



*CCS Infotech Limited*



*Annual Report*  
*2004*

## CCS INFOTECH LIMITED

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### BOARD OF DIRECTORS

MR..H.RATNMAKUMAR  
MR.M.A.HASAN ABDUL KADER M.A.  
MR.ANCOP BALARAMAN  
M.R. RAVI VARMA  
MR. D. MOHAMED KEYASUDEEN

### AUDITORS

M/S.N. RAJA & ASSOCIATES  
Chartered Accountants

### BANKERS

Tamilnad Mercantile Bank Limited  
The Vysya Bank Limited  
HDFC Bank Limited  
ICICI BANK

### REGISTERED OFFICE

Flat No: 7 III Floor, CCS Towers  
14, Periar Road, T.Nager,  
Chennai - 600 017.

### SHARE TRANSFER AGENTS

M/s. Cameo Corporate Services Limited,  
"Subramaniam Building",  
V Floor, 1, Club House Road, Chennai-600 002.  
Phone (044) 28460390 (5 lines)  
Fax: (044) 28460129

## CCS INFOTECH LIMITED

### NOTICE

**NOTICE** is hereby given that the Seventh Annual General Meeting of the shareholders of the Company will be held at the Registered office of the Company at "CCS TOWER" No. 7, III<sup>RD</sup> Floor, No.14, Periyar Road, T.Nagar, Chennai 600 017 on Wednesday, the 15<sup>th</sup> day of December, 2004 at 10.00 a.m. to transact the following business:

#### **ORDINARY BUSINESS**

1. To receive, consider, approve and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2004 and the Profit & Loss Account for the year ended on that date and the reports of the Directors, and Auditors thereon.
2. To appoint a Director in place of Mr. Anoop Balaraman, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Statutory Auditors and fix their remuneration. M/S RAJA & ASSOCIATES, Chartered Accountants the retiring Statutory Auditors of the Company are eligible for reappointment and offer themselves for reappointment.

#### **SPECIAL BUSINESS**

4. To consider and, if thought fit, to pass the following Resolution with or without modification as an **ORDINARY RESOLUTION**  
"RESOLVED THAT Mr. D.MOHAMED KEYASUDEEN, be and is hereby appointed a Director of the company liable to retire by rotation".
5. To consider and, if thought fit, to pass the following Resolution with or without modification as an **ORDINARY RESOLUTION**.

RESOLVED THAT Pursuant to Section 198, 269, 309, 311 and all other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956 as amended, approval of the members of the Company be and is hereby accorded to the appointment of Mr. H.RATNAKUMAR, as the Executive Director of the Company for a period of 05 (five) years with effect from 01-01-2005 on the following terms and conditions:

**Remuneration** : In the scale of Rs. 25000/- payable per month along with other allowances with an eligibility of increment as decided by the Board from time to time.

**Perquisites** : As applicable to the employees of the company

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits or losses, in any financial year, the aforesaid remuneration shall be payable to him as minimum remuneration.

RESOLVED FURTHER THAT payments already made by the board of directors for the services rendered by Mr. H.RATNAKUMAR, for the benefit and welfare of the Company be and is hereby ratified and approved.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps to expedite or desirable to give effect to this resolution.

By Order of the Board  
For CCS INFOTECH LIMITED

M.A.HASAN ABDUL KADER  
Chairman & Managing Director

Place : Chennai  
Date : 18-11-2004

## CCS INFOTECH LIMITED

### NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and a proxy need not be a member.
2. Proxy to be valid must be deposited at the registered office of the Company, not later than 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 14<sup>th</sup> December, 2004 to 15<sup>th</sup> December, 2004 (Both days Inclusive)
4. Explanatory statement as required under Section 173(2) of the Companies Act, 1956 in respect of resolution set out against 4 is enclosed herewith.
5. Members desiring to have any clarification on account are requested to write to the Company at an early date so as to enable the company keep the information ready.
6. Members/ proxies should bring the attendance slip duly filled in for attending the meeting.
7. Members are requested to intimate to the Registrar and Share Transfer Agent M/s. CAMEO CORPORATE SERVICES LIMITED having office at "Subramanian Building", No.1, Club House Road, Mount Road, Chennai 600 002, to notify change in address, if any, quoting their folio number etc.
8. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under section 109A of the Companies Act, 1956 , are requested to submit to the registered office of the company the prescribed Form 2B , which can be obtained from the Company.
9. Equity shares of the Company are in the Depository, set up by National Securities Depository Limited and Central Depositories Services (India) Limited. The shares of the Company are in the compulsory dematerialization list specified by SEBI and are traded in the demat mode and the shareholders are requested to get their dematerialized as early possible , in their own interest.
10. INFORMATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT IN RESPECT OF PROPOSED RE-APPOINTMENT OF DIRECTORS

Name of Directors	Age	Qualification and business experiences	The particulars of Directorship and Committee Membership in other Companies.
Anoop Balaraman	34	Engineer in electrical and electronics and has a vast experience of 6 years in HCL.	Nil.
Mr. D.Mohamed Keyasudeen	39	Businessman with rich experience in the field of marketing and administration.	Nil.
Mr. H.Ratnakumar	36	BE in Computer Science & Engineering from Regional Engineering College (REC) Trichy, experience both in hardware and software for more than a decade.	M/s. Elite Peripherals Ltd.,

## CCS INFOTECH LIMITED

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### EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956 FOR SPECIAL BUSINESS

#### ITEM NO.4

##### Item No.4

Mr. D.MOHAMED KEYASUDEEN was appointed as additional director of the Company at Board Meeting held on 12<sup>th</sup> March 2004. According to the Provisions of Section 260 of the Companies Act, 1956 he holds office as a Director only up to the date of the ensuing Annual General Meeting. Company has received from one of the member a notice in writing proposing his candidature for the office of director as required under Section 257 of the Act along with a deposit of Rupees Five Hundred. The Board considers it desirable that the Company should continue to avail his valuable services. Board recommends his appointment for the post of the director of the Company.

None of the Directors of the Company are interested or concerned in this resolution.

##### Item No.5

The company's activities are in the process of consolidation and the company is having better plans to grow at a better pace after having a wholly owned subsidiary at Singapore. Considering the workload the directors need to undertake and the responsibility which they have to shoulder for the purpose of benefit and welfare of the company and shareholders it was recommended by the Board that Mr. H.Ratnakumar to be appointed as an Executive director to improve the performance and commitment towards the company. Mr.H.Ratnakumar, B.E. in Computer Science & Engineering from Regional Engineering College (REC) Trichy, with experience both in hardware and software for more than 16 years. The Board recommends his appointment with effect from 01-01-2005 on the terms and conditions as more fully set out in the resolution. The proposed appointment as well as the remuneration to Mr.H.Ratnakumar, shall also have the approval of the Remuneration Committee as required under Schedule XIII of the Companies Act, 1956.

This explanatory statement together with the accompanying notice should be considered as an abstract of the terms of appointment of the Executive Director and Memorandum of Interest under Section 302 of the Companies Act, 1956. The Board recommends passing of this resolution as set out item no. at 5 of the notice convening the meeting for the interest of the Company.

Except Mr.H.Ratnakumar, none of the Directors are interested or concerned in the resolution.

By Order of the Board  
For CCS INFOTECH LIMITED

M.A.HASAN ABDUL KADER  
Chairman & Managing Director

Place : Chennai  
Date : 19-11-2004

**CCS INFOTECH LIMITED****DIRECTORS' REPORT TO THE MEMBER**

Your Directors have great pleasure in presenting the Seventh Annual Report together with Audited Accounts of the Company for the year ended 31<sup>st</sup> March 2004 and the Auditors' report thereon.

**1. FINANCIAL RESULTS**

(Amount in Rs. Lacs)

Particulars	2003-2004	2002-2003
Income from operations	177,803,331.13	260,149,732.40
Less: Depreciation	2,414,322.00	4,096,717.00
Profit before Tax	(38,515,901.72)	5,615,500.57
Less: Provision for		
Current Tax	-	3,50,000
Deferred Tax	-	50,000
Less: Prior period Expenses	188,907.00	-
Add: Excess provision w/back	-	237,666.00
Balance carried to Balance sheet	(38,704,808.72)	5,453,166.57

**2. BUSINESS OUTLOOK**

Why loss, how can be reversed in the forthcoming year

**3. MARKETING POLICIES****4. FIXED DEPOSITS**

Your Company has not accepted any fixed deposits during the year under review.

**5. DIVIDEND**

In view of loss, your Directors do not recommend any dividend for the current financial year.

**6. SUBSIDIARY COMPANIES**

During the year under review a 100% subsidiary CCS INFOTECH SINGAPORE PTE. LIMITED was incorporated on 10<sup>th</sup> July 2003, with the objective to provide services both in hardware and software in republic of Singapore. So far the Company has invested an amount of Rs.5,17,900/- in the equity of this Company. This continues to be a wholly owned subsidiary of your Company. The accounts for the period ended 31<sup>st</sup> March 2004 has been attached to the accounts of your company. Statement as required under section 212 of the Companies Act, 1956 has been attached hereto.

**7. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Your Company has no activities relating to conservation of energy or technological absorption as required to disclose under Section 217 (1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988.

Foreign Exchange earning	:	Nil
Foreign Exchange outgo	:	Nil

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### 8. INTERNAL CONTROLS AND THEIR ADEQUACY:

The internal control systems are commensurate to the size of the operation of the Company. Whenever it is required, the systems and procedures are upgraded to suit the changing business needs.<sup>7</sup>

### 9. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement u/s 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement your Directors confirm that they had:

1. Followed in the preparation of the annual accounts, the applicable Accounting Standards and given proper explanation relating to material departure, if any;
2. Selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
3. Taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act so as to safeguard the assets of the Company and to prevent and detect fraud and other irregularities; and
4. Prepared the Accounts on a going Concern basis.

### 10. STATEMENT PURSUANT TO LISTING AGREEMENT

The company's securities are listed with Mumbai Stock Exchange and it has paid the annual listing fees up-to-date and there is no arrear.

Further the Company has obtained the approval of the Shareholders at the last AGM held on 27<sup>th</sup> September, 2003 to voluntary delist of Company's Equity shares from Madras and Calcutta Stock Exchanges and the company's application for delisting is pending with both the Exchanges.

### 11. CODE OF CORPORATE GOVERNANCE

A detailed report on Corporate Governance as updated with the particulars of this financial year, as per the directions from SEBI is annexed to this report (Annexure A') together with Report of the Auditors on the compliance with the said Code and a report of Management discussion and Analysis is also annexed separately.

### 12. DIRECTORATE

In compliance with the provisions of the Companies Act, 1956 in accordance with the Article 113 of the Company's Articles of Association, Mr. Anoop Balaraman, retires at this Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. D.MOHAMED KEYASUDEEN was appointed as additional director of the Company at Board Meeting held on 12<sup>th</sup> March 2004. According to the Provisions of Section 260 of the Companies Act, 1956 he holds office as a Director only up to the date of the ensuing Annual General Meeting. Company has received from one of the member a notice in writing proposing his candidature for the office of director as required under Section 257 of the Act along with a deposit of Rupees Five Hundred. The Board considers it desirable that the Company should continue to avail his valuable services. Board recommends his appointment for the post of the director of the Company.

Mr.Sam Kumar, was resigned from the post of Director with effect from 15<sup>th</sup> March, 2004. Your Directors wish to place on record their sincere appreciation for the valuable services rendered by him during his tenure as Director.

Mr.H.Ratnakumar, B.E. in Computer Science & Engineering from Regional Engineering College (REC) Trichy, experience both in hardware and software for more than 16 years. The Board recommends the appointment of Mr.H.Ratnakumar, as an Executive director with effect from 01-01-2005 on the terms and conditions as more fully set out in the resolution

**CCS INFOTECH LIMITED**

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**13. AUDITORS**

The retiring auditors, M/S. RAJA & ASSOCIATES, Chartered Accountants have expressed willingness to continue in office, if appointed. They have furnished to the Company a certificate of their eligibility for appointment as auditors, pursuant to section 224 (1B) of the Companies Act, 1956. The Board of Directors recommend to the members to appoint them as auditors and fix their remuneration.

**14. AUDITORS REPORT**

With regard to Auditors qualifications or adverse remarks as mentioned in their report, your directors state that:-

The Fixed assets register maintained by the Company are subsequently have been updated as per law. Further the Company has established an internal audit system. Information furnished in Notes on accounts are self-explanatory, hence do not call for further explanation.

**15. EMPLOYEES**

The Board of Directors wishes to express its appreciation to all the employees of the Company for their outstanding contribution to the operations of the Company during the year. During the year under review, there were no employees covered under Section 217(2A) of the Companies Act, 1956.

**16. ACKNOWLEDGEMENT**

Your Directors place on the record their appreciation of the dedicated service of the employees of the Company at all level for the growth of the company. Your Directors also express their sincere gratitude to the customers, Tamilnadu Merchantile Bank Ltd., Suppliers, Consultants, and shareholders for their continuous patronage and co-operation.

By Order of the Board  
For CCS INFOTECH LIMITED

**M.A.HASAN ABDUL KADER**  
Chairman & Managing Director

Place : Chennai  
Date : 19-11-2004



## CCS INFOTECH LIMITED

## ANNEXURE - 'A'

## TO THE SEVENTH ANNUAL REPORT OF THE BOARD OF DIRECTORS REPORT ON CORPORATE GOVERNANCE

## 1. Introduction

The Company is complying with the mandatory requirements of the code of Corporate Governance introduced by the SEBI and incorporated in Clause 49 of the Listing Agreement in all material respect effective from financial year 2002-2003.

## 2. Company's Philosophy on Code of Corporate Governance

The Basic philosophy of the company towards Corporate Governance is to protect and enhance the long-term value of all the stakeholders – shareholders, clients, creditors and employees. The Company is committed to achieve these objective within regulatory frame work through transparency in dealings.

## 3. Board of Directors

Managing Director manages the Company under the direction, control and supervision of the Board of Directors and it meets at regular intervals. Policy formulation, evaluation of performance and control functions vest with Board.

The Board comprises of one Managing Director and one Executive Director and three Non executive and Independent Directors.

During the financial year ended 31<sup>st</sup> March, 2004 Seven (07) board meeting were held on 30-06-2003, 31-07-2003, 25-08-2003, 28-08-2003, 31-10-2003, 31-01-2004 and 12-03-2004.

The last Annual General meeting was held on 27<sup>th</sup> September, 2003. The Composition of Board, attendance of each Director at the Board Meetings held during the year under review as well as in the last Annual General Meeting and number of other Directorship/ Committee memberships held by them are as follows:-

Name(s) of Director(s)	Designation and Category	No. of Board Meetings Attended during 2003-04	Attendance Of Last AGM	Number of directorships held in other Indian Companies	Number of Board Committee member ships held in other companies
M.A.HASAN ABDUL KADER	Managing Director EXECUTIVE	07	Yes	1	Nil
H.RATNA KUMAR	Director EXECUTIVE	07	Yes	1	Nil
ANOOP BALARAMAN	Director Non Executive Independent	07	Yes	Nil	Nil
SAM KUMAR(*)	Director Non Executive Independent	06	Yes	Nil	Nil
RAVI VARMA	Director Non Executive Independent	07	Yes	Nil	Nil
Mr. D.MOHAMED KEYASUDEEN(**)	Director Non Executive Independent	01	No	Nil	Nil

(\*)Mr. SAM KUMAR, reigned as Director with effect from 12-03-2004.

(\*\*) Mr. D.MOHAMED KEYASUDEEN appointed as Director with effect from 15-03-2004.

## CCS INFOTECH LIMITED

Further the Board of Directors would like to inform the members that none of the directors are disqualified to act as directors of this company or any other public company under Section 274(1)(g) and other applicable provisions of the Companies Act, 1956.

Information about the Directors proposed to be appointed/ re-appointed required to be furnished pursuant to Clause 49 of the listing agreement with the Stock Exchanges is forming part of the notice Of the Seventh Annual General Meeting to the shareholders of the Company

### Committees of the Board

#### 1. Audit Committee

Section 292A of the Companies Act, 1956 is applicable to the company.

#### Terms of reference

Your company has an independent audit committee which continues to function during this year also. The composition procedures, powers and role/functions of the audit committee constituted by the company comply with the requirements of Clause 49 of the Listing Agreement.

The terms of reference of the Audit Committee included the following:

- Overseeing the company's financial reporting process and the disclosure of its financial information.
- Recommending appointment and removal of the external auditor, fixing of audit fees and approving payments for any other service.
- Reviewing with management the quarterly, half yearly and annual financial statement with primary focus on accounting policies and practices, compliance with accounting standards and stock exchange and legal requirements concerning financial statements.
- Reviewing adequacy of internal control systems in order to have the effective use and safeguard of resources and compliance with statutes policies and procedures and ensure compliance of internal control systems and reviewing the company's financial and risk management policies.
- Reviewing reports furnished by the Statutory Auditors and ensuring suitable follow up thereon.

#### Composition and Attendance

The Company has an Audit Committee of the Board consisting of three \*Non-Executive and Independent Directors as members as detailed below, who met Five (05) times during the year (i.e.) 30-06-2003, 31-07-2003, 28-08-2003, 31-10-2003 and 31-01-2004 and the details of the number of meetings held and attendance record of the members are as follows:

Name of Directors	Status	No. of Meetings	
		Held	Attended
SAM KUMAR (*)	Chairman	05	05
ANOOB BALARAMAN	Member	05	05
RAVI VARMA	Member	05	05
D.MOHAMED KEYASUDEEN(*)	Chairman	Nil	Nil

(\*) Consequent to the resignation of Mr.SAM KUMAR as Chairman of the Audit committee, the Board has reconstituted the Audit Committee by appointing Mr. D.MOHAMED KEYASUDEEN in place of Mr.SAM KUMAR as Chairman.

#### Remuneration Committee

Consequent to the resignation of Mr.SAM KUMAR as member the committee, the Board has reconstituted the Committee by appointing Mr. D.MOHAMED KEYASUDEEN in place of Mr.SAM KUMAR as Member.

Your Company has constituted a Remuneration Committee consisting of Mr. Anoop Balaraman, Mr. D.MOHAMED KEYASUDEEN and Mr. Ravi Varma, which decides the structure of the Managing Director's and Executive Director's Remuneration.