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**Indo-City  
Infotech Limited**

**14<sup>th</sup> ANNUAL REPORT  
2005-2006**

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**REGISTERED OFFICE**

2/6, Mittal Estate,  
Andheri- Kurla Road,  
Andheri (East),  
Mumbai-400 059.

**SHARE TRANSFER OFFICE**

Sharepro Services  
Satam Estate, 3rd Floor, Above Bank of Baroda,  
Cardinal Gracious Road, Chakala, Andheri (E),  
Mumbai- 400 099.

**BANKERS**

HDFC Bank  
The Bharat Co-op. Bank Ltd.  
Tamilnad Mercantile Bank Ltd.

**AUDITORS**

S. K. Patodia & Associates  
Chartered Accountants  
Mumbai-400 072.

**INDO-CITY INFOTECH LIMITED****NOTICE**

**NOTICE** is hereby given that 14<sup>th</sup> Annual General Meeting of **INDO-CITY INFOTECH LTD.** will be held on Saturday 30th September, 2006 at 3.00 P.M. at the Registered Office of the Company at 2/6, Mittal Estate, Andheri-Kurla Road, Andheri (E), Mumbai-400059, for transacting the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2006 and Profit and Loss Account for the financial year ended on that date and to receive and consider the Directors Report and Auditor's Report thereon;
2. To appoint a director in place of Mr. Sandeep Sitani, who retires by rotation and, being eligible, offers himself for reappointment;
3. To consider the reappointment of M/s S. K. PATODIA & ASSOCIATES, Chartered Accountants, as the Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and to fix their remuneration;

**SPECIAL BUSINESS:**

4. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

**"RESOLVED THAT,** pursuant to the requirements of Schedule XIII read with Section 269 of the Companies Act, 1956 having complied with, the consent of the Board of Directors be and is hereby accorded to the Company to appoint **Mr. Anil Jain as the Chairman & Managing Director** of the Company for a period of five years commencing from 6<sup>th</sup> January, 2006 on the terms and conditions as approved by the Board (As Per Annexure 'A') and the approval by members to be accorded in the ensuing Annual General Meeting."

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

**"RESOLVED THAT,** Mr. Anirudh Goyal, who was appointed as an Additional Director (Independent) by the Board of Directors and who holds office as per Section 260 of the Companies Act, 1956, up to the date of ensuing Annual General Meeting and in respect of whom the Company has, pursuant to Section 257 of the Companies Act, 1956 received a notice in writing proposing his candidature for the office of director, be and is hereby appointed as Director of the Company subject to retirement by rotation."

**By Order of the Board  
For Indo-City Infotech Ltd.**

Place: Mumbai  
Dated: 11<sup>th</sup> August, 2006

(Anil Jain)  
Chairman & Managing Director

**Registered Office:**  
2/6 Mittal Estate, Andheri-Kurla Road,  
Andheri (E), Mumbai-400 059.

**NOTES:-**

1. The relevant explanatory statement to Section 173 of the Companies Act, 1956 is annexed hereto.
2. A copy of **Annexure A** is available for inspection at the Registered Office of the Company till the date of meeting.
3. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and such proxy form should, however be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.
4. Members are requested to notify immediately changes in their respective addresses, if any, to the Company's Registrars quoting their Folio No.
5. The register of members and the share transfer book will remain closed from 27/09/2006 to 30/09/2006 (both days inclusive) in terms of the provisions of Section 154 of the Companies Act, 1956.
6. Members intending to require information about accounts to be explained in the meeting are requested to inform the company in writing at least seven days in advance of the Annual General Meeting.
7. Shareholders are requested to please bring their Copies of Annual Report in the Meeting

**INDO-CITY INFOTECH LIMITED****ANNEXURE TO THE NOTICE:****Explanatory Statement (Pursuant to Section 173 (2) of the Companies Act, 1956).****Item No. 4 :**

Mr. Anil Jain was appointed as Chairman & Managing Director for a period of 5 (Five) years by the Board of Directors on 6<sup>th</sup> January, 2006. Pursuant to the requirements of Schedule XIII read with Section 269 of the Companies Act, 1956 having complied with, Mr. Anil Jain will hold office as Chairman & Managing Director of the Company for a period of five years commencing from 6<sup>th</sup> January, 2006 on the terms and conditions as approved by the Board (As Per Annexure 'A') and subject to the approval of members in the ensuing Annual General Meeting."

Mr. Anil Jain has vast experience in general and financial management of corporate bodies. He is well versed in all aspects of running the affairs of the company. The duties of the Chairman & Managing Director shall be the overall supervision of the functioning of the company, handling day to day affairs of the Company, appointment and termination of services of employees, operating bank accounts, signing cheques, promissory notes, bills of exchange, regularly reporting to the Board on activities of the company and to perform all other duties that the Board may delegate to the Managing Director from time to time. A copy of Annexure A will be available for inspection with the Registered Office of the company till the Date of Annual General Meeting.

**Item No. 5 :**

Mr. Anirudh Goyal was appointed as an Additional Director (Independent) of the Company by the Board of Directors on 06<sup>th</sup> January, 2006. Pursuant to Section 260 of the Companies Act, 1956, Mr. Anirudh Goyal will hold office as Additional Director (Independent) up to the date of the ensuing Annual General Meeting, Notice has been received by the Company from a member proposing the candidature of Mr. Anirudh Goyal for the office of Director of the Company pursuant to Section 257 of the Companies Act, 1956.

Mr. Anirudh Goyal a qualified Chartered Accountant has vast experience and eminent knowledge in the financial matters, accounts and had been associated with the financial sector for past several years. His experience will help the Company to grow more.

Your directors recommend his appointment.

Except for Mr. Anirudh Goyal, no other Directors of the Company is interested in this resolution.

**By Order of the Board  
For Indo-City Infotech Ltd.**

Place: Mumbai  
Dated: 11<sup>th</sup> August, 2006

**(Anil Jain)  
Chairman & Managing Director**

**Registered Office:**  
2/6 Mittal Estate,  
Andheri-Kurla Road,  
Andheri (E), Mumbai-400 059.

**INFORMATION PURSUANT TO CLAUSE 49 VI (A) (c) OF THE LISTING AGREEMENT: -**

As required under the listing agreement, the particulars of directors who are proposed to be appointed / re-appointed are given below:

Name	:	Mr. Anirudh Goyal.
Qualification & Age	:	Chartered Accountant, 35 years
Expertise	:	He is a qualified Chartered Accountant & has vast experience and immense knowledge in the financial matters. He has been associated with the financial sector for past several years. His experience will help the Company to grow more.
Other Directorship	:	Indo-Castle Multimedia Limited

**Name of other companies in which the additional directors independent who are proposed to be appointed as Non-Executive Independent Directors liable to retire by rotation are as under:-**

**Mr. Anirudh Goyal : Other Directorship : 1 (One) Indo-Castle Multimedia Ltd.**

## DIRECTOR'S REPORT

To,  
**The Members of Indo-City Infotech Limited,**

Your Directors have pleasure in presenting the **Fourteenth Annual Report** and Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2006.

	(Rupees)	
<b>I. FINANCIAL RESULTS:</b>	<u><b>2005-06</b></u>	<u><b>2004-05</b></u>
<b>PROFIT BEFORE TAX</b>	<b>4,815,687.50</b>	681,041.86
Less: Provision for Tax (including Deferred Tax & Fringe Benefit Tax)	<b>1,674,960.00</b>	249,210.00
<b>Total</b>	<u><b>3,140,727.50</b></u>	<u>431,831.86</u>
 Less: Public Issue Exp. W.off.	 <b>(205,658.00)</b>	 (210,013.00)
Add: Amount Brought Forward	<b>(765,432.49)</b>	(987,251.35)
<b>Balance Carried to Balance Sheet</b>	<u><u><b>(2,169,637.01)</b></u></u>	<u><u>(765,432.49)</u></u>

### **II. DIVIDEND:**

To conserve the resources, your directors express their inability to recommend any dividend for the year under review.

### **III. PERFORMANCE:**

Total income of the company during the year under review is Rs. 42.14 Lacs as against Rs. 56.24 Lacs for the previous year. Due to low software, administrative & other expenses, the profit after tax for the year stood at Rs. 31.40 Lacs as against Rs. 4.31 lacs for the previous year.

### **IV. FUTURE OUTLOOK:**

Your Company is planning for expanding their existing business as well as other projects also the work on which is going on. Your directors foresee bright future and higher earning in the coming years.

### **V. DIRECTORS:**

Mr. Sandeep Sitani, Director who retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

### **VI. CORPORATE GOVERNANCE:**

Your company has been proactive in following the principle and practice of good corporate governance. The Company has taken adequate steps to ensure that the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Stock Exchanges are complied with.

A separate statement on corporate governance is annexed as a part of the Annual Report along with the Auditors certificate on its compliance. A report in the form of Management Discussion and Analysis pursuant to clause 49 of the Listing Agreement, as a part of this report is annexed hereto.

### **VII. AUDITORS:**

M/s S. K. PATODIA & ASSOCIATES, Chartered Accountants, retire at the forthcoming Annual General Meeting. The Company has received the certificate of their eligibility, under section 224 (1-B) of the Companies Act, 1956. Your directors recommend their appointment.

**INDO-CITY INFOTECH LIMITED****VIII. AUDITORS REPORT.**

Observation made in the Auditor's Report are self-explanatory and therefore do not call for any further comment under section 217(3) of the Companies Act, 1956.

**IX. FIXED DEPOSIT:**

Your Company has not accepted any fixed deposit from public within the meaning of section 58A of the Companies Act, 1956 and the Rules made there under.

**X. PARTICULARS OF EMPLOYEES:**

The information required U/s. 217 (2A) of the Companies Act, 1956 with the Companies (Particulars of Employees) Rules, 1975 are not applicable to the Company, as the Company has not employed any employee whose salary exceeds Rs. 24,00,000/- per annum or Rs. 2,00,000/- per month.

**XI. PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE AND OUTGO:**

Details of energy conservation and research and development activities undertaken by the Company along with the information in accordance with the provisions of Section 217 (1) (a) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 absorption is not being given, since the Company is not engaged in manufacturing activity during the year. The Company did not earn and spend any foreign exchange.

**XII. DIRECTORS' RESPONSIBILITY STATEMENT:**

As required under section 217 (2AA) of the Companies Act, 1956, it is hereby stated that :

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the Directors had selected such accounting policies and applied them consistently and made judgment and estimates that are 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 or loss of the Company for that period;
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) the Directors had prepared the annual accounts on a going concern basis.

**XIII. ACKNOWLEDGEMENTS:**

Your Directors wish to place on record their appreciation and acknowledgement with gratitude for the support and assistance extended to the Company by the Bankers, Shareholders and Customers. Your Directors place on record their deep sense of appreciation for the devoted service of the executives and staff at all levels of the Company.

**For and on behalf of the Board  
For Indo-City Infotech Limited.**

Place : Mumbai.  
Date 30<sup>th</sup> June, 2006.

**Anil Jain  
Chairman & Managing Director**

## **MANAGEMENT DISCUSSION AND ANALYSIS:**

### **1 Industry Structure and Developments**

The Company was incorporated on 22/09/1992. In 1999 the Company changed its name and thereafter started its business in IT. The Company had a humble beginning and is restructuring itself year by year to make a name in the IT industry. With its dedicated team of professionals the company is planning to grow strength by strength. Due to the recent setback in USA and global recession in IT industry, the activities of the company were slightly affected. However, after launch of the new project on hand on which the work is in progress, the company will have its name reckoned with the industry.

### **2 Opportunities, threats risk and concerns**

The Company is progressively in contact with end users of its products the work on which is continue and with the launch of these products, the Company expects more cliental base in its activities. The low economic growth worldwide may affect the activities of the company. However, with continuous technological advancement and measures taken for cost effectiveness for the company's product, the Company is expected to face the emerging challenges in a confident and optimistic manner.

### **3 Segment-wise or product-wise performance.**

The Company recognizes software service as its only primary segment. The overall performance of the company is the segment wise performance of the company.

### **4. Business Outlook.**

As a forward looking statement it can be noted that the company appears to heading better all round performance during the coming years. Towards this, the company is working on various software packages.

### **5. Internal Control System and their adequacy.**

The Company has adequate internal control procedures commensurate with the size and nature of its business. The internal control system provides for policies, guidelines, authorization and procedures. The Audit Committee of the Board of Directors headed by an independent director periodically reviews the internal audit reports, significant risk area assessment and adequacy of internal controls for ensuring checks and balances.

### **6. Discussion on Financial Performance:**

The financial results and performance for the year are elaborated in the Director's Report.

### **7. Human resources:**

Harmonious relations continued to prevail throughout the year. The focus is on maintaining a high level of motivation and on leadership development and the number of employees are maintained according to business development.

### **8. Cautionary Statement:**

This report contains estimates and expectations, which the company believes or may be considered to be Forward Looking Statements within the meaning of applicable laws and regulations. Actual results could differ or vary materially from those expressed or implied due to various factors.

**For and on behalf of the Board**

Place : Mumbai.  
Date : 30<sup>th</sup> June, 2006

**Anil Jain**  
**Chairman & Managing Director**