



CCS Infotech Limited

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For CCS INFOTECH LIMITED

A handwritten signature in black ink, appearing to be 'Anthony'.

Managing Director

Annual Report
2005

CCS INFOTECH LIMITED

BOARD OF DIRECTORS

MR. H. RATNAKUMAR
MR. M. A. HASAN ABDUL KADER
MR. B. NASEER AHMED
MR. RAVI VARMA
MR. D. MOHAMED KEYASUDEEN

AUDITORS

M/S. N. RAJA & ASSOCIATES
Chartered Accountants, Chennai 600 017.

BANKERS

Tamilnad Mercantile Bank Limited
The Vysya Bank Limited
ICICI Bank

REGISTERED OFFICE

Flat No: 7 III Floor, CCS Towers
14, Periyar Road, T. Nagar,
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 Eighth Annual General Meeting of the shareholders of the Company will be held at the Registered office of the Company at "CCS TOWERS" No. 7, IIIIRD Floor, No.14, Periyar Road, T.Nagar, Chennai 600 017, the 30th day of September, 2005 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 31st March 2005 and the Profit & Loss Account for the year ended as on that date and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ravi Varma 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. B.Nasser Ahamed, be and is hereby appointed a Director of the company liable to retire by rotation".

By Order of the Board
For **CCS INFOTECH LIMITED**

M.A.HASAN ABDUL KADER
Managing Director

Place : Chennai
Date : 02-09-2005

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 27th September, 2005 to 30th September, 2005 (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. |
|-------------------|-----|----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| P.Ravi Varma | 42 | Businessman with rich experience in the field of marketing, Television software production and administration. | Nil |
| B. Naseer Ahamed | 36 | Businessman with rich experience in the field of marketing and administration. | Nil |

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**EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2)
OF THE COMPANIES ACT, 1956 FOR SPECIAL BUSINESS****ITEM NO.4**

Mr. **NASEER AHAMED** was appointed as a Additional Director of the Company at Board Meeting held on 16-01-2005. 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.

By Order of the Board
For **CCS INFOTECH LIMITED**

M.A.HASAN ABDUL KADER
Managing Director

Place : Chennai
Date : 02-09-2005

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

Your Directors have great pleasure in presenting the Eighth Annual Report together with Audited Accounts of the Company for the year ended 31st March 2005 and the Auditors' report thereon.

1. FINANCIAL RESULTS**(Amount in rupees)**

| Particulars | 2004-2005 | 2003-2004 |
|----------------------------------|------------------|------------------|
| Income from operations | 34,26,35,463.43 | 19,84,25,824.13 |
| Less: Depreciation | 11,25,270.00 | 24,51,118.80 |
| Profit before Tax | 2,04,41,368.03 | (38,515,901.72) |
| Less: Provision for | | |
| Current Tax | 20,85,525.00 | - |
| Deferred Tax | (28,92,994.00) | - |
| Less: Prior period Expenses | - | 1,88,907.00 |
| Add: Excess provision w/back | - | - |
| Balance carried to Balance sheet | 2,12,48,837.03 | (3,89,08,887.52) |

2. BUSINESS OUTLOOK

The IT minister's initiative towards a low cost PC affordable to all segment of people has opened new doors for the industry. Hardware sales has crossed 12 million units and the sector is booming. We are an Intel Premier provider and have Intel certification for Servers, Work stations, Home PC's and laptops. We have executed orders for supply of computers to prestigious Banks, Educational Institutions and Government Institutions etc., Your company with its Global presence will become a leading global IT major soon.

3. MARKETING POLICIES

Company has increased Channel Sales by appointing regional distributors, dealers and retails outlets for CCS range of products. Company has started to bid for BOLT projects with Government which will bring long term revenues. The company has entered into a business partner agreement with IBM for marketing their Desktops and Laptops. This will provide more market penetration for the company in MNC segments. The company is planning to have more business partner associations with other MNC Companies and products.

Regional expansion is another area on which the company seriously working on. The company has executed orders in Rajasthan and Maharashtra and planning to have Branch Offices in these states before next financial year end.

Overseas Operations :

The Company's Singapore subsidiary is expanding its customer base in other countries apart from UK to supply and support CCS products by appointing distributors and business partners.

Software Division:

The software division of the company is doing projects and product development. The company is also supplying the existing products and maintaining them.

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4. FIXED DEPOSITS

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

5. DIVIDEND

Your Directors plan to plough back the profits for expansion activities of the Company, hence no dividend is recommended.

6. SUBSIDIARY COMPANIES

As required under the provisions of Section 212 of the Companies Act, 1956, the Audited Accounts together with Directors Report and Auditors report thereon of the Subsidiary Company namely CCS INFOTECH SINGAPORE PTE. LIMITED, are appended to form part of the Annual report. The CCS INFOTECH SINGAPORE PTE. LIMITED continues to be a wholly owned subsidiary of your Company. The Statement as required under section 212 of the Companies Act, 1956 has been attached and forms part of this report.

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

Your Company has activities as annexed to this report 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.

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.

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 profit 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.

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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 27th 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 Articles of Association, Mr. Ravi Varma, retires at this Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. Anoop Balaraman, was resigned from the post of Director with effect from 17-01-2005. Your Directors wish to place on record their sincere appreciation for the valuable services rendered by him during his tenure as Director.

Mr. B. NASEER AHAMED appointed as additional director of the Company at Board Meeting held on 16-01-2005. 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.

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:-

- a) With reference to point no. 4 (d), in the Auditors' Report regarding retirement benefit to the employees (AS 15), the company is in the process of finalising with LIC for the employees group gratuity policy which will be signed soon.

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- b) With reference **Point No. XX**, the annexure to the Auditors' Report regarding appointment of wholetime Company Secretary, the company is taking all steps to appoint suitable and qualified Company Secretary.

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.

For and on behalf of the Board
For **CCS INFOTECH LIMITED**

M.A.HASAN ABDUL KADER
Chairman & Managing Director

Place : Chennai
Date : 02-09-2005

CCS INFOTECH LIMITED**ANNEXURE TO THE DIRECTORS REPORT**

Information 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, and forming part of Directors Report as under:

A. Conservation of Energy

Energy conservation measures taken: The Company is very careful in using the power to reduce the cost of maintenance and conserve the resources.

Additional Investments and proposals, if any, being implemented for reduction of consumption of energy: Nil

Impact of the clause (1) and (2) above for reduction of energy consumption and consequent impact on the production of goods: N.A.

B. Technology Absorption**FORM B:**

(Disclosure of particulars with respect to technology absorption to the extent applicable)

1. Research And Development (R&D) : Nil

2. Technology Absorption, Adaptation and innovation : Nil

C. Foreign Exchange Earnings and Outgo : Nil

Earnings : Nil

Outgo : Nil

ANNEXURE – 'A'
TO THE Eighth 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.