



**ANNUAL REPORT AND ACCOUNTS  
2005 -2006**



**BOARD OF DIRECTORS :**

Mr. S. K. Rateria	<i>Chairman &amp; Managing Director</i>
Mr. A. K. Kedia	<i>Executive Director (Resigned w.e.f. 01/12/2005)</i>
Mr. Dale Tower	<i>Director</i>
Prof. A. K. Dutta	<i>Director</i>
Mr. R. C. Gattani	<i>Director</i>
Mr. J. K. Bag	<i>Director</i>
Mr. S. Biswas	<i>Alternate Director (Alt. To Mr. Dale Tower)</i>

**COMPANY SECRETARY :**

Mr. R. Ghosh

**BANKERS :**

Punjab National Bank

Dena Bank

**AUDITORS :**

**M/s. SINGHI & CO.**

Chartered Accountants

**REGISTERED OFFICE :**

77/2A, Hazra Road

Kolkata - 700 029

Phone : 2476 7350 to 7353

Fax : 2474 7674

e-mail : [computec@cal.vsnl.net.in](mailto:computec@cal.vsnl.net.in)

**NOTICE**

Notice is hereby given that the 19<sup>th</sup> Annual General Meeting of the members of Computech International Ltd. will be held at AIKATAN, Eastern Zonal Cultural Centre, 1A – 290, Salt Lake City, Kolkata 700 097 on Thursday, the 28<sup>th</sup> September 2006 at 11.00 a.m. to transact the following businesses:

- 1) To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March 2006 and Profit and Loss Account of the Company for the year ended on that date and reports of the Directors and Auditors thereon.
- 2) To appoint a Director in place of Mr. Dale Tower, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Mr. R. C. Gattani, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint Auditors and fix their remuneration.



**Registered Office :**

**By Order of the Board**

77/2A, Hazra Road

**R. Ghosh**

Kolkata - 700 029

Dated : 3<sup>rd</sup> May, 2006

Company Secretary

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT TO BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 24 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Members are requested to :
  - i) intimate the Company or its Registrars and Share

Transfer Agent, M/s. Intime Spectrum Registry Limited, 77/2A, Hazra Road, Kolkata - 29 immediately, if there is any change in their address (including Pin Code), mandate, bank account details, etc;

- ii) quote the ledger folio or Client ID and DP ID Numbers in all communication with the Company;
- iii) bring their copies of Annual Report together with Admission Slip and Entry Pass to the venue. Annual Report shall not be distributed at the venue of the Meeting;
- iv) note that, the Register of Members and Share Transfer Books shall remain closed from Tuesday, the 26<sup>th</sup> September 2006 to Thursday the 28<sup>th</sup> September 2006 (both days inclusive).
- v) Intimate to the Company queries, if any, regarding annual reports/notice at least ten days before the Annual General Meeting in order to enable the Management to keep the information ready at the meeting.

3. Members are aware that the fully paid up equity shares of Rs. 10 have been sub-divided into two fully paid up equity shares of Rs. 5 each and that old equity shares of the face value of Rs. 10 have been cancelled and not being traded in the stock exchanges/markets. Those members who have not yet surrendered their old share certificates to the Company are requested to surrender their old share certificates immediately to the Company or its Registrar and Share Transfer Agent, M/s. Intime Spectrum Registry Limited. to get the new share certificates of face value of Rs. 5 each.
4. Pursuant to the provisions contained in section 205A and 205C of the Companies Act, 1956 the company has transferred dividend for the financial years ended 31<sup>st</sup> March 98, remaining unclaimed for a period of 7 years from the date of it becoming due for payment, to the Investor Education and Protection Fund constituted by the Central Government and no claim shall lie against the Investor Education and Protection Fund or the company in respect of individual amount (s) so credited to the Investor Education and Protection Fund.

5. Pursuant to the provisions of the Companies Act, 1956, interim and final dividends for the financial year 1998 - 1999 and dividends declared thereafter which remain unclaimed for a period of 7 years, will be transferred by the company to the Investor Education and Protection Fund pursuant to Section 205C of the Companies Act, 1956. Please be informed that the due month for transferring the unclaimed interim and final dividends for the financial year 1998 - 1999 to Investor Education and Protection Fund is October 2006 and November 2006 respectively. Shareholders who have not yet encashed the dividend warrant for the financial year 1998-1999 and any subsequent financial years are requested to make their claim to the company's registered office or to its Registrar and Share Transfer Agent immediately.

6. Appointment/ Reappointment of Directors.

Mr. Dale Tower and Mr. Ramesh Chandra Gattani, will retire by rotation and being eligible offer themselves for re-appointment. The information and details to be provided under clause 49 of the Listing Agreement are as under:

#### **Dale Tower**

He is a US Citizen and having over 56 yrs. of vast experience in Computer Industry. He has worked in various senior positions including Director of various famous computer industries in USA and abroad.

#### **Ramesh Chandra Gattani**

He is aged about 59 yrs and a Bachelor of Engineering and has vast experience in various industries as 'Senior Management Executives'. He has also got vast knowledge in Computer, Registrar and Share Transfer business.

*Registered Office :*

77/2A, Hazra Road  
Kolkata - 700 029

Dated : 3<sup>rd</sup> May, 2006

By Order of the Board

**R. Ghosh**

Company Secretary

## DIRECTORS' REPORT

Your Directors are pleased to present the 19<sup>th</sup> Annual Report and the audited accounts for the year ended 31<sup>st</sup> March, 2006.

## FINANCIAL RESULTS

The performance of the company for the financial year ended 31<sup>st</sup> March, 2006 is summarized below :

	<u>2005 -06</u>	(Rs. in Million) <u>2004-05</u>
Gross Turnover	1084.81	1071.64
Operating Profit (PBIDT)	62.64	84.90
Interest	24.96	19.94
Depreciation	17.45	26.72
Profit before Extra Ordinary Items & tax	20.23	38.24
Prior Period Items	00.61	0.00
Profit for the year before tax	20.84	38.24
Provision for Taxation	00.14	20.86
Profit after Tax	20.98	59.10
Profit & Loss Account Balance carried forward	422.81	401.83

## DIVIDEND

The Directors regret their inability to recommend any dividend in view of inadequacy of profits for the year ended 31<sup>st</sup> March, 2006

## FINANCIAL CONDITION AND RESULTS OF OPERATION

The year under review concluded with your Company's overall turnover at Rs. 1084.81 Million (Previous year Rs. 1071.64 Million) and profit after tax of Rs. 20.98 Million (Previous year Rs. 59.10 Million).

## BUSINESS REVIEW

The IT sector in India is now taking a fast and consistent growth with the Government support and encouragement. The development in the EOU sector is calling for a standing support to the exporters in this field.

Your company has been taking the advantage of the EOU sector and has got itself registered as a 100% EOU under the Central Government and has been consistently utilizing its capacities to the fullest with a constant endeavour to grow further.

With an expert team of software technicians and the competitive & professional mind set of the management, your company is making a head-way to reap the best in this scenario.

## **OPPORTUNITES**

With the comparative advantage of committed work force lower cost and long existence in the field, your company seems to perform better in time to come. Further, as an unit registered as 100% EOU, your company is offered with a range of government benefits ensuring further growth and vast opportunities.

## **THREATS**

Your company is currently facing normal competition from other established I.T. Industry/sector. However your directors with comparative advantages hope to achieve a better position in comparison to its competitors in a short span of time.

## **OUTLOOK**

The I.T. Industry is growing substantially world wide. The company with its capabilities is expected to benefit significantly from these positive trends.

## **RISK & CONCERNS**

The Company expects the normal risk factors of business mix, customer concentration, economic cycle, effects of changes in foreign currency exchange rates, credit spread, liquidity etc.

## **ADEQUACY OF INTERNAL CONTROLS**

The Company has a proper and adequate system of internal controls to ensure that all of its assets are safeguarded and protected against loss from unauthorized use or disposition and transaction are authorized, recorded and reported correctly. The management has implemented an integrated computerized management information system encompassing all functional areas. The job process and internal control are so designed to ensure proper checks and balances for eradication of errors and faults. The internal control system is supplemented by internal audits, review by management documented policies and procedures. Further, the internal control system is under a constant review by the internal auditors and the audit committee as required under the listing agreement.

## **HUMAN RESOURCES OF THE COMPANY**

Your company believes that people constitute the strength of an organization. The company is committed to the welfare of its people by providing the best possible work environment. The company is also providing continuous learning and personal development opportunities by arranging regular training and all around exposure to its people, which in turn has given your company a team of able and experienced professionals besides the employees at all levels have actively participated in the efforts to sustain and improve the performance even in the most difficult times.



There is no employees coming under the purview of Section 217(2A) of the Companies Act, 1956.

### **REGISTRAR & SHARE TRANSFER AGENT**

M/s. Intime Spectrum Registry Limited, 77/2A, Hazra Road, Kolkata-700 029 is the Registrar and Share Transfer Agent of the company.

### **DEPOSITORY SYSTEM**

As the members are aware, the Company's shares are traded compulsorily in Demat Form and your Company has already established connectivity with both the depositories i.e. National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL). In view of the advantages offered by the Depository System, members are requested to avail of the facility of Dematerialisation of Company's shares.

### **DIRECTORS**

Mr. Dale Tower is a US Citizen and having over 56 yrs. of vast experience in Computer Industry. He has worked in various senior position including Director of various famous comptuer industries in USA and who will retire by rotation and being eligible offer himself for re-appointment.

Mr. Ramesh Chandra Gattani, aged about 59 yrs and a Bachelor of Engineering and has vast experience in various industries as 'Senior Management Executives'. He has also got vast knowledge in Computer, Registrar and Share Transfer business, and who will retire by rotation and being eligible offer himself for re-appointment.

### **AUDITORS AND THEIR OBSERVATIONS**

M/s.Singhi & Co., Chartered Accountants, the auditors of the Company retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

The observation of the auditors referred to in the auditors' report have been suitably explained in the notes on Accounts.

### **DELISTING OF EQUITY SHARES FROM CALCUTTA STOCK EXCHANGE ASSOCIATION LTD.**

Your Directors recommended the delisting of its equity shares from The Calcutta Stock Exchange Association Ltd. With the extensive networking of the Stock Exchange, Mumbai (BSE) and National Stock Exchange of India Ltd. (NSE) investors/shareholders / members of the Company have access to online dealings in the company's shares across the country. Moreover, with the introduction of online trading through BSE and NSE across the





country and also to avoid certain expenses your directors recommended for delisting of equity shares of the Company from The Calcutta Stock Exchange Association Ltd. and the same was recommended by you and passed as a Special Resolution in the 18<sup>th</sup> Annual General Meeting of the Company.

### **PERSONNEL**

The industrial relations with its employees have been cordial during the year. The Board records its appreciation to the useful contribution made by all the employees.

### **ADDITIONAL INFORMATION**

The additional information required to be furnished under the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 to the extent applicable to the Company are given in Annexure "A".

### **DIRECTORS 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 that –

- (i) In the preparation of Annual Accounts the applicable accounting standards have been followed alongwith proper explanations relating to material departures.
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2006 and the profit of the company for the year ended on that date.
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting record in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities ; and
- (iv) The Directors have prepared the annual accounts of the Company on a "going concern" basis.

### **CORPORATE GOVERNANCE**

A separate section on Corporate Governance and a certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement with Stock Exchange, form part of the Annual Report.

### **CODE OF CONDUCT**

As required under the listing agreement, a copy of the Code of Conduct of the Company has been inserted in this Annual Report.

## ACKNOWLEDGEMENT

Your Directors would like to express their appreciation of the cooperation received from the Financial Institutions, Banks, Govt. Authorities, Customers, Shareholders and other associates during the year under review.

For and on behalf of the Board

Place : Kolkata  
Date : 3<sup>rd</sup> May, 2006

**S. K. RATERIA**  
Chairman & Managing Director

## ANNEXURE "A" TO DIRECTORS' REPORT

Particulars pursuant to Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

### 1. Technology Absorption

#### 1.1. Research and Development

During the year under review the company's efforts were mainly directed towards customer driven developmental activities. Expenditure on R&D during the financial year 2005-2006 is as under :

- |              |       |
|--------------|-------|
| a) Capital   | : NIL |
| b) Recurring | : NIL |

#### 1.2. Technology absorption, adaptation and innovation

There is no technical collaboration. The company is manufacturing with the help of in-house developed technology. The company has taken steps to keep abreast with the latest technical development in the key business areas by deputing employees for attending seminars and workshops.

### 2. Foreign Exchange Earning and Outflow

During the year ended 31<sup>st</sup> March, 2006 the company was able to register export earnings of Rs. 899.21 million for its various products and services. We hope to achieve better result in the coming year. The total Foreign Exchange outgo during the same period amounted to Rs. 1041.01 million on import of software, hardware & peripherals, travelling and others. The particulars of foreign exchange utilized / earned during the year are given under serial no. 22 in the Schedule 21 of notes on accounts.

For and on behalf of the Board

Place : Kolkata  
Date : 3<sup>rd</sup> May, 2006

**S. K. RATERIA**  
Chairman & Managing Director