 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 Subrat Kumar Acharya 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 an **Ordinary Resolution** :

"RESOLVED THAT Shri Thakur Prasad, who was appointed as an Additional Director with effect from 26th December, 2005 and who holds office in terms of Section 260 of the Companies Act, 1956, up to 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 Thakur Prasad 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 : 28th July, 2006

By order of the Board
For CMS Infotech Limited

Nawin Lahoty
Company Secretary

NOTES :

1. **A member entitled to attend and vote at the Annual General Meeting may 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 at 10, Princep Street, 2nd Floor, Kolkata - 700 072, not less than forty-eight hours before the commencement of the Annual General Meeting.**
2. Members/Proxies should bring duly filled Attendance Slips along with copy of the Annual Report & Accounts to the Annual General Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 1st September, 2006 to Tuesday, 5th September, 2006 (both days inclusive).
4. The Register of Directors Shareholding maintained under Section 307 of the Companies Act, 1956 will be available for inspection by the members at the Annual General Meeting.
5. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the meeting is annexed hereto.
6. Members are requested to notify immediately any change in their addresses to the Registrar and Share Transfer Agent, Maheshwari Datamatics Private Limited of 6, Mangoe Lane, 2nd Floor, Kolkata - 700 001.
7. Members seeking any information with regard to the Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.
8. Additional information to be provided under Clause 49 of the Listing Agreement pertaining to the Directors being appointed/re-appointed, Members are requested to kindly refer Para 2 of the Report on Corporate Governance forming part of this Annual Report.

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

Shri Subrat Kumar Acharya was appointed as an Additional Director of the Company with effect from 26th December, 2005 and he holds office up to the date of the ensuing Annual General Meeting of the Company. The Company has received a notice in writing under Section 257 of the Companies Act, 1956 along with deposit of Rs. 500/- from a shareholder of the Company intimating his intention to propose Shri Subrat Kumar Acharya as a candidate for the office of Director of the Company. Shri Subrat Kumar Acharya has filed his consent pursuant to Section 264 of the Act, to act as a Director, if appointed.

CMS INFOTECH LIMITED

Shri Subrat Kumar Acharya is a qualified Company Secretary. He has vast experience in the field of Corporate Law and related matters.

Considering the qualification, rich and varied experience of Shri Subrat Kumar Acharya, it will be in the interest of the Company to continue to avail of his contribution to the overall progress of the Company.

The Board is of the view that Shri Subrat Kumar Acharya'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 Subrat Kumar Acharya is, in any way, concerned or interested in the aforesaid resolution.

Item No. 5

Shri Thakur Prasad was appointed as an Additional Director of the Company with effect from 26th December, 2005 and he holds office up to the date of the ensuing Annual General Meeting of the Company. The Company has received a notice in writing under Section 257 of the Companies Act, 1956 along with deposit of Rs. 500/- from a shareholder of the Company intimating his intention to propose Shri Thakur Prasad as a candidate for the office of Director of the Company. Shri Thakur Prasad has filed his consent pursuant to Section 264 of the Act, to act as a Director if appointed.

Shri Thakur Prasad is a qualified Chartered Accountant. He has vast experience in the field of Corporate Accounts and Finance matters.

Considering the qualification, rich and varied experience of Shri Thakur Prasad, it will be in the interest of the Company to continue to avail of his contribution to the overall progress of the Company.

The Board is of the view that Shri Thakur Prasad'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 Thakur Prasad is, in any way, concerned or interested in the aforesaid resolution.

Registered Office :

10, Princep Street
2nd Floor
Kolkata - 700 072
Dated : 28th July, 2006

By order of the Board
For CMS Infotech Limited

Nawin Lahoty
Company Secretary

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Fifteenth Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2006.

1. FINANCIAL HIGHLIGHTS

The working results of the Company for the year under review are given below :

Particulars	Year ended 31.03.2006 (Rs.)	Year ended 31.03.2005 (Rs.)
Profit/(Loss) before Taxation	1,93,67,744.65	25,38,786.02
Less : Provision for Tax - Current	17,22,075.00	3,48,233.00
- Deferred	66,00,230.00	14,93,995.00
Profit/(Loss) after Taxation	1,10,45,439.65	6,96,558.02
Less : Securities Transaction Tax	(197.00)	—
Balance brought forward from previous year	(1,79,02,982.89)	(1,84,60,228.91)
Transfer to Reserve Fund	22,09,088.00	1,39,312.00
Balance carried to Balance Sheet	(90,66,828.24)	(1,79,02,982.89)

2. DIVIDEND

Considering the brought forward losses and to conserve the resources of the Company for future expansion, the Board have decided not to recommend any dividend for the year under review.

3. PERFORMANCE REVIEW

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

4. FIXED DEPOSITS

During the year under review, your Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and the Rules made there under.

5. DIRECTORS**(i) Re-appointment :**

As per the provisions of the Article of Association of the Company, Shri Sandeep Dey, retires by rotation and

CMS INFOTECH LIMITED

being eligible, offers himself for re-appointment at this Annual General Meeting. The Board recommends his re-appointment for consideration of the shareholders.

(ii) Appointment :

Shri Subrat Kumar Acharya and Shri Thakur Prasad were appointed as Additional Directors of the Company by the Board of Directors at its meeting held on 26th December, 2005 with immediate effect and they vacate office at the conclusion of ensuing Annual General Meeting. The Company has received notices from members proposing them as Directors of the Company.

(iii) Resignation :

Shri Kamal Kanti Bakhandi and Shri Ajay Kumar Lahoti have resigned from the directorship of the Company with effect from 27th December, 2005. Shri Ravi Jain has also resigned from the directorship of the Company with effect from 27th July, 2005.

The Board placed on record its appreciation for the valuable contribution made by Shri Kamal Kanti Bakhandi, Shri Ajay Kumar Lahoti and Shri Ravi Jain during their tenure as Directors of the Company.

6. 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 :

- a. That in the preparation of the accounts for the financial year ended 31st March, 2006, the applicable accounting standards have been followed along with the proper explanation relating to material departures;
- b. 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;
- c. 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;
- d. That the Directors have prepared the annual accounts for the financial year ended 31st March, 2006 on a going concern basis.

7. AUDITORS' REPORT

There are no items on which Auditors have commented which need further explanation from the Board of Directors.

8. AUDITORS

Messrs. V. Lohia & Co., Chartered Accountants, Auditors of the Company, who retire at the conclusion of the forthcoming Annual General Meeting, have consented to continue in office, if appointed. They have confirmed

that their appointment, if made, will be in accordance with the limits specified in Section 224(1B) of the Companies Act, 1956.

9. 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 read along with Companies (Particulars of Employees) Rules, 1975.

10. 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.

11. FOREIGN EXCHANGE

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

12. CORPORATE GOVERNANCE

As per the Listing Agreement with the Stock Exchange, the Company has implemented the Code on Corporate Governance. The Corporate Governance compliance certificate obtained from the Auditors of the Company is attached to this report.

The Management Discussion and Analysis Report and the Report on Corporate Governance are given in the annexure attached to this report. The Code of Conduct is available on the Company's website www.cmsinfotech.com. The Board members and Senior management personnel have confirmed compliance with the said Code.

13. EMPLOYER EMPLOYEE RELATIONSHIP

The Company has maintained a cordial relationship with its employees which resulted in smooth flow of business operations 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.

On behalf of the Board
For CMS Infotech Limited

Registered Office :

10, Princep Street
2nd Floor
Kolkata - 700 072
Dated : 28th July, 2006

PRASHANT JAIN
Managing Director

SANDEEP DEY
Director

CMS INFOTECH LIMITED**REPORT ON CORPORATE GOVERNANCE**

The detailed report on Corporate Governance as per the guidelines prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement is as follows :-

Para 1. CORPORATE GOVERNANCE PHILOSOPHY

Effective Corporate Governance is how an organisation is managed, which includes its culture, structure, policies and manner in which it deals with its stakeholders and not just mere compliance. It also relates to processes and systems that directs the resources of the organization and strategies of the management for maximizing the wealth of the stakeholders. Your Company firmly believes that such practices are founded upon the core values of transparency, accountability, independence, responsibility and fairness.

Your Company makes best endeavours to implement these core values in all facets of its operations. The Company continues to follow procedures and practices in conformity with the Code of Corporate Governance enshrined in the Listing Agreement.

Para 2. BOARD OF DIRECTORS**(i) Composition of the Board :**

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

The composition of the Board of Directors as at 31st March, 2006 is given below :

Sr. No.	Name of Director	Executive/ Non-Executive	No. of other		
			Directorships ⁺	Committee ⁺⁺	
				Chairman	Member
1	Shri Prashant Jain (Managing Director)	Executive	1	—	—
2	Shri Sandeep Dey	Non-Executive	7	1	1
3	Shri Subrat Kumar Acharya (#)	Non-Executive & Independent	—	—	—
4	Shri Thakur Prasad (#)	Non-Executive & Independent	—	—	—
5	Shri Kamal Kanti Bakhandi (##)	Non-Executive	6	—	1
6	Shri Ajay Kumar Lahoti (##)	Non-Executive & Independent	1	—	—
7	Shri Ravi Jain (###)	Non-Executive & Independent	—	—	—

(#) Appointed as Additional Directors with effect from 26th December, 2005.

(##) Resigned as Directors with effect from 27th December, 2005.

(###) Resigned as a Director with effect from 27th July, 2005.

(+) 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 and Shareholder's/Investor's Grievance Committee of other Companies, in which they are director.

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(ii) The attendance of the Directors at the Board meetings and the last AGM held are given below :

Name of the Director	No. of Meetings		Attendance at last AGM - held on 9th September, 2005
	Held	Attended	
Shri Prashant Jain - Managing Director	12	12	No
Shri Ravi Jain	5	5	No
Shri Sandeep Dey	12	12	Yes
Shri Kamal Kanti Bakhandi	11	10	Yes
Shri Ajay Kumar Lahoti	6	5	No
Shri Subrat Kumar Acharya	2	2	NA
Shri Thakur Prasad	2	2	NA

Particulars of the Directors to be appointed/re-appointed at the ensuing Annual General Meeting pursuant to revised Clause 49 of the Listing Agreement :

Name of the Director	Shri Sandeep Dey	Shri Subrat Kumar Acharya	Shri Thakur Prasad
Date of Birth	4th July, 1964	20th July, 1965	12th July, 1934
Date of Appointment	14th March, 2001	26th December, 2005	26th December, 2005
Qualification	B. Com	Company Secretary	Chartered Accountant
Expertise in specific functional area	Shri Dey is having expertise in Accounts and Finance matters.	Shri Acharya is having wide experience in Corporate Law and related matters.	Shri Prasad is having wide experience in Corporate Accounts and Finance matters.
Directorship of other Companies (*)	Acme Resources Ltd. Arihant Capital Market Ltd. Bhairav Tradelink Ltd. Bullpower Vyapar Ltd. Divya Dealers Ltd. Rangbarshi Projects Ltd. Saltlake Merchants Ltd.	None	None
Chairman/Membership in the Committees	Acme Resources Ltd.	None	None
Shareholding in Equity Shares of the Company and % of holding	Nil	Nil	Nil

(*) Excludes directorships in private limited companies and organisations other than public limited companies.

(iii) **Directors' membership in board/committees of other companies :**

In terms of the Listing Agreement, none of the Directors of your Company were Members in more than 10 (ten) committees nor acted as Chairman of more than 5 (five) committees across all companies in which