
Annual Report

and

Accounts

2001-2002

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CCAP LIMITED

(formerly Central Concrete & Allied Products Limited)

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Computech International Ltd. of 77/2A, Hazra Road, Kolkata-700 029 has been appointed as Registrars and Share Transfer Agents of the Company. Shareholders may please contact them for any matters in connection with the shareholding in the Company.

Telephone : 476-7350/7351/7352/7353/7354

Fax : 474-7674

Share Transfer

As per SEBI guidelines, trading of the Equity Shares in the Company has been compulsorily dematerialised with effect from 26th March, 2001. The Demat ISIN No. in NSDL & CDSL is INE 413C01013.

In case of any share transfer in physical form, after the transfer is effected, a letter is sent to the transferee offering option to demat the shares. If the demat option is exercised, the Company demats the Shares. Otherwise, the share certificates are despatched to the transferee after 30 days.

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BOARD OF DIRECTORS :

Chairman : Mr. Chirantan Mukherji

Directors : Mr. Asamanja Mitra
Mr. Samir Ghosh
Mr. Monoj Ghose (Whole-time Director)
Mr. Chinmoy Mazumder

Secretary : Mr. T. K. Bhattacharya

Auditors : G. Basu & Co.
Chartered Accountants

Bankers : State Bank of India

Registered Office : 8, Camac Street
3rd Floor, Space - 1
Kolkata - 700 017

Notice

Notice is hereby given that the Twenty-ninth Annual General Meeting of the Members of CCAP Limited will be held at Gyan Manch at 11, Pretoria Street, Kolkata -700 071 on Thursday, the 26th September, 2002 at 11-00 A.M. to transact the following business :-

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2002 and Profit & Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon (copies enclosed).
2. To declare a Dividend.
3. To appoint Directors in place of Mr. Asamanja Mitra and Mr. Chinmoy Mazumdar who retire by rotation and being eligible offer themselves for re-appointment.
4. To appoint Auditors and fix their remuneration.

By order of the Board

T. K. Bhattacharya
Company Secretary

Kolkata

Dated, the 26th June, 2002

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 of the Company.
2. The Dividend as recommended by the Board of Directors, if approved, will be payable to those Members whose names appear in the Company's Register of Members as well as in the records of the Depositories on 26th September, 2002.
3. Pursuant to section 205A of the Companies Act, 1956, all unpaid/unclaimed dividends up to the financial year ended 31st March, 1995, have been transferred to the General Revenue Account of the Central Government. Shareholders concerned are requested to submit their claims in the prescribed form to the Registrar of Companies, West Bengal, Nizam Palace 234/4, Acharya Jagadish Chandra Bose Road, Kolkata - 700 020. The unpaid/unclaimed dividends relating to the financial year ended 31st March, 1996 and thereafter, will have to be claimed by the shareholders from the Company within 7 (seven) years from the date of transfer of the money to the unpaid dividend account of the Company. Thereafter, the money will be transferred to the Investor Education and Protection Fund of the Central Government established under Section 205C of the said Act against which no claim will lie as per Section 205B of the said Act.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 16th September, 2002 to 26th September, 2002 (both days inclusive).
5. If any member, who will attend the meeting desires to have any information on the Accounts, he is requested to write to the Company at least seven days in advance of the date of the meeting in order to enable the Company to inform the meeting on the points appropriately.
6. Members are requested to bring their copy of the Annual Report and Accounts to the meeting.

DIRECTORS' REPORT

To

The Shareholders

Your Directors have pleasure in presenting the Twenty-ninth Annual Report with the audited Accounts of your Company for the year ended 31st March, 2002.

1. SUMMARISED FINANCIAL RESULTS AND PROPOSED APPROPRIATIONS :

2001 - 2002

		Rs.
i) Net profit before Taxation		97,35,485
ii) Balance brought forward from previous year	Rs. 45,59,223	
Less : Deferred Tax liability as on 01.04.2001	Rs. 26,43,000	19,16,223
iii) Excess provision for Income Tax for earlier year		21,881
	Total	<u>1,16,73,589</u>

Appropriations :

i) Provision for Taxation		
a) Income Tax		
i) For current year	Rs. 33,10,000	
ii) Deferred Tax	Rs. 1,38,000	
b) Wealth Tax	Rs. 20,000	34,68,000
ii) Provision for diminution in value of investments		2,300
iii) Proposed Dividend @ 12%		42,76,813
iv) Transfer to General Reserve		1,57,000
v) Balance carried to Balance Sheet		37,69,476
	Total	<u>1,16,73,589</u>

2. DIVIDEND :

Your Directors are pleased to recommend payment of Dividend of 12% in respect of the year ended on 31st March, 2002. The Dividend, if approved by the members at the Annual General Meeting, will be paid to those shareholders registered in the books of the Company and the Depositories on 26th September, 2002.

3. MANAGEMENT DISCUSSION & ANALYSIS REPORT :

(a) Industry Structure & Developments

Activities of your Company come under the category of Infrastructure Construction Industry. With the acceleration in the industrial growth coupled with liberalisation, although development in the industry has gained a momentum, allocation of expenditure on the score by the Central Government has not yet taken a significant shape.

(b) Opportunities, Threats, Risks & Concerns

Opportunities for your Company to take in its stride with the development work, are potential since your Company has gathered substantial expertise over the years from 1972. On the other hand, keen competition has emerged in the scene which was not felt up to end eighties, leading to some concern for the Company. As your Company does construction works of Central & State Governments as well as of Railways and other Authorities, and element of risk remains in the profit margin due to cost overrun which may take place by time overrun and input cost overrun beyond control of the Company.

(c) Segment-wise Performance

There is no segmented activities in the operation of the Company.

(d) Outlook

Until and unless Central Government allocates substantial fund for the infrastructure developmental programme of the country, your Company cannot view a windfall in the industry.

(e) Internal Control Systems

Your Company maintains an internal control system, which proved adequate by time-testing, for purchases, billing for the jobs and other areas. Moreover, there are Internal Auditors who make a constant monitoring to sustain proper and sufficient care for maintenance of adequate accounting records required for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

(f) Financial & Operational Performance

Your Directors report that during the year under review, no fresh work order could be bagged by the Company. One of the two Projects of the Company, Improvement of 39 KMs of Champadanga-Arambagh-Kotulpur Road in Hooghly District has been completed and the other one, Improvement of 48.20 KMs Berhampore (Chunakhali) - Jalangi Road in Murshidabad District is in the verge of completion. As per the maintenance guarantee, these roads will be maintained by the Company for three years after completion of the work.

During the year ended 31st March, 2002, your Company achieved a turnover of Rs. 1476 lac which is not encouraging. This is due to the inability in bagging fresh work orders. The Company could submit only a limited number of tenders as Central/State Governments had not adopted sufficient infrastructure developmental programme for sustaining the Companies like yours. The works under contracts of (i) Improvement of Champadanga-Arambagh-Kotulpur Road (taken up prior to this year), (ii) Improvement of Berhampore (Chunakhali) - Jalangi Road (taken up prior to this year) & (iii) Manderhill-Dumka B. G. Rail Line (taken up this year), have been considered in the Profit & Loss Account on the basis of works executed during the year under report. This year also there is a substantial increase in interest payment on cash credits with the Company's bankers and on advance from the clients as the Company had to utilise these sources of cash-in-flow due to unpredictable release of fund by P. W. (Roads) Department of Government of West Bengal against the works executed. The Company had to arrange for extra loan fund from the bankers over & above the usual cash credit limits.

(g) Developments : Human Resources / Industrial Relations Front

Your Board has nothing to report on the developments in human resources as well as industrial relations front which have a material bearing on the business of the Company. 16 persons have left the Company and 3 persons have been employed by the Company during the year under review.

(h) Disclosures by the Management

Your Board has not received any disclosure by the management relating to any material, financial and commercial transactions where any of the managerial staff has personal interest that may have a potential conflict with the interest of the Company at large.

4. FUTURE PROSPECTS :

Your Directors report that your Company is in the process of submitting bids for several jobs including -

- a) West Bengal Corridor Development Project;
- b) Port Connectivity Roads in India under National Highway Authorities of India;
- c) Improvement & upgradation of roads in different parts of Mizoram;
- d) Upgradation works under the Karnataka State Highways Improvement Project;
- e) Civil work contracts for proposed Uttar Pradesh State Roads;
- f) Strengthening & widening to 4-lane of a part of Jessore Road in North 24-Parganas District in West Bengal.
- g) Extension work of Circular Railway, Kolkata from Princep Ghat to Majerhat.

5. POSSIBLE DIVERSIFICATION :

Your Directors reported last year that construction of a 4-storied modern office complex on the smaller plot of land of 7.26274 Kottah at Salt Lake City, Kolkata was in progress. Your Directors are pleased to report that construction of the building has been completed during the year under review and the building has been given on rent to ORG-Marg Research Pvt. Ltd. with effect from 1st February, 2002 for a period of 6 years at the first instance.

Construction of the other sophisticated 10-storied office complex on the larger plot of land of 15 Kottah at Salt Lake City, Kolkata within the zone of the Electronics Complex, is under active consideration of the Company for starting the work as early as possible.

Regarding the Housing Project at Barasat on 7 bigha plot of land owned by the Company as reported in the last year's Report, your Directors report that further progress has been made in giving shape to the Project at an early date.

6. ARBITRATION :

- i) Against the two Arbitration Awards in favour of your Company towards price escalation on the two contracts relating to construction of Durgapur Expressway, though Government of West Bengal's challenge was rejected by the Calcutta High Court, the said Government took recourse to various legal ways delaying realisation of the money. The matter has now reached a final stage and your Company has realised the Award money in respect of one Award. Realisation of the money for the second Award is under process.
- ii) The petition filed by DVC before the Calcutta High Court challenging the Arbitration Award published in favour of your Company in respect of the work of construction of Intake Pump House etc. for Mejia Thermal Power Plant of DVC in Bankura district, has not yet been disposed of.
- iii) Your Board also reports that in regard to certain claims of the Company in respect of construction of New Double Line Balawali Bridge over river Ganga in Moradabad-Saharanpur Section of Northern Railway, the matter has been referred to arbitration by the Northern Railway and the arbitration proceedings are in progress.
- iv) Your Board further reports that in regard to certain additional claims by the Company in respect of the two contracts for construction of Durgapur Expressway, arbitration proceedings are in progress.

7. DIRECTORS :

Mr. Asamanja Mitra and Mr. Chinmoy Mazumdar retire by rotation and are eligible for reappointment. The Board recommends their reappointment.

Mr. Asamanja Mitra B.E., C.E., MIBE, 66 years of age is a Professional Engineer. He has been associated with the Company since inception and was appointed a Director in 1976. He is a specialist having long experience in Heavy Structural and Civil Engineering Works like Railway Bridges, Roads and Rail Over-bridges, Dockyards, Steel Plants, Water Treatment Plants, Chemical and Cement Plants, Thermal Power Stations, etc. Mr. Mitra is a Director of CCAP Industries Limited.

Mr. Chinmoy Mazumdar BCE, MIE, LLB, 61 years of age is a reputed Civil Engineer and was associated with the Public Works (Roads) Department, Government of West Bengal since 1963. He held the position of Chief Engineer, Durgapur Expressway as well as Housing Commissioner of West Bengal Housing Board. He has expertise in construction of Hill Roads and Bridges as well as construction of highrise multistoried buildings. He is a Director of Procheta Engineering Consultants Pvt. Ltd.

8. CORPORATE GOVERNANCE :

Corporate Governance Report is set out as a separate annexure, which forms part of this Report.

9. AUDITORS' OBSERVATIONS :

In regard to the Auditors' comments on the Accounting Standard (AS-7), your Directors have made disclosure as required under Section 211 (3B) of the Companies Act, 1956, in Note 3 in the Notes on Accounts (Schedule 14) under the heading "Disclosure Under Section 211 (3B) of the Companies Act, 1956".

For consent of Company's Bankers on declaration of dividend to the shareholders, the Company will write to the Bankers at the appropriate time.

10. AUDITORS :

G. Basu & Company, Chartered Accountants, Auditors of the Company for the Year 2001-2002, being eligible have offered themselves for reappointment as Auditors of the Company for the year 2002-2003. Your Directors recommend reappointment of G. Basu & Company.

11. RESPONSIBILITY STATEMENT U/S 217 (2AA) OF THE COMPANIES ACT, 1956 :

Your Directors report that –

- i) In preparation of the Annual Accounts of the Company which is a Construction Company, the applicable accounting standards except accounting standard AS-7 - "Accounting for Construction Contracts" had been followed. The accounting policy for accounting the Company's Construction Contracts does not literally follow the percentage completion method as envisaged in AS-7 issued by the Institute of Chartered Accountants of India. The reasons for such departure are as follows :

All the Construction Contracts executed / under execution by the Company are Item Rate Contracts where specified rates are mentioned for each item of work. The Company raises bills on completion of such items which are not in any way treated as advance/ lumpsum progress payments. Revenue is recognised only on completion of any item which is either certified by the Client or awaiting certification at the year end and for which matching expenses are incurred / brought forward in an accounting year. The above accounting treatment does not materially deviate from that as per percentage completion method and at the same time allows revenue recognition on a more realistic basis.

- ii) The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are 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 or loss of the Company for that period.
- iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The Directors had prepared the annual accounts on a going concern basis.

12. PARTICULARS U/S 217 (1) (e) :

The particulars required in accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956, are not set out in this report, as the Company's nature of activities, is execution of works contracts.

13. PARTICULARS OF EMPLOYEES :

The particulars required under Section 217 (2A) of the Companies Act, 1956 are not set out in this report, as no employee of the Company is coming under the provisions of the said Section.

14. ACKNOWLEDGEMENT :

The Company received fullest co-operation from State Bank of India and your Board wishes to place on record its gratitude to the Bank.

Your directors wish to place on record their sincere appreciation of the contribution made by all the employees of the Company.

Kolkata
Dated, the 26th June, 2002

C. Mukherji
Director

A Mitra
Director

M. Ghose
Director

REPORT ON CORPORATE GOVERNANCE

[As per Clause 49 of the Listing Agreements with Calcutta, Mumbai & Ahmedabad Stock Exchanges]

I) COMPANY'S PHILOSOPHY

Since the Public Issue of shares has been made in 1995, in a way the Company is consistently practicing good Corporate Governance by following all the stipulations of Listing Agreements with the Stock Exchanges.

Although the Company has been given time to implement Corporate Governance in accordance with Clause 49 of the Listing Agreements within 31st March, 2003, the Board has felt that since practicing Corporate Governance as per the said Clause 49 is intended to make the activities / management of the Company transparent to the investing people and shareholders, it is prudent to adhere to the said Clause 49 from the year 2001-2002 as far as practicable.

II) BOARD OF DIRECTORS

The Board comprises a Part-time Non-Executive Chairman, one Whole-time Executive Independent Director and three Non-Executive Independent Directors totalling five. Accordingly, the stipulations that not less than 50% of the total number of Directors should comprise Non-Executive Directors and in case of Non-Executive Chairman at least 1/3rd of the total number of Directors should be Independent Directors, have been complied with.

During the year under review, the Company did not have any pecuniary relationship or transactions with the Non-Executive Directors excepting Mr. C. Mukherji who received fees as Professional / Technical Advisor under Section 309(1) of the Companies Act, 1956.

Remuneration in the form of sitting fees of Non-Executive Directors is decided by the Board of Directors.

During the year six Board Meetings were held on 2.5.2001, 25.6.2001, 27.7.2001, 16.10.2001, 28.11.2001 & 29.1.2002 out of which five Board Meetings were held after the appointment of Mr. Chinmoy Majumder as a Non-Executive Director.

None of the Directors on the Board is a member in more than ten Committees and they do not act as Chairman of more than five Committees across all companies in which they are Directors.

Attendance of the Directors at the Board Meetings during the year and at the last Annual General Meeting as also number of other Directorships are given below :

	<u>Name of Director</u>	<u>Category of Directorship</u>	<u>No. of Board Meetings attended</u>	<u>Attendance at last A.G.M.</u>	<u>No. of other Directorships</u>
1.	Mr. C. Mukherji	Part-time Chairman & Non-Executive Director	6	Attended	3
2.	Mr. A. Mitra	Non-Executive and Independent Director	6	Attended	1
3.	Mr. S. Ghosh	Non-Executive and Independent Director	6	Attended	5
4.	Mr. M. Ghose	Executive and Independent Director	6	Attended	1
5.	Mr. C. Majumder	Non-Executive and Independent Director	5	Attended	1

III) AUDIT COMMITTEE

The Company has not yet formed the Audit Committee.

IV) REMUNERATION COMMITTEE

The Company has not yet formed the Remuneration Committee.

The Company follows the policy of fixing remuneration to Executive Directors in terms of Schedule-XIII and other applicable provisions of the Companies Act, 1956 duly approved by the Shareholders.

Details of remuneration for the year ended 31st March, 2002 are given below :

a) Executive Director

<u>Name</u>	<u>Salary (Rs.)</u>	<u>H.R.A. (Rs.)</u>	<u>Perquisite (Rs.)</u>	<u>Retirement Benefits</u>	<u>Total (Rs.)</u>
Mr. M. Ghose Whole-time Director	3,00,000/-	1,50,000/-	1,24,467/-	Nil	5,74,467/-

There are no elements of performance linked incentives in the remuneration package offered to the Whole-time Director.

The agreement with the Whole-time Director is for 3 years from 1.10.2000 and contractual in nature which may be terminated at any time by either party giving 30 days notice in writing without assigning any reason. There is no provision for Severance Fee.

There are no stock options available / issued to the Whole-time Director and this does not form a part of his contract with the Company.

Re-appointment and remuneration of the Whole-time Director were approved by the shareholders at the AGM held on 15.9.2000.

b) Non-Executive Directors

Remuneration by way of sitting fees for attending Board Meetings and Committee Meetings and in any other capacity, have been paid to the following Non-Executive Directors :

Sl. No.	Name of the Directors	Sitting Fees (Rs.)	In any other Capacity (Rs.)	Total (Rs.)
1.	Mr. C. Mukherji (*)	1,20,000/-	5.45,000/-	6.65,000/-
2.	Mr. A. Mitra	1,20,000/-	—	1,20,000/-
3.	Mr. S. Ghosh	24,000/-	—	24,000/-
4.	Mr. C. Mazumder	20,000/-	—	20,000/-

(*) Central Government has approved his requisite qualifications for functioning as Professional / Technical Advisor.

V) SHARE TRANSFER AND SHAREHOLDERS' GRIEVANCE COMMITTEE

The Board had constituted a Committee of Directors titled "Share Transfer Committee of Directors" on 23.6.1995. At present Mr. C. Mukherji (Chairman of the Committee), Mr. A. Mitra and Mr. M. Ghose are the Committee Members, any two of whom form the Committee.

The Company Secretary, Mr. T. K. Bhattacharya is the Compliance Officer.

The Committee meets fortnightly.

With effect from 29.01.2002 scope of the Committee has been enlarged to include to specifically look into complaints of the shareholders like, non-receipt of Balance Sheet, non-receipt of declared dividends, transfer of Shares etc. The name of the Committee has been redesignated as "Share Transfer and Shareholders' Grievance Committee of Directors". The Committee held twenty-four meetings in the year under review.

Position of shareholders' complaints during the period from 1.1.2002 to 31.3.2002 is given below :

No. of Complaints received	No. of Complaints yet to be solved	No. of Pending Share Transfers
7	Nil	Nil

VI) GENERAL BODY MEETINGS

The last 3 Annual General Meetings were held as under :

Financial Year	Date	Time	Venue
1998 - 1999	22nd September, 1999	11.00 A.M.	Gyan Manch, 11, Pretoria Street, Kolkata - 700 071
1999 - 2000	15th September, 2000	11.00 A.M.	— Do —
2000 - 2001	14th September, 2001	11.00 A.M.	— Do —

No special resolutions were required to be put through postal ballot last year.

VII) DISCLOSURES

- There were no transactions of material nature with Promoters or Directors or the Management or their subsidiaries or relatives etc. during the year.
- There were no instances of non-compliance by the Company, or no penalties / strictures were imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authority on any matter related to capital markets during the last 3 years.