
Annual Report

and

Accounts

2004-2005

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CCAP LIMITED

(formerly Central Concrete & Allied Products Limited)

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MCS Ltd. (formerly 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 : 2476-7350/7351/7352/7353/7354
2454-1892/1893

Fax : 2474-7674, 2454-1961

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, share certificates are despatched to the transferee within 15 days from the date of receipt of the transfer Deed.

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BOARD OF DIRECTORS :

Chairman : Mr. Chirantan Mukherji

Directors : Mr. Asamanja Mitra
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 Thirty-second Annual General Meeting of the Members of CCAP Limited will be held at Gyan Manch at 11, Pretoria Street, Kolkata – 700 071 on Friday, the 23rd September, 2005 at 11-00 A.M. to transact the following business :-

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2005 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. Monoj Ghose 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 27th June, 2005

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 23rd September, 2005.
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. For subsequent years, the unpaid/unclaimed dividends 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, whereupon, 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, 2005 to 23rd September, 2005 (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 Thirty-second Annual Report with the audited Accounts of your Company for the year ended 31st March, 2005.

1. **SUMMARISED FINANCIAL RESULTS AND PROPOSED APPROPRIATIONS :**

	<u>2004 - 2005</u>
	Rs.
i) Net Profit before Taxation	1,07,30,308/-
ii) Balance brought forward from previous year	77,30,818/-
iii) Provision for diminution in value of Investment	(107/-)
Total :	<u>1,84,61,019/-</u>

Appropriations :

	Rs.	
i) Provision for Taxation		
a) Income Tax		
i) For current year	30,46,000/-	
ii) Deferred Tax	3,64,000/-	
b) Wealth Tax	<u>20,000/-</u>	34,30,000/-
ii) Short provision for Income Tax for earlier year		2,11,945/-
iii) Proposed Dividend @ 14%	49,90,000/-	
Less : Excess Provision in last year	<u>50/-</u>	49,89,950/-
iv) Tax on Proposed Dividend		6,99,848/-
v) Amount transferred to General Reserve		3,70,000/-
v) Balance carried to Balance Sheet		87,59,276/-
Total :		<u>1,84,61,019/-</u>

2. **MANAGEMENT DISCUSSION & ANALYSIS REPORT :**

(a) **Industry Structure & Developments**

Development in Infrastructure Construction Industry in which your company is engaged continues to be encouraging as road communication and railway communication have been geared up by the Authorities.

(b) **Opportunities, Threats, Risks & Concerns**

Statistics say that the Government in the Centre has done an all round good job since its taking over last year. As a result, there exists manifold opportunities in getting the Company involved in the rapid growth in the infrastructure development of the Country. With the advent of globalization coupled with growth, competition in the field has increased which is obvious in developed and developing countries. No special risk is visualized in the industry, apart from the usual business risks.

(c) **Segment-wise Performance**

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

(d) **Outlook**

Having regard to the position discussed above and in view of the governmental thrust in the developmental programme, growth in the Infrastructure Construction Industry can be counted as bright.

(e) **Internal Control Systems**

Your Company maintains an internal control system in different areas like, purchases, billing for the jobs etc. Moreover, there are Internal Auditors who make a constant monitoring to have 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**

There are two ongoing projects, one in Mizoram for rehabilitation and maintenance of M-1: Kawkulh Ngopa-Tuivai Road (96.625 KM) including culverts and other civil works and the other in Bihar and Jharkhand for construction of Manderhill-Dumka Broad Gauge Railway Line. Work on these projects has progressed considerably and it is expected to complete these within the current financial year. The Company enters into joint venture agreements with reputed partners for bidding high value projects.

During the financial year, a turnover of Rs.1,087.11 Lac has been achieved by your Company which falls short of the targeted turnover. The works under contracts of (i) Manderhill-Dumka B.G. Rail Line (taken up prior to this year) and (ii) Rehabilitation and maintenance of Kawkulh Ngopa-Tuivai Road (taken up prior to this year) as well as (iii) award money against Durgapur Expressway Package III & II received during the financial year, have been considered in the Profit & Loss account under report.

(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. During the year, number of employees have been reduced by 8 heads. 3 persons have been employed by the Company during the year under review depending on the requirement.

(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.

3. **DIVIDEND :**

Your Directors are pleased to recommend payment of Dividend of 14% in respect of the year ended on 31st March, 2005. 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 23rd September, 2005.

4. **UNPAID DIVIDEND :**

Last seven years' balances lying in the Company's Unpaid Dividend Accounts with its Bankers are shown below :-

	<u>As on 31.3.2005</u>
1997 – 98	Rs. 1,45,142.00
1998 – 99	Rs. 1,42,469.00
1999 – 00	Rs. 1,63,492.00
2000 – 01	Rs. 1,52,115.30
2001 – 02	Rs. 2,12,304.60
2002 – 03	Rs. 3,30,695.00
2003 – 04	Rs. 2,42,258.00

As per the Companies Act, 1956, unpaid dividends for 1997-98 will be transferred to Investor Education and Protection Fund of Central Government in November, 2005 after completion of seven years. Individual reminders have been sent to the concerned shareholders to take action for claiming the dividend from the Company before it is transferred to the said Fund. Some shareholders have got in touch with the Company and their claims are being attended to.

Unpaid / unclaimed dividend amounting to Rs.1,26,817.00 for the year 1996-97 had been deposited to the Investor Education and Protection Fund of Central Government on 24th November, 2004.

5. **Future Prospects :**

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

- a) Construction of bridge over river Dwarka with both side approaches in Murshidabad district, West Bengal.
- b) Widening and strengthening of carriageways (20 packages) of National Highways in Jammu and Kashmir, Punjab, Himachal Pradesh, Haryana, U.P., Karnataka, Andhra Pradesh, Tamil Nadu and Kerala on north-south corridor.
- c) Widening and strengthening of carriageways (7 packages) of National Highways in Assam and West Bengal on east-west corridor.
- d) Construction of roads for Chhattisgarh State Roads Development Project under Asian Development Bank.
- e) Construction of 36 KM Moradabad-Bazpur Road.
- f) Provision of Technical Buildings, sheds and connected service at Panagarh under Military Engineers Services.
- g) Provision of Administrative and Technical accommodation, Tarmac etc. at Air Force Station, Maharajpur, Gwalior under Military Engineers Services.

6. **Possible Diversification :**

Construction of the sophisticated 10-storied, including basement for car parking, office complex on the 15 kottah plot of land at Salt Lake City, Kolkata within the Electronics Complex Zone, is already completed in all respects. The Building is situated on ideal locations with close proximity to Airport and Railhead. Total covered area of the building is about 60,000 sq.ft.

Construction of first phase of the commercial-cum-residential complex at Barasat, West Bengal on the Company's 7 bigha plot of land on Taki-Hasnabad Road has started. In the first phase municipal sanction for 2 nos. 'B' type building has been obtained of which construction of structural portion is expected to be completed by the year end. The project consists of 7 storied towers including a market complex with standard facilities. The Company will sell the same progressively during next 5 years.

7. **Arbitration :**

- i) It was reported in the earlier years that for the two contracts for construction of Durgapur Expressway, the Company preferred claims and additional claims to arbitration and the Awards were in favour of the Company and the same had been considered in the Profit and Loss Accounts of earlier years fully for the main claims and partly for the additional claims. During the year under review, your Company recovered balance interest on the main claims and claim money and interest on the additional claims. The interest money and balance of the additional claim money have been considered in the Profit and Loss Account of the Company for the year under review.
- ii) In the last report it was mentioned that the Award published in favour of the Company for the work of construction of Intake Pump House etc. for Mejia Thermal Plant of DVC, had been challenged by the authorities in the Calcutta High Court which was rejected. Against the Company's execution petition, DVC filed an appeal to the Division Bench of the High Court and had to deposit 50% of the award money to the said Court. Although the Company withdrew the money by furnishing Bank Guarantee, the money had not been considered in the Profit and Loss Account as the matter remained fluid.

Your Board now reports that DVC's appeal has not yet been disposed of by the Hon'ble High Court.

8. **Directors**

Mr. Monoj Ghose and Mr. Chinmoy Mazumdar retire by rotation and are eligible for re-appointment. The Board recommends their re-appointment.

Mr. Monoj Ghose, B.E., C.E., MIE, 65 years of age is a Professional Engineer who is associated with the Company as a whole-time Director since 1982. He holds an extensive experience in a number of big Civil Engineering Projects such as Flyovers, Industrial Structures, Dams, Tunnels etc. He is also well conversant with construction of mechanised highways. His shareholding in the Company is 40430 equity shares. Mr. Ghose is a Director of CASA Engineers International Pvt. Ltd.

Mr. Chinmoy Mazumdar, BCE, MIE, LLB, 64 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 high-rise multistoried buildings. He has no shareholding in the Company. He is a Director of Broadway Realtors Pvt. Ltd.

9. **Code of Conduct :**

The Company being a small and low profile Company, no code of conduct for Board members and senior management members has been laid down.

10. **Corporate Governance :**

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

11. **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 13) 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.

12. **Auditors**

G. Basu & Co., Chartered Accountants, Auditors of the Company for the year 2004-2005, being eligible, have offered themselves for reappointment as Auditors of the Company for the year 2005-2006. Your Directors recommend reappointment of G. Basu & Co.

13. **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/ lump sum 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 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.

14. **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.

15. **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.

16. **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 27th June, 2005

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**

The Company believes that growth of a Company largely depends on the confidence of investing people, shareholders and others with whom the Company interacts. The confidence is achieved by means of easy communication with them. Practicing Corporate Governance is a big step in communicating transparency of the activities/affairs of the Company to the concerned parties including investing people, shareholders, Government and lenders.

(ii) **Board of Directors**

The Board comprises a Non-Executive Chairman, one Executive Independent Director, two Non-executive Independent Directors and one Non-Executive Non-Independent Director totaling five.

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 meeting fees of Non-Executive Directors is decided by the Board of Directors.

During the year eight Board Meetings were held on 22.4.2004, 28.6.2004, 29.7.2004, 30.8.2004, 29.10.2004, 29.11.2004, 28.1.2005 and 26.2.2005.

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 :

Sl. No.	Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance At last A.G.M.	No. of Other Directorships	Other Committee Memberships	
						Member	Chairman
1.	Mr.C. Mukherji (Chairman)	Non-Executive and Non-Independent Director	7	Yes	3	0	0
2.	Mr. A. Mitra	Non-Executive and Non-Independent Director	8	Yes	1	0	0
3.	Mr. S. Ghosh	Non-Executive and Independent Director	8	Yes	6	3	0
4.	Mr. M. Ghose	Executive and Independent Director	6	Yes	1	0	0
5.	Mr.C.Mazumder	Non-Executive and Independent Director	8	Yes	0	0	0

(iii) **Audit Committee**

The Audit committee comprises the following :-

Mr. A. Mitra	–	Non-executive Non-Independent Director.
Mr. S. Ghosh (Having expert financial & accounting knowledge)	–	Non-executive Independent Director.
Mr. C. Mazumder (Chairman)	–	Non-executive Independent Director.

During the financial year, the Committee held four meetings on 28.6.2004, 30.8.2004, 29.11.2004 and 26.2.2005. All the three members attended the meetings. The Company Secretary acts as Secretary to the Committee.

The Audit Committee has been vested with the following powers :-

- (a) To investigate any activities within its terms of reference;
- (b) To seek information from any employee;
- (c) To obtain outside legal or other professional advice;
- (d) To secure attendance of outsiders with relevant expertise, if it considers necessary.

Role of Audit Committee

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, appointment, re-appointment and, if required, replacement or removal of the statutory auditor and fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to :
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.