
Annual Report

and

Accounts

2005-2006

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CCAP LIMITED

(formerly Central Concrete & Allied Products Limited)

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(formerly Central Concrete & Allied Products Ltd.)

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. Sujit Bhattacharya
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-third Annual General Meeting of the Members of CCAP Limited will be held at Gyan Manch at 11, Pretoria Street, Kolkata-700 071 on Monday, the 25th September, 2006 at 11-00 A.M. to transact the following business :—

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2006 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 a Director in place of Mr. Sujit Bhattacharya who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

Special Business

5. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution :

“RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 314, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the reappointment of Mr. Monoj Ghose as a whole-time Director of the Company for a period of two years with effect from 1st October, 2006 on the terms and conditions as to remuneration and perquisites set out in the explanatory statement.”
6. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :-

“RESOLVED that the authorized share capital of the Company be and is hereby increased from Rs. 5,00,00,000/- to Rs. 10,00,00,000/- by creation of 50,00,000 Equity Shares of Rs. 10/- each and that Clause V of the Memorandum of Association of the Company be and is hereby altered accordingly.”
7. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution :—

“RESOLVED that the Articles of Association of the Company be and are hereby altered by deletion of Article 2 therefrom and by substitution of the following new Article in place thereof :—

 2. Authorised capital of the Company is Rs. 10,00,00,000/- (Rupees ten crores only) divided into 1,00,00,000 Equity Shares of Rs. 10/- each.”
8. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution :—

“RESOLVED that in compliance of clause 49 of the Listing Agreements with the Stock Exchanges, approval is hereby accorded to the payment of remuneration to Mr. Chirantan Mukherji, Director of the Company in any other capacity under Section 309(1) of the Companies Act, 1956 for an amount not exceeding rupees fifteen lac per annum and that the approval will remain in force till such time as the amount of remuneration does not exceed rupees fifteen lac in a year.”

By order of the Board

T. K. Bhattacharya
Company Secretary

Kolkata
Dated, the 29th June, 2006

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 25th September, 2006.
3. Explanatory Statement under Section 173(2) of the Companies Act, 1956 in respect of the items of special business is annexed hereto.
4. 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.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 16th September, 2006 to 25th September, 2006 (both days inclusive).
6. If any member, who will attend the meeting, desires to have any information on the Accounts, he/she 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.
7. Members are requested to bring their copy of the Annual Report and Accounts to the meeting.

The logo for Report Junction, featuring the word "Report" in a light blue font, a yellow diamond shape with a blue arrow pointing upwards and to the right, and the word "junction.com" in a light green font, all enclosed within a rounded rectangular border.

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956

Item No. 5

The existing agreement with Mr. Monoj Ghose whole-time Director of the Company expires on 30th September, 2006. Having regard to the wide knowledge and experience of the said person, the Board of Directors at their meeting held on 29th June, 2006, have reappointed him as a whole-time Director for another period of 2 years with effect from 1st October, 2006, with the remuneration and other terms and conditions of the appointment set out below, which are within the limits of Schedule XIII of the Companies Act, 1956 :

- a) Salary : Rs.35,000/- per month, subject to Income Tax.
- b) Perquisites : Perquisites shall be restricted to an amount equal to the annual salary:
 - (i) House Rent Allowance :
Rs.15,000/- per month, subject to Income Tax.
Explanation : Expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per the Income Tax Rules, 1962, subject to a ceiling of ten percent of the salary of the Director.
 - (ii) Medical Reimbursement :
Reimbursement of expenses incurred on account of domiciliary treatment for self and family subject to a ceiling of one month's salary in a year or two months' salary over a period of two years. For hospitalized cases, the limit is Rs. 1,00,000/- over the period of two years.
 - (iii) Leave Travel Concession :
Leave Travel Concession for self and family once in a year for traveling within India.
 - (iv) Club Fees :
Fees of clubs subject to a maximum of two clubs. No admission and Life Membership Fees will be paid.
 - (v) Personal Accident Insurance :
Personal Accident Insurance of an amount, the annual premium of which does not exceed Rs.1,000/- per annum.
 - (vi) Contribution to Superannuation Fund or Annuity Fund, if any, will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 - (vii) Provision of Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed to the Director by the Company.
 - (viii) In the event of loss or inadequacy of profits of the Company during the period of the Director's appointment, he will be entitled to the same remuneration as above.

General Terms and Conditions :

1. The service of the said Director may be terminated by 30 days' notice in writing, by either of the parties hereto without assigning any reason.
2. The said Director shall not be entitled to claim damages against the Company for termination of his service before completion of the period.

Under Section 309 of the Companies Act, 1956, approval of the Shareholders is required to the proposed remuneration of Mr. Monoj Ghose.

This Explanatory statement should also be treated as an abstract of the terms of appointment of the aforesaid whole-time Director and the memorandum of interest of the Director in the said appointment as contemplated by Section 302(7) of the Companies Act, 1956.

The Articles of Association of the Company as also the draft contract between the Company and the said whole-time Director are open for inspection at the Registered Office of the Company between 11-00 A.M. and 1-00 P.M. on any working day prior to the date of the meeting.

The Board recommends that the special resolution be adopted.

Mr. Monoj Ghose, Director of the Company is concerned or interested in the resolution. No other Director is concerned or interested.

Item Nos. 6 & 7

The authorized share capital of the Company stands at Rs.5,00,00,000/- divided into 50,00,000 Equity Shares of Rs.10/- each. Since the Company is in the process of diversification of business, if raising further share capital becomes necessary, it is prudent to increase the authorized share capital. Accordingly, the ordinary resolution in item No. 6 has been set out in the Notice.

Item No. 7 of the resolution (which will be proposed as a special resolution) set out in the Notice is designed to alter Article 2 of the Company's Articles of Association so as to reflect therein the proposed increase in the authorized share capital of the Company.

The Board recommends that both the resolutions be adopted.

No Director of the Company is concerned or interested in the resolutions.

Item No. 8

Mr. Chirantan Mukherji, a non-executive Director of the Company renders his professional service to the Company. The requisite qualifications of Mr. Mukherji for functioning as Professional / Technical Adviser have been approved by the Central Government under Section 309 (1) of the Companies Act, 1956 with effect from 14.8.1990.

However, as per the revised clause 49 of the Listing Agreements with the Stock Exchanges with whom the shares of the Company are listed, which came into effect from 1.1.2006, all fees/compensation paid to non-executive directors shall be fixed by the Board of Directors of the Company and shall require previous approval of shareholders in a general meeting. Accordingly, the special resolution in item No. 8 has been set out in the Notice.

The Board recommends that the special resolution be adopted.

Mr. Chirantan Mukherji, Director of the Company is concerned or interested in the resolution. No other Director is concerned or interested.

By order of the Board

T. K. Bhattacharya
Company Secretary

Kolkata

Dated, the 29th June, 2006

DIRECTORS' REPORT

To
The Shareholders

Your Directors have pleasure in presenting the Thirty-third Annual Report with the audited Accounts of your Company for the year ended 31st March, 2006.

1. SUMMARISED FINANCIAL RESULTS AND PROPOSED APPROPRIATIONS :

	2005- 2006
	Rs.
i) Net Profit before Taxation	91,34,779/-
ii) Balance brought forward from previous year	87,59,276/-
Total :	<u>1,78,94,055/-</u>

Appropriations :

	Rs.	
i) Provision for Taxation		
a) Income Tax		
i) For current year	31,40,000/-	
ii) Deferred Tax	(8,88,691/-)	
b) Wealth Tax	20,000/-	
c) Fringe Benefit Tax	2,00,000/-	24,71,309/-
ii) Short provision for Income Tax for earlier year	<u>2,30,911/-</u>	
iii) Proposed Dividend @ 12% (including Rs.1085/- for previous year)		42,80,085/-
iv) Tax on Proposed Dividend		6,00,130/-
v) Amount transferred to General Reserve		1,60,000/-
vi) Balance carried to Balance Sheet		1,01,51,620/-
Total :		<u>1,78,94,055/-</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

In view of the overall performance of the Central Government, 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

Out of the two ongoing projects, the project in Mizoram for rehabilitation and maintenance of M-1: Kawkulh Ngopa-Tuivai Road (96.625 KM) including culverts and other civil works, has been completed and the other project in Bihar and Jharkhand for construction of Manderhill-Dumka Broad Gauge Railway Line is yet to complete. As and when required, the Company enters into joint venture agreements with reputed partners for bidding high value projects.

During the financial year, a turnover of Rs. 1428.50 Lac has been achieved by your Company compared to Rs. 1087.11 Lac achieved last year. 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) have been considered in the Profit & Loss account under report.

The Board is pleased to record that up to writing of this report, your Company has bagged the following work orders :

- (i) Construction of 5 storied MIG Apartment Buildings at East Horizon Housing Project, New Town, Rajarhat under West Bengal Housing Board at a Work value of Rs. 658 lac.
- (ii) Construction of four laning of Siliguri-Islampur Section of NH-31 in West Bengal including construction of Major Bridges/Grade Separators/ROBs and rehabilitation of existing bridges –
Package II at a work value of Rs. 960 lac.
Package III at a work value of Rs. 1671 lac.
(Packages II & III work values are net of cost of cement and steel which will be supplied by the employer).

(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 4 heads. 6 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 12% in respect of the year ended on 31st March, 2006. 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 25th September, 2006.

4. UNPAID DIVIDEND :

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

	<u>As on 31.3.2006</u>
1998 – 99	Rs. 1,42,469.00
1999 – 00	Rs. 1,62,642.00
2000 – 01	Rs. 1,51,705.30
2001 – 02	Rs. 2,10,505.60
2002 – 03	Rs. 3,26,482.50
2003 – 04	Rs. 2,35,572.50
2004 – 05	Rs. 3,61,909.80

As per the Companies Act, 1956, unpaid dividends for 1998-99 will be transferred to Investor Education and Protection Fund of Central Government in November, 2006 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. 1,36,242.00 for the year 1997-98 had been deposited to the Investor Education and Protection Fund of Central Government on 22nd November, 2005.

5. **FUTURE PROSPECTS :**

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

- i) Construction of additional technical accommodation at Gurgaon for the Indian Army.
- ii) Provision of hospital building at Gangtok for Indian Army.
- iii) Construction of different roads at Vaishali, Bihar for National Hydroelectric Power Corporation.
- iv) Provision of taxi track and disposal area for coast guard aviation enclave at Porbandar, Gujarat.
- v) Construction of phase-III fencing along Indo-Bangladesh Border near Barasat, West Bengal.
- vi) Construction of fly-over connecting CIT Road-VIP Road and Salt Lake, Kolkata.
- vii) Provision of technical accommodation at Sukana in Siliguri zone for Indian Army.
- viii) Provision of Military Hospital Building at Panaji, Goa.
- ix) Provision of dispersal and taxi track with allied facilities at Goa for Indian Navy.
- x) Reconstruction of main dispersal at south of runway at Goa for Indian Navy.
- xi) Empanelment for participation as major partner in Joint Ventures with the W.B. Government in housing sector.

6. **POSSIBLE DIVERSIFICATION :**

Last year you were informed that construction of the sophisticated 10 storied office complex with basement for car parking having a total covered area of about 60,000 sq. ft. on 15 kottah plot of land in the Electronic Complex Zone at Salt Lake City, Kolkata, had been completed. Your Directors now report that spaces in the building have been taken on rent by various leading parties such as, HDFC Bank, Airtel etc.

Your Board is pleased to say that out of the 2 nos. 'B' type building under construction of first phase of the commercial-cum-residential complex at Barasat, West Bengal on the Company's 7 bigha plot of land, construction of one building having 24 flats, has been completed and piling work on the other building has been done. The project consists of 7 storied towers including a market complex with standard facilities. Booking of the flats has started. Company expects to sell the spaces progressively during next 4/5 years.

7. **ARBITRATION :**

Last year you were apprised 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 and the same 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 which was withdrawn by the Company by furnishing Bank Guarantee.

Your Board reports that the money has been considered in the Profit and Loss Account of the year under review on the strength of legal advice.

8. **DIRECTORS :**

With regret your Board reports that Mr. Samir Ghosh who became a member of the Board on 1st November, 1994, suddenly passed away on 23rd July, 2005. Mr. Ghosh was also a member of the Audit Committee of Directors. During the tenure of his office, the Company was immensely benefited by his valuable advice.

In the casual vacancy created by Mr. Samir Ghosh's death, your Board appointed Mr. Sujit Bhattacharya a member in the Board with effect from 28th October, 2005. Mr. Bhattacharya has been appointed a member of the Audit Committee of Directors also. He is a former senior partner of a leading national firm of Chartered Accountants. Presently, he is in the board of several companies and in some of these he has been nominated as Special Director by the Board of Industrial and Financial Reconstruction. During his professional career spanning over 35 years, he has been associated with several large national and multi-national corporations engaged in diversified manufacturing and service activities in compliance work and in advisory capacity relating to accounting and auditing standards, corporate governance, investigations, business valuation and taxation etc.

Mr. Sujit Bhattacharya retires by rotation in the forthcoming Annual General Meeting and is eligible for re-appointment. Your Board recommends his re-appointment.

The agreement of appointment as a whole-time Director between the Company and Mr. Monoj Ghose, BCE, MIE, FIBE, LMIRC, expires on 30th September, 2006. Mr. Ghose is associated with the Company as a whole-time Director since 1982 and holds extensive experience in a number of big civil engineering projects involving piling work, shoring and well point dewatering system as also in large RCC and pre-stressed concrete bridges and flyovers, industrial structures, dams, tunnels etc. He is also well conversant with construction of mechanized highways. Since his vast experience is of immense help to the Company in carrying out the Projects, the Board has re-appointed him a whole-time Director for another term of two years from 1st October, 2006 subject to your approval in the ensuing Annual General Meeting.

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 2005-2006, being eligible, have offered themselves for reappointment as Auditors of the Company for the year 2006-2007. 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.