

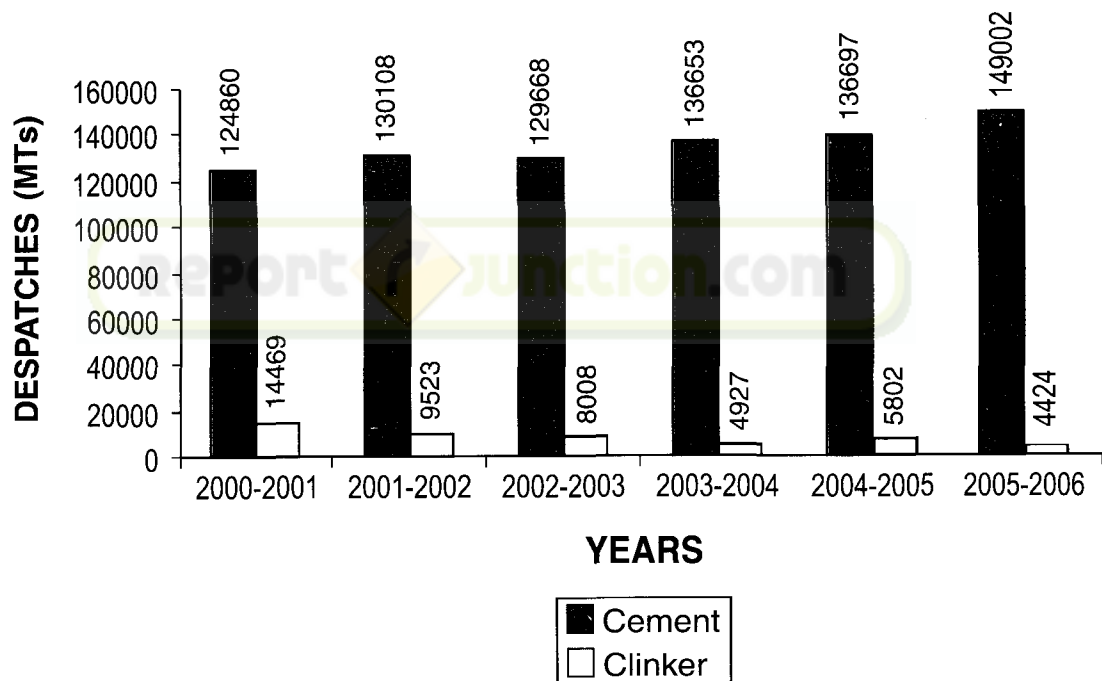
CKORAMAANDEL CEMENTS LTD

**Annual Report
2005-2006**



**Manufacturers of
BHEEMA CEMENTS
43 & 53 Grade**

CEMENT & CLINKER DESPATCHES



**BOARD OF DIRECTORS**

Sri S. CHANDRA MOHAN	CHAIRMAN
CAPT. J. RAMA RAO IN (Retd.)	DIRECTOR
Sri K.R. CHARI	ADDITIONAL DIRECTOR (from 31-12-05)
Sri S.V. REDDY	ADDITIONAL DIRECTOR(from 31-12-05)
Smt.S.SARASWATHI DEVI	DIRECTOR (Upto 29-12-05)
Sri S. KISHORE CHANDRA	WHOLE TIME DIRECTOR
Sri S.R.B. RAMESH CHANDRA	MANAGING DIRECTOR

Sri K.A.N. SUBBA RAO

COMPANY SECRETARY

AUDITORS

A. Rama Chandra Rao & Co.,
Chartered Accountants
3-6-369/A/11, Himayatnagar,
Hyderabad – 500 029.

COST AUDITORS

Narasimha Murthy & Co.,
104, Pavani Estate
Y.V. Rao Mansion, Himayatnagar,
Hyderabad – 500 029

BANKERS

State Bank of India
State Bank of Hyderabad
Lord Krishna Bank

REGISTERED OFFICE

6-3-652/C/A, Flat 5A,
KAUTILYA, Amrutha Estates
Somajiguda,
Hyderabad – 500 082

WORKS

Ramapuram
Mellacheruvu Mandal,
Nalgonda Dist.
ANDHRA PRADESH – 508 246



NOTICE

Notice is hereby given that the 27th Annual General Meeting of the Company will be held on Friday the 29th day of September 2006 at 10.00 A.M at Conference Hall, Hotel NKM's Grand, 6-3-563/31/1, Taraporewala Lane, Erramanzil, Somajiguda, Hyderabad – 500 082 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Audited Profit and Loss Account for the year ended 31st March, 2006 and Balance sheet and Cash Flow Statement as on that date together with the reports of the Directors' and Auditors' thereon.
2. To appoint M/s. A. Ramachandra Rao & Co., Chartered Accountants, as Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

B. SPECIAL BUSINESS:

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

"RESOLVED THAT in Supersession of the Ordinary Resolution passed by the members in Extra-Ordinary General Meeting of the members of the Company held on 13th December, 2005, pursuant to the provisions of Section 293 (1) (d) of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow any sum or sums of money, from time to time, from any one or more of the Company's Bankers and / or from any one or more of the persons, firms, body corporate or financial Institutions, Foreign Financial Institutions, Mutual Funds, Bilateral Agencies, Insurance Companies, Developmental agencies, NRIs, Companies both registered and unregistered, Infrastructure Fund, NBFCs, Banks, Institutions or any other agencies / persons or from any one or combination thereof whether by way of cash credit, advance or deposit, loans or bill discounting or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets and properties whether movable or stock-in-trade (including raw materials, stores, spare parts and components in stock or in transit) and work-in-progress and all or any of the undertakings of the Company notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose but, so however, that the total amount up to which the moneys may be borrowed by the Board of Directors and outstanding at any time shall not exceed **Rs.330.00Crores** only (Rupees Three hundred and Thirty Crores only) and the Board of Directors are hereby, further authorized to execute such deeds or debentures and debenture trust deeds or mortgage, charge, hypothecation, lien, promissory notes, deposit receipts



and 'other deeds and instruments or writings as they may think fit and containing such conditions and covenants as the Board of Directors may think fit."

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

"RESOLVED THAT consent of the Company be and is hereby accorded in terms of Section 293 (1) (a) of the Companies Act, 1956 to the Board of Directors of the Company, to mortgage and /or charge all or any of the movable or immovable properties, wherever situate, both present and future of every kind whatsoever or the whole or substantially the whole of the undertaking or the undertakings of the Company for securing any loan obtained or as may be obtained from time to time from any one or more of the Company's Bankers and / or from any one or more of the persons, firms, body corporate or financial Institutions, Foreign Financial Institutions, Mutual Funds, Bilateral Agencies, Insurance Companies, Developmental agencies, NRIs, Companies both registered and unregistered, Infrastructure Fund, NBFCs, Banks, Institutions or any other agencies / persons together with interest, costs, charges, expenses and any other money payable by the company for an amount not exceeding **Rs.330.00Crores** (Rupees Three hundred and Thirty Crores).

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to finalise with the aforesaid parties or any of them, the documents for creating the mortgages / charges / hypothecation / and accepting or making any alterations, changes, variations to or in terms and conditions, to do all such acts, deeds, matters and things and to execute all such and writings as it may consider necessary, for the purpose of giving effect to this resolution."

5. APPOINTMENT OF SRI S.V.REDDY AS DIRECTOR:

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

"RESOLVED THAT pursuant to provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956 Sri S.V.Reddy who was appointed as Additional Director in the meeting of the Board of Directors of the company held on 31.12.2005 and who under Section 260 of the Companies Act, 1956 holds office only up to the date of this annual General Meeting and in respect of whom notice under section 257 of the Companies Act, 1956 have been received from one of the members signifying his intention to propose the candidature of Sri S.V.Reddy for the office of Director of the company be and is hereby appointed as a Director of the Company."

6. APPOINTMENT OF SRI K.RANGA CHARI AS DIRECTOR:

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

"RESOLVED THAT pursuant to provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956 Sri K.Ranga Chari who was appointed as Additional



Director in the meeting of the Board of Directors of the company held on 31.12.2005 and who under Section 260 of the Companies Act, 1956 holds office only up to the date of this annual General Meeting and in respect of whom notice under section 257 of the Companies Act, 1956 have been received from one of the members signifying his intention to propose the candidature of Sri K.Ranga Chari for the office of Director of the company be and is hereby appointed as a Director of the Company."

By order of the Board
For **CKORAMAANDEL CEMENTS LIMITED**

Sd/-

K.A.N. SUBBA RAO
Company Secretary

Place: Hyderabad
Date: 31-08-06

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE PROXIES, SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.**
2. The Share Transfer Books of the company shall remain closed from 25th September 2006 to 29th September 2006 (both days inclusive).
3. Members desiring any information are requested to write to the Company at its Registered Office, 6-3-652/C/A, Flat 5A, KAUTILYA, Amrutha Estates, Somajiguda, Hyderabad – 500 082 well in advance of the date of the Annual General Meeting to enable the Management to keep the information ready.
4. Members are requested to bring their copies of Annual Report to the Annual General Meeting.
5. Members/Proxies should bring the attendance slip sent here with duly filled in for attending the Meeting.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item No. 3 & 4 of the notice:****Authority to borrow funds and authorise Board to Mortgage / create Charge:**

The Company is planning to fund its modernization and expansion needs through debt and such borrowing may exceed the over all limits of the paid-up Share Capital and free reserve and for the purpose of securing such borrowings, the Company is required to create, mortgage, etc., on its properties and hence the approval of members under Section 293 (1) (d) & (a) of the Companies Act, 1956 for borrowing in excess of paid up capital and free reserves and creation of mortgage, etc., is being sought.

In view of the above, your Directors recommend the resolutions at Item Nos. 3 & 4 for your approval.

None of the Directors are concerned or interested in the said resolution.

Item No. 5 of the notice:**APPOINTMENT OF SRI S.V.REDDY AS DIRECTOR:**

Sri S.V.Reddy was appointed as Additional Director by the Board of Directors at their Meeting held on 31st December, 2005. Considering his continuous efforts for the improvement of the Company, members may kindly approve the appointment.

Item No. 6 of the notice:**APPOINTMENT OF SRI K.RANGA CHARI AS DIRECTOR:**

Sri K.Ranga Chari was appointed as Additional Director by the Board of Directors at their Meeting held on 31st December, 2005. Considering his continuous efforts for the improvement of the Company, members may kindly approve the appointment.

By order of the Board
For **CKORAMAANDEL CEMENTS LIMITED**

Place: Hyderabad
Date: 31-08-06

Sd/-
K.A.N. SUBBA RAO
Company Secretary



DIRECTORS' REPORT

Your Directors have pleasure in presenting the 27th Annual Report together with the Audited Statement of Accounts of your Company for the year ended 31st March 2006.

FINANCIAL RESULTS:

The Operating Results for the Year are as under

	(Rs. in lacs)	
	2005-06	2004-05
Sales and Other Income	3238.18	2914.85
Profit before Depreciation & Interest	310.61	251.71
Less: Depreciation	79.00	70.22
Interest	122.64	97.20
Profit before Tax	108.97	84.29
Provision for Tax	18.36	6.65
Net Profit after Tax	90.61	77.64

OPERATIONS

Your Directors are glad to report that the Company has maintained satisfactory Production and Sales levels. During the year the Company achieved production of 1,49,716 MTs. of Cement (Previous year 1,35,445 MTs) and sold 1,49,002 MTs(Previous year 1,36,697 MTs) and the Company has produced 1,39,800 MTs of Clinker during the year (previous year 1,44,109 MTs).

FUTURE OUTLOOK

The Government policies continue to have a thrust on development of infrastructure. This is further reinforced by the outlay for the 12th Plan. The Government's encouragement for private participation in pivotal sectors will ensure that major projects envisaged will not derail for want of budgetary support. Cement being the key ingredient in the above endeavour will ensure that the uncertainties of the past shall not surface again. The economy is buoyant, leading to vibrancy of the real estate sector. The colour of cement will certainly turn rose in the days to come. Your Company is gearing itself to live upto the expectations.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956 the Board of Directors state:

- i) that in preparation of the Annual Accounts, applicable accounting standards have been followed and there were no material departures there from except as otherwise explained in the notes to accounts.
- ii) that the directors have selected such accounting policies and applied them consistently and made judgments 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 on 31st March, 2006 and Profit & Loss account of the Company for the year ended 31st March, 2006.

- iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities:
- iv) the accounts were prepared on a going concern basis.

DIRECTORS

The Board Places on record its appreciation of the valuable services rendered by Smt. S. Saraswathi Devi during her tenure as Director.

AUDITORS

A. Ramachandra Rao & Co., Chartered Accountants, Auditors of the Company retires at the conclusion of this Annual General Meeting and they are eligible for re-appointment.

COST AUDITORS

The Central Government prescribed the appointment of Cost Auditor under Sec. 233B of the Companies Act 1956 and M/s Narasimha Murthy & Co., are appointed as Cost Auditors for the year 2005-06

PARTICULARS OF EMPLOYEES

There are no employees falling within the purview of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975 as amended.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Additional information on Conservation of Energy, Technology absorption, Foreign Exchange earnings and out go as required to be disclosed in terms of 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 is annexed thereto (Annexure-I) and forms part of this report.

HUMAN RESOURCES

Your Company adopts an open door policy to promote better working environment for all employees.

Your Company has been holding monthly meetings at factory for the last 7 years where the Management interacts with all the employees which forges a good employer employee relation and also provides to air their views for achieving better results. This has led to increased employee participation for better productivity and congenial environment at work.



Since the date of incorporation your Company has not lost a single day of work due to industrial strike. The industrial relations during the year were harmonious. Your Directors wish to place on record the co-operation extended by Employees in achieving the objectives of your Company.

CORPORATE COMMITMENT TO THE COMMUNITY

Your Company has always been a responsible corporate citizen and has made significant contributions towards community development. Your Company supports various social causes by providing drinking water, basic medical facilities and minimum education to the people in the adjoining villages. Your Company takes active interest in environmental issues and is continually making efforts to make a Green Ramapuram. Your Company has been recognized and awarded a Certificate of Recognition by GERIAP – a UNESCO program for participating and implementing the necessary energy conservations methods. Your Company has also been assisting the surrounding community with primary health and veterinary programs.

ACKNOWLEDGEMENTS

Your Directors would like to express their grateful appreciation and sincere thanks to the State Bank of India, State Bank of Hyderabad, Lord Krishna Bank, various Departments of Central and State Governments for their valuable guidance and assistance extended during the year under review.

Your Directors would like to thank all the Share Holders, Dealers and Consumers for the confidence reposed in the company. Your Directors wish to place on record the deep sense of appreciation of the devoted services rendered by the Executives, Staff and Workers of the Company at all levels.

For and on behalf of the Board

Place: Hyderabad
Date: 31-08-06

S.CHANDRA MOHAN
CHAIRMAN

S.R.B.RAMESH CHANDRA
MANAGING DIRECTOR