



CCS Infotech Limited

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9th

**ANNUAL REPORT
2005-2006**

CCS INFOTECH LIMITED

| | | |
|---------------------------------|---|---|
| Mr M.A.Hasan Abdul Kader | : | Chairman and Managing Director |
| Mr H.Ratnakumar | : | Executive Director |
| Mr P.Ravivarma | : | Director |
| Mr D.Mohamed Keyasudeen | : | Director |
| Mrs E.Selvarani | : | Director |
| S.K.Sahoo | : | Company Secretary |
| Bankers | : | Tamilnad Mercantile Bank Limited The ING Vysya Bank Limited ICICI BANK |
| Auditors | : | M/S N.Raja & Associates Chartered Accountants, Chennai-600 017. |
| Registered Office | : | Flat No 7, IIIrd Floor, "CCS TOWERS" No.14 ,Periyar Road, T.Nagar Chennai-600 017. |
| Factory | : | "Lakshmi Home" Plot No 14, Block C, Vinoba Nagar, Mariamman Koil Street, Pondicherry-13 |
| Share Transfer Agent | : | M/s Venture Capital & Corporate Investment Limited No. 6-2-913/914, 3 rd Floor Progressive Towers, Khairatabad,Hyderabad-500004. Phone No 040-23322262,23324804 Fax No 040-23324803 |

CCS INFOTECH LIMITED

NOTICE

NOTICE is hereby given that the Ninth Annual General Meeting of the Members of M/s CCS Infotech limited will be held at the Registered office of the company at "CCS TOWERS" No 7, III Floor, No 14, Periyar Road, T.Nagar, Chennai-600 0017 on Saturday, the 30th day of September, 2006 at 10.00 A.M to transact the following business:

ORDINARY BUSINESS:-

1. To consider, and adopt the Audited Balance Sheet as at 31st March, 2006 and the Profit and 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 D.Mohamed Keyasudeen who retires by rotation and being eligible, offers himself for reappointment.
3. To reappoint M/s N. Raja & Associates, Chartered Accountants as Auditors of the Company to hold office till the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

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

"Resolved that Mrs E. Selvarani who was appointed as an Additional Director of the company at the meeting of the Board of Directors held on 30.01.2006 and who holds office till the conclusion of the ensuing Annual General Meeting and in respect of whom notice under section 257 of the companies Act, 1956 has been received from a member, signifying his intention to propose Mrs E. Selvarani as a candidate for the office of the Director of the company, be and is hereby appointed as Director of the company.

5. To consider and if thought fit, to pass the following Resolution with or without modification as 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 are hereby accorded to the reappointment of Mr M.A. Hasan Abdul Kader as the Managing Director of the Company for a further period of 5 (Five) years w.e.f 25th September 2006, on the following terms and conditions:

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

Perquisite as applicable to the employees of the company.

Resolved further that in the event of absence or inadequacy of profit or loss, in any financial year, the aforesaid remuneration shall be payable to him as minimum remuneration.

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Resolved further that the Board of Directors of the Company be and is hereby authorized to vary the terms of remuneration to be paid to Mr. M.A. Hasan Abdul Kader without referring general body from time to time, as long as it is in accordance with provisions of statutory regulations.

Place: Chennai
Date :31/08/2006

By Order of the Board

S.KSahoo
Company Secretary

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 hrs before the commencement of the meeting .
3. The Register Of Members and Share Transfer Books of the company shall remain closed from 21st to 30th September,2006 (Both days Inclusive)
4. Explanatory Statement as required under section 173(2) of the Companies Act,1956 in respect of resolution set out against is enclosed herein.
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 Venture Capital & Corporate Investment Limited, having office at No 6-2-913/914, 3rd Floor, Progressive Towers, Khairatabad, Hyderabad-500 004 to notify any change in address , if any quoting their folio No/DP ID/Client ID in all correspondence.
8. Members can avail facility of nomination in terms of the legal provisions in this regard. On request , the necessary forms can be obtained from the RTA.
9. Members may kindly note that as per the SEBI/Stock exchange guidelines the companies shares are traded in compulsory Demat form and the shareholder are requested to convert their existing physical shares certificate in Demat form.
10. Information Pursuant to Clause 49 of the Listing agreement in respect of Proposed re-appointment of Directors.

| Name of the Directors Directorship | Age | Qualification and business experience | The Particulars of and Committee Membership in other Companies |
|---------------------------------------|-----|---|--|
| D.Mohamed Keyasudeen | 43 | DCE with practical experience in hardware and software | Nil |
| E.Selvarani | 37 | M.Com with practical experience in the field of Accounts, Finance and Administration | Nil |

CCS INFOTECH LIMITED

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

ITEM NO 4.

Mrs E. Selvarani was appointed as a Additional director of the company at the Board Meeting held on 30/01/06. According to Section 260 of the companies Act, 1956 ,she will hold office only up to the date of the ensuring Annual General Meeting . The company has received a notice from one of the members in writing proposing his candidature for the office of director as required under section 257 of the Act along with a deposit of Rs five hundred . The Board Considers it necessary that the company should continue to avail her valuable services . The Board recommends her appointment for the post of Director of the company.

None of the Director is interested in the resolution except Mrs E. Selvarani to the extent of her appointment.

ITEM NO 5.

Mr. M.A. Hasan Abdul Kader was last appointed as Managing director for a period of 5 years by the Board in their meeting held on 25th September 2001 and the same was approved by members on 29th October,2001.

In this connection the members are aware that Mr M.A.Hasan Abdul Kader has been instrumental for the growth of the company to this level and his continued efforts are required for building further growth of the company. Your Directors in their Board meeting held on dated 31st August, 2006 reappointed him for the further period of 5 years with effect from 25th September, 2006. Your directors recommend the reappointment of Mr M.A.Hasan Abdul Kader as Managing Director of the company for further period of 5 years.

None of the Director is interested in the resolution except Mr M.A. Hasan Abdul Kader except to the extent of his reappointment .

By Order of the Board

Place: Chennai
Date:31/08/2006

S.K.Sahoo
Company Secretary

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

Your Directors have great pleasure in presenting the Ninth Annual Report together with Audited Accounts of the company for the year ended 31st March, 2006 and the Auditors report thereon.

| 1. Financial Results | (Amount in rupees) | |
|----------------------------------|-----------------------|-----------------------|
| Particulars | 2005-2006 | 2004-2005 |
| Income from operations | 588,468,772.97 | 34,26,35,463.43 |
| Less Depreciation | 721,146.60 | 11,25,270.00 |
| Profit before Tax | 404,86,775.65 | 2,04,41,368.03 |
| Less: Provision for | | |
| Current Tax | 34,94,347.30 | 20,85,525.00 |
| Deferred Tax | 14,34,261.00 | -28,92,994.00 |
| Fringe Benefit Tax | 1,11,183.00 | - |
| Less: Prior period Expenditure | - | - |
| Add Excess provision w/back | | |
| Balance carried to Balance Sheet | 35,44,69,84.35 | 2,12,48,837.03 |

4. DIVIDEND

Your Board of Directors plan to retain the profit for expansion activities of the company, hence no dividend is recommended.

5. FIXED DEPOSITS

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

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 wholly owned subsidiary of your company. The statement as required under 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 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 the Board Of Directors) Rules, 1988.

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8. INTERNAL CONTROLS AND ADEQUACY:

The Internal Control systems are commensurate to the size and operation of the company. Whenever it is required the systems and procedures are upgraded to suit the changing business needs.

9. DIRECTORS' RESPONSIBILITY STATEMENT U/S 217(2AA)

The Directors confirm

1. that in preparation of the Annual Accounts, the applicable Accounting Standards have been followed and that no material departures have been made from the same.
2. that they have 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 or loss of the company for that period ;
3. that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities ; and
4. that they have prepared the Annual Accounts on a going concern basis.

10. STATEMENT PURSUANT TO LISTING AGREEMENT

The Company's securities are listed with Bombay Stock Exchange and it has paid annual listing fee up to date and there is no arrear.

The Company has obtained your approval at the last Annual General Meeting held on 27th September, 2003 to voluntary delist of Company's Shares from Madras and Calcutta Stock Exchange and the company's application for delisting is pending with both the Stock Exchange.

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. DIRECTORS

In compliance with the provisions of the Companies Act, 1956 in accordance with the Articles of Associations, Mr. D.Mohammed Keyasudeen retires at the Annual General Meeting and being eligible offers himself for reappointment.

CCS INFOTECH LIMITED

Mr.B.Naseer Ahmed, was resigned from the post of Director with effect from 30.01.2006. Your Director wish to place on record their appreciation for their valuable services rendered by him during his tenure as Director.

Mrs E Selvarani appointed as Additional Director of the company at the Board Meeting held on 30.01.2006 and who holds office till the conclusion of the ensuring Annual General Meeting and in respect of whom notice under section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mrs E Selvarani as a candidate for the office of the Director of the Company, be and is hereby appointed as a Director of the company.

13. AUDITORS

The retiring auditors ,M/s N.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. EMPLOYEES

There were no employees covered under Section under Section 217 (2A) of the Companies Act, 1956.

15. ACKNOWLEDGEMENT

Your Directors place on record their appreciation for the contribution made by the employees at all levels enabling the company to achieve performance under review.

Your Directors also express their sincere gratitude for the valuable co-operation and continued support extended by Company's Bankers, Suppliers, Consultants, Shareholders and various Government authorities for their valuable assistance and for their trust and confidence reposed in the company and its product.

For and on behalf of the Board of Directors

Place: Chennai
Date: 28/07/2006

M.A.Hasan Abdul Kader
Chairman and Managing Director

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ANNEXURE TO THE DIRECTORS REPORT

Information under section 217 (1) (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.

Impact of the clause (1) and (2) above for rejection of energy consumption and consequent impact on the production of goods.

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 |
| 3. Foreign Exchange Earning and Outgo | : Nil |

ANNEXURE-A**REPORT ON CORPORATE GOVERNANCE****1. Introduction**

The Company is complying with the mandatory requirement 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 the all the stakeholders –Shareholders, clients, creditors and employees. The Company is committed to achieve these objective within regulatory frame work through transparency in dealings.

CCS INFOTECH LIMITED**3. Board of Directors**

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

During the year ended 31st March,2006 Eight Board Meeting were held on 29/04/2005, 27/07/2005, 02/08/2005, 02/09/2005, 31/10/2005, 20/01/2005, 30/01/2006, and 17/02/2006.

The last Annual General Meeting was held on 30th September,2005. The composition of Board ,attendance of each Director at the Board Meeting held under review as well as in the last Annual General Meeting and number of other Directorship/Committee membership held by them are as follows:-

| Name (s) of Directors | Designation and Category | No.of Board Meetings attended during 2005-06 | Attendance of last AGM | Number of Directorships held in other Indian Companies | No of Board Committee Memberships held in other Companies |
|--------------------------|--------------------------------------|--|------------------------|--|---|
| M.A.HASAN ABDUL KADER | Managing Director (Executive) | 8 | Yes | Nil | Nil |
| H.RATNAKUMAR | Executive Director | 8 | Yes | Nil | Nil |
| P. RAVIVARMA | Director Non Executive & Independent | 8 | Yes | Nil | Nil |
| D.MOHAMED KEYASUDEEN | Director Non Executive & Independent | 6 | Yes | Nil | Nil |
| B.NASEER AHAMED* | Director Non Executive & Independent | 6 | Yes | Nil | Nil |
| E.SELVARANI | Director Non Executive & Independent | 1 | No | Nil | Nil |