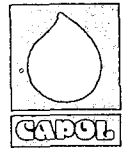


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**THIRTIETH
ANNUAL REPORT
AND ACCOUNTS**

2005 - 06

**COROMANDEL
AGRO PRODUCTS AND OILS
LIMITED**

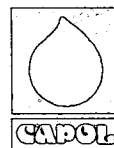


THIRTIETH ANNUAL REPORT 2005 - 06

BOARD OF DIRECTORS	:	Sri R. Narapa Reddy Sri Maddi Lakshmaiah Sri Y. Venkata Rao Sri Maddi Ramesh Sri V.V.S. Ravi Sri Maddi Venkateswara Rao	Chairman Managing Director
GENERAL MANAGER	:	Sri T. Mastan Reddy	
FINANCE MANAGER & SECRETARY	:	Sri K. Satyanarayana	
BANKERS	:	Canara Bank Chirala – 523 155	
AUDITORS	:	M/s. A. Ramachandra Rao & Co., Chartered Accountants, 3-6-369 A/11, 1 st Floor, Street No.1, Himayatnagar, Hyderabad – 500 029	
REGISTERED OFFICE	:	12-B, Skylark Apartments, Basheer Bagh, Hyderabad – 500 029	
FACTORY & ADMINISTRATIVE OFFICE	:	Jandrapet, Chirala – 523 165 Andhra Pradesh	

COROMANDEL AGRO PRODUCTS AND OILS LIMITED





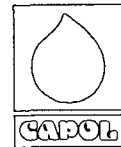
THIRTIETH ANNUAL REPORT 2005 - 06

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COROMANDEL AGRO PRODUCTS AND OILS LIMITED





THIRTIETH ANNUAL REPORT 2005 - 06

NOTICE

Notice is hereby given that the 30th Annual General Meeting of the Shareholders of **COROMANDEL AGRO PRODUCTS AND OILS LIMITED** will be held on 25th July, 2006 at 12B, Skylark Apartments, Basheerbagh, Hyderabad at 11.45 a.m to transact, with or without modifications, as may be permissible, the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2006, the Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a Dividend on Equity Shares for the year ended 31st March, 2006.
3. To appoint a Director in place of Sri Maddi Lakshmaiah, who retires by rotation under Article 122 of the Articles of Association of the Company and who, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Sri Maddi Ramesh, who retires by rotation under Article 122 of the Articles of Association of the Company and who, being eligible, offers himself for reappointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

The retiring Auditors M/s A. Ramachandra Rao & Company are eligible for reappointment.

SPECIAL BUSINESS :

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

“RESOLVED THAT subject to approval of the General Meeting and pursuant to provisions of Sections 198, 269, 309, 310 Schedule XIII and other applicable provisions if any of the Companies Act, 1956, the Board of Directors hereby accords its approval for the re-appointment of Sri Maddi Venkateswara Rao as Managing Director for further period of Five Years from 1-10-2006 on a remuneration as detailed below :

- | | | |
|----------------|---|---|
| A) Salary | : | Rs.75,000/- p.m. |
| B) Perquisites | : | In addition to the above salary, the Managing Director shall be entitled to all perquisites such as Housing, Gas, Electricity, Water, Medical reimbursement, Club Fees, Medical Insurance, Leave Travel Concession and such perquisites be restricted to an amount equal to Rs.7,000/- per month. |

COROMANDEL AGRO PRODUCTS AND OILS LIMITED

In addition to the above, the Managing Director will also be eligible to the following perquisites which shall not be included in the Computation of ceiling of remuneration:

- a) Contribution to Provident Fund, Superannuation Fund or Annuity Funds to the extent either singly or together not taxable under the Income Tax Act, 1961.
- b) Gratuity payable at a rate not exceeding half a month's salary per each completed year of service and
- c) Encashment of leave at the end of tenure.

C) Commission : In addition to the above salary and perquisites, commission is payable every year to the Managing Director and it will be calculated as follows:

5% of the net profit for the year will be calculated. From the amount so calculated, the aggregate of the salary and the perquisites mentioned above will be deducted and the balance amount will be allowed as commission during the year."

"FURTHER RESOLVED THAT notwithstanding anything to the contrary herein contained, wherein any year during the currency of tenure of the Managing Director, the Company has no profits or its profits are not adequate, the Company will pay remuneration by way of salary and perquisites as specified above, subject to the limits as specified in Schedule XIII of the Companies Act, 1956."

By Order of the Board

Place : GUNTUR
Date : June 17, 2006.

Sd/-
(MADDI VENKATESWARA RAO)
Managing Director

NOTES :

1. A Member entitled to attend and vote at the above Meeting is entitled to appoint proxy to attend and vote instead of himself and such a proxy need not be a Member. The proxy form duly completed must reach the Registered Office of the Company at least 48 hours before the commencement of the meeting.
2. In case there is any correction / change in your address registered with us, may we request you to communicate the same to us with pin-code to enable us to register it in our records.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 19-07-2006 to 25-07-2006 (both days inclusive) for the purpose of Annual General Meeting (AGM) and payment of Dividend.
4. The Board of Directors in their meeting held on 17th June, 2006 have recommended payment of Dividend of 12% (Rs.1.20 per equity share) for the year 2005-2006. The payment of dividend is to be approved by the shareholders at the AGM. The aforesaid dividend, if declared at the AGM, will be paid on or after 25th July, 2006 to those members whose names appear in the Register of Members as on the date of the AGM.



THIRTIETH ANNUAL REPORT 2005 - 06

5. In order to provide protection against fraudulent encashment of the dividend payment instruments, shareholders are requested to intimate the Company, under the signature of the Sole/First joint holder, the following information to be incorporated on the Dividend payment instruments.
- (i) Name of the Sole/First joint holder and the Folio Number.
 - (ii) Particulars of Bank account, viz.: (a) Name of the Bank (b) Name of the Branch (c) Complete address of the Bank with Pin Code Number (d) Account number and type, whether Savings (SB) or Current Account (CA).
6. Pursuant to Section 205A and 205C of the Companies Act, 1956, all unclaimed / unpaid dividend, as at March 31, 2006 remaining unpaid or unclaimed for a period of seven years from the date they became due for payment, have been transferred to the "Investor Education and Protection Fund" (IEPF) established by the Central Government. Members are requested to contact the Company in respect of unclaimed / unpaid dividends declared on or after July 30, 2003.

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****ITEM NO.6 : Reappointment of Managing Director:**

Sri Maddi Venkateswara Rao was appointed as Managing Director by the Shareholders in their Annual General Meeting held on 6th September, 2002 for a period of 5 years i.e. up to 30-09-2006. Hence it is requested to re-appoint him as Managing Director from 01-10-2006.

Subject to the provisions of the Companies Act, 1956, and the approval of the Shareholders at General Meeting, Sri Maddi Venkateswara Rao has been recommended by the Board of Directors of the Company with effect from 1-10-2006 on the terms and conditions set out in the resolution for a further period of 5 years to have a continuity in the Management. Sri Maddi Venkateswara Rao joined the Company on 01-01-1989 and rendering valuable services to the Company. In view of his valuable services, your Directors recommend acceptance of resolution.

None of the Directors except Sri Maddi Venkateswara Rao, Sri Maddi Ramesh and Sri Maddi Lakshmaiah shall be deemed to be interested or concerned in the resolution.

By Order of the Board

Place : GUNTUR
Date : June 17, 2006.

Sd/-
(MADDI VENKATESWARA RAO)
Managing Director

COROMANDEL AGRO PRODUCTS AND OILS LIMITED

DIRECTORS' REPORT

DIRECTORS' REPORT
FOR THE YEAR ENDED MARCH 31, 2006

Ladies and Gentlemen,

Your Directors have pleasure in presenting the 30th Annual Report and Audited Accounts of the Company for the year ended March 31, 2006.

FINANCIAL RESULTS

	For the year Ended 31-03-2006 Rupees in Lakhs	For the year Ended 31-03-2005 Rupees in Lakhs
Sales and Other Income	5475.77	5197.99
Profit before Depreciation and Income Tax	193.12	196.78
Depreciation	33.28	32.08
Income Tax	58.13	50.00
Fringe Benefit Tax	1.34	—
Deferred Tax Expenses/(Benefit)	7.72	8.39
Net Profit after Tax	92.65	106.31
Add: Profit brought forward from previous year	22.00	21.98
APPROPRIATION	114.65	128.28
Dividend including Dividend Tax	10.81	10.72
Transfer to General Reserve	20.00	95.56
Surplus – Balance in Profit & Loss Account	83.84	22.00

DIVIDEND

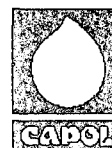
Your Directors are pleased to recommend payment of dividend on equity shares at 12% (Rs.1.20 per equity share). The total amount of dividend outgo (including dividend tax) will be Rs.10.81 Lakhs for the financial year ended 31st March, 2006, which if approved at the ensuing 30th Annual General Meeting.

PERFORMANCE

Your Company achieved 5.38% of rise in its turnover when compared to that of previous year.

The Company processed 60,927 MT of cottonseed as against 52,770 MT in the previous year. The Company performed well during the period and efficiently utilised the plant capacity. Due to the severe competition from the cottonseed processors under traditional method, from North India, the prices for cottonseed were marginally hiked during the year. The Company earned Rs.159.84 lakhs as net profit before tax when compared to that of Rs.164.70 lakhs in the previous year.

Your Directors are pleased to inform that the Company has received an Award from All India Cottonseed Crushers' Association for being the "Third Highest Exporter of Cotton Linters" and "Third Highest Domestic Seller of Cottonseed Extractions" for the year 2004-2005.



THIRTIETH ANNUAL REPORT 2005 - 06

EXPORT AND FOREIGN EXCHANGE EARNINGS

Your Directors wish to inform that the Company has exported 1,659.079 M.T. of Cotton Linters worth Rs.205.58 lakhs during the year under review as against 663.250 M.T. worth Rs.86.84 lakhs in the previous year. The Prices of Cottonseed De-oiled Cakes ruled better in the domestic market than the export market. Hence, De-oiled Cakes are being sold in the domestic market in toto.

PROSPECTS

As per the available weather forecast by the experts for the coming khariff season, climatic conditions will be much suitable and the cotton crop is expected to sow as equivalent to that of the previous year and hence the company expects the reasonable availability of raw materials in the ensuing season.

DIRECTORS

Sri Maddi Lakshmaiah and Sri Maddi Ramesh, retire by rotation under Article 122 of the Articles of Association of the Company and, are being eligible, offer themselves for reappointment as Directors.

INDUSTRIAL RELATIONS

As in the past, the industrial relations remained cordial during the year under review.

COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

Information as per Section 217 (1) (e) of the Companies (Amendment) Act, 1988 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

- I) Form "A" : Enclosed
- II) Form "B" : Enclosed

SECRETARIAL COMPLIANCE CERTIFICATE

The Compliance Certificate by practising Company Secretary under section 383A (1) has been enclosed herewith to this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) That in the preparation of the annual accounts for the financial year ended 31st March, 2006, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) That the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that were 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 of the Company for the year under review;